

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

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

### 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 of 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
- o Ormat Systems surviving as our direct, wholly-owned subsidiary with all the assets, liabilities, business and operations of the two combined companies.

#### Accounting Treatment of Share Exchange and Related Transactions

The share exchange will be accounted for as the acquisition of Ormat Industries by Ormat, with Ormat as the continuing reporting entity. The historical carrying values of Ormat’s assets and liabilities will not change. The net assets of Ormat Industries, other than its equity interests in Ormat, will be transferred to Ormat at their historical carrying values.

#### Material Consequences of the Israeli Tax Ruling

The receipt of shares of Ormat common stock by a holder of Ormat Industries ordinary shares in connection with the share exchange is generally a taxable transaction for Israeli income tax purposes. However, the Ormat group has obtained a ruling from the ITA, which we refer to as the Israeli tax ruling, confirming that, subject to certain conditions stipulated in the Israeli tax ruling, the taxable event related to the capital gains tax to be imposed on

holders of Ormat Industries ordinary shares in connection with the share exchange will be deferred until the holder subsequently transfers the Ormat common stock it receives in the share exchange. However, the receipt of cash in lieu of fractional shares of Ormat common stock will be a taxable transaction for Israeli income tax purposes for holders of Ormat Industries ordinary shares.

Provided that all of the conditions of the Israeli tax ruling are satisfied, including the ongoing restrictions imposed by that ruling, under the income tax laws of Israel, the share exchange will not have any tax consequences for Ormat Industries or Ormat Systems and the related corporate restructuring transactions, including the merger of Ormat Industries with and into Ormat Systems, will also not be treated as taxable transactions for any member of the Ormat group.

The Israeli tax ruling has a number of conditions that must be satisfied. Some of those conditions will affect the Ormat group for several years after completing the share exchange. For a more complete discussion of the Israeli tax consequences of the share exchange and related transactions and the conditions imposed on Ormat by the Israeli tax ruling, see “Material Consequences of the Israeli Tax Ruling.” Tax matters are complicated and the consequences of the share exchange to you will depend on your particular facts and circumstances. You are urged to consult with your tax advisor as to the specific tax consequences of the share exchange to you, including the applicability of U.S. federal, state and local, Israel and other foreign and other tax laws.

#### Material U.S. Federal Income Tax Consequences of the Share Exchange and Related Transactions

The share exchange and related transactions should qualify as a reorganization within the meaning of Section 368(a) of the Code. As such, the transactions will not result in the taxable recognition of any material income, gain or loss to Ormat Industries or to us. In any event, whether or not the transactions so qualify, since our stockholders do not participate in the share exchange, our stockholders will not recognize taxable gain or loss in connection with the transactions.

For a more complete discussion of the U.S. federal income tax consequences of the share exchange and related transactions, see “The Share Exchange—Material U.S. Federal Income Tax Consequences of the Share Exchange and Related Transactions.” Tax matters are complicated and the consequences of the share exchange to you will depend on your particular facts and circumstances. You are urged to consult with your tax advisor as to the specific tax consequences of the share exchange to you, including the applicability of U.S. federal, state and local, Israeli and other foreign and other tax laws.

#### Interested Persons

You should be aware that Ormat Industries, certain of our directors and officers, by virtue of their interests in Bronicki Investments and FIMI or otherwise, Bronicki Investments and FIMI have interests in the share exchange and related transactions that may be different from, or in addition to, the interests of our stockholders generally. See “Certain Relationships and Related Party Transactions.”

## SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA

The following summary consolidated financial data of Ormat, summary consolidated financial data of Ormat Industries, pro forma financial data of Ormat, comparative historical per share data and market value data are being provided to help you in your analysis of the financial aspects of the share exchange and the other transactions contemplated by the share exchange agreement. You should read this information in conjunction with the financial information included elsewhere in, or incorporated by reference into, this information statement. See “Where You Can Find More Information,” “Incorporation by Reference,” “Selected Historical Consolidated Financial Information of Ormat,” “Selected Historical Consolidated Financial Information of Ormat Industries,” “Unaudited Pro Forma Condensed Combined Financial Information,” “Market Price and Dividend Information” and “Comparative Per Share Data.”

### Summary Historical Financial Data of Ormat

The summary consolidated financial information of Ormat presented below for each of the five years in the period ended December 31, 2013 and the balance sheet data as of the end of each such year has been derived from Ormat’s audited consolidated financial statements included in its annual reports on Form 10-K filed with the SEC. The summary consolidated financial information of Ormat presented in the table below as of and for the nine months ended September 30, 2014 and 2013 is unaudited and has been derived from Ormat’s condensed consolidated financial statements included in its quarterly report on Form 10-Q filed with the SEC for the period ended September 30, 2014 incorporated by reference into this information statement. In the opinion of Ormat’s management, all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for such periods have been included. The results of operations for the nine months ended September 30, 2014 may not be indicative of the results of operations to be expected for the full year. The summary consolidated financial data as of December 31, 2013 and 2012 and for the fiscal years ended December 31, 2013, 2012 and 2011 were derived from the audited consolidated financial statements incorporated by reference into this information statement. The summary consolidated financial data as of December 31, 2011, 2010 and 2009 and for the fiscal years ended December 31, 2010 and 2009 was derived from audited consolidated financial statements that are not included or incorporated by reference into this information statement. The table below should be read in conjunction with Ormat’s consolidated financial statements and notes thereto and Ormat’s condensed consolidated financial statements and notes thereto incorporated by reference into this information statement. For more detailed information on the Pro Forma Financial Data, including explanations for adjustment, refer to pages 57 to 65 of this information statement.



## Consolidated Statements of Operations Data

	Nine Months Ended September 30,		Year Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
	(In thousands, except per share data)						
Total revenues	410,281	402,334	533,239	501,773	425,456	361,357	401,012
Operating income	108,689	75,343	96,958	(159,896)	61,555	20,777	63,110
Income (loss) from continuing operations	47,872	28,979	37,334	(216,154)	(44,881)	30,689	62,298
Income from discontinued operations	—	4,697	4,697	3,547	2,157	6,539	6,255
Net income (loss)	47,872	33,676	42,031	(212,607)	(42,724)	37,228	68,553
Net loss attributable to noncontrolling interest	(670)	(600)	(793)	(414)	(332)	90	298
Net income (loss) attributable to Ormat's stockholders	\$ 47,202	\$ 33,076	\$ 41,238	\$ (213,021)	\$ (43,056)	\$ 37,318	\$ 68,851
Earnings per share attributable to Ormat's stockholders:							
Basic:							
Income from continuing operations	\$ 1.04	\$ 0.62	\$ 0.81	\$ (4.77)	\$ (1.00)	\$ 0.67	\$ 1.37
Discontinued operations	—	0.10	0.10	0.08	0.05	0.15	0.14
Net income	\$ 1.04	\$ 0.72	\$ 0.91	\$ (4.69)	\$ (0.95)	\$ 0.82	\$ 1.52
Diluted:							
Income from continuing operations	\$ 1.03	\$ 0.62	\$ 0.81	\$ (4.77)	\$ (1.00)	\$ 0.67	\$ 1.37
Discontinued operations	—	0.10	0.10	0.08	0.05	0.15	0.14

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Net income      \$ 1.03      \$ 0.72      \$ 0.91      \$ (4.69 )      \$ (0.95 )      \$ 0.82      \$ 1.51

## Consolidated Balance Sheet Data

	Nine Months Ended		Year Ended December 31,				
	September 30, 2014	September 30, 2013	2013	2012	2011	2010	2009
(In thousands, except per share data)							
Cash and cash equivalents	\$ 42,451	\$ 35,435	\$ 57,354	\$ 66,628	\$ 99,886	\$ 82,815	\$ 46,307
Working capital	130,338	104,990	103,001	64,100	98,415	66,932	55,652
Property, plant and equipment, net (including construction-in-process)	1,727,665	1,719,268	1,741,163	1,649,014	1,889,083	1,696,101	1,517,288
Total assets	2,171,913	2,168,335	2,159,433	2,087,523	2,314,718	2,043,328	1,864,193
Long-term debt (including current portion)	1,040,245	1,075,094	1,077,857	1,030,928	1,025,010	789,669	624,442
Notes payable to Ormat Industries (including current portion)	—	—	—	—	—	—	9,600
Equity	783,544	736,970	745,111	695,607	906,644	945,227	911,695

## Summary Consolidated Financial Data of Ormat Industries

The following table presents summary consolidated financial data for Ormat Industries as of December 31, 2013 and for the nine months ended September 30, 2014 and 2013 and as of and for the fiscal years ended December 31, 2013, 2012, 2011, 2010 and 2009 under IFRS. The summary consolidated financial data of Ormat Industries presented in the table below as of and for the nine months ended September 30, 2014 and 2013 is unaudited and has been derived from Ormat Industries' condensed consolidated financial statements included elsewhere in this information statement. In the opinion of Ormat Industries' management, the condensed consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the information set forth in those statements. The results of operations for the nine months ended September 30, 2014 may not be indicative of the results of operations to be expected for the full year. The summary consolidated financial data as of December 31, 2013 and 2012 and for the fiscal years ended December 31, 2013, 2012 and 2011 has been derived from Ormat Industries' audited consolidated financial statements included elsewhere in this information statement. The summary consolidated financial data as of December 31, 2011, 2010 and 2009 and for the fiscal years ended December 31, 2010 and 2009 has been derived from Ormat Industries' audited consolidated financial statements not included elsewhere in this information statement. The summary consolidated financial data presented should be read together with Ormat Industries' consolidated financial statements and the related notes thereto.

## Consolidated Statements of Operations Data

	Nine Months Ended		Year Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
			(In thousands, except per share data)				
Total revenues	\$ 430,781	\$ 407,200	\$ 538,105	\$ 514,408	\$ 439,925	\$ 378,973	\$ 431,511
Income (loss) from operations	115,235	97,487	120,149	(84,499 )	65,654	(64,700 )	79,542
Income (loss) for the period	49,800	42,414	49,650	(177,324 )	(37,659 )	(46,053 )	82,591
Attributable to:							
Equity holders of Ormat Industries	29,303	25,524	29,495	(106,848 )	(21,799 )	(29,964 )	52,869
Noncontrolling interest	20,497	16,890	20,155	(70,476 )	(15,860 )	(16,089 )	29,722
Total	\$ 49,800	\$ 42,414	\$ 49,650	\$ (177,324 )	\$ (37,659 )	\$ (46,053 )	\$ 82,591
Earnings per share attributable to Ormat Industries stockholders:							

Basic:

Basic and fully  
diluted

\$ 0.25

\$ 0.22

\$ 0.25

\$ (0.92 )

\$ (0.19 )

\$ (0.26 )

\$ 0.45

## Consolidated Balance Sheet Data

	Nine Months Ended September 30,		Year Ended December 31,			
	2014	2013	2013	2012	2011	2010
	(In thousands, except per share data)					
Cash and cash equivalents	\$ 46,710	\$ 38,128	\$ 57,908	\$ 71,767	\$ 114,082	\$ 147,860
Working capital	138,980	141,647	114,872	99,968	109,190	123,991
Property, plant and equipment, net (including construction-in process)	1,657,604	1,643,990	1,666,950	1,577,673	1,752,204	1,565,429
Total assets	2,188,968	2,150,542	2,136,914	2,073,418	2,253,691	2,060,614
Long-term debt (including current portion)	1,036,868	1,053,466	1,055,862	1,006,535	1,002,424	776,964
Notes receivable from Ormat (including current portion)	—	—	—	—	—	—
Equity	773,766	731,455	734,454	684,908	858,413	991,052

## Summary Unaudited Pro Forma Condensed Combined Financial Information

The following sets forth certain summary unaudited pro forma condensed combined financial information that gives effect to the share exchange. The summary unaudited pro forma condensed combined financial information set forth below is presented for informational purposes only, and is not necessarily indicative of what the combined company's financial position or results of operations actually would have been had the share exchange been completed on the dates indicated. In addition, the summary unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company.

The unaudited pro forma condensed combined balance sheet information set forth below assumes that the share exchange occurred on September 30, 2014 in accordance with Article 11 of Regulation S-X. The unaudited pro forma condensed combined statements of operations information set forth below for the year ended December 31, 2013 and for the nine months ended September 30, 2014 assumes that the share exchange occurred on January 1, 2013 in accordance with Article 11 of Regulation S-X.

The historical consolidated financial information has been adjusted in the summary unaudited pro forma condensed combined financial information to give effect to pro forma events that are (1) directly attributable to the share exchange, (2) factually supportable, and (3) with respect to the statements of operations, expected to have a continuing impact on the combined results. The summary unaudited pro forma condensed combined financial information should be read in conjunction with the accompanying notes to the unaudited pro forma condensed combined financial statements, which can be found under “Unaudited Pro Forma Condensed Combined Financial Information.” As discussed in the notes to the unaudited pro forma condensed combined financial statements, Ormat reports its financial results under GAAP and Ormat Industries reports its financial results under IFRS. In addition, the summary unaudited pro forma condensed combined financial information is based on and should be read in conjunction with the historical consolidated financial statements and accompanying notes for each of Ormat (which are incorporated by reference into this information statement) and Ormat Industries (which are included elsewhere in this information statement) for the applicable periods.

## Unaudited Pro Forma Condensed Combined Statements of Operations Information

	Ormat	Ormat Industries	Adj (I)	Adj (II)	Ormat Pro Forma
		Nine Months Ended September 30, 2014			
		(In thousands, except per share data)			
<b>Revenues:</b>					
Electricity	\$ 289,015	289,015	(289,015 )	—	289,015
Product	121,266	141,766	(121,266 )	(20,500 )	121,266
Total revenues	410,281	430,781	(410,281 )	(20,500 )	410,281
<b>Cost of revenues:</b>					
Electricity	186,083	184,523	(186,083 )	438	186,083
			1,122		
Product	75,307	93,778	(75,307 )	19	73,944
				(19,853 )	
Total cost of revenues	261,390	278,301	(260,268 )	(19,396 )	260,027
Gross margin	148,891	152,480	(150,013 )	(1,104 )	150,254
<b>Operating expenses:</b>					
Research and development expenses	395	395	(395 )	—	395
Selling and marketing expenses	10,853	10,861	(10,853 )		10,861
General and administrative expenses	20,847	22,529	(20,847 )	(321 )	22,208
Write-off of unsuccessful exploration activities	8,107	8,107	(8,107 )	—	8,107
Operating income	108,689	110,588	(109,811 )	(783 )	108,683
<b>Other income (expense):</b>					
Interest income	236		(236 )	50	236
			186		
Interest expense, net	(65,084 )	(65,169 )	65,084		(65,109 )
			1,122		
				(1,062 )	
Foreign currency translation and transaction gains (losses)	(3,639 )			—	(3,639 )
Income attributable to sale of tax benefits	18,334			—	18,334
Gain from sale of property, plant and equipment	7,628	7,628	(7,628 )	—	7,628
Other non-operating expense, net	649	(2,981 )	(649 )	(76 )	865
			3,639		
			(186 )	469	



Income before  
income taxes and equity in  
income

losses of investees	66,813	50,066	(48,479 )	(1,402 )	66,998
Income tax provision	(17,731 )	(266 )	17,731	(1,125 )	(19,031 )
			(18,334 )		
				694	
Equity in income (losses) of investees, net	(1,210 )	—			(1,210 )
Income from continuing operations	47,872	49,800	(49,082 )	(1,833 )	46,757
Net income attributable to noncontrolling interest	(670 )	—			(670 )
Net income attributable to the Ormat's stockholders	\$ 47,202	49,800	(49,082 )	(1,833 )	46,087
Earnings per share attributable to Ormat's stockholders - Basic and diluted:					
Basic:	1.04				0.95
Diluted:	1.03				0.94
Weighted average shares:					
Basic:	45,594			2,997	48,591
Diluted:	45,917			2,997	48,914

	Ormat	Ormat Industries	Adj (I)	Adj (II)	Ormat Pro Forma
			For the year ended December 31, 2013		
			(In thousands, except per share data)		
<b>Revenues:</b>					
Electricity	\$ 329,747	334,613	(329,747 )	(4,866 )	329,747
Product	203,492	203,492	(203,492 )	—	203,492
Total revenues	533,239	538,105	(533,239 )	(4,866 )	533,239
<b>Cost of revenues:</b>					
Electricity	232,874	235,335	(232,874 )	(1,134 )	232,874
			1,542	(2,869 )	
Product	140,547	138,204	(140,547 )	546	138,750
Total cost of revenues	373,421	373,539	(371,879 )	(3,457 )	371,624
Gross margin	159,818	164,566	(161,360 )	(1,409 )	161,615
<b>Operating expenses:</b>					
Research and development expenses	4,965	4,965	(4,965 )	—	4,965
Selling and marketing expenses	24,613	24,835	(24,613 )	(29 )	24,613
				(193 )	
General and administrative expenses	29,188	31,005	(29,188 )	(61 )	30,805
Impairment charge	—			(139 )	—
Impairment of power plants - net	—	(8,038 )	—	8,038	—
Write-off of unsuccessful exploration activities	4,094	4,094	(4,094 )	—	4,094
Operating income	96,958	107,705	(98,500 )	(9,025 )	97,138
<b>Other income (expense):</b>					
Interest income	1,332		—	—	1,332
Interest expense, net	(73,776 )	(76,914 )	73,776	1,368	(74,004 )
			1,542		
				—	
Foreign currency translation and transaction gains (losses)	5,085	—	—	—	5,085
Income attributable to sale of tax benefits	19,945		—	—	19,945
Gain from sale of investment in subsidiary	—	4,230	—	(4,230 )	—
Other non-operating expense, net	1,592	8,214	(1,592 )	(504 )	1,293
			(5,085 )		

Income before income taxes and equity in income			(1,332 )	—	
losses of investees	51,136	43,235	(31,191 )	(12,391 )	50,789
Income tax provision	(13,552 )	6,415	13,552	(2,271 )	(15,187 )
			(19,945 )	614	
				—	
Equity in income (losses) of investees, net	(250 )	—	—	—	(250 )
Income from continuing operations	37,334	49,650	(37,584 )	(14,048 )	35,352
Net income attributable to noncontrolling interest	(793 )	—	—	—	(793 )
Net income attributable to the Ormat's stockholders	\$ 36,541	49,650	(37,584 )	(14,048 )	34,559
Earnings per share attributable to Ormat's stockholders - Basic and diluted:					
Basic:	0.81				0.71
Diluted:	0.81				0.71
Weighted average shares:					
Basic:	45,440			2,997	48,437
Diluted:	45,475			2,997	48,472

## Unaudited Pro Forma Condensed Combined Balance Sheet Information

	Ormat	Ormat Industries	Adj (I) September 30, 2014 in thousands	Adj (II)	Ormat Pro Forma
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 42,451	\$ 46,710	(42,451 )	(360 )	46,350
Restricted cash, and cash equivalents	127,452	127,452	(127,452 )	—	127,452
Financial assets at fair value through profit and loss	—	10,972	(10,972 )	—	—
Short-term investments	—	—	10,972	—	10,972
Derivatives	—	1,637	(1,637 )	—	—
<b>Receivables:</b>					
Trade	75,224	75,224	(75,224 )	—	75,224
Related entity	506	—	—	—	506
Income taxes receivable	—	6,064	(6,064 )	—	—
Other	9,165	42,497	(9,165 )	—	9,805
			(29,178 )		
				(3,514 )	
Due from Ormat Industries	970	—	(970 )	—	—
Inventories	17,337	17,337	(17,337 )	—	17,337
Costs and estimated earnings in excess of billings on uncompleted contracts	14,784	14,784	(14,784 )	—	14,784
Deferred income taxes	2,613	—	—	—	2,613
Prepaid expenses and other	36,879	—	—	—	36,879
<b>Total current assets</b>	<b>327,381</b>	<b>342,677</b>	<b>(324,262 )</b>	<b>(3,874 )</b>	<b>341,922</b>
Financial assets at fair value through profit and loss	—	251	—	—	251
Prepaid expenses in respect of operating lease	—	2,444	—	(2,444 )	—
Unconsolidated investments	1,339	—	—	—	1,339
Deposits and other	21,679	5,632	(21,679 )	(1,235 )	21,679
				17,282	
Financial assets under concession arrangement	—	23,591	—	(23,591 )	—
Deferred income taxes	—	57,225	—	(57,225 )	—
Deferred charges	35,399	—	—	—	35,399
Property, plant and equipment, net	1,459,316	1,456,627	(1,458,975)	709	1,471,679
				1,137	

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				35,069	
				(22,204 )	
Construction-in-process	268,349	200,977	(200,977 )	—	268,349
Projects under exploration and development	—	67,372	(67,372 )	—	—
Deferred financing and lease costs, net	28,969	—	(28,969 )	26,987	28,969
				1,982	
Intangible assets, net	29,481	32,172	(29,481 )	(709 )	29,481
				(1,982 )	
<b>Total assets</b>	<b>\$ 2,171,913</b>	<b>\$ 2,188,968</b>	<b>(2,131,715)</b>	<b>(30,098 )</b>	<b>2,199,068</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities:</b>					
Current maturities of notes and long term loans	—	73,322	(73,322 )	—	—
Accounts payable and accrued expenses	\$ 78,411	\$ —	(78,411 )		78,491
				(3,229 )	
				83,799	
				(2,288 )	
Trade	—	30,152	(30,072 )	(80 )	—
Income taxes payable	—	4,335	(3,472 )	—	863
Accrued expenses	—	981	(981 )	—	—
Customers advances	—	3,946	(3,946 )	—	—
Other	—	43,469	(43,346 )	—	123
Derivatives	—	2,182	(2,182 )	—	—
				209	
Short-term revolving credit lines with banks (full recourse)	—	—	—	—	—
Billings in excess of costs and estimated earnings on uncompleted contracts	45,310	45,310	(45,310 )	—	45,310
Current portion of long-term debt:					—
Limited and non-recourse:					—
Senior secured notes	31,211	—	—	—	31,211
Other loans	17,995	—	—	—	17,995
Full recourse	24,116	—	—	—	24,116
<b>Total current liabilities</b>	<b>197,043</b>	<b>203,697</b>	<b>(197,034 )</b>	<b>(5,597 )</b>	<b>198,109</b>
Long-term debt, net of current portion:					
Limited and non-recourse:					
Senior secured notes	379,036	366,667	(379,036 )	12,369	379,036
Other loans	269,123	278,818	(269,123 )	7,859	269,123
Full recourse:				(17,554 )	—
Senior unsecured bonds	250,366	249,679	(250,366 )	687	250,366
Other loans	40,298	40,282	(40,298 )	16	40,298

Revolving credit lines with banks (full recourse)	28,100	28,100	(28,100 )	—	28,100
Long term derivative	—	5,158	—	(5,158 )	—
Liability associated with sale of tax benefits	44,757	54,900	(44,757 )	(13,756 )	44,757
				3,613	
Deferred lease income	61,294	61,294	(61,294 )	—	61,294
Deferred income taxes	67,328	61,339	(67,328 )	(694 )	67,328
				6,683	
Liability for unrecognized tax benefits	5,606	—	—	—	5,606
Liabilities for severance pay	21,984	4,001	(21,984 )	17,983	21,984
Asset retirement obligation	19,801	—	—	—	19,801
Other long-term liabilities	3,633	61,267	(3,633 )	—	3,870
			(19,801 )	(37,596 )	
Total liabilities	1,388,369	1,415,202	(1,382,754)	(31,145 )	1,389,672
Equity:					
The Ormat's stockholders' equity:					
Common stock	46	38,374	(38,374 )	—	46
Additional paid-in capital	740,651	162,433	(137,628 )	1,047	766,503
Other capital surplus	—	(18,961 )	18,961	—	—
Retained earnings	36,835	265,527	(265,527 )	—	36,835
Accumulated other comprehensive income	(5,710 )	—	—	—	(5,710 )
Less - cost of Ormat Industries shares held by Ormat Industries	—	(2,826 )	2,826	—	—
	771,822	444,547	(419,742 )	1,047	797,674
Noncontrolling interest	11,722	329,219	(329,219 )	—	11,722
Total equity	783,544	773,766	(748,961 )	1,047	809,396
Total liabilities and equity	\$ 2,171,913	\$ 2,188,968	(2,131,715)	(30,098 )	2,199,068

## Supplemental Pro Forma Financial Information

The following balance sheet as of September 30, 2014 and statement of operations for the year ended December 31, 2013 and nine months ended September 30, 2014 are presented to assist in analyzing Ormat Industries balances as of such dates without consolidating those of Ormat, as well to adjust Ormat Industries' financial results from IFRS to GAAP. This financial information is not in accordance with Article 11 of Regulation S-X and is only supplemental to the pro forma financial information presented above.

	Ormat	Ormat Industries (Standalone) Adjusted for GAAP	Total
	Nine Months Ended September 30, 2014		
<b>Revenues:</b>			
Electricity	289,015	—	289,015
Product	121,266	—	121,266
Total revenues	410,281	—	410,281
<b>Cost of revenues:</b>			
Electricity	186,083	—	186,083
Product	75,307	(1,363 )	73,944
Total cost of revenues	261,390	(1,363 )	260,027
Gross margin	148,891	1,363	150,254
<b>Operating expenses:</b>			
Research and development expenses	395	—	395
Selling and marketing expenses	10,853	8	10,861
General and administrative expenses	20,847	1,361	22,208
Write-off of unsuccessful exploration activities	8,107	—	8,107
Operating income	108,689	(6 )	108,683
<b>Other income (expense):</b>			
Interest income	236	—	236
Interest expense, net	(65,084 )	(25 )	(65,109 )
Foreign currency translation and transaction gains (losses)	(3,639 )	—	(3,639 )
Income attributable to sale of tax benefits	18,334	—	18,334
Gain from sale of property, plant and equipment	7,628	—	7,628
Other non-operating expense, net	649	216	865
Income before income taxes and equity in income			

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losses of investees	66,813	185	66,998
Income tax provision	(17,731 )	(1,300 )	(19,031 )
Equity in income (losses) of investees, net	(1,210 )	—	(1,210 )
Income from continuing operations	47,872	(1,115 )	46,757
Net income attributable to noncontrolling interest	(670 )	—	(670 )
Net income attributable to the Ormat's stockholders	47,202	(1,115 )	46,087



	Ormat	Ormat Industries (Standalone) Adjusted for GAAP	Total
	For the year ended December 31, 2013		
<b>Revenues:</b>			
Electricity	329,747	—	329,747
Product	203,492	—	203,492
Total revenues	533,239	—	533,239
<b>Cost of revenues:</b>			
Electricity	232,874	—	232,874
Product	140,547	(1,797 )	138,750
Total cost of revenues	373,421	(1,797 )	371,624
Gross margin	159,818	1,797	161,615
<b>Operating expenses:</b>			
Research and development expenses	4,965	—	4,965
Selling and marketing expenses	24,613	—	24,613
General and administrative expenses	29,188	1,617	30,805
Impairment charge	—	—	—
Impairment of power plants - net	—	—	—
Write-off of unsuccessful exploration activities	4,094	—	4,094
Operating income	96,958	180	97,138
<b>Other income (expense):</b>			
Interest income	1,332	—	1,332
Interest expense, net	(73,776 )	(228 )	(74,004 )
Foreign currency translation and transaction gains (losses)	5,085	—	5,085
Income attributable to sale of tax benefits	19,945	—	19,945
Gain from sale of investment in subsidiary	—	—	—
Other non-operating expense, net	1,592	(299 )	1,293
Income before income taxes and equity in income losses of investees	51,136	(347 )	50,789
Income tax provision	(13,552 )	(1,635 )	(15,187 )
Equity in income (losses) of investees, net	(250 )	—	(250 )
Income from continuing operations	37,334	(1,982 )	35,352

Net income attributable to noncontrolling interest	(793 )	—	(793 )
Net income attributable to the Ormat's stockholders	36,541	(1,982 )	34,559

	Ormat	Ormat Industries (Standalone) Adjusted for GAAP September 30, 2014 in thousands	Total
<b>Current assets:</b>			
Cash and cash equivalents	42,451	3,899	46,350
Restricted cash, and cash equivalents	127,452	—	127,452
Financial assets at fair value through profit and loss	—	10,972	10,972
Short-term investments	—	—	—
Derivatives	—	—	—
Receivables:			
Trade	75,224	—	75,224
Related entity	506	—	506
Income taxes receivable	—	—	—
Other	9,165	640	9,805
Due from Ormat Industries	—	—	—
Inventories	17,337	—	17,337
Costs and estimated earnings in excess of billings on uncompleted contracts	14,784	—	14,784
Deferred income taxes	2,613	—	2,613
Prepaid expenses and other	36,879	—	36,879
Total current assets	326,411	15,511	341,922
Financial assets at fair value through profit and loss	—	251	251
Prepaid expenses in respect of operating lease	—	—	—
Unconsolidated investments	1,339	—	1,339
Deposits and other	21,679	—	21,679
Financial assets under concession arrangement	—	—	—
Deferred income taxes	—	—	—
Deferred charges	35,399	—	35,399
Property, plant and equipment, net	1,459,316	12,363	1,471,679
Construction-in-process	268,349	—	268,349
Projects under exploration and development	—	—	—
Deferred financing and lease costs, net	28,969	—	28,969
Intangible assets, net	29,481	—	29,481
Total assets	2,170,943	28,125	2,199,068
<b>Current liabilities:</b>			
Current maturities of notes and long term loans	—	—	—
Accounts payable and accrued expenses	78,411	80	78,491
Trade	—	—	—
Income taxes payable	—	863	863
Accrued expenses	—	—	—
Customers advances	—	—	—
Other	—	123	123
Derivatives	—	—	—
	—	—	—

Short-term revolving credit lines with banks (full recourse)			
Billings in excess of costs and estimated earnings on uncompleted contracts	45,310	—	45,310
Current portion of long-term debt:			
Limited and non-recourse:			—
Senior secured notes	31,211	—	31,211
Other loans	17,995	—	17,995
Full recourse	24,116	—	24,116
Total current liabilities	197,043	1,066	198,109
Long-term debt, net of current portion:			
Limited and non-recourse:			
Senior secured notes	379,036	—	379,036
Other loans	269,123	—	269,123
Full recourse:			
Senior unsecured bonds	250,366	—	250,366
Other loans	40,298	—	40,298
Revolving credit lines with banks (full recourse)	28,100	—	28,100
Long term derivative	—	—	—
Liability associated with sale of tax benefits	44,757	—	44,757
Deferred lease income	61,294	—	61,294
Deferred income taxes	67,328	—	67,328
Liability for unrecognized tax benefits	5,606	—	5,606
Liabilities for severance pay	21,984	—	21,984
Asset retirement obligation	19,801	—	19,801
Other long-term liabilities	3,633	237	3,870
Total liabilities	1,388,369	1,303	1,389,672
Equity:			
The Ormat's stockholders' equity:			
Common stock	46	—	46
Additional paid-in capital	739,681	26,822	766,503
Other capital surplus	—	—	—
Retained earnings	36,835	—	36,835
Accumulated other comprehensive income	(5,710 )	—	(5,710 )
Less - cost of Ormat Industries shares held by Ormat Industries	—	—	—
	770,852	26,822	797,674
Noncontrolling interest	11,722	—	11,722
Total equity	782,574	26,822	809,396
Total liabilities and equity	2,170,943	28,125	2,199,068

## Comparative Per Share Data

The historical net income (loss) per share from continuing operations and net book value per share of Ormat and Ormat Industries shown in the table below are derived from their unaudited consolidated financial statements as of and for the nine months ended September 30, 2014, Ormat's audited consolidated financial statements for the year ended December 31, 2013 and Ormat Industries' audited consolidated financial statements for the fiscal year ended December 31, 2013. The historical financial information for Ormat has been recognized and recorded in accordance with GAAP and the historical financial information for Ormat Industries has been recognized and recorded in accordance with IFRS. The pro forma comparative per share data for Ormat common stock and Ormat Industries ordinary shares was derived from the unaudited pro forma condensed combined financial statements included in this information statement. The pro forma net book value per common share information as of September 30, 2014 was computed as if the share exchange had been completed on September 30, 2014. The pro forma equivalent information shows the effect of the share exchange for an owner of Ormat Industries ordinary shares. The information was computed by multiplying the pro forma combined income (loss) per share from continuing operations for the year ended December 31, 2013 and the nine months ended September 30, 2014, respectively, and pro forma combined net book value per common share as of September 30, 2014 by the exchange ratio. You should read this information in conjunction with such pro forma financial statements and the related notes and with the historical financial information of Ormat and Ormat Industries included or incorporated elsewhere into this information statement, including Ormat's and Ormat Industries' financial statements and related notes thereto.

The pro forma shares outstanding as of September 30, 2014 assumes that (1) 116,524,664 ordinary shares of Ormat Industries are converted into 30,203,193 shares of Ormat common stock and (2) the 27,206,580 shares of Ormat common stock currently held by Ormat Industries are canceled in connection with the completion of the share exchange.

The basic and diluted pro forma combined earnings per share for Ormat is computed by dividing the total net income attributable to Ormat's stockholders by basic and diluted weighted average shares, respectively. The basic and diluted pro forma equivalent earnings per share for Ormat Industries is computed by dividing the pro forma total net income attributable to the Ormat's stockholders by basic and diluted weighted average shares, respectively.

The historical net book values per common share are computed by dividing total stockholders' equity, before noncontrolling interests, by the number of shares of common stock (in the case of Ormat) and ordinary shares (in the case of Ormat Industries) outstanding at the end of the period. The pro forma net income (loss) per common share of the combined company is computed by dividing the pro forma net income (loss) from continuing operations by the pro forma weighted average number of shares outstanding. The pro forma net book value per common share of the combined company is computed by dividing total pro forma stockholders' equity by the pro forma number of shares of common stock (in the case of Ormat) and ordinary shares (in the case of Ormat Industries) outstanding at the end of the period.

The pro forma data is not necessarily indicative of actual results had the share exchange occurred during the periods indicated and is not necessarily indicative of future operations of the combined entity.

	Ormat		Ormat Industries	
	Historical	Pro Forma Combined	Historical	Pro Forma Equivalent

As of and for the Nine Months  
 Ended September 30, 2014  
 (Unaudited)

Net income (loss) per share from  
 continuing operations:

Basic	\$ 1.04	\$ 0.95	\$ 0.25	\$ 1.53
Diluted	\$ 1.03	\$ 0.94	\$ 0.25	\$ 1.53
Net book value per common share	\$ 17.06	\$ 16.55	\$ 6.64	\$ 26.80
Dividend per share declared	\$ 0.16	\$ *0.16	\$ 0.05	\$ 0.04

Shares outstanding as of September  
 30, 2014 (in thousands)

Basic	45,594	48,591	116,525	30,203
Diluted	45,917	48,014	116,525	30,203

\* Note: Same as historical since no change in dividend policy is expected as a result of the transaction.

	Ormat		Ormat Industries	
	Historical	Pro Forma Combined	Historical	Pro Forma Equivalent
As of and for the Year Ended December 31, 2013				
Net income (loss) per share from continuing operations:				
Basic	\$ 0.81	\$ 0.71	\$ 0.25	\$ 1.14
Diluted	\$ 0.81	\$ 0.71	\$ 0.25	\$ 1.14
Net book value per common share	\$ 16.39		\$ 6.30	
Dividend per share declared	\$ 0.08	\$ 0.08 *	\$ 0.05	\$ 0.02
Shares outstanding as of December 31, 2013 (in thousands)				
Basic	45,440	48,437	116,525	30,203
Diluted	45,475	48,472	116,525	30,203

\* Note: Same as historical since no change in dividend policy is expected as a result of the transaction.

#### Comparative Market Value of Stock

Ormat common stock and Ormat Industries ordinary shares are listed for trading on the NYSE and the TASE under the symbols "ORA" and "ORMT," respectively. The following table shows the closing prices per share of Ormat common stock and Ormat Industries ordinary shares as reported on October 28, 2014, the final trading day of Ormat prior to the announcement by Ormat acknowledging a report by Ormat Industries issued to the TASE and ISA that Ormat and Ormat Industries were considering a potential Ormat group corporate reorganization, November 7, 2014, the final trading day of Ormat prior to the public announcement of the share exchange, and on December 10, 2014, the latest practicable date prior to the date of this information statement. The closing prices of Ormat Industries' ordinary shares listed on the TASE for each of the periods referred to in the tables below were originally denominated in New Israeli Shekels and were converted to U.S. dollars using the representative exchange rate between the U.S. dollar and the New Israeli Shekels published by the Bank of Israel for each applicable day in the presented period.

	Closing price of Ormat common stock	Closing price of Ormat Industries ordinary shares	Implied value of share exchange consideration
As of October 28, 2014	\$ 27.86	\$ 6.89	\$ 7.22
As of November 7, 2014	\$ 28.39	\$ 6.87	\$ 7.36
As of December 10, 2014	\$ 25.92	\$ 6.52	\$ 6.71

## CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements discussed in this information statement constitute forward-looking statements, which include financial projections, statements of plans and objectives for future operations, statements of future economic performance, and statements of assumptions relating thereto. Forward-looking statements are often identified by future or conditional words such as “will,” “plans,” “expects,” “intends,” “believes,” “seeks,” “estimates,” or “anticipates,” or by variations of such words or by similar expressions. There can be no assurances that forward-looking statements will be achieved. By their very nature, forward-looking statements involve known and unknown risks, uncertainties, and other important factors that could cause Ormat’s actual results or conditions to differ materially from those expressed or implied by such forward-looking statements. Important risks, uncertainties, and other factors that could cause Ormat’s actual results or conditions to differ materially from forward-looking statements include, among others:

With respect to the share exchange:

• risks associated with Ormat’s and Ormat Industries’ ability to satisfy the conditions and terms of the share exchange agreement, and to consummate the transactions in the estimated timeframe, or at all;

• uncertainties regarding the expected benefits of the share exchange and the other transactions contemplated under the share exchange agreement (including realizing any of the potential synergies);

- risks associated with the limitations imposed by the Israeli tax ruling;

- risks arising as a result of unknown or unexpected obligations or liabilities of Ormat Industries;

• the costs and outcome of any legal proceedings that may be instituted against us and others relating to the share exchange agreement;

- the inability to complete the share exchange due to the failure of Ormat Industries to timely obtain shareholder approval or the failure to satisfy other conditions to completing the share exchange;

- the failure to complete the share exchange for any other reason; and

- the distraction of our management resulting from the proposed transaction.

With respect to Ormat, please see the section entitled “Cautionary Note Regarding Forward-Looking Statements” in our Annual Report on Form 10-K for the year ended December 31, 2013, which is incorporated by reference into this information statement.

You are cautioned not to place undue reliance on forward-looking statements. Ormat makes no commitment to revise or update any forward-looking statements in order to reflect events or circumstances after the date any such statement is made, except as otherwise required under the federal securities laws. If Ormat were in any particular instance to update or correct a forward-looking statement, investors and others should not conclude that Ormat would make additional updates or corrections thereafter except as otherwise required under the federal securities laws.

You should carefully review the section entitled “Risk Factors” of this information statement and the other risk factors set forth in the periodic and other filings of Ormat with the SEC, for a discussion of these and other risks that relate to Ormat’s business, an investment in shares of Ormat common stock and the share exchange agreement.





## RISK FACTORS

Because of the following factors, as well as other variables affecting our business, operating results or financial condition, past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods.

### Risks Relating to the Share Exchange

There can be no assurance that the share exchange will be completed or what the impact on Ormat's business or Ormat's stock price will be if it is not completed.

The share exchange is subject to conditions to closing and termination rights if certain events do not occur prior to agreed upon dates, including the receipt of the Section 350 voting approval and the Court approval. If these or any other condition to the share exchange is not satisfied or, if permissible, waived, the share exchange will not be completed. We cannot predict what the effect on Ormat's business or the market price of Ormat common stock will be if the share exchange is not completed. Uncertainty regarding whether the share exchange will be completed (including uncertainty regarding whether the conditions to closing will be met) may result in a negative impact on Ormat's business and the market price of Ormat common stock. If the share exchange is not completed for any reason, we will not realize any of the anticipated benefits of having completed the share exchange. This could adversely affect the market price of our common stock. In any event, the share exchange involves a number of risks, including the following:

- we will be required to pay certain expenses relating to the share exchange, including substantial legal, financial advisor and accounting fees, whether or not the share exchange is completed;
- under the share exchange agreement, we are subject to certain restrictions on the conduct of our business prior to completing the share exchange that may affect our ability to execute certain of our business strategies; and
- during the period before completion of the share exchange, our management's attention, which could otherwise have been devoted to other opportunities that may have been beneficial to us, will be diverted from our day-to-day business, and there may also be unavoidable disruptions to our relationships with our employees, customers and suppliers.

Completion of the share exchange would result in a substantial increase in the number of shares of Ormat common stock available for trading, which could negatively impact the price of Ormat common stock and/or increase the volatility of the price of Ormat common stock, both before and after completion of the share exchange.

Completion of the share exchange will greatly increase the number of shares of Ormat common stock available for sale in the public markets. As of December 10, 2014, 45,536,867 shares of Ormat common stock were outstanding, of which 27,206,580 shares were held by Ormat Industries. Upon completion of the share exchange, the shares of Ormat common stock held by Ormat Industries will be canceled, but approximately 30.2 million new shares of Ormat common stock will be issued to then former holders of Ormat Industries ordinary shares.

Sales of large amounts of newly issued or other shares of Ormat common stock could negatively impact the market price of Ormat common stock. In addition, the potential that such sales may occur could negatively impact prices even in advance of such sales. Ormat cannot predict the effect that the share exchange would have on the price of Ormat common stock, both before and after completion of the share exchange.



The Israeli tax ruling imposes conditions that may limit our flexibility in operating our business and our ability to enter into certain corporate transactions following the consummation of the Transaction.

In order for the transaction to be treated as a non-taxable event for Israeli income tax purposes, the Israeli tax ruling imposes a number of conditions that limit our flexibility in operating our business and in engaging in certain corporate transactions during the applicable restricted periods following the consummation of the transaction. These conditions include, among others, that:

- until the end of the second calendar year following the receipt of the Ormat stockholder approval and the Ormat Industries shareholder approval (i.e., December 31, 2016 if we obtain these approvals by December 31, 2014):
  - o Ormat must continue to hold a majority of the assets that it and Ormat Industries held immediately prior to the consummation share exchange and continue to use them in the ordinary course of business;
  - o each of Bronicki Investments and FIMI may not sell their shares of common stock of Ormat that they receive in the share exchange, except in certain limited circumstances; and
  - o in connection with the sale limitations imposed on Bronicki Investments and FIMI, we cannot engage in a sale of Ormat (through a merger or otherwise), certain private placements of our common stock or public offerings of our common stock that will result in a decrease of their stockholdings to less than 51% of their holdings immediately following the share exchange;
- for a period of two years following the closing of the merger of Ormat Industries with and into Ormat Systems (i.e., until March 31, 2017, assuming the closing occurs on March 31, 2015), Ormat Systems, among other things, must continue to hold a majority of the assets that it and Ormat Industries held immediately prior to the merger closing and continue to use them in the ordinary course of business; and
- until the end of the fourth calendar year after the date that each of the Ormat stockholder approval and Ormat Industries shareholder approval have been obtained, (i.e., until December 31, 2018 if we obtain these approvals by December 31, 2014), Ormat and its subsidiaries must maintain (and, to the extent that the Ormat group's operations expand, likewise expand) the production activities currently carried out in Israel through Ormat Systems and may not open a production factory outside of Israel that produces the same items that are currently produced by Ormat Systems in Israel (except in the field of evaporative cooling).

Under certain circumstances, these conditions may not allow us the flexibility that we need to operate our business and may prevent us from taking advantage of strategic opportunities that would benefit our business and our stockholders. See "Material Consequences of the Israeli Tax Ruling" below.

If Ormat Industries' liabilities are greater than expected, or if there are unknown Ormat Industries obligations, our business could be materially and adversely affected.

As a result of the share exchange, Ormat Industries' liabilities, including contingent liabilities, will be consolidated into Ormat's financial statements. Ormat may learn additional information about Ormat Industries' financial condition or pre-share exchange business that adversely affects Ormat, including, among others, unknown or underestimated liabilities, additional tax liabilities, or legal compliance issues. If Ormat Industries' liabilities are greater than expected, or if there are obligations of Ormat Industries of which Ormat is not aware at the time of completion of the share exchange, Ormat's business and financial condition could be materially and adversely affected.



Ormat and Ormat Industries may be subject to litigation in connection with the share exchange and/or the merger.

Lawsuits may be filed against Ormat, Ormat Industries, their respective subsidiaries, and/or their respective directors or officers in connection with the share exchange and the other transactions contemplated under the share exchange agreement. If any such lawsuit is filed, it could result in substantial costs and diversion of management's attention and resources, which could adversely affect the business, financial condition, or results of operations of Ormat, whether or not a settlement or other resolution is achieved.

In addition, one of the conditions to the closing of the share exchange is that no order, injunction, decree or other legal restraint or prohibition will be in effect that prevents completion of any of the transactions contemplated under the share exchange agreement. Consequently, if a lawsuit is filed and the plaintiffs secure injunctive or other relief prohibiting, delaying or otherwise adversely affecting the consummation of the transactions contemplated under the share exchange agreement, that may prevent the share exchange from becoming effective within the expected time frame or at all.

Future results of the combined company may differ materially from the pro forma financial information presented in this document.

Future results of the combined company may be materially different from those shown in the pro forma financial statements, which are based on the historical results of Ormat and Ormat Industries and on the assumptions provided in the notes to the unaudited pro forma financial statements.

Some of Ormat's directors and officers have financial interests in the share exchange that may differ from the interests of Ormat shareholders.

In considering the recommendation of the Ormat board of directors and special committee with respect to the share exchange agreement, you should be aware that some of Ormat's directors and executive officers have interests in the share exchange agreement that may be different from, or in addition to, the interests of Ormat shareholders generally. Such interests include the affiliation of four of our directors with Bronicki Investments or FIMI and the fact that members of our senior management also serve as members of the senior management of Ormat Industries. These interests, to the extent material, are more fully described in this information statement.

Following the share exchange, Bronicki Investments and FIMI will own a substantial percentage of our shares.

As a result of the share exchange, Bronicki Investments and FIMI are expected to beneficially own, collectively, approximately 23.92% of our outstanding common stock. Bronicki Investments and FIMI are parties to a shareholder rights agreement that, among other things, includes joint voting and other arrangements that affect Ormat and our subsidiaries, as described below in "Certain Relationships and Related Party Transactions." As a result of these shareholders' expected beneficial ownership of our outstanding common stock following the share exchange, and taking into consideration the shareholders rights agreement between them, they could exert significant influence on the election of our directors and on decisions by our shareholders on matters submitted to shareholder vote, including mergers, consolidations and the sale of all or substantially all of our assets. This concentration of ownership of our shares could delay or prevent proxy contests, mergers, tender offers, or other purchases of our shares that might otherwise give our stockholders the opportunity to realize a premium over the then-prevailing market price for our shares. This concentration of ownership may also adversely affect our stock price. For a discussion of Ormat's voting neutralization agreements with Bronicki Investments and FIMI and the conditions imposed therein on the voting of our voting securities by Bronicki Investments and FIMI, see "Additional Agreements—Voting Neutralization Agreements."



We may be unable to obtain some third-party consents in connection with the transactions.

We and Ormat Industries identified a number of consents, waivers or approvals that are or may be required to complete the transactions, apart from the Court approval and the Section 350 voting approval, under the terms of various contractual arrangements or applicable laws. In the case of Ormat and Ormat Systems, most of these are financing arrangements with banks or institutional lenders, under which lenders could assert pre-payment, redemption, acceleration, termination or other similar rights as a result of the transactions, absent a consent or waiver by the affected lenders.

The share exchange agreement requires each of the parties to use reasonable best efforts to obtain certain third-party consents, and certain other third-party consents may be requested without any obligation to do that under the share exchange agreement. It is possible, however, that one or more third-party consents will not be obtained.

Under the share exchange agreement, the transactions could be completed without some or all of those consents. Ormat Industries could require us and Ormat Systems to complete the transactions, or we and Ormat Systems could require Ormat Industries to complete the transactions, notwithstanding the failure to obtain some or all of those consents, and notwithstanding the impact that failure could on the Ormat group. We do not expect these circumstances to occur. However, no assurance can be given that all third-party consents will be obtained or what impact the failure to obtain one or more of those consents might have, either on the completion of the transactions or on the business, operations or financial condition of the Ormat group if the transactions are completed without one or more of those consents. For example, we might be required to repay or refinance credit facilities if one or more of our lenders refused to provide a consent or waiver, notwithstanding our efforts to procure it. If that occurs, no assurance can be given that replacement financing would be available on terms comparable to any credit facility that needs to be refinanced, or at all.

#### Risks Relating to Ormat

For a description of other risks associated with Ormat, please see the section entitled “Risk Factors” and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2013, which is incorporated by reference into this information statement. See “Where You Can Find More Information.”



## GENERAL

This information statement is being delivered to our stockholders in connection with the share issuance for the share exchange.

### Requirement to Obtain Stockholder Approval

We are subject to the New York Stock Exchange Listed Company Manual rules (the “NYSE rules”) because shares of our common stock are currently listed on the New York Stock Exchange (the “NYSE”). Under NYSE rules, stockholders representing a majority of the shares of our common stock must approve the issuance of additional shares of our common stock under certain circumstances, which include the share issuance for the share exchange. On November 10, 2014, we obtained that approval. Ormat Industries, which owns approximately 59.75% of our common stock, signed a written consent, in accordance with Section 2.13 of our by-laws, approving the share issuance.

### No Voting Required

We are not seeking a vote, authorization or proxies from our stockholders. Section 2.13 of our by-laws provides that stockholders may take action without a stockholders meeting and without prior notice if a consent in writing, setting forth the action so taken, is signed by the holders of the outstanding shares of common stock representing not less than the minimum number of votes that would be necessary to approve such action at a stockholders meeting. The written consent to the share issuance signed by Ormat Industries satisfied this requirement and we are therefore not seeking a vote, authorization or proxy from our other stockholders with respect to the share issuance, the share exchange, the share exchange agreement or the other transactions contemplated thereby.

### Ormat Approval of the Share Exchange and Related Transactions

The share exchange and related transactions have been authorized and approved by the Company. Each of the special committee and the audit committee of our board of directors and our full board of directors unanimously:

- determined that the share exchange and other transactions contemplated by the share exchange agreement were in the best interests of the Company and the stockholders of the Company, including specifically the stockholders other than Ormat Industries and its shareholders; and
- approved the share exchange agreement, the share exchange and the other transactions contemplated by the share exchange agreement and recommended that the Company’s stockholders approve the share issuance.

For additional information concerning the evaluation, analysis and approvals by our special committee, audit committee and board of directors, see “The Share Exchange and Related Transactions—Background of the Share Exchange and Related Transactions.”

## THE SHARE EXCHANGE AND RELATED TRANSACTIONS

The share exchange and related transactions contemplated by the share exchange agreement are the result of on-going strategic initiatives by management of the Ormat group, in consultation with representatives of stockholders, financial advisors and others. Among other things, they address certain challenges presented by the current structure of the Ormat group that affect various aspects of its business, operations and financing activities. For example, maintaining two listed companies subject to differing regulatory requirements involves additional costs for the Ormat group and has, in the past, created issues in obtaining certain types of financing for the Ormat group, including certain government-guaranteed financing arrangements that could reduce some of our borrowing costs. In addition, for Ormat, the current controlled company structure may not be as attractive for it and its unaffiliated stockholders compared to a corporate structure with increased public float. The share exchange and related transactions are designed to address these and other issues, and do that in a manner that does not involve a taxable transaction for the Ormat group or its shareholders.

We believe the transactions will provide a number of benefits to Ormat 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;
  - 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 consisting solely of independent directors. The special committee engaged independent financial and legal advisors to help evaluate the transactions. We received an opinion from 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, 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, the audit committee and our board of directors. Our board of directors has unanimously recommended that our stockholders approve the share issuance.

### Background of the Share Exchange

As part of the continuous evaluation of its businesses and plans, Ormat's board of directors and senior management regularly consider a variety of potential strategic options and transactions, all in a continued effort to maximize stockholder value. In the past few years, these considerations have focused on, among other things, exploring key strategic objectives related to our corporate structure, including enhancing liquidity, creating synergies and becoming

a non-controlled public company, as part of a possible separation from Ormat Industries, which owned, since our initial public offering, a majority stake of our outstanding common stock.

Along these lines, commencing in the second half of 2013 and throughout the first half of 2014, our senior management, with the assistance of outside Israeli and U.S. tax advisors, began to explore, including with the ITA, a possible restructuring of the Ormat group that would eliminate or mitigate possible adverse tax implications from both an Israeli and U.S. tax perspective. In parallel, Ormat's senior management, with the assistance of Chadbourne & Parke LLP, counsel to Ormat, and Goldfarb Seligman & Co., counsel to Ormat Industries, also explored the legal aspects of such possible restructuring.

On August 5, 2014, following indications from the ITA that it would be willing, in principle, to issue a ruling that would mitigate such possible adverse tax implications along the lines of the Israeli tax ruling (that was eventually obtained on November 9, 2014), Mr. Blachar provided to our Board, as part of a regularly scheduled meeting thereof, a presentation outlining the key principles, benefits, legal process and timeline required in order to initiate a potential transaction through which Ormat would acquire Ormat Industries, with the companies being consolidated into one public company, Ormat, whose shares would continue to be traded on the NYSE. In this section, such transaction is sometimes referred to as the potential transaction.

On September 8, 2014, our board held a meeting, which was attended by representatives of Chadbourne and Goldfarb. During the meeting, Mr. Blachar updated the Ormat board on the status and next steps concerning the potential transaction. Mr. Blachar updated regarding the status of the Israeli tax ruling, including the impact of certain limitations that would likely be imposed on FIMI and Bronicki Investments, the principal stockholders of Ormat Industries in connection with that ruling. Mr. Blachar reported that the board of directors of Ormat Industries had authorized Ormat Industries to continue discussions concerning the potential transaction, including establishing a special committee of Ormat Industries directors and requiring that any such transaction be approved by a non-waivable majority-of-the-minority of Ormat's stockholders not affiliated with Ormat Industries. Our board discussed the potential transaction, including, among other things, the strategic rationale for the potential transaction, the risks and benefits of the potential transaction, the structure of the potential transaction, and the potential tax implications and costs associated with it. A representative of Chadbourne reviewed with our board members their fiduciary duties in connection with their consideration of the potential transaction.

Following discussion, our board concluded that it was in the best interests of Ormat and Ormat's stockholders, and specifically, the Ormat stockholders other than Ormat Industries and its affiliates, to form a special committee of independent Ormat directors to review, evaluate, and negotiate a potential transaction involving Ormat and Ormat Industries. Our board then created a special committee consisting of David Granot (as Chairman), Robert F. Clarke, and Dan Falk, each of whom the board concluded was independent, and resolved, among other things, that the board would not approve or authorize a potential transaction involving Ormat and Ormat Industries without the prior favorable recommendation of the Ormat special committee. The Ormat special committee was authorized, among other things, to retain its own financial and legal advisors, at Ormat's expense.

On September 9, 2014, the Ormat special committee met telephonically and discussed, among other things, its process for the selection of independent financial and legal advisors. Following discussion, the Ormat special committee decided to invite seven investment banks and eight law firms to make written proposals to present to the committee. The Ormat special committee directed that all proposals include full disclosure of any actual or potential conflicts of interests with respect to the potential engagement.

On September 15, 2014, the Ormat special committee met telephonically and reviewed, among other things, written proposals from all of the investment banks and law firms. Following discussion, the committee invited four investment banks and three law firms to participate in in-person interviews.

On September 17, 2014, the Ormat special committee met in person at Chadbourne's offices in New York and interviewed the three law firms. Following these interviews and deliberations, the Ormat special committee selected

Davis Polk & Wardwell LLP to serve as its independent legal counsel. The Ormat special committee notified Davis Polk of its appointment and requested that the firm join the Ormat special committee for interviews with the prospective financial advisors.

On September 18, 2014, the Ormat special committee, along with representatives from Davis Polk, met in person at Chadbourne's offices in New York and interviewed four investment banks. Following the interviews and deliberations, the Ormat special committee selected J.P. Morgan Securities LLC as its independent financial advisor. J.P. Morgan's engagement was finalized in an engagement letter dated October 13, 2014.

On September 21, 2014, Mr. Granot and Dafna Sharir, chair of the Ormat Industries special committee, conducted an introductory call, during which they agreed to instruct the financial advisors to the respective special committees to conduct introductory discussions regarding the potential transaction.

During the weeks of September 29, 2014 and October 6, 2014, the Ormat special committee through its financial and legal advisors conducted confidential due diligence on Ormat Industries and evaluated the potential strategic benefits of a transaction.

On October 12, 2014, Goldfarb delivered an initial draft of the share exchange agreement to Davis Polk, which did not specify an exchange ratio.

Also on October 12, 2014, a representative of Trigger-Foresight (2012) LP, an affiliate of Deloitte, the financial advisor to Ormat Industries, contacted a representative of J.P. Morgan to discuss the Ormat Industries special committee's preliminary views on a potentially acceptable exchange ratio for the transaction. Deloitte indicated that the Ormat Industries special committee believed that the exchange ratio should reflect a premium to Ormat Industries' then-current trading price and that any below-market deal would be unlikely to receive Ormat Industries shareholder approval. J.P. Morgan responded that, if Ormat Industries had a view on valuation, then the Ormat Industries special committee was free to make an initial proposal for the Ormat special committee to review and consider.

On October 15, 2014, the Ormat special committee met telephonically, along with its financial and legal advisors, to review the status of discussions concerning the potential transaction. Representatives of J.P. Morgan made a presentation to the Ormat special committee concerning the principal areas of financial diligence that it had completed and providing an overview of its preliminary valuation of Ormat and Ormat Industries. J.P. Morgan reviewed, among other things, the fact that the stock of Ormat Industries trades at a premium to the stock of Ormat (and the potential reasons why) and that, as a result, an "at-market" stock-for-stock exchange would imply a premium for Ormat Industries stockholders. The Ormat special committee also discussed the strategic rationale for the potential transaction, which includes increasing liquidity, eliminating dual-listing redundancies and realizing potential cost and revenue synergies. At the conclusion of the meeting, the Ormat special committee and its advisors discussed next steps in connection with due diligence, J.P. Morgan's ongoing valuation work, certain areas for which the Ormat special committee requested additional financial analysis, and future discussions with the Ormat Industries special committee. The Ormat special committee confirmed its view that the Ormat special committee should not make the initial proposal concerning an exchange ratio for the potential transaction.

On October 21, 2014, the Ormat special committee met telephonically, along with its financial and legal advisors, to review the status of discussions concerning the potential transaction. Representatives of J.P. Morgan reported that, shortly before the meeting commenced, Deloitte had contacted J.P. Morgan and verbally communicated an initial proposal on behalf of the Ormat Industries special committee. The Ormat Industries special committee proposed a transaction valuing Ormat Industries at \$7.67 per share, which reflected a roughly 12.0% percent premium to Ormat's then-current trading price and which would require the issuance of approximately 4.7 million net new shares to be issued by Ormat. The Ormat special committee directed J.P. Morgan to inform Deloitte that the Ormat special committee would require additional information and details concerning the Ormat Industries special committee's proposal in order to be able to evaluate and consider such proposal. Representatives of J.P. Morgan provided a follow-up presentation to the presentation made at the prior Ormat special committee meeting, including a review of the additional information and analyses requested by the Ormat special committee. The Ormat special committee discussed with its advisors how the potential transaction would increase Ormat's liquidity, result in potential cost and revenue synergies and offer benefits as a result of Ormat becoming a non-controlled company. The representatives of J.P. Morgan reviewed with the Ormat special committee various strategies for negotiating an exchange ratio. The Ormat special committee and its advisors discussed strategies for the upcoming meeting between the Ormat special committee and the Ormat Industries special committee scheduled for October 22, 2014, including with respect to the

negotiation of the exchange ratio.

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On October 22, 2014, the Ormat special committee and the Ormat Industries special committee met in person (with Robert F. Clarke attending telephonically) at Goldfarb's offices in Tel Aviv, Israel, and telephonically with their respective financial and legal advisors, to discuss the Ormat Industries special committee proposal. The Ormat Industries special committee reiterated the proposal communicated the prior day and presented its justification for seeking a roughly 12.0% premium to Ormat Industries' then-current trading price, which included the Ormat Industries special committee's valuation of certain of the assets of Ormat Industries and potential synergies available through the combination of the two companies. The Ormat special committee responded and expressed its views why it believed that a transaction at a fixed exchange ratio closer to at-market prices was appropriate, which included comparable historical transactions, certain valuations of Ormat Industries on a net asset value basis and allocations among each company's stockholders of the cost and revenue synergies. Both special committees and their financial advisors agreed to reflect further on the other side's perspectives.

Later on October 22, 2014, the Ormat special committee met telephonically, along with its financial and legal advisors, to discuss the terms of Ormat Industries' preliminary proposal. The Ormat special committee and its advisors discussed potential counterproposals and certain corporate governance considerations that the Ormat special committee should take into account while formulating a counterproposal, including the implications of Section 203 of the Delaware General Corporation Law, NYSE rules regarding "controlled companies", potentially renewing Ormat's rights agreement and the ability of certain stockholders to call special meetings. All parties agreed that it would be constructive to have an in-person meeting in New York to work to formulate the counterproposal.

On October 24, 2014, Mr. Blachar provided to the Ormat special committee and representatives from Davis Polk and J.P. Morgan an update on Ormat's business, including the potential sale of a minority stake of up to 49% in a small number of its power plants located in the U.S. Ormat reported that potential sale transaction in its Current Report on Form 8-K filed with the SEC on November 17, 2014.

As part of its ongoing due diligence, the Ormat special committee also considered the implications of the expected Israeli tax ruling, which provides, among other things, that in order not to violate certain provisions of the ruling, Ormat must continue to hold a majority of the assets it held prior to each of Ormat and Ormat Industries' stockholder approvals of the share exchange for the two calendar years following such approvals (not including the year in which such approval occurs) and that, without the ITA's prior approval, Ormat may not take actions (including issuing shares or selling Ormat through a merger) that would reduce the holdings of Bronicki Investments and FIMI to less than 51% of their aggregate holdings of Ormat common stock. For a detailed description of the Israeli tax ruling, please see "The Share Exchange—Material Israeli Income Tax Consequences of the Share Exchange and Related Transactions."

On October 28, 2014, the Ormat special committee, along with its financial and legal advisors, held an in-person meeting at Davis Polk's offices in New York. The Ormat special committee and its advisors discussed the status of negotiations regarding the potential transaction, the preliminary valuation provided by J.P. Morgan on October 28, 2014, the preliminary proposal received from Ormat Industries, potential counterproposals and the timing of next steps. Representatives of Davis Polk reviewed with the Ormat special committee members their fiduciary duties in connection with the potential transaction.

At that meeting, representatives of J.P. Morgan reviewed with the Ormat special committee a presentation concerning J.P. Morgan's preliminary valuation of Ormat and Ormat Industries, the potential impact that an increase in liquidity resulting from a transaction could have on the stock price and stockholder base of Ormat. The Ormat special committee discussed with J.P. Morgan the potential cost synergies estimated by Ormat management that could result from the de-listing of Ormat Industries and the consolidation of Ormat and Ormat Industries, and the potential revenue synergies estimated by Ormat management, including the ability of Ormat to pursue two potential projects in Ormat's product segment that Ormat currently does not believe it could undertake due to being perceived as a controlled foreign company. J.P. Morgan presented various preliminary financial analyses regarding the share exchange,



including a review of precedent transactions, and the Ormat special committee members discussed the data, assumptions and methodologies underlying these analyses. J.P. Morgan reviewed different preliminary methodologies for calculating an exchange ratio, including by taking mean and median ratios over certain historical time periods. Representatives of J.P. Morgan noted that a 20 business day time period for calculating a fixed exchange ratio was used most frequently in the precedent transactions they reviewed. The Ormat special committee and its advisors reviewed the proposal received from Ormat Industries on October 22, 2014 and the Ormat special committee unanimously agreed to reject the proposal and instead make a counterproposal that would include an exchange ratio using a methodology of taking the twenty-day median of each of Ormat's and Ormat Industries' trading prices, which the Ormat special committee determined was reasonable and appropriate and which resulted in a premium of approximately 1.8% to Ormat Industries' common stock over that period.

Representatives of Davis Polk then reviewed with the Ormat special committee certain corporate governance considerations, including NYSE rules, and Delaware law issues. The Ormat special committee and its advisors discussed the upcoming expiration of Ormat's stockholder rights plan, which expired on November 10, 2014, and the directors' preliminary view that they would not renew the rights plan. The Ormat special committee and its advisors also discussed the fact that, following the transaction, FIMI and Bronicki Investments, which at that time owned approximately 39.3% in the aggregate of Ormat Industries, would own approximately 15% and 9%, respectively, of the post-transaction Ormat, based on the exchange ratio. Particularly in light of the possibility that Ormat might pay a premium to Ormat Industries (in part due to the acquisition of control from Ormat Industries and beyond the premium implied by Ormat and Ormat Industries' relative trading prices), the Ormat special committee discussed its view that FIMI and Bronicki Investments should not be permitted, following the transaction, to re-acquire control of Ormat without paying Ormat and Ormat's public stockholders an appropriate control premium. The Ormat special committee and its advisors discussed the advantages and disadvantages of requiring FIMI and Bronicki Investments to enter into a standstill agreement in connection with any potential transaction that would cap their aggregate ownership at 25%. The Ormat special committee directed Davis Polk to discuss the potential standstill agreement with Goldfarb and counsels to FIMI and Bronicki Investments.

Representatives of Davis Polk summarized the material terms of the proposed share exchange agreement, as well as the Israeli tax ruling. As noted above and elsewhere in this information statement, under the Israeli tax ruling, certain restrictions will apply to Ormat, certain of Ormat's subsidiaries and certain stockholders of the post-share exchange combined entity, including with respect to Ormat's ability to issue shares and engage in mergers and acquisitions transactions. The Ormat special committee and its advisors also discussed the fact that these restrictions would apply for an additional year through the end of 2017 if the stockholder approvals for the transaction were not obtained before December 31, 2014. Following this discussion, the members of the Ormat special committee confirmed their view that the restrictions of the Israeli tax ruling would not be overly onerous to Ormat.

The Ormat special committee and Davis Polk discussed the advantages and disadvantages of requiring a majority-of-the-minority approval by Ormat's stockholders as a condition to the completion of the transaction. The Ormat special committee discussed its views concerning the importance of maximizing transaction certainty, as well as certain timing issues relating to a solicitation period and the fact that the restrictions imposed in the Israeli tax ruling would apply for an additional year (through the end of 2017) if Ormat were not able to obtain stockholder approval prior to the end of 2014. The Ormat special committee concluded that requiring such a condition would not be in the best interest of Ormat and Ormat's stockholders, and specifically the Ormat stockholders not affiliated with Ormat Industries or its affiliates. At the conclusion of the meeting, the Ormat special committee directed J.P. Morgan to provide a summary of the proposed financial terms, and Davis Polk to provide a summary of the other terms, of the counterproposal for the Ormat special committee's review prior to presentation to Ormat Industries.

On October 29, 2014, the Israeli press published an article reporting rumors regarding the potential share exchange. Ormat Industries was required to issue an immediate report that essentially confirmed that the share exchange was being considered. Later that day in the United States, Ormat issued a press release and filed a Current Report on Form 8-K with the SEC announcing that it was considering a potential restructuring with Ormat Industries. The closing price of Ormat common stock was \$28.00 per share following the news report, reflecting an increase of approximately 0.50%. The closing price of Ormat Industries common stock was NIS 26.30 per share following the news report, reflecting an increase of approximately 1.38%.

On October 31, 2014, the Ormat special committee, along with its financial and legal advisors, met telephonically and discussed, among other things, the proposed terms of Ormat's counterproposal to Ormat Industries. The counterproposal included a tax-free exchange of shares with a fixed exchange ratio of 0.2532 shares of Ormat for each share of Ormat Industries. This ratio represents the average exchange ratio over the preceding unaffected twenty trading day period based on the closing price per share for each of Ormat and Ormat Industries, which reflected a premium of approximately 1.8% to Ormat Industries' stock price over that period. The Ormat special committee determined that using a twenty-day median of each of Ormat's and Ormat Industries' trading prices was reasonable and appropriate with respect to calculating an exchange ratio for this type of transaction. The Ormat special committee again discussed and confirmed its view that inclusion of a majority-of-the-minority vote condition was not in the best interests of Ormat or Ormat's public stockholders, and specifically, the Ormat stockholders not affiliated with Ormat Industries. Representatives of Davis Polk then reported on their discussions with counsel to FIMI concerning a potential standstill agreement, during which counsel to FIMI indicated that FIMI and Bronicki Investments were unwilling to agree to a standstill in light of their desire to maintain flexibility should they wish to acquire additional shares to, among other things, reduce their cost basis. The representatives of Davis Polk reported that counsel to FIMI seemed willing to consider certain alternatives to a standstill agreement, including a voting neutralization agreement, which would allow FIMI and Bronicki Investments to acquire additional stock in Ormat but would require any additional shares acquired to be voted proportionally with the votes of the public stockholders of Ormat not affiliated with Ormat Industries. The Ormat special committee decided to continue its evaluation of a potential voting neutralization agreement at its next meeting. The Ormat special committee and its advisors then reviewed the combined economic and governance terms of the counterproposal. At the conclusion of the meeting, the Ormat special committee directed J.P. Morgan to communicate the counterproposal to Deloitte on November 2, 2014.

On November 2, 2014, J.P. Morgan conveyed the principal terms of the Ormat special committee's counterproposal to Deloitte.

Throughout the week of November 3, 2014, Davis Polk and Goldfarb (and with respect to Bronicki Investments and FIMI, also their respective counsels) negotiated the terms of the share exchange agreement and the ancillary documentation to the share exchange agreement, including the support agreements from Ormat Industries and FIMI and Bronicki Investments, written consents and corporate resolutions. For a detailed summary of the share exchange agreement, please see "The Share Exchange Agreement" and for a detailed summary of the ancillary agreements, please see "Additional Agreements."

On November 3, 2014, the Ormat special committee, together with representatives of J.P. Morgan and, attending telephonically, Davis Polk, and the Ormat Industries special committee, together with representatives of Deloitte and Goldfarb, met in person at Goldfarb's offices in Tel Aviv, Israel. During this meeting, each special committee presented its respective views on the other side's proposals. Following extensive negotiation that occurred at this meeting and through November 5, 2014, the special committees came to an agreement on a fixed exchange ratio of 0.2592 shares of Ormat for each share of Ormat Industries, which reflected a premium of approximately 4.2% to Ormat Industries' stock price as of October 28, 2014, the last trading day unaffected by rumors of the potential share exchange.

On November 5, 2014, the Ormat board met in person at Ormat's offices in Yavne, Israel, with representatives of J.P. Morgan, Davis Polk and Chadbourne attending telephonically. During the meeting, the Ormat special committee provided the Ormat board with an update on the Ormat special committee's evaluation and negotiation of the fixed exchange ratio and the transaction more generally. Representatives of J.P. Morgan provided the Ormat board with an overview of its preliminary financial analyses and the fixed exchange ratio. Representatives of J.P. Morgan confirmed that, if requested, they were prepared to issue a fairness opinion, subject to the factors and assumptions to be set forth in its opinion, that the proposed exchange ratio was fair, from a financial point of view, to Ormat. Representatives of Davis Polk provided an overview of the principal terms of the share exchange agreement and the current negotiations

with representatives of Bronicki Investments and FIMI concerning the draft voting neutralization agreement.

Later on November 5, 2014, the Ormat special committee, along with its financial and legal advisors, met telephonically to discuss the status of negotiations and potential next steps. The Ormat special committee again discussed the benefits of completing the share exchange expeditiously given certain provisions of the Israeli tax ruling that would restrict Ormat for an additional year through the end of 2017 if stockholder approvals were not obtained before December 31, 2014. The Ormat special committee then discussed certain terms of a proposed draft voting neutralization agreement, including the voting cap (i.e., the level of share ownership above which additional shares acquired by FIMI and Bronicki Investments would be voted proportionally), the economic cap (i.e., the level of economic ownership of Ormat stock above which FIMI and Bronicki Investments would not be permitted to acquire additional shares), and a “bust up” provision (i.e., a provision that would prohibit FIMI and Bronicki Investments from selling shares to a single buyer or group of buyers that would hold more than 10% of Ormat’s stock unless the transferee(s) agreed to be bound by the voting neutralization agreement).

Following the meeting, Davis Polk sent the draft voting neutralization agreement to Goldfarb who forwarded it to FIMI and Bronicki Investments and their respective counsels. Davis Polk and representatives of FIMI and Bronicki Investments continued to discuss and negotiate the terms of the voting neutralization agreement throughout the week.

On November 8, 2014, the Ormat special committee, along with its financial and legal advisors, met telephonically and discussed, among other things, the principal open items in the negotiation of the draft voting neutralization agreement. Representatives of Davis Polk compared and contrasted the Ormat special committee's proposed voting neutralization agreement with the terms proposed in response by FIMI and Bronicki Investments. Davis Polk reported that FIMI and Bronicki Investments were unwilling to agree to a "bust-up" provision and believed that the economic cap should be 40% rather than 30%, each as requested by the Ormat special committee. The Ormat special committee and its advisors discussed a number of potential compromises that could be made with FIMI and Bronicki Investments on each of these issues.

Following the telephonic meeting, representatives of the Ormat special committee, FIMI and Bronicki Investments and their respective advisors, negotiated the terms of the draft voting neutralization agreement. Representatives for the Ormat special committee and FIMI and Bronicki Investments restated and discussed their respective positions on the "bust-up" provision and the economic cap. Representatives of FIMI and Bronicki Investments noted that the Israeli tax ruling would restrict their share sales through at least the end of 2016 to less than 10% of their aggregate stock holdings as of the closing of the share exchange and that their shareholders' agreement would expire in May 2017 at which point FIMI and Bronicki Investments would no longer constitute a group. The parties discussed potential compromises with respect to the inclusion of a "bust-up" provision proposed by the Ormat special committee, including a rights plan, a "bust-up" provision that would become less onerous to the extent FIMI and Bronicki Investments reduced their shareholdings and an agreement not to coordinate sales of shares unless FIMI and Bronicki Investments provided Ormat with prior notice. After extensive discussions, the parties agreed to re-consider the various alternatives discussed.

On November 9, 2014, the Ormat special committee, along with its legal advisors, met telephonically to discuss the open issues on the voting neutralization agreement, including a proposal received immediately prior to the meeting from the representatives of FIMI and Bronicki Investments. The Ormat special committee determined that the proposal received from FIMI and Bronicki Investments provided a reasonable basis for resolving the open issues and directed its legal advisors to complete negotiations generally on those terms. Thereafter, representatives of Davis Polk, Goldfarb and representatives of FIMI and Bronicki Investments finalized the terms of separate voting neutralization agreements with each of FIMI and Bronicki Investments, which terms were approved by the Ormat special committee. For more information on the key terms of these agreements, please see "Additional Agreements—Voting Neutralization Agreements.

Later in the day on November 9, 2014, the Ormat special committee, along with its financial and legal advisors, again met telephonically and discussed, among other things, the status of negotiations with Ormat Industries. Representatives of J.P. Morgan presented the Ormat special committee with their final valuation analyses regarding the transaction. The Ormat special committee discussed the strategic and financial rationales of the transaction, and J.P. Morgan discussed with the Ormat special committee, the valuations of Ormat and Ormat Industries, and the various valuation methodologies underpinning J.P. Morgan's valuation. At the conclusion of the meeting, J.P. Morgan rendered its oral opinion, subsequently confirmed in writing, that, as of such date and based upon and subject to the factors and assumptions set forth in its opinion, the exchange ratio in the proposed share exchange and related transactions was fair, from a financial point of view, to Ormat. Following a review of the negotiations and discussions regarding the share exchange, the Ormat special committee expressed its unanimous view that the share exchange was in the best interest of Ormat and its stockholders, and specifically the public stockholders not affiliated with Ormat Industries, and thus that it would recommend approval of the share exchange agreement and the transactions contemplated by the share exchange agreement by the Ormat board. For the basis of

the Ormat special committee's determination in this regard, please see “—The Ormat Special Committee”.

On November 10, 2014, the Ormat special committee met telephonically with its financial and legal advisors to approve the separate voting neutralization agreements to be entered into by each of FIMI and Bronicki Investments.

Also on November 10, 2014, the Ormat audit committee, which consists of the directors that are members of the Ormat special committee along with Mr. Robert E. Joyal, met in person, however Mr. Joyal did not attend, and considered the share exchange agreement and the transactions contemplated thereby. Following its deliberations, the Ormat audit committee expressed its unanimous view that the share exchange was in the best interest of Ormat and its stockholders, and specifically the public stockholders not affiliated with Ormat Industries, and thus that it would recommend approval of the share exchange agreement and the transactions contemplated by the share exchange agreement by the Ormat board.

Later on November 10, 2014, the Ormat board met in person (with Robert F. Clarke and representatives of J.P. Morgan, Davis Polk and Chadbourne attending telephonically) at Goldfarb's offices in Tel Aviv, Israel to receive and discuss the Ormat special committee's recommendation concerning the potential transaction. As requested by the Ormat special committee, J.P. Morgan provided the Ormat board with a brief presentation on the share exchange. At this meeting, J.P. Morgan confirmed its November 9, 2014 oral opinion by delivering its written opinion to the Ormat board, dated November 9, 2014, that, as of such date, the exchange ratio in the proposed share exchange and related transactions was fair, from a financial point of view, to Ormat. The Ormat special committee recommended to the Ormat board that it approve the share exchange agreement and the transactions contemplated by the share exchange agreement. Following the Ormat special committee recommendation, the Ormat audit committee also recommended to the Ormat board that it approve the share exchange agreement and the transactions contemplated by the share exchange agreement. Following these recommendations and its own deliberations, the Ormat board unanimously determined the share exchange to be advisable and fair to and in the best interest of its stockholders. For the basis of the Ormat board's determination in this regard, please see "—The Ormat Board of Directors". The Ormat board resolved unanimously to approve, adopt and declare advisable the share exchange agreement and the transactions contemplated by the share exchange agreement, including the share exchange. The share exchange agreement was executed by Ormat and Ormat Industries later that day on November 10, 2014.

On November 10, 2014, following the close of trading on the U.S. public stock markets, Ormat issued a press release announcing that it would acquire Ormat Industries through a share exchange.

#### Recommendation of the Ormat Special Committee and the Ormat Board of Directors and Their Reasons for the Share Exchange

Both the Ormat special committee and the Ormat board of directors believe, based on their consideration of the factors described below, that the share exchange agreement and the transactions contemplated thereby, including the share exchange, are fair, in terms of both substance and procedure, to the holders of Ormat's common stock (other than Ormat Industries and its shareholders).

#### The Ormat Special Committee

The Ormat special committee, with the advice and assistance of its independent financial advisor and legal counsel, negotiated and evaluated the proposed share exchange, the terms and conditions of the share exchange agreement and the transactions contemplated thereby. Over the course of approximately two months, the Ormat special committee held twenty meetings and led negotiations with the Ormat Industries special committee. At a meeting held on November 10, 2014, the Ormat special committee (i) unanimously determined that the transaction documents, including the share exchange agreement, the share exchange and the other transactions contemplated by the share exchange agreement, were advisable, fair to and in the best interests of Ormat and Ormat's stockholders, and specifically the Ormat stockholders other than Ormat Industries and its affiliates; and (ii) unanimously recommended

to the full Ormat board of directors that the Ormat board of directors (x) approve and declare advisable the share exchange agreement and the transactions contemplated thereby, including the share exchange and the other transaction documents, (y) direct that the share exchange be submitted to Ormat's stockholders and (z) recommend, subject to the terms of the share exchange agreement, that the holders of Ormat common stock approve the share issuance required to effect the share exchange.



In negotiating and evaluating the share exchange, the share exchange agreement, and the other transactions and agreements contemplated thereby, the Ormat special committee consulted with its independent financial and legal advisors and considered a number of advantages that would result from, as a result of the share exchange, Ormat becoming a non-controlled company, including, but not limited to, the following material factors (not necessarily in order of relative importance):

- **Liquidity.** The Ormat special committee considered the fact that the share exchange would result in an increase in the liquidity of Ormat's stock and the removal of the control overhang associated with Ormat Industries' approximately 59.75% ownership stake without a need for a secondary offering.
- **Cost Synergies.** The Ormat special committee considered the potential cost synergies estimated by Ormat management that likely would result from consolidating Ormat and Ormat Industries into a single publicly traded company, including the reduction of time and costs required to comply with filing and disclosure requirements by two companies for two stock exchanges, the elimination of redundancies related to the maintenance of two boards of directors and audit committees, and removing the intercompany leasing contracts between Ormat and Ormat Industries.
- **Revenue Synergies.** The Ormat special committee considered the potential revenue synergies estimated by Ormat management that may result due to Ormat no longer being perceived as a controlled foreign company, including the ability of Ormat to pursue two potential projects in Ormat's product segment that Ormat currently does not believe it could undertake due to being perceived as a controlled foreign company.
- **Control Premium.** The Ormat special committee considered that the economic and structural terms of the share exchange and related transactions would maximize the likelihood that Ormat stockholders could receive a control premium for their shares at a future time, given the elimination of Ormat Industries' approximately 60% ownership stake and the restrictions placed on the Principal Stockholders through the voting neutralization agreements and the Israeli tax ruling.

The Ormat special committee also considered a number of factors that are discussed below relating to the procedural safeguards that it believes were and are present to ensure the fairness of the share exchange. The Ormat special committee believes the following factors support its determinations and recommendations and provide assurance of the procedural fairness of the share exchange to Ormat's minority stockholders:

- **Process of the Special Committee.** The Ormat special committee consisted solely of independent directors not affiliated with Ormat Industries. The Ormat special committee was provided a clear mandate to review and negotiate the share exchange and to retain independent financial and legal advisors. Moreover, the Ormat board resolved that it would not approve or authorize a potential transaction involving Ormat and Ormat Industries without the prior favorable recommendation of the Ormat special committee. The Ormat special committee met twenty times, including seven times in person, and solicited the advice of its financial and legal advisors. During these meetings, the Ormat special committee extensively deliberated and discussed the advantages and disadvantages of the share exchange.

- **Exchange Ratio.** The exchange ratio of 0.2592 shares of Ormat common stock for each share of Ormat Industries stock was only slightly higher than an exchange ratio calculated on an unaffected twenty trading day median of 0.2496. The Ormat special committee, in consultation with its independent financial advisor, concluded that the calculation of an exchange ratio using a twenty trading day median is consistent with certain precedent transactions and was reasonable and appropriate for a transaction of this type. In evaluating and negotiating the exchange ratio, the Ormat special committee considered only quantified cost and revenue synergies discussed above. The exchange ratio resulted in a premium to the trading value of Ormat Industries' share price on October 28, 2014 (the last trading day unaffected by rumors of the transaction) of 4.2%.
- **Opinion of J.P. Morgan.** The opinion of J.P. Morgan, dated November 9, 2014, to the Ormat board as to the fairness, from a financial point of view, to Ormat of the exchange ratio in the proposed share exchange, based on and subject to the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by J.P. Morgan (as more fully described below under “—Opinion of Financial Advisor to the Ormat Special Committee”).
- **Terms of the Share Exchange Agreement.** The terms and conditions of the share exchange agreement, including Ormat's ability to terminate (a) after December 31, 2014 if the stockholder approvals are not obtained prior to such date (and thus the restrictions imposed by the Israeli tax ruling would last for an additional year through the end of 2017 see “Material Consequences of the Israeli Tax Ruling”) and (b) after March 31, 2015 if the share exchange has not occurred, allow for Ormat to ensure that the share exchange is consummated as negotiated by the Ormat special committee.
- **Terms of the Voting Neutralization Agreements.** The terms and conditions of the voting neutralization agreements ensure that FIMI and Bronicki Investments, after receiving a premium for their stock in Ormat, will be restricted in their ability to subsequently acquire voting control of Ormat. In particular, FIMI and Bronicki Investments have agreed to (a) vote all of their Ormat voting securities in excess of 16% and 9% of Ormat's total voting power, respectively, in proportion to votes cast by the other holders of Ormat voting securities, (b) limit the direct or indirect acquisition of Ormat voting securities, if after giving effect to any such acquisition, such stockholder and its affiliates would beneficially own Ormat voting securities representing in the aggregate more than 20% and 12% of Ormat's total voting power, respectively, (c) not sell, prior to January 1, 2017, Ormat voting securities that, in the aggregate, represent more than 10% of all such voting securities of Ormat owned in the aggregate by both of the stockholders as of the closing, (d) not act in concert, following January 1, 2017, to sell Ormat voting securities without providing Ormat with twenty days' prior written notice (to which only Ormat's disinterested directors may respond) and (e) not renew the shareholders' agreement between them following its expiration in May 2017.

The Ormat special committee also considered a variety of potentially negative factors in its deliberations concerning the share exchange agreement and the transactions contemplated thereby, including, but not limited to, the following (not necessarily in order of relative importance):

- **Interim Restrictions on Business.** The Ormat special committee considered the impacts of the restrictions of the Israeli tax ruling, including the requirements that Ormat hold a majority of its assets for two years and not take certain actions during such time (including a merger, private placement or public offering) that would reduce the equity holdings of FIMI and Bronicki Investments below 51% of their aggregate holdings in Ormat. The Ormat special committee also considered that any sale of Ormat to a third party by means of a merger prior to December 31, 2016 (if the stockholder approvals are obtained by December 31, 2014) would constitute, absent prior approval by the ITA, a breach of the Israeli tax ruling and the potential impact on Ormat's stock price due to this sale restriction.



- **Effect of Failure to Complete Share Exchange Agreement.** While Ormat expects that the share exchange will be consummated, there can be no assurance that all of the conditions to the consummation of the share exchange will be satisfied or the required stockholder approvals of Ormat Industries will be timely obtained. As a result, it is possible that the share exchange may not be completed in a timely manner or at all. The Ormat special committee also considered the potential negative effects if the share exchange were not consummated, including that (a) Ormat would have incurred significant transaction and opportunity costs attempting to consummate the share exchange and (b) Ormat's directors, officers, and other employees would have expended considerable time and effort to negotiate, implement and consummate the share exchange, and their time may have been diverted from other important business opportunities and operational matters while working to implement the share exchange.
- **Revenue Synergies Not Achieved.** The Ormat special committee considered that revenue synergies may not be realized despite Ormat no longer being controlled by a foreign company.

The Ormat special committee concluded that the potential benefits that it expected Ormat and Ormat's stockholders would achieve as a result of the share exchange outweighed the risks and potentially negative factors relevant to the share exchange. The foregoing discussion of the information and factors considered by the Ormat special committee is not intended to be exhaustive but includes the material factors considered by the Ormat special committee. In view of the variety of factors considered in connection with its evaluation of the share exchange, the Ormat special committee did not find it practicable to, and did not quantify or otherwise assign relative weights to, the specific factors considered in reaching its determination and recommendation. In addition, individual directors may have given different weights to different factors. The Ormat special committee did not undertake to make any specific determination as to whether any factor or any particular aspect of any factor supported or did not support its ultimate decision. The Ormat special committee based its recommendation on the totality of the information presented.

#### The Ormat Board of Directors

The Ormat board of directors met on November 10, 2014 to consider the share exchange agreement and the transactions contemplated thereby, including the share exchange. On the basis of the recommendations of the Ormat special committee and the Ormat audit committee and the other factors described below, the Ormat board of directors unanimously, among other things, (i) approved and declared advisable the share exchange agreement, the share exchange and the other transactions contemplated by the share exchange agreement, (ii) directed that the share issuance be submitted to Ormat's stockholders, and (iii) recommended, subject to the terms of the share exchange agreement, that the holders of Ormat common stock approve the share issuance. See “—Background of the Share Exchange.”

Among other things, the Ormat board of directors considered:

- the unanimous recommendations of the Ormat special committee and the Ormat audit committee that the Ormat board of directors (i) approve and declare advisable the share exchange agreement and the transactions contemplated thereby, including the share exchange, (ii) direct that the share exchange be submitted to Ormat's stockholders, and (iii) recommend, subject to the terms of the share exchange agreement, that the holders of Ormat common stock approve the share exchange; and
- the factors considered by the Ormat special committee as described in “The Share Exchange and Related Transactions—Recommendations of the Ormat Special Committee and the Ormat Board of Directors and Their Reasons for the Share Exchange —The Ormat Special Committee,” including the positive factors and potential benefits of the share exchange agreement and the transactions contemplated thereby and by the other transaction documents, the risks and potentially negative factors relating to the share exchange agreement and the transactions contemplated thereby and the factors relating to procedural safeguards.

The foregoing discussion of the information and factors considered by the Ormat board of directors is not intended to be exhaustive, but includes the material factors considered by the Ormat board of directors. In view of the wide variety of factors considered by the Ormat board of directors in evaluating the share exchange agreement and the transactions contemplated thereby, the Ormat board of directors did not find it practicable, and did not attempt, to quantify, rank or otherwise assign relative weights to the foregoing factors in reaching its conclusion. In addition, individual members of the Ormat board of directors may have given different weights to different factors and may have viewed some factors more positively or negatively than others.

### Opinion of Financial Advisor to the Ormat Special Committee

Pursuant to an engagement letter dated October 13, 2014, Ormat retained J.P. Morgan as the financial advisor to the Ormat special committee in connection with the proposed transaction and was requested to deliver a fairness opinion in connection with the proposed transaction.

At the meeting of the Ormat special committee on November 9, 2014, J.P. Morgan rendered its oral opinion that, as of such date and based upon and subject to the factors and assumptions set forth in its opinion, the exchange ratio in the proposed share exchange and related transactions was fair, from a financial point of view, to Ormat. At the meeting of the Ormat board on November 10, 2014, J.P. Morgan confirmed its November 9, 2014 oral opinion by delivering its written opinion to the Ormat board, dated November 9, 2014, that, as of such date, the exchange ratio in the proposed share exchange and related transactions was fair, from a financial point of view, to Ormat. No limitations were imposed by Ormat's board upon J.P. Morgan with respect to the investigations made or procedures followed by it in rendering its opinion.

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, is directed only to the exchange ratio in the share exchange and does not constitute a recommendation to any stockholder of Ormat. The summary of the opinion of J.P. Morgan set forth in this information statement is qualified in its entirety by reference to the full text of such opinion.

In arriving at its opinion, J.P. Morgan, among other things:

- reviewed a draft dated November 7, 2014 of the share exchange agreement;
- reviewed certain publicly available business and financial information concerning Ormat and Ormat Industries and the industries in which they operate;
- compared the financial and operating performance of Ormat and Ormat Industries with publicly available information concerning certain other companies J.P. Morgan deemed relevant and reviewed the current and historical market prices of shares of Ormat common stock and Ormat Industries ordinary shares and current market prices of certain publicly traded securities of such other companies;
- reviewed certain internal financial analyses and forecasts prepared by the management of Ormat related to its business (for more information about the Ormat projections (as defined below), please see “—Ormat Internal Projections”), as well as the estimated amount and timing of cost savings and related expenses and synergies expected by the management of Ormat to result from the share exchange (the “potential synergies”);
- reviewed certain appraisals, dated October 31, 2014, prepared by a third party regarding the appraised value of certain real estate and related assets of Ormat Industries (the “real estate appraisal”); and
- performed such other financial studies and analyses and considered such other information as J.P. Morgan deemed appropriate for the purposes of its opinion.

J.P. Morgan also held discussions with certain members of the management of Ormat and Ormat Industries with respect to certain aspects of the share exchange and related transactions, and the past and current business operations of Ormat and Ormat Industries, the financial condition and future prospects and operations of Ormat, the effects of the share exchange and related transactions on the financial condition and future prospects of Ormat, and certain other

matters J.P. Morgan believed necessary or appropriate to its inquiry.

J.P. Morgan relied upon and assumed, without assuming responsibility or liability for independent verification, the accuracy and completeness of all information that was publicly available or was furnished to or discussed with J.P. Morgan by Ormat and Ormat Industries or otherwise reviewed by or for J.P. Morgan. Other than J.P. Morgan's review of the real estate appraisal describe above, J.P. Morgan did not conduct or was not provided with any valuation or appraisal of any assets or liabilities, nor did J.P. Morgan evaluate the solvency of Ormat or Ormat Industries under any state, federal or foreign laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts provided to it, including the potential synergies referred to above, J.P. Morgan assumed that they were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of Ormat to which such analyses or forecasts relate. J.P. Morgan expressed no view as to such analyses or forecasts (including the potential synergies) or the assumptions on which they were based. J.P. Morgan also assumed that the share exchange will have the tax consequences described in discussions with, and materials furnished to J.P. Morgan by, representatives of Ormat, that the transactions contemplated by the share exchange agreement will be consummated as described in the share exchange agreement, and that the definitive share exchange agreement would not differ in any material respect from the draft thereof provided to J.P. Morgan. J.P. Morgan is not a legal, regulatory or tax expert and J.P. Morgan relied on the assessments made by advisors of Ormat with respect to such issues. J.P. Morgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the share exchange will be obtained without any adverse effect on Ormat or Ormat Industries or on the contemplated benefits of the share exchange.

The Ormat projections used in connection with J.P. Morgan's analysis of the share exchange and related transactions were not prepared with a view to public disclosure. The Ormat projections are subject to significant uncertainties, were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of management, including, without limitation, factors related to general economic and competitive conditions that could cause actual results to vary significantly from those set forth in such projections, as described in "Ormat Internal Projections—Cautionary Statement."

The potential synergies furnished to J.P. Morgan were prepared by Ormat management and include both cost synergies and revenue synergies. The cost synergies prepared by Ormat management contain certain assumptions regarding the time and cost to achieve such synergies. The revenue synergies provided by Ormat management include potential revenue synergies from two projects in Ormat's product segment which Ormat currently does not believe it could undertake due to being perceived as a company controlled by a foreign corporation. Ormat management estimated to J.P. Morgan that, if these projects were to be pursued by Ormat, Ormat would have a 30% probability of securing the contracts for these projects. The revenue synergies prepared by Ormat management assume (i) depreciation and amortization consistent with the product segment in 2016 as a percentage of revenue, (ii) EBIT (defined as earnings before interest and taxes) margins are 30% and (iii) the new project contracts would not require additional capital expenditures or other working capital requirements.

J.P. Morgan's opinion is based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of, the date of such opinion. Subsequent developments may affect J.P. Morgan's opinion, and J.P. Morgan does not have any obligation to update, revise, or reaffirm such opinion. J.P. Morgan's opinion is limited to the fairness, from a financial point of view, of the exchange ratio in the proposed share exchange and related transactions, and J.P. Morgan has expressed no opinion as to the fairness of the share exchange and related transactions to, or any consideration of, the holders of any class of securities, creditors or other constituencies of Ormat or the underlying decision by Ormat to engage in the share exchange. J.P. Morgan expressed no opinion as to the price at which shares of Ormat common stock or Ormat Industries' ordinary shares will trade at any future time, whether before or after the closing of the share exchange and related transactions.



In accordance with customary investment banking practice, J.P. Morgan employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses utilized by J.P. Morgan in connection with providing its opinion.

## Public Trading Multiples Analysis

Using publicly available information, J.P. Morgan compared selected financial data of Ormat with similar data for selected publicly traded companies engaged in businesses which J.P. Morgan judged to be similar to Ormat. The companies selected by J.P. Morgan, based on its professional judgment and experience, were NRG, Calpine, Dynegy, TransAlta and Capital Power Corporation. These companies were selected, among other reasons, because they are publicly traded companies with operations and business that, for purposes of J.P. Morgan's analysis, may be considered similar to Ormat based on sector participation, financial metrics and form of operations. Among other calculations, the information J.P. Morgan calculated for each of the selected companies included the multiple of firm value (calculated as equity value plus total debt and other adjustments, including non-controlling interest, net of cash and cash equivalents) to publicly available estimates of 2014 and 2015 EBITDA (calculated as earnings before interest, taxes, depreciation and amortization). Results of the analysis were presented for the selected companies, as indicated in the following table:

	Trading Multiple	
	Firm Value to 2014E EBITDA	Firm Value to 2015E EBITDA
High	11.4x	10.1x
Low	7.2x	7.1x
Median	9.2x	8.4x

J.P. Morgan selected a range for each multiple of 8.0x to 10.0x for 2014 estimated EBITDA and 7.0x to 9.0x for 2015 estimated EBITDA. These multiples were then applied to Ormat management estimates of 2014 EBITDA and 2015 EBITDA contained in the Ormat projections, yielding implied trading values for Ormat Common Stock of approximately \$24.26 to \$35.75 per share for estimated 2014 EBITDA and \$19.90 to \$31.79 per share for estimated 2015 EBITDA.

After applying the multiple reference ranges for Ormat, the analysis indicated implied trading values for Ormat Industries ordinary shares of \$6.06 to \$8.74 per share for estimated 2014 EBITDA and \$5.04 to \$7.82 per share for estimated 2015 EBITDA, in each case, (i) based on the sum of (x) the implied equity value of Ormat Industries ownership in Ormat (on a diluted basis), (y) the book value of Ormat Industries tangible assets (other than its ownership in Ormat and the appraised real estate and related assets) as of September 30, 2014 and (z) the appraised value of the appraised real estate and related assets from the real estate appraisal and (ii) using a U.S. Dollar to New Israeli Shekel exchange rate of 3.7417 as of October 28, 2014 (3.695 as September 30, 2014 to convert book value of Ormat Industries tangible assets (other than its ownership in Ormat and the appraised real estate and related assets)).

## Discounted Cash Flow Analysis

J.P. Morgan conducted a discounted cash flow analysis for the purpose of determining the equity value per share for both Ormat and Ormat Industries. A discounted cash flow analysis is a method of evaluating an asset using estimates of the future unlevered free cash flows generated by the asset, and taking into consideration the time value of money with respect to those cash flows by calculating their "present value." The "unlevered free cash flows" refers to a calculation of the future cash flows generated by an asset without including in such calculation any debt servicing costs. Specifically, unlevered free cash flow represents unlevered net operating profit after tax, adjusted for depreciation, capital expenditures, changes in net working capital, and certain other one-time cash expenses as applicable. "Present value" refers to the current value of the cash flows generated by the asset, and is obtained by discounting those cash flows back to the present using a discount rate that takes into account macro-economic assumptions and estimates of risk, the opportunity cost of capital and other appropriate factors. "Terminal value" refers to the present value of all future cash flows generated by the asset for periods beyond the projections period.



J.P. Morgan calculated the unlevered free cash flows that Ormat is expected to generate during fiscal years 2015 through 2017 based upon the Ormat projections prepared by Ormat management. J.P. Morgan also calculated a range of terminal values of Ormat at the end of the three-year period ending 2017 by applying a terminal growth rate ranging from 0.75% to 1.25% of the unlevered free cash flow of Ormat during the final year of the three-year period, which range of terminal growth rates was selected by J.P. Morgan based on its professional judgment and expertise. The unlevered free cash flows and the range of terminal asset values were then discounted to present values using a range of discount rates from 6.5% to 7.5%, which was chosen by J.P. Morgan based upon an analysis of the weighted average cost of capital of Ormat. The present value of the unlevered free cash flows and the terminal values were adjusted for the net present value of Ormat's tax net operating losses and Ormat's net debt as of September 30, 2014. This analysis indicated a range of equity values of between \$24.91 and \$38.97 per share of Ormat common stock on a stand-alone basis (i.e., without synergies).

After applying the indicated ranges of the equity value per share of Ormat, the analysis indicated the following implied equity value for Ormat Industries ordinary shares of \$6.18 to \$9.68 per share (i) based on the sum of (x) the implied equity value of Ormat Industries ownership in Ormat (on a diluted basis), (y) the book value of Ormat Industries tangible assets (other than its ownership in Ormat and the appraised real estate and related assets) as of September 30, 2014 and (z) the appraised value of the appraised real estate and related assets from the real estate appraisal and (ii) using a U.S. Dollar to New Israeli Shekel exchange rate of 3.7417 as of October 28, 2014 (3.695 as September 30, 2014 to convert book value of Ormat Industries tangible assets (other than its ownership in Ormat and the appraised real estate and related assets)).

#### Relative Value Analysis

Based upon the implied equity value per share for Ormat and Ormat Industries calculated in its public trading multiples analysis and discounted cash flow analysis described above, J.P. Morgan calculated an implied exchange ratio of Ormat Industries per share value to Ormat's per share value, as shown in the table below. For each comparison, J.P. Morgan compared the highest equity value per share for Ormat Industries to the lowest equity value per share for Ormat to derive the highest exchange ratio implied by each set of referenced ranges. J.P. Morgan also compared the lowest equity value per share for Ormat Industries to the highest equity value per share for Ormat to derive the lowest exchange ratio implied by each set of referenced ranges. The implied exchange ratios resulting from this analysis were:

	Implied Exchange Ratios	
	Low	High
Public Trading Multiples Analysis		
Firm value to 2014E EBITDA	0.1695x	0.3603x
Firm value to 2015E EBITDA	0.1586x	0.3928x
Discounted Cash Flow Analysis	0.1587x	0.3887x

#### Value Creation Analysis

J.P. Morgan conducted an intrinsic value creation analysis that compared the implied equity value of Ormat derived from a discounted cash flow valuation on a standalone basis to the implied equity value of the pro forma combined company. J.P. Morgan determined the pro forma combined company implied equity value by calculating: (i) the sum of (a) the implied equity value of Ormat using a 7.00% discount rate, the midpoint weighted average cost of capital of Ormat, and the midpoint terminal growth rate of 1.0%, (b) the book value of Ormat Industries tangible assets (other than its ownership in Ormat and the appraised real estate and related assets) as of September 30, 2014, (c) the appraised value of the appraised real estate and related assets from the real estate appraisal, and (d) the estimated present value of the potential synergies, discounted to present value using a discount rate of 7.00% and, with respect

to the cost synergies, net of costs to achieve and using a terminal growth rate of 1.00% and, with respect to the revenue synergies, a probability weighted percentage of 30%, less (ii) the estimated transaction fees and expenses relating to the transaction.

J.P. Morgan also conducted a market based value creation analysis derived from market value of Ormat and Ormat Industries on a standalone basis to the implied market value of the pro forma combined company. J.P. Morgan determined the pro forma combined company implied market value by calculating: (i) the sum of (a) the market capitalization of Ormat as of October 28, 2014, (b) the market capitalization of Ormat Industries as of October 28, 2014, and (c) the estimated present value of the potential synergies, discounted to present value using a discount rate of 7.00% and, with respect to the cost synergies, net of costs to achieve and using a terminal growth rate of 1.00% and, with respect to the revenue synergies, a probability weighted percentage of 30%, less (ii) the sum of (a) the market value of Ormat Industries ownership of Ormat as of October 28, 2014 and (b) the estimated transaction fees and expenses related to the transaction.

Both the intrinsic value creation analysis and the market based value creation analysis indicated that the transaction created hypothetical incremental implied value for the holders of shares of Ormat common stock. There can be no assurance, however, that the potential synergies, transaction-related expenses and other impacts will not be substantially greater or less than those estimated by Ormat's management and described above.

#### Historical Exchange Ratio Analysis

J.P. Morgan compared the per share daily closing market price of Ormat and Ormat Industries for the last five years from October 28, 2014 (the last day of unaffected trading) and calculated the average implied historical exchange ratio during this period. Specifically, for each trading day, J.P. Morgan divided the daily closing price per share of Ormat Industries by that of Ormat Common Stock. J.P. Morgan calculated (i) the exchange ratio based on the closing stock prices on the last unaffected date of trading on October 28, 2014 and (ii) the average implied exchange ratios for the ten-day, twenty-day, three-month, six-month, one-year, three-year and five-year periods ending on October 28, 2014. J.P. Morgan also calculated the average implied premium (or discount) of the market capitalization of Ormat Industries ordinary shares (less the market value of Ormat Industries' ownership of Ormat). A summary of the historical exchange ratio analysis is set forth in the table below:

Period	Average Exchange Ratio
Unaffected Date (10/28/2014)	0.2488x
10 days	0.2459x
20 days	0.2532x
3 months	0.2643x
6 months	0.2679x
1 year	0.2672x
3 years	0.2662x
5 years	0.2702x

J.P. Morgan noted that historical exchange ratio analysis is not a valuation methodology but was presented merely for informational purposes.

#### Miscellaneous

The summary set forth above of certain material financial analyses does not purport to be a complete description of the analyses or data presented by J.P. Morgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. J.P. Morgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. In arriving at its opinion, J.P. Morgan did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor

(positive or negative), considered in isolation, supported or failed to support its opinion. Rather, J.P. Morgan considered the totality of the factors and analyses performed in determining its opinion. Analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and analyses used or made by J.P. Morgan are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, J.P. Morgan's analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. None of the selected companies reviewed as described in the above summary is identical to Ormat. However, the companies selected were chosen because they are publicly traded companies with operations and businesses that, for purposes of J.P. Morgan's analysis, may be considered similar to those of Ormat. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to Ormat and the transactions compared to the share exchange and related transactions.

As a part of its investment banking business, J.P. Morgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for estate, corporate and other purposes. J.P. Morgan was selected to advise the special committee of the board of directors of Ormat with respect to the share exchange and related transactions and to deliver an opinion to Ormat's board of directors with respect to the share exchange and related transactions on the basis of such experience and its familiarity with Ormat.

For services rendered in connection with the share exchange and related transactions, Ormat has agreed to pay J.P. Morgan a fee of \$2 million, all of which will become payable only if the proposed share exchange is consummated. In addition, Ormat has agreed to reimburse J.P. Morgan for its expenses incurred in connection with its services, including the fees and disbursements of counsel, and will indemnify J.P. Morgan against certain liabilities, including liabilities arising under federal securities laws.

During the two years preceding November 9, 2014, the date of J.P. Morgan's opinion, neither J.P. Morgan nor any of its affiliates have had any other material financial advisory or other material commercial or investment banking relationships with Ormat or Ormat Industries. One of J.P. Morgan's affiliates owns 100% of the Class B Membership Interests in ORTP LLC. Ormat Nevada Inc., a direct wholly-owned subsidiary of Ormat, owns 100% of the Class A Membership Interests in ORTP LLC, and is the Managing Member of ORTP. ORTP LLC in turn owns 100% of Ormat Funding LLC, Oral Geothermal LLC, and ORNI 44 LLC. These three subsidiary entities in turn own, directly and indirectly all of the equity interests in separate geothermal power projects known as the Ormesa, Heber 1, Heber 2, Heber South, Mammoth, Galena 1, Steamboat 2/3, and Brady power projects. In addition, one of J.P. Morgan's affiliates owns 30% of the Class B Membership Interests in OPC LLC. Ormat Nevada Inc. owns 100% of the Class A Membership Interests in OPC LLC, and is the Managing Member of OPC. OPC LLC owns 100% of the following project companies: Orni 3 LLC, Steamboat Hills, LLC, and Orni 14 LLC, which in turn own the Desert Peak 2, Galena 2, Steamboat Hills, and Galena 3 geothermal power projects.

In the ordinary course of their businesses, J.P. Morgan and its affiliates may actively trade the debt and equity securities of Ormat or Ormat Industries for their own accounts or for the accounts of customers and, accordingly, they may at any time hold long or short positions in such securities.

#### Ormat Internal Projections

In connection with the Ormat special committee's evaluation and negotiation of the share exchange, Ormat provided the Ormat special committee and its independent financial advisor, J.P. Morgan, certain prospective financial statement information related to selected income statement line items and selected non-GAAP financial measures, for its fiscal years ended 2014 through 2017 inclusive, together with certain assumptions (summarized below) used in determining those financial metrics, which were prepared by Ormat's management as of September 30, 2014 for presentations made to certain of Ormat's commercial lenders (the "Ormat projections"). With Ormat's consent, the Ormat projections were used and relied upon by J.P. Morgan in their financial analyses of Ormat in connection with the proposed share exchange (see "—Opinion of Ormat's Financial Advisor").



## Cautionary Statements

The Ormat projections contain certain statements that are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. The Ormat projections, while presented with numerical specificity, are necessarily based on a variety of estimates and assumptions and thus are subjective in many respects and subject to interpretation. Those estimates and assumptions concern future events and conditions that may not be realized and are inherently subject to significant business, economic, competitive, industry, regulatory, market and financial uncertainties and contingencies, all of which are difficult to predict and many of which are subject to significant economic and competitive uncertainties and beyond Ormat’s control. Because the Ormat projections cover multiple years, such information by its nature becomes less predictive with each successive year. Moreover, events and circumstances occurring subsequent to the date on which the Ormat projections were prepared may be different from those assumed, or, alternatively, may have been unanticipated, and thus the occurrence of these events may affect financial results in a materially adverse or materially beneficial manner. Accordingly, no assurance can be given concerning the accuracy of the Ormat projections or Ormat’s availability to achieve the projected results, inasmuch as some assumptions inevitably will be incorrect. Actual financial results may differ materially from the expectations expressed or implied by the Ormat projections.

Other than providing earnings guidance for the current fiscal year and, towards the end of a given fiscal year, with respect to the next fiscal year, Ormat generally does not make public disclosures, or include in its reports filed with the SEC, information about its anticipated financial position, results of operations or other prospective financial statement information, or assumptions or estimates about prospective financial statement information, such as the Ormat projections described below, and does not plan to do that unless otherwise required by applicable law. The Ormat projections were not prepared with a view towards public disclosure, to comply with the guidelines for prospective financial statements published by the American Institute of Certified Public Accountants or the rules and regulations of the SEC, and by their nature are not financial statements prepared in accordance with accounting principles generally accepted in the United States of America. Ormat’s independent accountants have neither examined nor compiled the Ormat projections and accordingly do not express an opinion or any other form of assurance with respect to the Ormat projections, assume no responsibility for the Ormat projections and disclaim any association with the Ormat projections.

## Certain Assumptions

Key assumptions underlying the Ormat projections include the following:

- Generation is based on new projects of up to 150MW until 2017;
- Product segment revenues and margins from fiscal year 2014 will be maintained;
- Research and development expenses increase 10% per year;
  - A new tax equity transaction in 2016;
- No material impact on results of operations from the Sarulla accounting treatment;
  - Excluding write-offs in 2014 and prospectively; and
- Effective tax rate of 26.5% from 2013 will be maintained.

Ormat has not updated and does not intend to update, or otherwise revise, the Ormat projections or underlying assumptions to reflect circumstances existing since their preparation or to reflect the occurrence of future events, even if any or all of the assumptions on which the Ormat projections were based are shown to be in error. Furthermore, Ormat does not intend to update or revise the Ormat projections to reflect changes in general economic or industry conditions. Accordingly, no undue reliance should be placed on any such assumptions or the Ormat projections.

## Summary of Projections

The following table presents a summary of the Ormat projections for the fiscal years 2014 through 2017. As noted above, these financial projections were provided to and used by J.P. Morgan in performing certain analyses described in “—Opinion of Financial Advisor to the Ormat Special Committee” above.

	Fiscal Years Ending December 31, (in millions)			
	2014E	2015E	2016E	2017E
Total Revenues	\$563	\$588	\$623	\$678
Total Cost of Revenues	\$(363 )	\$(376 )	\$(393 )	\$(424 )
Operating Income	\$149	\$160	\$176	\$198
Income Before Tax	\$85	\$95	\$110	\$118
Net Income	\$63	\$70	\$81	\$86
Adjusted EBITDA	\$264	\$273	\$293	\$325

## Non-GAAP Measures

The Ormat projections include forecasts of “Adjusted EBITDA” among other things. We calculate Adjusted EBITDA as net income before interest, taxes, depreciation and amortization, excluding impairment of long-lived assets and one-time termination fee. Adjusted EBITDA is not a measurement of financial performance or liquidity under GAAP and should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net earnings as indicators of our operating performance or any other measures of performance derived in accordance with GAAP. Adjusted EBITDA is presented here because:

- the Ormat projections were prepared for a presentation to our commercial lenders, and we understand they find that helpful in evaluating our compliance with financial covenants in certain of our loan agreements with those lenders and, generally, in evaluating our ability to service and/or incur debt; and
- the Ormat projections, in the same form as presented to our commercial lenders, were made available to J.P. Morgan, for its use in performing certain financial analyses of Ormat as described above.

We make no representation about the use of Adjusted EBITDA in evaluating the share issuance, share exchange, the exchange ratio or any of the related transactions referred to in this information statement. Other companies in our industry may calculate Adjusted EBITDA differently than we do.

## The Parties

As described in “Summary” above, the share exchange and related transactions principally involve Ormat, Ormat Industries and Ormat Systems. For additional information regarding the parties and the Ormat group, please see our Annual Report on Form 10-K for the year ended December 31, 2013, which is incorporated by reference into this information statement.

## The Ormat Group Reorganization

On November 10, 2014, Ormat, Ormat Industries and Ormat Systems entered into the share exchange agreement in order to change the ownership and corporate structure of the Ormat group through the share exchange and several related transactions. The share exchange agreement specifically provides for:

- the transfer to Ormat of each outstanding Ormat Industries ordinary share in exchange for the right to receive 0.2592 shares of Ormat common stock (subject to adjustment as set forth in the share exchange agreement), so that Ormat Industries will become a direct wholly-owned subsidiary of Ormat;
- within three business days thereafter, the transfer by Ormat Industries of all of the Ormat common stock held by it to Ormat, which will be canceled immediately upon receipt;
- promptly following such distribution and in no event earlier than one business day thereafter, the transfer by Ormat of all the ordinary shares of Ormat Systems held by it to Ormat Industries, in exchange for one ordinary share of Ormat Industries, so that Ormat Systems becomes a wholly-owned subsidiary of Ormat Industries; and
- on March 31, 2015, the merger of Ormat Industries with and into Ormat Systems following which Ormat Industries will cease to exist and Ormat Systems will be the surviving company.

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 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%

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 other transactions contemplated by the share exchange agreement.

The Ormat Group – After the Transactions

Bronicki Investments and FIMI  
 Public  
 Ormat  
 Ormat Systems  
 100%  
 76.08%  
 23.92%

The Section 350 Voting Approval and Court Approval

The share exchange and the other transactions contemplated by the share exchange agreement will be effected by way of a court-approved scheme of arrangement, in accordance with Sections 350 and 351 of the Israel Companies Law, which requires that the parties obtain the Court approval (as described below under “The Share Exchange Agreement—Court Approval”) before consummating any of these steps, including that the Court grant an exemption from the prospectus delivery requirements under Section 15A(a)(3) of the Israel Securities Law. Obtaining the Court approval is not assured.

Among other things, receipt of the Court approval will depend on approval of the transactions by Ormat Industries shareholders (and, if ordered by the Court, creditors) by a majority in number (per capita) of shareholders (and, if applicable, creditors) present, by person or by proxy, representing at least 75% of the votes cast at the Ormat Industries shareholders (and, if applicable, creditors) meetings; provided, that, with respect to the Ormat Industries shareholders meeting either (i) the shares voting in favor of such matters include at least a majority of the shares voted by shareholders who are not Bronicki Investments and FIMI or that otherwise have a “personal interest” (as defined in the Israel Companies Law) in the transaction, or (ii) the total number of shares voted against the resolution by the shareholders described in clause (i) does not exceed two percent of the outstanding Ormat Industries ordinary shares.

It should be noted that the Court has the authority, and the ISA may direct, a different requisite majority for the approval of the Ormat Industries’ shareholders (and, if applicable, creditors), such as by requiring Ormat Industries to obtain approval of shareholders (or creditors) in several class meetings, if the Ormat Industries shareholders have materially different interests in the proposed share exchange that prompt such classification.

Following the approval of the arrangement by the shareholders (and, if necessary, creditors) of Ormat Industries, Ormat Industries will request that the Court hold a hearing on the fairness of the arrangement regardless of whether or not any objections to the arrangement have been raised and approve the arrangement and the order of all actions to be taken in accordance therewith.

Certain Effects of the Share Exchange

As a result of the share exchange and related transactions:

- Ormat Industries will become a direct wholly-owned subsidiary of Ormat;
- Ormat will no longer be a “controlled company” under the NYSE rules and therefore will no longer be able to rely upon certain exemptions from the director independence requirements applicable to our compensation committee

and nominating and corporate governance committee under the NYSE rules;

- based on the estimated number of shares of Ormat common stock and Ormat Industries ordinary shares that will be outstanding immediately prior to the completion of the share exchange, we estimate that immediately following the consummation of the share exchange:
  - existing Ormat stockholders (other than Ormat Industries) will own approximately 37.76% of the outstanding shares of Ormat common stock;
  - former Ormat Industries shareholders will own approximately 62.24% of the outstanding shares of Ormat common stock;
  - the number of shares of Ormat common stock held by non-affiliated, “public” shareholders will increase from approximately 40.25% to 76.08%;
  - Bronicki Investments and FIMI will own approximately 8.85% and 15.07%, respectively, of our outstanding common stock. Bronicki Investments and FIMI are parties to a shareholder rights agreement that, among other things, includes joint voting and other arrangements that affect Ormat and our subsidiaries, as described below in “Certain Relationships and Related Party Transactions.” As a result, the expected beneficial ownership of our outstanding common stock by these persons following the share exchange, and taking into consideration the shareholders rights agreement between them, Bronicki Investments and FIMI could exert significant influence on the election of our directors and on decisions by our shareholders on matters submitted to shareholder vote, including mergers, consolidations and the sale of all or substantially all of our assets, subject to the conditions set forth in our voting neutralization agreements with each of them described below in “Additional Agreements—Voting Neutralization Agreements” below;
- the share exchange, after giving effect to the issuance of approximately 30.2 million shares of our common stock and the retirement of approximately 27.2 million shares of our common stock held by Ormat Industries, will reduce earnings per share, on a pro forma basis from \$1.03 to \$0.94 per share on a fully diluted basis;
- the conditions imposed by the Israeli tax ruling may limit our flexibility in operating our business and our ability to enter into certain corporate transactions (see “Material Consequences of the Israeli Tax Ruling” below); and
  - we will encounter certain risks, including those set forth in “Risk Factors” above.

#### Certain Securities Law Matters

By virtue of the Court approval, the issuance of the shares of Ormat common stock to the Ormat Industries shareholders will be exempt from the registration requirements under the Securities Act of 1933, as amended (the “Securities Act”), pursuant to Section 3(a)(10) thereunder and the Israeli prospectus delivery requirements by reason of Section 15A(a)(3) of the Israel Securities Law.

#### Listing of Ormat Common Stock

After the share exchange, shares of Ormat common stock will continue to be listed on the NYSE under the symbol “ORA.” It is a condition to the completion of the share exchange that the shares of Ormat common stock to be issued in connection with the share exchange be authorized for listing on the NYSE, subject to official notice of issuance.

#### Interests of Certain Persons in the Share Exchange and Related Transactions

You should be aware that some of Ormat's directors and executive officers have interests in the share exchange and related transactions that may be different from, or in addition to, the interests of Ormat shareholders generally, as follows:

Yoram Bronicki, our Chairman of the Board of Directors, and Yehudit "Dita" Bronicki, a member of our board of directors and the Chairperson of our compensation committee, and other members of the Bronicki family currently beneficially own approximately 14.21% of Ormat Industries' ordinary shares through Bronicki Investments. Also, as described above Bronicki Investments is a party to, and subject to the terms and conditions set forth in, an Ormat Industries shareholder undertaking agreement and voting neutralization agreement and will be a party to each of the escrow agreement, which will be signed prior to the closing, and the registration rights agreement (if upon the request of Bronicki Investments or FIMI the parties enter into the agreement). In addition, Bronicki Investments will be subject to the terms and conditions set forth in, and applicable to them in, the Israeli tax ruling. Each of Lucien Bronicki and Yehudit Bronicki, along with their son, Youval Bronicki, serves as a member of the board of directors of Ormat Industries. Lucien Bronicki and Yehudit Bronicki were the founders of Ormat Industries, and until June 30, 2014 served as executive officers of Ormat Industries.



Each of Gillon Beck and Ami Boehm, members of our board of directors, is a partner of FIMI Opportunity Funds and is an affiliate of FIMI. FIMI currently beneficially own approximately 24.22% of Ormat Industries' ordinary shares. Also, as described above FIMI is a party to, and subject to the terms and conditions set forth in, an Ormat Industries shareholder undertaking agreement and voting neutralization agreement and will be a party to the escrow agreement, which will be signed prior to the closing, and that registration rights agreement (if upon the request of Bronicki Investments or FIMI the parties enter into the agreement). In addition, FIMI will be subject to the terms and conditions set forth in, and applicable to them in, the Israeli tax ruling. Gillon Beck also serves as a member of the board of directors of Ormat Industries, along with Ishay Davidi, the founder and chief executive officer of FIMI Opportunity Funds.

Each of Isaac Angel, our Chief Executive Officer, Doron Blachar, our Chief Financial Officer, and ETTY Rosner, our Corporate Secretary, also serves in a similar capacity at Ormat Industries. Each of these individuals holds options and stock appreciation rights to purchase shares of our common stock, but have not been granted options or other rights to purchase ordinary shares of Ormat Industries.

Our special committee and board of directors were aware of these different or additional interests and considered them, among the other factors described in this information statement, in reaching their decision to approve the share exchange agreement and the transactions contemplated thereby.

#### Accounting Treatment and Considerations

The share exchange will be accounted for as the acquisition of Ormat Industries by Ormat, with Ormat as the continuing reporting entity. The historical carrying values of Ormat's assets and liabilities will not change. The net assets of Ormat Industries, other than its equity interests in Ormat, will be transferred to Ormat at their historical carrying values.

In the share exchange, Ormat Industries' shareholders will exchange their Ormat Industries ordinary shares for new shares of Ormat common stock and Ormat Industries' equity interests in Ormat will be canceled. Upon the issuance of new shares of Ormat common stock to Ormat Industries' shareholders and the corresponding cancelation of Ormat Industries' holdings of shares of Ormat common stock, Ormat's total consolidated stockholders' equity will be adjusted to reflect the carrying values of Ormat Industries' net assets, other than its equity interests in Ormat, as increases to additional paid-in capital.

#### Material U.S. Federal Income Tax Consequences of the Share Exchange and Related Transactions

The share exchange and related transactions should qualify as a reorganization within the meaning of Section 368(a) of the Code. As such, the transactions will not result in the taxable recognition of any material income, gain or loss to Ormat Industries or to us. In any event, whether or not the transactions so qualify, since our stockholders do not participate in the transactions, our stockholders will not recognize taxable gain or loss in connection with the transactions.

#### No Dissenters' Rights or Appraisal Rights

Ormat stockholders will not be entitled to exercise dissenters' rights or appraisal rights with respect to the share exchange or related transactions.

## MATERIAL CONSEQUENCES OF THE ISRAELI TAX RULING

The receipt of shares of Ormat common stock by a holder of Ormat Industries ordinary shares (including FIMI and Bronicki Investments) in connection with the share exchange is generally a taxable transaction for Israeli income tax purposes. However, the Ormat group has obtained a ruling from the ITA confirming that, subject to certain conditions stipulated in the Israeli tax ruling and described below (all of which must generally be complied with in order to maintain such tax treatment and the other provisions set forth in the ruling), the taxable event related to the capital gains tax to be imposed on holders of Ormat Industries ordinary shares in connection with the share exchange will be deferred until the holder subsequently transfers the Ormat common stock it receives in the share exchange. However, the receipt of cash in lieu of fractional shares of Ormat common stock will be a taxable transaction for Israeli income tax purposes for holders of Ormat Industries ordinary shares.

Among the conditions to such tax treatment are a number of conditions that will affect Ormat, including the conditions that, until the end of the second calendar year following the receipt of the approvals of the Ormat stockholders and the Ormat Industries shareholders (i.e., until December 31, 2016 if we obtain these approvals by December 31, 2014):

Ormat must continue to hold a majority of the assets that it and Ormat Industries held immediately prior to the consummation of the share exchange and continue to use them in the ordinary course of business;

each of Bronicki Investments and FIMI may not sell their shares of common stock of Ormat (and such restriction would be deemed to apply in the case of a sale of Ormat to a third party, such as by way of a merger), other than in certain limited situations (provided that in any such event their respective shareholdings shall not decrease to less than 51% of their holdings in Ormat immediately following the share exchange), including the following:

- o a sale of less than 10% of the shares held by the relevant shareholder or, if Bronicki Investments and FIMI have agreed between themselves, a higher percentage, provided that the total number of shares that may be sold by Bronicki Investments and FIMI does not exceed 10% of all of their holdings in Ormat Technologies);
- o a private placement by Ormat of Ormat common stock is not permitted unless it involves a private placement to investors that were not shareholders of Ormat prior to such issuance and is in an amount that shall not exceed 25% of the number of shares of Ormat common stock prior to such issuance (and 20% on a post-issuance basis); and
  - o a public offering of shares of Ormat common stock on a stock exchange pursuant to a prospectus;

provided, that each of Bronicki Investments and FIMI may at any time after one year after the closing of the share exchange sell all (but not less than all) of its respective shares to an unaffiliated third party solely for cash consideration, provided that such transferee will assume and be subject to the conditions imposed by the Israeli tax ruling on the selling shareholder.

Provided that all of the conditions of the Israeli tax ruling are satisfied, under the income tax laws of Israel, the share exchange will not have any tax consequences for Ormat Industries or Ormat Systems. Additionally, the related transactions that occur subsequent to the share exchange would also generally be taxable transactions for Israeli income tax purposes if not for the Israeli tax ruling and the conditions imposed therein. Some of those conditions, along with additional conditions imposed upon the transactions generally by the ruling, also affect Ormat and its subsidiaries. Those conditions include, among others, that:

- for a period of two years following the closing of the merger of Ormat Industries with and into Ormat Systems (i.e., until March 31, 2017, assuming that the merger closing occurs on March 31, 2015 as contemplated):
  - o Ormat Systems must continue to hold a majority of the assets that it and Ormat Industries held immediately prior to the merger closing and continue to use them in the ordinary course of business;
  - o Ormat Systems will continue to engage in the principal financial activities in which Ormat Systems and Ormat Industries were engaged immediately prior to the closing; and
  - o Ormat may not sell its shares in Ormat Systems, other than in certain limited situations, and in any event its interest in Ormat Systems may not be reduced to less than 51% during such period; and
- until the end of the fourth calendar year after the date that each of the Ormat stockholder approval and Ormat Industries shareholder approval have been obtained (i.e., until December 31, 2018 if we obtain these approvals by December 31, 2014):
  - o The Ormat group must maintain (and, to the extent that the Ormat group's operations expand, likewise expand) the production activities currently carried out in Israel through Ormat Systems and may not open a production factory outside of Israel that produces the same items that are currently produced by Ormat Systems in Israel (except in the field of evaporative cooling); and
  - o to the extent that the Ormat Systems factory in Israel is producing at full capacity during this period, Ormat and its subsidiaries will supplement that production to the extent necessary through subcontractors in Israel and/or abroad and/or through an expansion of the Ormat Systems factory in Israel, provided that such commitment does not apply to the production of air coolers.

The Israeli tax ruling also provides that Ormat Industries' losses may be offset against Ormat Systems' taxable income (if any) on a ratable basis only over a period of seven years, beginning with the first tax year following the closing (i.e., assuming the closing will occur in 2015, 2016) and such losses cannot offset more than 50% of Ormat Systems' taxable income in any one year.

In addition, Ormat Systems must deliver to the ITA an appraisal of the real property assets in Israel being transferred to it by Ormat Industries in connection with the merger and pay purchase tax in respect thereof at a rate of 0.5% of the value of such assets. Finally, pursuant to the ruling Ormat Industries was required to declare that as of the date of the Israeli tax ruling the Ormat group entities did not intend to build a production factory outside of Israel in the fields of production that currently exist in Ormat Industries' factory in Yavne, Israel (provided that the Ormat group may examine, in light of the significantly high transportation costs in the field of air-coolers, the possibility of engaging in operations in such field outside of Israel).

## THE SHARE EXCHANGE AGREEMENT

The following describes the material provisions of the share exchange agreement, which has been filed with the SEC and is incorporated by reference herein. The description in this section and elsewhere in this information statement is qualified in its entirety by reference to the share exchange agreement. This summary does not purport to be complete and may not contain all of the information about the share exchange agreement that is important to you. We encourage you to read carefully the share exchange agreement in its entirety.

The share exchange agreement and this summary of its terms have been included to provide you with information regarding the terms of the share exchange agreement. Factual disclosures about Ormat or Ormat Industries contained in this information statement or in Ormat's public reports filed with the SEC or Ormat Industries' public reports filed with the ISA may supplement, update or modify the factual disclosures about Ormat or Ormat Industries contained in the share exchange agreement and described in this summary.

The share exchange agreement includes, among other things, representations and warranties about certain matters related to the Ormat group. You should not rely on those representations and warranties, or the summary below, as accurate statements of factual information. There are several reasons for this, including:

- Subsequent developments, new information or other changes could affect the continued accuracy of the representations and warranties. The representations and warranties were made as of dates specified in the share exchange agreement, without any obligation of the parties to update or revise them for subsequent developments. This summary only deals with the representations and warranties as they appear in the share exchange agreement, without change for any subsequent developments, new information or other factors that could affect their continued accuracy.
- The representations and warranties in the share exchange agreement reflect negotiations of the parties. They are negotiated, among other things, as a way of allocating certain risks among the parties, rather than establishing matters as factual or legal information. They are also negotiated based on various materiality or other priorities of the parties. Those contractual materiality or other standards may differ from what would be considered material or otherwise important to shareholders of Ormat or Ormat Industries, under applicable laws and rules or otherwise.
- The representations and warranties in the share exchange agreement are subject to important exceptions and qualifications that have been negotiated by the parties. Many of those exceptions and qualifications are set forth in disclosure letters exchanged by the parties. Information contained in those disclosure letters can significantly impact what might otherwise be understood just from the terms of the representation or warranty in the share exchange agreement or this summary.

### The Share Exchange

The share exchange agreement sets forth the terms and conditions governing a series of transactions to change the ownership and corporate structure of the Ormat group, which are summarized in other sections of this information statement. Subject to the satisfaction of certain conditions, the share exchange agreement, the share exchange and the other transactions contemplated by the share exchange agreement will be implemented through an Israeli court-approved scheme of arrangement under Sections 350 and 351 of the Israel Companies Law. See "Summary" and "The Share Exchange and Related Transactions—The Ormat Group Restructuring."

On November 10, 2014, Ormat, Ormat Industries and Ormat Systems entered into the share exchange agreement. Among other things, it provides for: (i) the conversion of each outstanding Ormat Industries' ordinary share into the right to receive that number of shares of Ormat common stock equal to the exchange ratio, so that

Ormat Industries will become a direct wholly-owned subsidiary of Ormat, (ii) within three business days thereafter, the transfer by Ormat Industries of all of the Ormat common stock held by it to Ormat, following which such shares will be canceled, (iii) promptly following such transfer (but not earlier than one business day thereafter), the transfer by Ormat of all the ordinary shares of Ormat Systems held by it to Ormat Industries, in exchange for one fully paid and nonassessable Ormat Industries ordinary share issued to Ormat, so that Ormat Systems becomes a wholly-owned subsidiary of Ormat Industries, and (iv) on March 31, 2015, the merger of Ormat Industries with and into Ormat Systems following which Ormat Industries will cease to exist and Ormat Systems will be the surviving company.

## The Share Exchange Consideration

Upon completion of the share exchange, each ordinary share of Ormat Industries outstanding immediately prior to the effective time of the share exchange (other than treasury shares) will be transferred to, and acquired by, Ormat in exchange for the right of the holders thereof to receive new shares of Ormat common stock at the exchange ratio. The initial exchange ratio is 0.2592 shares of Ormat common stock for each ordinary share of Ormat Industries. The exchange ratio will be adjusted to reflect appropriately the effect of any forward or reverse stock split, stock dividend (including any dividend or distribution of securities convertible into shares of Ormat common stock), reorganization, recapitalization, reclassification, combination, exchange of shares or other like change with respect to shares of Ormat common stock occurring on or after the date of the share exchange agreement and prior to the effective time.

We will not issue any fractional shares of Ormat common stock in exchange for Ormat Industries ordinary shares. Fractional shares of Ormat common stock that would otherwise be allocable to any former record holders of Ormat Industries ordinary shares will be aggregated, and no holder of Ormat Industries ordinary shares will receive cash equal to or greater than the value of one full share of Ormat common stock. The exchange agent will promptly cause the whole shares obtained thereby to be sold, in the open market or otherwise as we direct, and in no case later than 30 business days after the effective time of the share exchange. The exchange agent will make available the net proceeds from those sales, after deducting any required withholding taxes and brokerage charges, commissions, transfer taxes and fees, on a pro rata basis, without interest, as soon as practicable to the holders of Ormat Industries ordinary shares entitled to receive such cash. Payment of cash in lieu of fractional shares of Ormat common stock will be made solely for the purpose of avoiding the expense and inconvenience to Ormat of issuing fractional shares of Ormat common stock and will not represent separately bargained-for consideration.

Upon completion of the share exchange Ormat Industries will be a wholly-owned subsidiary of Ormat.

## Share Exchange Completion and Effective Time

The share exchange will be completed on a date no later than the second business day (or such other period of time agreed to by the parties) after satisfaction or (where permissible under applicable law) waiver of the conditions in the share exchange agreement, or at such other time as Ormat and Ormat Industries may agree. We refer to this as the “effective time” or “closing date.”

The conditions for completing the share exchange are summarized below in “—Conditions to the Share Exchange.” They include, among other things, approval by the Court. There is no certainty when, if at all, the Court approval and other conditions will be satisfied. If the conditions to the share exchange are not satisfied (or, where permissible by applicable law, waived), neither the share exchange nor any of the other related transactions will be completed. If the share exchange is completed the other steps in the restructuring of the Ormat group will, and in accordance with the Israeli tax ruling, must occur later.

## Representations and Warranties

The share exchange agreement contains representations and warranties that Ormat Industries made to Ormat and Ormat Systems, on the one hand, and Ormat and Ormat Systems made to Ormat Industries, on the other hand, as of specific dates.

Ormat Industries, on the one hand, and Ormat and Ormat Systems, on the other hand, made substantially reciprocal representations and warranties in the share exchange agreement that relate to, among other topics, the following:

- due organization, good standing and corporate power;
- authority to enter into and perform the share exchange agreement and the other agreements executed in connection therewith as well as the execution, delivery and enforceability of such agreements;

the absence of conflicts with or violations of governance documents, material agreements or laws as a result of the execution and delivery of the share exchange agreement and other agreements executed in connection therewith or the completion of the share exchange, the merger and the other transactions contemplated by the share exchange agreement and the other agreements executed in connection therewith;

- the absence of investigations, litigation and related proceedings;
- compliance with applicable laws, including anti-bribery laws, and permits;

filings with the ISA (in the case of Ormat Industries) and with the SEC (in the case of Ormat), the absence of any material adverse changes and their respective solvency as of the date the share exchange agreement was signed;

- the absence of undisclosed brokers' and financial advisors' fees;

accuracy of information supplied by the parties for inclusion in the Ormat information statement and Ormat Industries proxy statement relating to the applicable meeting of stockholders of Ormat Industries, the information statement to be provided by Ormat and the proxy statement to be provided by Ormat Industries to its stockholders and other filings to be made by the parties in connection with the transactions;

- tax matters; and

that such entity is not subject to any "business combination," "control share acquisition," "fair price" or similar anti-takeover statute that applies to the share exchange or any other transaction contemplated under the share exchange agreement.

Ormat Industries has also made certain representations and warranties to Ormat that relate to, among other topics, the following:

- capital structure, subsidiaries and corporate separateness of direct Ormat Industries subsidiaries;
- title to Ormat common stock held by Ormat Industries;
- title to certain assets;
- lack of material liabilities;

that it does not actively engage in any material business activities or conduct any business operations other than through its ownership of equity interests in Ormat and its other subsidiaries from time to time;

- owned and leased real property and environmental matters; and

- the disclosure of affiliate transactions in its ISA filings.



Ormat has also made certain representations and warranties to Ormat Industries that relate to, among other topics, the following:

- the ownership and operations of Ormat Systems; and

the authorized shares of Ormat capital stock and the due issuance of the shares of Ormat common stock to be issued to the Ormat Industries shareholders upon consummation of the share exchange.

Many representations and warranties are qualified by a “material adverse effect” standard. That means they will not be treated as untrue or incorrect unless their failure to be true or correct, individually or in the aggregate, would have a material adverse effect. In addition, the closing conditions relating to the accuracy of representation and warranties is generally subject to a “material adverse effect” standard as described in greater detail under “—Conditions to the Share Exchange.”

The term “material adverse effect,” when used with respect to Ormat Industries, means any circumstance, change, development, condition or event that with respect to Ormat Industries that (i) would or is reasonably likely to have, individually or in the aggregate, a material adverse effect on the assets, business, financial condition or results of operations of Ormat and its subsidiaries, taken as a whole, or (b) materially impairs, prevents or delays the ability of Ormat Industries to consummate the share exchange, the merger and the other transactions to be performed or consummated by Ormat Industries pursuant to the share exchange agreement. Any effect resulting or arising from or relating to an Ormat material adverse effect will not be considered when determining whether an Ormat Industries material adverse effect has occurred or would reasonably be expected to occur.

The term “material adverse effect,” when used with respect to Ormat, means any circumstance, change, development, condition or event that, individually or in the aggregate, (a) has a material adverse effect on the assets, business, financial condition or results of operations of Ormat and its subsidiaries, taken as a whole, or (b) materially impairs, prevents or delays the ability of Ormat to consummate the share exchange, the merger and the other transactions to be performed or consummated by Ormat pursuant to the share exchange agreement.

#### Covenants

#### Efforts to Close

Ormat, Ormat Systems and Ormat Industries agreed to use their respective reasonable best efforts to take actions reasonably necessary under the share exchange agreement and applicable laws and regulations to consummate the share exchange and the other transactions contemplated by the share exchange agreement as promptly as practicable, including obtaining of all necessary consents of governmental authorities or other persons. The required consents include, among other things:

- the Court approval;
- the Section 350 voting approval;
- consents required under certain bank financing documents and certain indentures to which Ormat is a party.

In connection with the foregoing, each of the parties has agreed to (i) take all action necessary to ensure that no “fair price,” “moratorium,” “control share acquisition” or other anti-takeover law or similar law is or becomes applicable to the share exchange or any of the other transactions contemplated by the share exchange agreement and (ii) if any such anti-takeover law or similar law becomes applicable to the share exchange or any of the other transactions

contemplated by the share exchange agreement, take all action necessary to ensure that the share exchange and the other transactions contemplated by the share exchange agreement may be consummated as promptly as reasonably practicable on the terms contemplated by the share exchange agreement and otherwise to minimize the effect of such law on the share exchange and the other transactions contemplated by the share exchange agreement.

#### Ormat Stockholder Consent

On November 10, 2014, Ormat Industries took action by written consent to approve the share issuance. That consent authorizes the share issuance, without any vote, consent, approval or other action by our other stockholders. However, we agreed to mail to all stockholders of record on the record date for the stockholder written consent this information statement, and include in this information statement the recommendation of our board of directors that our stockholders approve the share issuance.

#### Ormat Industries Shareholders (and, if required, Creditors) Meetings

Ormat Industries agreed to seek the required approval of an Israeli court authorizing the share exchange on the terms and conditions set forth in the share exchange agreement. Specifically, Ormat Industries agreed:

to file with the court a motion to convene, in the manner and content set forth in the Companies Law and the regulations promulgated pursuant to Sections 350 and 351 of the Companies Law and as shall be ordered by the Court, shareholders meetings (and, if necessary, creditors' meetings), for the approval of the terms and conditions of the share exchange and to deliver a proxy statement to its shareholders in accordance with applicable law.

- file the proxy statement with the ISA and TASE.

following consultation with Ormat and its representatives, to promptly respond to any comments or other written communications from the ISA with respect to the proxy statement.

Subject to certain exceptions as described in "Board Recommendation of Ormat Industries," the Ormat Industries board of directors and special committee is obligated to recommend that the shareholders (and creditors, if applicable) of Ormat Industries give the Section 350 voting approval and include that recommendation in Ormat Industries' proxy statement.

#### Ormat Systems Creditors Meetings

If required by the Court, Ormat Systems will call and conduct a meeting of its creditors in accordance with Sections 350 and 351 of the Companies Law.

#### Conduct of Ormat Industries' Business Pending the Closing

Ormat Industries agreed to certain restrictions on the operation of its business pending the closing. Subject to certain exceptions, Ormat Industries will, and will cause its subsidiaries to, conduct its business in all material respects in the ordinary course of business consistent with past practices. Ormat Industries also agreed that it will not, without the prior written consent of Ormat (which may not be unreasonably withheld) prior to the termination of the share exchange agreement or the closing:

- amend or otherwise change the Ormat Industries charter documents;
- declare, set aside, make or pay any dividend or other distribution with respect to any capital stock, enter into any agreement with respect to the voting of its capital stock or otherwise acquire any Ormat Industries equity interests (other than in connection with dividends payable by to a wholly-owned Ormat Industries subsidiary to Ormat Industries or another wholly-owned Ormat Industries subsidiary);
- issue, grant or undertake to issue any Ormat Industries ordinary shares or other Ormat Industries equity interests;
- reclassify, combine, split or subdivide any Ormat Industries ordinary shares;
- take any action that would, or would reasonably be expected to, materially impair, prevent or delay the ability of Ormat Industries to consummate the transactions contemplated by the share exchange agreement; or
- agree, in writing or otherwise, to take any of the foregoing actions.



### Conduct of Ormat's and Ormat Systems' Businesses Pending the Closing

Each of Ormat and Ormat Systems agreed to certain restrictions on the operation of their respective businesses pending the closing. Subject to certain exceptions, Ormat will, and will cause its subsidiaries to, conduct its business in all material respects in the ordinary course of business consistent with past practices. Ormat also agreed that it will not, without the prior written consent of Ormat Industries (which shall not be unreasonably withheld) prior to the termination of the share exchange agreement or the closing:

- amend or otherwise change its incorporation documents;

• declare, set aside, make or pay any dividends or other distribution, payable in stock, property or otherwise, with respect to any of its capital stock, enter into any agreement with respect to the voting of its capital stock, or purchase or otherwise acquire, directly or indirectly, any Ormat equity interests, other than (i) dividends declared or payable in the ordinary course of business and consistent with its past practices and (ii) dividends payable by a wholly-owned subsidiary of Ormat to Ormat or another wholly-owned subsidiary of Ormat;

• issue, grant or undertake to issue any Ormat common stock or other Ormat equity interests other than (i) the issuance of Ormat common stock upon exercise of Ormat stock options or other equity-based awards and (ii) the grant of Ormat options or other equity-based awards in the ordinary course of business and consistent with past practice;

- reclassify, combine, split or subdivide, directly or indirectly, any Ormat common stock;

• take any action that would, or would reasonably be expected to, materially impair, prevent or delay the ability of Ormat and Ormat Systems to consummate the transactions;

- adopt a shareholder rights plan; or

- agree, in writing or otherwise, to take any of the foregoing actions.

### Court Approval

As promptly as practicable after the execution and delivery of the share exchange agreement, Ormat Industries and Ormat Systems are required to prepare and submit to the Court a first motion to convene, in the manner and content set forth in the Companies Law and the regulations promulgated pursuant to Sections 350 and 351 of the Companies Law and as ordered by the Court, a shareholders meeting (and, if necessary, a creditors meeting) to obtain the Section 350 voting approval.

Ormat Industries, through its board of directors, is required to recommend to its shareholders the approval of the arrangement, including the share exchange agreement. Ormat Industries is required to comply with all applicable requirements of the Companies Law, the regulations promulgated pursuant to Sections 350 and 351 of the Companies Law and the Court. Ormat Industries undertook to use commercially reasonable best efforts to solicit from Ormat Industries shareholders (and, if necessary, creditors) proxies in favor of the approval of the arrangement.

Following the approval of the arrangement by the shareholders (and, if necessary, creditors) of Ormat Industries, Ormat Industries will request that the Court hold a hearing on the fairness of the arrangement, regardless of whether or not any objections to the arrangement have been raised, and approve the arrangement and the order of all actions to be taken in accordance therewith.

We and Ormat Systems agreed to assist with all activities with respect to the preparation and filing of the motions with respect to the Court approval and all other documents prepared with respect to the arrangement as may be

requested by Ormat Industries. We and Ormat Systems also agreed to promptly provide to Ormat Industries all such information concerning our respective business and financial statements and affairs as reasonably may be required or appropriate for inclusion in any motions to be filed in connection with the arrangement.

### Certain Tax Matters

Each of Ormat, Ormat Industries and Ormat Systems agreed (i) not to take any action or fail to take any action that would cause the share exchange, the merger or any of the other transactions contemplated by the share exchange agreement to fail to qualify as a “reorganization” within the meaning of Section 368(a) of the Code and (ii) to cooperate with one another and to provide each other any information and documentation necessary for the Transaction to qualify as a reorganization within the meaning of Section 368(a) of the Code and comply with the Israeli tax ruling.

### Board Recommendation of Ormat Industries

The Ormat Industries board of directors and special committee are obligated to recommend that the shareholders of Ormat Industries approve the share exchange agreement, the share exchange and the other transactions contemplated thereby (the “Ormat Industries recommendation”) and include that recommendation in Ormat Industries’ proxy statement. The Ormat Industries recommendation may not be withdrawn or modified in a manner that adversely affects the transactions contemplated by the share exchange agreement. However, at any time prior to obtaining the Section 350 voting approval and solely in response to an Ormat Industries intervening event, the Ormat Industries recommendation may be withdrawn or modified in a manner that adversely affects the transactions contemplated by the share exchange agreement if the board of directors of Ormat Industries or a duly constituted committee thereof (including the Ormat Industries special committee) determines in good faith, after consultation with its financial advisors and legal counsel, that the failure to take such action would reasonably be expected to be inconsistent with the fiduciary obligations of the board of directors of Ormat Industries or such committee under applicable law.

### NYSE and TASE Listing

Ormat agreed to use its reasonable efforts to ensure that its common stock issued in the share exchange is authorized for listing on the NYSE as of the effective time of the share exchange, subject to official notice of issuance. Ormat Industries agreed to use its commercially reasonable efforts to take such actions prior to the closing to enable the delisting of the Ormat Industries ordinary shares from the TASE as practicable promptly after the share exchange is completed.

### Other Covenants and Agreements

The share exchange agreement contains certain other covenants and agreements by the parties. These include, among others:

- the parties cooperating, with respect to any public announcements regarding the transactions;
- the parties giving each other notice of a consent that may be required in connection with the transactions, any action commenced or threatened relating to the completion of the transactions and any change that would reasonably be expected to cause any condition, covenant or agreement contained in the share exchange agreement, or the other agreements executed in connection therewith, to fail to be complied with or satisfied;
- Ormat having access to Ormat Industries’ properties, books, contracts, commitments, management and other personnel;
- the parties cooperating in the prompt preparation and filing of certain required filings with the SEC or ISA;





- requiring Ormat, for a period of seven years after the effective time, (i) to cause the charter documents of Ormat Systems to contain provisions for indemnification and limitation of liabilities of Ormat Industries directors and officers that are no less favorable than are set forth in the charter documents of Ormat Industries, and (ii) to perform any existing indemnification agreements between Ormat Industries and its current or former directors and officers in a manner that the share exchange will not adversely affect them. This means, among other things, that the limitation of liability imposed in such indemnification agreements, being 25% of the total equity of Ormat Industries as reported in its last financial statements before the payment for an indemnity claim, would mean that, following the share exchange, such limitation will be capped at 25% of the total equity of Ormat (as the public company surviving the transactions) as reported on our last financial statements before the payment for an indemnity claim;

- the parties cooperating with respect to stockholder litigation regarding the transactions;

Ormat Industries buying, for a premium not to exceed \$950,000, a prepaid “tail” to directors’ and officers’ liability insurance in amount and scope at least as favorable as Ormat Industries’ existing insurance policies to cover, for at least seven years, claims arising from facts or events that occurred prior to the effective time, which is expected to include coverage for matters, acts or omissions occurring in connection with the share exchange agreement;

the parties not taking any action which would cause the share exchange and related transactions to fail to qualify as a “reorganization” under applicable provisions of the Code;

- the parties using their reasonable commercial efforts to obtain and maintain the Israeli tax ruling; and
- the parties terminating the existing registration rights agreement between Ormat and Ormat Industries.

#### Conditions to the Share Exchange

The respective obligation of Ormat and Ormat Industries to effect the share exchange and the other transactions contemplated by the share exchange agreement is subject to the satisfaction (or waiver by Ormat, Ormat Industries and Ormat Systems) of certain conditions, some of which have been satisfied, including obtaining the Ormat stockholder approval and the Israeli tax ruling. Other conditions which need to be satisfied or waived include the following:

- no law that prohibits the transactions;

no governmental authority having competent jurisdiction has taken action restraining, enjoining or otherwise prohibiting the transactions;

- the Section 350 voting approval is obtained;
- the Court approval is obtained;
- the Israeli tax ruling is maintained;

the Ormat common stock to be issued in the share exchange is authorized for listing on the NYSE, subject to notice of official issuance;

- the absence of a material adverse effect with respect to either Ormat or Ormat Industries; and

each of the Ormat Industries shareholder undertaking agreements and the voting neutralization agreements is in full force and effect, in accordance with their terms.



In addition, the obligation of Ormat Industries to effect the share exchange is subject to the satisfaction of the following additional conditions:

• all covenants of Ormat and Ormat Systems under the share exchange agreement and the other agreements executed in connection therewith to be performed on or before the completion of the share exchange must be performed by Ormat and Ormat Systems in all material respects;

• the representations and warranties of Ormat in the share exchange agreement as to the authorized shares of Ormat capital stock and the due issuance of the shares of Ormat common stock to be issued to the Ormat Industries shareholders upon consummation of the share exchange must be true and correct in all respects at the closing date;

• the other representations and warranties of Ormat and Ormat Systems in the share exchange agreement, must be true and correct in all respects at and as of the closing date (except for representations and warranties made as of a date other than the date of the share exchange agreement, which will be true and correct only as of the specified date), with only such exceptions as have not had, and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Ormat;

• Ormat must provide an officer's certificate to the effect that each of the conditions specified in the preceding bullet points have been satisfied; and

- since the date of the share exchange agreement, there can be no event, occurrence or condition which has had or would reasonably be expected to have a material adverse effect with respect to Ormat.

In addition, the obligation of Ormat to effect the share exchange is subject to the satisfaction of the following conditions:

• all covenants of Ormat Industries under the share exchange agreement and the other agreements executed in connection therewith to be performed on or before the closing of the share exchange must be performed by Ormat Industries in all material respects;

• the representations and warranties of Ormat Industries in the share exchange agreement with respect to its ownership of shares of Ormat must be true and correct in all respects at the closing date;

• the other representations and warranties of Ormat Industries in the share exchange agreement must be true and correct in all respects at the closing date (except for representations and warranties made as of a date other than the date of the share exchange agreement, which must be true and correct only as of the specified date), with only such exceptions as have not had, and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Ormat Industries;

• Ormat Industries must provide an officer's certificate to the effect that each of the conditions specified in the preceding bullet points have been satisfied; and

• since the date of the share exchange agreement, there can be no event, occurrence or condition which has had or would reasonably be expected to have a material adverse effect with regard to Ormat Industries.

#### Termination of the Share Exchange Agreement

The share exchange agreement may be terminated and the share exchange and related transactions may be abandoned at any time prior to the closing date under certain circumstances. Subject to various exceptions set forth in the share exchange agreement, it may be terminated as follows:

- by mutual written consent of Ormat and Ormat Industries;

• by either Ormat or Ormat Industries if:

- the Section 350 voting approval (solely with respect to Ormat Systems creditors, if applicable) is not obtained;
- (i) the Section 350 voting approval (of Ormat Industries shareholders and, if applicable, creditors) is not obtained or (ii) the Section 350 voting approval (solely of Ormat Industries shareholders) is not obtained by 11:59 p.m. (Israel time) on December 31, 2014;

• the share exchange does not occur on or prior to March 31, 2015;

- any law makes the completion of the transactions illegal or otherwise prohibited; or

• any governmental authority with competent jurisdiction takes any action permanently restraining, enjoining or otherwise prohibiting any material component of the transactions and such action becomes final and non-appealable;

• by Ormat if:

• Ormat Industries materially breaches any of its representations and warranties or covenants contained in the share exchange agreement, and that breach cannot be or has not been cured within 30 days;

• any of the joint conditions to the obligations of Ormat and Ormat Industries to effect the share exchange or the conditions to the obligation of Ormat to effect the share exchange becomes incapable of fulfillment, and has not been waived by Ormat to the extent waivable under applicable law;

• the Ormat Industries special committee or board of directors withdraws, or modifies in a manner adverse to Ormat or Ormat Systems or publicly proposes to withdraw or modify in a manner adverse to Ormat or Ormat Systems, its recommendation of the share exchange agreement or the transactions contemplated thereby, or it fails to recommend, or continue to recommend (or reaffirm (publicly, if so requested)), that the Ormat Industries shareholders give the Section 350 voting approval;

- Ormat Industries fails to include the Ormat Industries recommendation in its proxy statement;

• by Ormat Industries if:

• Ormat or Ormat Systems materially breaches any of its representations and warranties or covenants contained in the share exchange agreement, and that breach cannot be or has not been cured within 30 days;

• any of the joint conditions to the obligations of Ormat and Ormat Industries to effect the share exchange or the conditions to the obligation of Ormat Industries to effect the share exchange becomes incapable of fulfillment, and has not been waived by Ormat Industries to the extent waivable under applicable law;

• the Ormat special committee withdraws, or modifies in a manner adverse to Ormat Industries or publicly proposes to withdraw or modify in a manner adverse to Ormat Industries, its recommendation of the share exchange agreement or the transactions contemplated thereby, or it fails to recommend, or continue to recommend (or reaffirm (publicly, if so requested)), that the Ormat stockholders give the Ormat stockholder approval; or

- Ormat fails to include the Ormat recommendation in this information statement.

As noted above, the termination rights of the parties are subject to various exceptions and limitations under the share exchange agreement. These include, among, others, the elimination of a party's right to terminate the share exchange

agreement if the exercise of that right is based on a violation of the agreement, or failure to satisfy a condition or obligation, by another party and that violation or failure is a result of actions taken (or not taken) by the party seeking to terminate the agreement, or if the party seeking to terminate has violated or failed to satisfy a condition or obligation it has under the share exchange agreement.

#### Effect of Termination

If the share exchange agreement is terminated, it will become void and of no effect, except that the provisions related to the miscellaneous provisions of the share exchange agreement will survive the termination. In addition, neither party will be deemed to release any party from any liability resulting from any fraud or willful and intentional breach by such party of any of its representations, warranties or covenants in the share exchange agreement. Termination will not impair the right of any party to compel specific performance by another party of its obligations under the share exchange agreement that specifically survive termination.

#### Fees and Expenses

The fees and expenses incurred by Ormat Industries, Ormat and Ormat Systems in connection with the share exchange agreement or other agreements contemplated in connection with the share exchange agreement generally will be paid by the party incurring such fees and expenses, whether or not the transactions are consummated.

#### Survival

No representations or warranties in the share exchange agreement will survive the effective time. This means, among other things, that all of the parties will have limited contractual legal remedies after the effective time if any representations or warranties are inaccurate. Any covenant or agreement in the share exchange agreement which by its terms contemplates performance after the effective time will continue in effect in accordance with its terms.

## ADDITIONAL AGREEMENTS

The following describes the material provisions of certain other agreements that are part of share exchange transactions, which have been filed with the SEC and are incorporated by reference herein. The descriptions in this section and elsewhere in this information statement are qualified in their entirety by reference to the additional agreements. This summary does not purport to be complete and may not contain all of the information about the additional agreements that is important to you. We encourage you to read carefully each of the additional agreements in its entirety.

In connection with the share exchange agreement, we entered into several agreements, summarized below, with Bronicki Investments, FIMI and Ormat Industries.

### Ormat Industries Shareholder Undertaking Agreements

Each of FIMI and Bronicki Investments has entered into the Ormat Industries shareholder undertaking agreements with us. Under these agreements each of FIMI and Bronicki Investments has, among other things, agreed:

to vote, and has provided to Ormat an irrevocable proxy to vote, at the meetings of Ormat Industries shareholders in favor of the approval and adoption of the share exchange agreement and the approval of the share exchange and the other transactions contemplated by the share exchange agreement and against any resolution that would preclude fulfillment of a condition precedent under the share exchange agreement to Ormat's, Ormat Industries' or Ormat Systems' obligation to consummate the share exchange or the other transactions contemplated under the share exchange agreement;

- to comply with the terms of the Israeli tax ruling applicable to such shareholder;
- to sign and deliver its counter signature of the Israeli tax ruling;

to enter into an agreed-form of escrow agreement, pursuant to which it will deposit the ordinary shares of Ormat Industries it beneficially owns with an escrow agent no later than two business days prior to the closing, and instruct the escrow agent to act under the escrow agreement in accordance with the Israeli tax ruling and perform any actions required for Bronicki Investments and FIMI to comply with the provisions of the Israeli tax ruling.

These agreements and proxies currently account for approximately 38.43% of Ormat Industries' outstanding ordinary shares. Bronicki Investments and FIMI have entered into the Ormat Industries shareholder undertaking agreements only in their capacities as shareholders of Ormat Industries and may vote such shares on all other matters submitted to Ormat Industries shareholders for their approval.

The Ormat Industries shareholder undertaking agreements terminate upon the earlier to occur of (i) the effective time of the share exchange, (ii) the termination of the share exchange agreement, and (iii) 11:59 pm (Israel time) on December 31, 2014 if the Section 350 voting approval (solely of Ormat Industries shareholders) is not obtained by then; provided that the undertaking to comply with the terms of the Israeli tax ruling applicable to each shareholder will survive the effective time of the share exchange. The Ormat Industries shareholder undertaking agreement for Bronicki Investments would have expired at 11:59 pm (Israel time) on November 30, 2014, if the ITA had not issued a clarification ruling as described in that agreement. The ITA issued the clarification ruling prior to that time.

Bronicki Investments currently owns approximately 14.21% of the outstanding ordinary shares of Ormat Industries. Based on the exchange ratio in the share exchange agreement, Bronicki Investments would own approximately 8.85% of our outstanding common stock if the share exchange is completed, based on the number of Ormat



Industries ordinary shares held by Bronicki Investments as of December 10, 2014.

- FIMI currently owns approximately 24.22% of the outstanding ordinary shares of Ormat Industries. Based on the exchange ratio in the share exchange agreement, FIMI would own approximately 15.07% of our common stock if the share exchange is completed, based on the number of Ormat Industries ordinary shares held by FIMI as of December 10, 2014.

Bronicki Investments and FIMI are parties to the Bronicki Investments FIMI Shareholder Agreement, as described in “Certain Relationships and Related Party Transactions—Agreements of Bronicki Investments and FIMI” below.

#### Voting Neutralization Agreements

Each of FIMI and Bronicki Investments has entered into the voting neutralization agreement with us. Among other things, the voting neutralization agreements would:

- require each of FIMI and Bronicki Investments to vote all Ormat voting securities owned by them and their respective affiliates in excess of 16% and 9%, respectively, of the combined voting power of Ormat shares in proportion to votes cast by the other holders of Ormat voting securities at any time any action is to be taken by Ormat stockholders;
- prohibit the acquisition of Ormat voting securities by FIMI and Bronicki Investments and their respective affiliates if after giving effect to any such acquisition FIMI and Bronicki Investments and their respective affiliates would beneficially own voting securities representing in the aggregate more than 20% and 12%, respectively, of the combined voting power of Ormat shares;
- prohibit, prior to January 1, 2017, the sale of more than 10% of all Ormat voting securities owned in the aggregate by FIMI and Bronicki Investments;
- allow, following January 1, 2017, the sale of Ormat voting securities owned by FIMI and Bronicki Investments only if FIMI and Bronicki Investments are not acting in concert to sell or, if they are, only with 20 days’ prior written notice to Ormat, subject to certain exceptions for public sales and mergers and acquisitions transactions; and
- prohibit FIMI and Bronicki Investments from renewing their shareholder agreement (described below under “Certain Relationships and Related Party Transactions—Agreements of Bronicki Investments and FIMI—Bronicki Investments FIMI Shareholder Agreement”) beyond its expiration in May 2017.

Each of the voting neutralization agreements terminates upon the earlier of (i) the termination of the share exchange agreement pursuant to its terms, (ii) the written agreement of Ormat (acting at the direction of a majority of the directors not affiliated or associated with the applicable shareholder) to terminate the voting neutralization agreement or (iii) the dissolution, liquidation or winding up of Ormat. In addition, each of the voting neutralization agreements terminates three months after the applicable shareholder, together with its affiliates, collectively beneficially owns voting securities of Ormat representing less than (x) 4%, in the case of our agreement with Bronicki Investments, and (y) 6%, in the case of our agreement with FIMI, of the aggregate total voting power of Ormat (continuously for such three-month period).

#### Registration Rights Agreement

We, FIMI and Bronicki Investments have also agreed, upon request by FIMI or Bronicki Investments to enter into an agreed form of the registration rights agreement which generally provides that, subject to the conditions set forth therein:

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each of Bronicki Investments and FIMI will have the right to require Ormat to prepare and file with the SEC, and use its best efforts to cause the effectiveness of, one registration statement to register the resale of the shares of Ormat common stock such shareholder will receive in the share exchange; and

in the event that Ormat files a registration statement in connection with any public offering of shares of its common stock it will provide to each of Bronicki Investments and FIMI the opportunity to include in such registration statement any of their shares of Ormat common stock that can be registered under the registration rights agreement.

Ormat Shareholder Undertaking Agreement

In connection with the share exchange agreement, on November 10, 2014, Ormat entered into a voting agreement with Ormat Industries, which we refer to as the Ormat shareholder undertaking agreement. Under that agreement, Ormat Industries, subject to the terms and conditions thereof, agreed to vote in favor of the issuance of the shares of common stock of the Company in connection with the share exchange and to vote against any action that would preclude fulfillment of the conditions precedent to the consummation of the share exchange under the share exchange agreement. On November 10, 2014, Ormat Industries signed a written consent voting its shares of Ormat common stock in accordance with the Ormat shareholder undertaking agreement.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Aside from the share exchange agreement and related agreements, we and Ormat Systems have a number of agreements with Ormat Industries as of the date of this information statement. Ormat Industries beneficially owns approximately 59.75% of our common stock. Certain of our directors, namely Yehudit Bronicki, Lucien Bronicki, and officers, namely Yoram Bronicki, beneficially own approximately 14.21% of the ordinary shares of Ormat Industries. Certain of our directors, namely Gillon Beck and Ami Boehm, beneficially, through their interests in FIMI, own approximately 24.22% of the ordinary shares of Ormat Industries, in each case as of December 10, 2014, as described in “Security Ownership of Certain Beneficial Owners and Management.”

The agreements listed below involve transactions with related persons as defined in SEC regulations. Each of the related party transactions listed or described below is on terms that we believe are at least as favorable to us as would have been obtained in an arm’s length transaction. The registration rights agreement listed below will terminate at the closing of the share exchange and, when Ormat Industries is merged into Ormat Systems, each of the other agreements listed below to which Ormat Industries is a party will terminate as a result of the merger.

For detailed descriptions of the agreements listed below that are not included herein, please see the section entitled “Transactions With Related Persons” in our 2014 Proxy Statement, which is incorporated by reference into this information statement.

### Agreements with Ormat Industries and other Related Parties

- Guarantee Fee Agreement between the Company and Ormat Industries dated January 1, 1999;
- Reimbursement Agreement between the Company and Ormat Industries dated July 15, 2004;
- Sublease Agreements between Ormat Systems and Ormat Industries effective as of July 1, 2004 (as amended);
- License Agreement between Ormat Systems and Ormat Industries effective as of July 1, 2004;
- Service Agreement between Ormat Systems and Ormat Industries dated July 15, 2004;
- Registration Rights Agreement between the Company and Ormat Industries dated November 10, 2004; and
  - Agreement between Ormat and Tersus Software and related consulting agreements.

### Agreements of Bronicki Investments and FIMI

As described in the section entitled “Transactions With Related Persons” in our 2014 Proxy Statement, which is incorporated by reference into this information statement, Bronicki Investments and FIMI have entered into certain agreements which relate to and affect both Ormat Industries and Ormat, although neither Ormat Industries nor Ormat are a party to those agreements or have contractual obligations under those agreements. The agreements include the share purchase agreement dated as of March 16, 2012 (the “Bronicki Investments sale agreement”) and the shareholder rights agreement dated March 16, 2012 (the “Bronicki Investments FIMI shareholder agreement”), each of which is described in the section entitled “Transactions With Related Persons” in our 2014 Proxy Statement.

### Bronicki Investments FIMI Shareholder Agreement

The Bronicki Investments FIMI shareholder agreement has been amended and restated in connection with the share exchange agreement on November 10, 2014. A summary of the amended and restated agreement follows.

The Bronicki Investments FIMI shareholder agreement, which becomes effective as of, and subject to, the closing of the share exchange, contains various provisions governing matters such as:

- voting and transfers of the shares of Ormat common stock to be held by Bronicki Investments and FIMI following the share exchange (including a right of first offer, “tag-along” right, a “bring-along” right and, by way of an amendment to the Bronicki Investments sale agreement, a call option right to FIMI);
- the composition of the board of directors of Ormat and its active subsidiaries and the committees of the board of directors of Ormat;
- agreements concerning various corporate policies and governance matters relating to Ormat and its subsidiaries, to the extent subject to a vote of Ormat stockholders (namely, that unless otherwise agreed, the parties will vote against liquidation of Ormat, a material change in our field of operations and/or declassification of our board of directors); and
- compliance with the Israeli tax ruling, including the internal allocation between Bronicki Investments and FIMI of the amount of shares of Ormat common stock they are permitted to sell under the Israeli tax ruling.

The Bronicki Investments FIMI shareholder agreement provides that, subject to certain exceptions, Bronicki Investments and FIMI will:

- subject to any applicable law and fiduciary duties, use their reasonable efforts to cause an equal number of designees of Bronicki Investments and FIMI to be elected or appointed to our board of directors and to the boards of all of our active subsidiaries and to the committees of our board of directors. Specifically, Bronicki Investments and FIMI agreed that they will each have the right to designate four members to our board of directors. The number of directors that Bronicki Investments and FIMI may designate is subject to staged adjustments if either Bronicki Investments or FIMI or both cease to own specified minimum numbers of shares of our common stock, within various ranges specified in the Bronicki Investments FIMI shareholder agreement; and
- subject to any applicable law and subject to continued holding of certain minimum numbers of shares of our common stock, use their best efforts to cause the nomination of Bronicki Investments’ designee as our Chief Executive Officer or Chairman of our board or directors (as Bronicki Investments may decide in its sole discretion), and the appointment of FIMI’s designee as the Chairman of our board of directors (if Bronicki Investments’ designee serves as Chief Executive Officer) or our Chief Executive Officer (if Bronicki Investments’ designee serves as Chairman of our board of directors).

The Bronicki Investments FIMI shareholder agreement also provides that, subject to applicable law, it is the view of Bronicki Investments and FIMI that Ormat should distribute in each calendar year dividends in an amount equal to 20% of our profits available for distribution.

The Bronicki Investments FIMI shareholder agreement will be effective upon the closing of the share exchange and will terminate on May 22, 2017, provided that during the period from January 1, 2017 until May 22, 2017 any exercise of Bronicki Investments’ or FIMI’s rights with respect to the transfer of the shares of our common stock by the other party described above will be subject to the respective voting neutralization agreements entered into between us

and each of Bronicki Investments and FIMI in connection with the share exchange, as described above in “Additional Agreements—Voting Neutralization Agreements.”

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows information with respect to the beneficial ownership of our common stock and Ormat Industries ordinary shares as of December 10, 2014 for:

- each person, or group of affiliated persons, known to us to own beneficially 5% or more of our outstanding common stock;
- each of our directors;
- each of our named executive officers; and
- all of our directors and executive officers as a group.

Percentage ownership is based on 45,536,867 shares of common stock outstanding as of December 10, 2014 and, in regard to percentage ownership following the transaction, percentage ownership is based on 48,533,479 shares of common stock, which is expected to be the number of shares of Ormat common stock outstanding following the consummation of the share exchange. Except as indicated by footnote and subject to community property laws where applicable, to our knowledge, the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.

	Shares of Ormat Common Stock Beneficially Owned Prior to Transaction			Ordinary Shares of Ormat Industries Beneficially Owned Prior to Transaction			Shares of Ormat Common Stock Beneficially Owned Following the Transaction		
	Number	Percent		Number	Percent		Number	Percent	
<b>Principal Stockholder:</b>									
Ormat Industries Ltd.†	27,206,580(1)	59.75	%	—	—		—	—	
Clal Insurance Enterprises Holdings Ltd. ‡	3,680,759	8.1	%	—	—		3,680,759	7.58	%
<b>Directors and Named Executive Officers††</b>									
Yehudit Bronicki†	—	—		16,563,442(2)	14.21	%	4,293,244	8.85	%
Lucien Bronicki†	—	—		16,563,442(2)	14.21	%	4,293,244	8.85	%
Yoram Bronicki†	—	—		16,563,442(2)	14.21	%	4,293,244	8.85	%
Gillon Beck†††	22,500	(4)	—	28,218,049(3)	24.22	%	7,314,118	15.07	%
Ami Boehm†††	22,500	(5)	—	28,218,049(3)	24.22	%	7,314,118	15.07	%
Dan Falk†††	22,500	(6)	*	—	—		22,500	—	
Robert F. Clarke†††	39,500	(7)	*	—	—		39,500	—	
David Granot†††	18,750	(8)	—	—	—		18,750	—	
Robert E. Joyal†††	22,500	(9)	—	—	—		22,500	—	
Isaac Angel†	—	—		—	—		—	—	
Doron Blachar†	25,000	(10)	*	—	—		25,000	—	
Nadav Amir†	116,700	(11)	*	—	—		116,700	—	
Zvi Reiss†	99,500	(12)	*	—	—		99,500	—	
Nir Wolf	55,500	(13)	*	—	—		55,500	—	
<b>Directors and Executive Officers as a group</b>									
	857,016	(14)	*	44,781,291	38.43	%	12,464,378	25.24%	





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† c/o Ormat Industries Ltd., Industrial Area, P.O. Box 68 Yavne 81100, Israel

†† Our named executive officers include each of the following: Isaac Angel, Doron Blachar, Nadav Amir, Zvi Reiss and Nir Wolf.

††† c/o Ormat Technologies, Inc., 6225 Neil Road, Reno, Nevada 89511

‡ 48 Menachem Begin Road, Tel Aviv 66180, Israel. The information provided for Clal Insurance Enterprises Holdings Ltd. ("Clal") is based on Clal's Schedule 13G/A filed with the SEC on February 14, 2014. Clal reported shared voting and dispositive power with regard to all of the 3,680,759 shares beneficially held by Clal.

\* Represents beneficial ownership of less than 1% of the outstanding shares of common stock.

(1) The Board of Directors of Ormat Industries has voting power and investment power over approximately 59.75% of our outstanding common stock. The directors of Ormat Industries include Lucien Bronicki, Yehudit Bronicki and Yoram Bronicki, who, collectively with other members of their family, beneficially owned approximately 14.21% of the ordinary shares of Ormat Industries through their holdings in Bronicki Investment Ltd. as of December 10, 2014. FIMI ENRG Limited Partnership and FIMI ENRG L.P., both of which are controlled by FIMI Opportunity IV L.P., currently have voting power and investment power over approximately 24.22% of the ordinary shares of Ormat Industries as of December 10, 2014. Gillon Beck, a partner of FIMI Opportunity Funds, also serves as a director of Ormat Industries.

(2) These shares are beneficially owned by Bronicki Investment. Lucien Bronicki and Yehudit Bronicki are directors of Bronicki Investment and have voting control of the shares of Ormat Industries held by Bronicki Investment. Each of Lucien Bronicki, Yehudit Bronicki and Yoram Bronicki also beneficially own 20% of Bronicki Investment. Accordingly, they may be deemed to share beneficial ownership of the shares of Ormat Industries held by Bronicki Investment. Each of Lucien Bronicki, Yehudit Bronicki and Yoram Bronicki disclaim beneficial ownership of all such shares, except to the extent of his or her 20% ownership of Bronicki Investment.

(3) These shares are beneficially owned by FIMI Opportunity Funds. Gillon Beck and Ami Boehm are partners of FIMI Opportunity Funds and have voting control of the shares of Ormat Industries held by FIMI Opportunity Funds. Accordingly, they may be deemed to share beneficial ownership of the shares of Ormat Industries Ltd. held by FIMI Opportunity Funds. Each of Gillon Beck and Ami Boehm disclaim beneficial ownership of all such shares. FIMI Opportunity Funds pledged all of its Ordinary Shares of Ormat Industries in favor of Bank Hapoalim BM as collateral for Bronicki Investment's 2007 loan from Bank Hapoalim.

(4) Includes 22,500 shares of common stock issuable to Mr. Beck upon the exercise of options that are exercisable within 60 days of December 10, 2014. The options granted to Mr. Beck have exercise prices that range between \$18.56 and \$26.70 per share of common stock and expire at different periods between August 1, 2019 and November 5, 2020.

(5) Includes 22,500 shares of common stock issuable to Mr. Boehm upon the exercise of options that are exercisable within 60 days of December 10, 2014. The options granted to Mr. Boehm have exercise prices that range between \$18.56 and \$26.70 per share of common stock and expire at different periods between August 1, 2019 and November 5, 2020.

(6) Includes 22,500 shares of common stock issuable to Mr. Falk upon the exercise of options that are exercisable within 60 days of December 10, 2014. The options granted to Mr. Falk have exercise prices that range

between \$18.56 and \$38.50 per share of common stock and expire at different periods between November 5, 2016 and November 5, 2020.

(7) Includes (a) 2,000 shares of common stock and (b) 37,500 shares of common stock issuable to Mr. Clarke upon the exercise of options that are exercisable within 60 days of December 10, 2014. The options granted to Mr. Clarke have exercise prices that range between \$18.56 and \$38.50 per share of common stock and expire at different periods between November 5, 2015 and November 5, 2020.

(8) Includes 18,750 shares of common stock issuable to Mr. Granot upon the exercise of options that are exercisable within 60 days of December 10, 2014. The options granted to Mr. Granot have exercise prices that range between \$18.56 and \$26.70 per share of common stock and expire at different periods between August 1, 2019 and November 5, 2020.

(9) Includes 22,500 shares of common stock issuable to Mr. Joyal upon the exercise of options that are exercisable within 60 days of December 10, 2014. The options granted to Mr. Joyal have exercise prices that range between \$18.56 and \$26.70 per share of common stock and expire at different periods between August 1, 2019 and November 5, 2020.

(10) Includes 25,000 shares of common stock issuable to Mr. Blachar upon the exercise of options that are exercisable within 60 days of December 10, 2014. The options granted to Mr. Blachar have an exercise price of \$20.54 per share of common stock and expire on April 2, 2019. On April 2, 2013 we issued to Mr. Blachar stock options to purchase 120,000 shares of common stock pursuant to our 2012 Incentive Compensation Plan. However, we subsequently determined that stock options to purchase 20,000 shares of common stock (the "Excess Stock Options") were not validly granted under the plan because they exceeded the limit on the number of stock options that any participant may receive in one calendar year pursuant to the then-current terms of the plan. Accordingly, the attempted grant of these Excess Stock Options was ineffective, and they were never granted to Mr. Blachar. The number set forth for Mr. Blachar in the table excludes the Excess Stock Options.

(11) Includes 116,700 shares of common stock issuable to Mr. Amir upon the exercise of options that are exercisable within 60 days of December 10, 2014. The options granted to Mr. Amir have exercise prices that range between \$20.13 and \$45.78 per share of common stock and expire at different periods between April 8, 2015 and April 2, 2019.

(12) Includes 99,500 shares of common stock issuable to Mr. Reiss upon the exercise of options that are exercisable within 60 days of December 10, 2014. The options granted to Mr. Reiss have exercise prices that range between \$20.13 and \$45.78 per share of common stock and expire at different periods between April 8, 2015 and April 2, 2019.

(13) Includes 55,500 shares of common stock issuable to Mr. Wolf upon the exercise of options that are exercisable within 60 days of December 10, 2014. The options granted to Mr. Wolf have exercise prices that range between \$20.13 and \$45.78 per share of common stock and expire at different periods between April 8, 2015 and April 2, 2019.

(14) This number includes (a) 11,609,362 shares of common stock and (b) options to purchase 857,016 shares of common stock of the Company exercisable within 60 days of December 10, 2014, held directly (or deemed to be beneficially owned) by all of our directors and executive officers as a group

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF ORMAT

The selected consolidated financial information of Ormat presented below for each of the five years in the period ended December 31, 2013 and the balance sheet data as of the end of each such year has been derived from Ormat's audited consolidated financial statements included in its annual reports on Form 10-K filed with the SEC. The selected consolidated financial information of Ormat presented in the table below as of and for the nine months ended September 30, 2014 and 2013 is unaudited and has been derived from Ormat's condensed consolidated financial statements included in its quarterly report on Form 10-Q filed with the SEC for the period ended September 30, 2014 incorporated by reference into this information statement. In the opinion of Ormat's management, all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for such periods have been included. The results of operations for the nine months ended September 30, 2014 may not be indicative of the results of operations to be expected for the full year. The selected consolidated financial data as of December 31, 2013 and 2012 and for the fiscal years ended December 31, 2013, 2012 and 2011 were derived from the audited consolidated financial statements incorporated by reference into this information statement. The selected consolidated financial data as of December 31, 2011, 2010 and 2009 and for the fiscal years ended December 31, 2010 and 2009 was derived from audited consolidated financial statements that are not included or incorporated by reference into this information statement. The table below should be read in conjunction with Ormat's consolidated financial statements and notes thereto and Ormat's condensed consolidated financial statements and notes thereto incorporated by reference into this information statement.

## Consolidated Statements of Operations Data

	Nine Months Ended		Year Ended December 31,				
	September 30, 2014	September 30, 2013	2013	2012	2011	2010	2009
(In thousands, except per share data)							
<b>Revenues:</b>							
Electricity	\$289,015	\$245,005	\$329,747	\$314,894	\$312,296	\$279,947	\$241,623
Product	121,266	157,329	203,492	186,879	113,160	81,410	159,389
<b>Total revenues</b>	<b>410,281</b>	<b>402,334</b>	<b>533,239</b>	<b>501,773</b>	<b>425,456</b>	<b>361,357</b>	<b>401,012</b>
<b>Cost of revenues:</b>							
Electricity	186,083	175,085	232,874	237,415	235,609	233,894	172,453
Product	75,307	110,335	140,547	135,346	76,072	53,277	112,450
<b>Total cost of revenues</b>	<b>261,390</b>	<b>285,420</b>	<b>373,421</b>	<b>372,761</b>	<b>311,681</b>	<b>287,171</b>	<b>284,903</b>
<b>Gross margin</b>	<b>148,891</b>	<b>116,914</b>	<b>159,818</b>	<b>129,012</b>	<b>113,775</b>	<b>74,186</b>	<b>116,109</b>
<b>Operating expenses:</b>							
Research and development expenses	395	3,446	4,965	6,108	8,801	10,120	10,502
Selling and marketing expenses	10,853	17,861	24,613	15,718	16,053	13,302	14,222
General and administrative expenses	20,847	20,264	29,188	28,066	27,366	26,937	25,908
Impairment charge	—	—	—	236,377	—	—	—
Write-off of unsuccessful exploration activities	8,107	—	4,094	2,639	—	3,050	2,367
<b>Operating income</b>	<b>108,689</b>	<b>75,343</b>	<b>96,958</b>	<b>(159,896 )</b>	<b>61,555</b>	<b>20,777</b>	<b>63,110</b>
<b>Other income (expense):</b>							
Interest income	236	870	1,332	1,201	1,427	343	639
Interest expense, net	(65,084 )	(51,826 )	(73,776 )	(64,069 )	(69,459 )	(40,473 )	(16,241 )
Foreign currency translation and transaction gains (losses)	(3,639 )	3,844	5,085	242	(1,350 )	1,557	(1,695 )

Impairment of auction rate securities	—	—	—	—	(137 )	(279 )	
Income attributable to sale of tax benefits	18,334	14,342	19,945	10,127	11,474	8,729	15,515
Gain from sale of property, plant and equipment	7,628	—	—	—	—	—	—
Gain on acquisition of controlling interest	—	—	—	—	—	36,928	—
Gain from extinguishment of liability	—	—	—	—	—	—	13,348
Other non-operating income, net	649	1,583	1,592	590	671	267	479
Income (loss) from continuing operations, before income taxes and equity in income of investees	66,813	44,156	51,136	(211,805 )	4,318	27,991	74,876
Income tax provision	(17,731 )	(15,028 )	(13,552 )	(1,827 )	(48,240 )	1,700	(14,714 )
Equity in losses of investees, net	(1,210 )	(149 )	(250 )	(2,522 )	(959 )	998	2,136
Income (loss) from continuing operations	47,872	28,979	37,334	(216,154 )	(44,881 )	30,689	62,298
Discontinued operations:							
Income from discontinued operations (including gain on disposal of \$0, \$0, \$0, \$0, and \$0, respectively)	—	5,311	5,311	4,811	2,452	9,141	6,971
Income tax provision	—	(614 )	(614 )	(1,264 )	(295 )	(2,602 )	(716 )
Total income from discontinued operations	—	4,697	4,697	3,547	2,157	6,539	6,255
Net income (loss)	47,872	33,676	42,031	(212,607 )	(42,724 )	37,228	68,553
	(670 )	(600 )	(793 )	(414 )	(332 )	90	298

Net loss attributable to noncontrolling interest								
Net income (loss) attributable to Ormat's stockholders	\$47,202	\$33,076	\$41,238	\$(213,021 )	\$(43,056 )	\$37,318	\$68,851	
Earnings per share attributable to Ormat's stockholders:								
Basic:								
Income from continuing operations	\$1.04	\$0.62	\$0.81	\$(4.77 )	\$(1.00 )	\$0.67	\$1.37	
Discontinued operations	—	0.10	0.10	0.08	0.05	0.15	0.14	
Net income	\$1.04	\$0.72	\$0.91	\$(4.69 )	\$(0.95 )	\$0.82	\$1.52	
Diluted:								
Income from continuing operations	\$1.03	\$0.62	\$0.81	\$(4.77 )	\$(1.00 )	\$0.67	\$1.37	
Discontinued operations	—	0.10	0.10	0.08	0.05	0.15	0.14	
Net income	\$1.03	\$0.72	\$0.91	\$(4.69 )	\$(0.95 )	\$0.82	\$1.51	
Weighted average number of shares used in computation of earnings per share attributable to Ormat's stockholders:								
Basic	45,594	45,433	45,440	45,431	45,431	45,431	45,391	
Diluted	45,917	45,454	45,475	45,431	45,431	45,452	45,533	
Dividend per share declared	\$0.16	\$0.04	\$0.08	\$0.08	\$0.13	\$0.27	\$0.25	



## Consolidated Balance Sheet Data

	Nine Months Ended		Year Ended December 31,				
	September 30, 2014	2013	2013	2012	2011	2010	2009
	(In thousands, except per share data)						
Cash and cash equivalents	\$42,451	\$35,435	\$57,354	\$66,628	\$99,886	\$82,815	\$46,307
Working capital	130,338	104,990	103,001	64,100	98,415	66,932	55,652
Property, plant and equipment, net (including construction-in-process)	1,727,665	1,719,268	1,741,163	1,649,014	1,889,083	1,696,101	1,517,288
Total assets	2,171,913	2,168,335	2,159,433	2,087,523	2,314,718	2,043,328	1,864,193
Long-term debt (including current portion)	1,040,245	1,075,094	1,077,857	1,030,928	1,025,010	789,669	624,442
Notes payable to Ormat Industries (including current portion)	—	—	—	—	—	—	9,600
Equity	783,544	736,970	745,111	695,607	906,644	945,227	911,695

## SELECTED CONSOLIDATED FINANCIAL INFORMATION OF ORMAT INDUSTRIES

The following table presents selected consolidated financial data for Ormat Industries as of December 31, 2013 and for the nine months ended September 30, 2014 and 2013 and as of and for the fiscal years ended December 31, 2013, 2012, 2011, 2010 and 2009 under IFRS. The selected consolidated financial data of Ormat Industries presented in the table below as of September 30, 2014 and for the nine months ended September 30, 2014 and 2013 is unaudited and has been derived from Ormat Industries' condensed consolidated financial statements included in this information statement. In the opinion of Ormat Industries' management, the condensed consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the information set forth in those statements. The results of operations for the nine months ended September 30, 2014 may not be indicative of the results of operations to be expected for the full year. The selected consolidated financial data as of December 31, 2013 and 2012 and for the fiscal years ended December 31, 2013, 2012 and 2011 has been derived from Ormat Industries' audited consolidated financial statements included in this information statement. The summary consolidated financial data as of December 31, 2011, 2010 and 2009 and for the fiscal years ended December 31, 2010 and 2009 has been derived from Ormat Industries' audited consolidated financial statements not included elsewhere in this information statement. The selected consolidated financial data presented should be read together with the consolidated financial statements and the related notes thereto.

## Consolidated Statements of Operations Data

	Nine Months Ended		Year Ended December 31,				
	September 30, 2014	2013	2013	2012	2011	2010	2009
	(In thousands, except per share data)						
<b>Revenues:</b>							
Electricity	\$289,015	\$249,871	\$334,613	\$327,529	\$323,849	\$297,563	\$265,775
Product	141,766	157,329	203,492	186,879	113,160	81,410	159,389
Royalties	—	—	—	—	2,916	—	6,347
<b>Total revenues</b>	<b>430,781</b>	<b>407,200</b>	<b>538,105</b>	<b>514,408</b>	<b>439,925</b>	<b>378,973</b>	<b>431,511</b>
<b>Cost of revenues:</b>							
Electricity	184,523	177,070	235,335	241,999	239,732	245,600	186,804
Product	93,778	107,893	138,204	133,820	74,220	52,161	113,647
<b>Total cost of revenues</b>	<b>278,301</b>	<b>284,963</b>	<b>373,539</b>	<b>375,819</b>	<b>313,952</b>	<b>297,761</b>	<b>300,451</b>
<b>Gross margin</b>	<b>152,480</b>	<b>122,237</b>	<b>164,566</b>	<b>138,589</b>	<b>125,973</b>	<b>81,212</b>	<b>131,060</b>
<b>Operating expenses:</b>							
Research and development expenses	(395 )	(3,446 )	(4,965 )	(6,108 )	(8,801 )	(10,120 )	(10,542 )
Selling and marketing expenses	(10,861 )	(18,054 )	(24,835 )	(16,122 )	(16,207 )	(13,447 )	(14,584 )
General and administrative	(22,529 )	(21,604 )	(31,005 )	(29,882 )	(29,389 )	(29,304 )	(30,430 )

expenses							
Write-off of unsuccessful exploration activities	(8,107 )	—	(4,094 )	(2,639 )	—	(3,050 )	(2,367 )
Impairment of power-plants, net	—	8,038	8,038	(171,928 )	(5,549 )	(128,614 )	(9,400 )
Other gains (losses)-net:							
On disposal and decrease in value of financial assets	(222 )	(588 )	(636 )	989	(3,829 )	(9,564 )	8,834
Gain from measurement of fair value of equity interest held before control obtained	—	—	—	—	—	36,730	—
Gain from sale of investment in subsidiary	—	4,230	4,230	—	—	6,405	—
Gain from sale of power plant	7,628	—	—	—	—	—	—
Sundry	(2,759 )	6,674	8,850	2,602	3,456	5,052	6,971
Income (loss) from operations	115,235	97,487	120,149	(84,499 )	65,654	(64,700 )	79,542
Gain from extinguishment of liability							14,433
Financial expenses	(65,169 )	(54,522 )	(76,914 )	(65,807 )	(70,314 )	(41,446 )	(17,299 )
Shares in losses of associated companies	—	—	—	(2,522 )	(959 )	—	—
Income before income taxes	50,066	42,965	43,235	(152,828 )	(5,619 )	(106,146 )	76,676
Income tax benefit (expense)	(266 )	(551 )	6,415	(24,496 )	(32,040 )	60,093	5,915
Income (loss) for the period	49,800	42,414	49,650	(177,324 )	(37,659 )	(46,053 )	82,591
Attributable to:							
Equity holders of Ormat Industries	29,303	25,524	29,495	(106,848 )	(21,799 )	(29,964 )	52,869
Noncontrolling interest	20,497	16,890	20,155	(70,476 )	(15,860 )	(16,089 )	29,722

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Total	\$49,800	\$42,414	\$49,650	\$(177,324 )	(37,659 )	\$(46,053 )	\$82,591
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Earnings per share  
attributable to  
Ormat Industries  
stockholders:

Basic:

Basic and fully diluted	\$0.25	\$0.22	\$0.25	\$(0.92 )	\$(0.19 )	\$(0.26 )	\$0.45
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Weighted average  
number of shares  
used in  
computation of  
earnings per share  
attributable to  
Ormat Industries  
stockholders:

Basic and fully diluted	116,525	116,525	116,525	116,525	116,525	116,525	116,525
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## Consolidated Balance Sheet Data

	Nine Months Ended		Year Ended December 31,				
	September 30, 2014	2013	2013	2012	2011	2010	2009
	(In thousands, except per share data)						
Cash and cash equivalents	\$46,710	\$38,128	\$57,908	\$71,767	\$114,082	\$147,860	\$46,307
Working capital	138,980	141,647	114,872	99,968	109,190	123,991	183,930
Property, plant and equipment, net (including construction-in process)	1,657,604	1,643,990	1,666,950	1,577,673	1,752,204	1,565,429	1,522,848
Total assets	2,188,968	2,150,542	2,136,914	2,073,418	2,253,691	2,060,614	2,019,668
Long-term debt (including current portion)	1,036,868	1,053,466	1,055,862	1,006,535	1,002,424	776,964	624,442
Notes receivable from Ormat (including current portion)	—	—	—	—	—	—	9,600
Equity	773,766	731,455	734,454	684,908	858,413	991,052	1,094,019

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following sets forth certain unaudited pro forma condensed combined financial information which gives effect to the share exchange. The unaudited pro forma condensed combined financial information set forth below is presented for informational purposes only, and is not necessarily indicative of what the combined company's financial position or results of operations actually would have been had the share exchange been completed on the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company.

The unaudited pro forma condensed combined balance sheet information set forth below assumes that the share exchange occurred on September 30, 2014 in accordance with Article 11 of Regulation S-X. The unaudited pro forma condensed combined statements of operations information set forth below for the year ended December 31, 2013 and for the nine months ended September 30, 2014 assume that the share exchange occurred on January 1, 2013 in accordance with Article 11 of Regulation S-X.

The historical consolidated financial information has been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (1) directly attributable to the share exchange, (2) factually supportable, and (3) with respect to the statements of operations, expected to have a continuing impact on the combined results. The unaudited pro forma condensed combined financial information is based on and should be read in conjunction with the historical consolidated financial statements and accompanying notes for each of Ormat (which are incorporated by reference into this information statement) and Ormat Industries (which are included elsewhere in this information statement) for the applicable periods.

## Unaudited Pro Forma Condensed Combined Statement of Operations Information

	Ormat Pro Forma	Ormat Industries	Adj (I)	Adj (II)		Ormat
	Nine Months Ended September 30, 2014					
	(In thousands, except per share data)					
<b>Revenues:</b>						
Electricity	\$ 289,015	289,015	1	(289,015 )	—	289,015
Product	121,266	141,766	1	(121,266 )	f (20,500 )	121,266
Total revenues	410,281	430,781		(410,281 )	(20,500 )	410,281
<b>Cost of revenues:</b>						
Electricity	186,083	184,523	1	(186,083 )	b 438	186,083
			3	1,122		
Product	75,307	93,778	1	(75,307 )	c 19	73,944
					f (19,853 )	
Total cost of revenues	261,390	278,301		(260,268 )	(19,396 )	260,027
Gross margin	148,891	152,480		(150,013 )	(1,104 )	150,254
<b>Operating expenses:</b>						
Research and development expenses	395	395	1	(395 )	—	395
Selling and marketing expenses	10,853	10,861	1	(10,853 )		10,861
General and administrative expenses	20,847	22,529	1	(20,847 )	f (321 )	22,208
Write-off of unsuccessful exploration activities	8,107	8,107	1	(8,107 )	—	8,107
Operating income	108,689	110,588		(109,811 )	(783 )	108,683
<b>Other income (expense):</b>						
Interest income	236		1	(236 )	50	236
			5	186		
Interest expense, net	(65,084 )	(65,169 )	1	65,084		(65,109 )
			3	1,122		
					f (1,062 )	
Foreign currency translation and transaction gains (losses)	(3,639 )				—	(3,639 )
Income attributable to sale of tax benefits	18,334				—	18,334
	7,628	7,628	1	(7,628 )	—	7,628

Gain from sale of property, plant and equipment							
Other non-operating expense, net	649	(2,981 )	1	(649 )	b	(76 )	865
			4	3,639			
			5	(186 )	f	469	
Income before income taxes and equity in income losses of investees	66,813	50,066		(48,479 )		(1,402 )	66,998
Income tax provision	(17,731 )	(266 )	1	17,731	e	(1,125 )	(19,031 )
			2	(18,334 )			
					f	694	
Equity in income (losses) of investees, net	(1,210 )	—					(1,210 )
Income from continuing operations	47,872	49,800		(49,082 )		(1,833 )	46,757
Net income attributable to noncontrolling interest	(670 )	—					(670 )
Net income attributable to the Ormat's stockholders	\$ 47,202	49,800		(49,082 )		(1,833 )	46,087
Earnings per share attributable to Ormat's stockholders - Basic and diluted:							
Basic:	1.04						0.95
Diluted:	1.03						0.94
Weighted average shares:							
Basic:	45,594				g	2,997	48,591
Diluted:	45,917					2,997	48,914

See notes to unaudited pro forma condensed combined financial statements.



	Ormat Pro Forma	Ormat Industries	Adj (I)		Adj (II)		Ormat
For the year ended December 31, 2013							
(In thousands, except per share data)							
<b>Revenues:</b>							
Electricity	\$ 329,747	334,613	1	(329,747 )	a	(4,866 )	329,747
Product	203,492	203,492	1	(203,492 )		—	203,492
Total revenues	533,239	538,105		(533,239 )		(4,866 )	533,239
<b>Cost of revenues:</b>							
Electricity	232,874	235,335	1	(232,874 )	b	(1,134 )	232,874
			3	1,542	a	(2,869 )	
Product	140,547	138,204	1	(140,547 )	c	546	138,750
Total cost of revenues	373,421	373,539		(371,879 )		(3,457 )	371,624
Gross margin	159,818	164,566		(161,360 )		(1,409 )	161,615
<b>Operating expenses:</b>							
Research and development expenses	4,965	4,965	1	(4,965 )		—	4,965
Selling and marketing expenses	24,613	24,835	1	(24,613 )	b	(29 )	24,613
					a	(193 )	
General and administrative expenses	29,188	31,005	1	(29,188 )	b	(61 )	30,805
					a	(139 )	
Impairment charge	—						—
Impairment of power plants - net	—	(8,038 )		—	d	8,038	—
Write-off of unsuccessful exploration activities	4,094	4,094	1	(4,094 )		—	4,094
Operating income	96,958	107,705		(98,500 )		(9,025 )	97,138
Other income (expense):							
Interest income	1,332			—		—	1,332
Interest expense, net	(73,776 )	(76,914 )	1	73,776	b	1,368	(74,004 )
			3	1,542		—	
Foreign currency translation and transaction gains (losses)	5,085	—		—		—	5,085
	19,945			—		—	19,945

Income attributable to sale of tax benefits							
Gain from sale of investment in subsidiary	—	4,230	—	a	(4,230 )	—	
Other non-operating expense, net	1,592	8,214	1		(1,592 )	b	(504 )
			4		(5,085 )		1,293
			5		(1,332 )		
Income before income taxes and equity in income							
losses of investees	51,136	43,235			(31,191 )		(12,391 )
Income tax provision	(13,552 )	6,415	1		13,552	e	(2,271 )
			2		(19,945 )		614
							—
Equity in income (losses) of investees, net	(250 )	—			—		(250 )
Income from continuing operations	37,334	49,650			(37,584 )		(14,048 )
Net income attributable to noncontrolling interest	(793 )	—			—		(793 )
Net income attributable to the Ormat's stockholders	\$ 36,541	49,650			(37,584 )		(14,048 )
							34,559
Earnings per share attributable to Ormat's stockholders - Basic and diluted:							
Basic:	0.81						0.71
Diluted:	0.81						0.71
Weighted average shares:							
Basic:	45,440			g	2,997		48,437
Diluted:	45,475				2,997		48,472

See notes to unaudited pro forma condensed combined financial statements.

## Unaudited Pro Forma Condensed Combined Balance Sheet Information

	Ormat Pro Forma	Ormat Industries	Adj (I) September 30, 2014 in thousands		Adj (II)	Ormat
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 42,451	\$ 46,710	1	(42,451 )	a (360 )	46,350
Restricted cash, and cash equivalents	127,452	127,452	1	(127,452 )	—	127,452
Financial assets at fair value through profit and loss	—	10,972	5	(10,972 )	—	—
Short-term investments	—	—	5	10,972	—	10,972
Derivatives	—	1,637	4	(1,637 )	—	—
Receivables:						
Trade	75,224	75,224	1	(75,224 )	—	75,224
Related entity	506	—	—	—	—	506
Income taxes receivable	—	6,064	4	(6,064 )	—	—
Other	9,165	42,497	1	(9,165 )	—	9,805
			4	(29,178 )		
					a (3,514 )	
Due from Ormat Industries	970	—	1	(970 )	—	—
Inventories	17,337	17,337	1	(17,337 )	—	17,337
Costs and estimated earnings in excess of billings on uncompleted contracts	14,784	14,784	1	(14,784 )	—	14,784
Deferred income taxes	2,613	—	—	—	—	2,613
Prepaid expenses and other	36,879	—	—	—	—	36,879
Total current assets	327,381	342,677		(324,262 )	(3,874 )	341,922
Financial assets at fair value through profit and loss	—	251	—	—	—	251
Prepaid expenses in respect of operating lease	—	2,444	—	—	b (2,444 )	—
Unconsolidated investments	1,339	—	—	—	—	1,339
Deposits and other	21,679	5,632	1	(21,679 )	a (1,235 )	21,679
					h 17,282	

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Financial assets under concession arrangement	—	23,591	—	a	(23,591 )	—
Deferred income taxes	—	57,225	—	e	(57,225 )	—
Deferred charges	35,399	—	—		—	35,399
Property, plant and equipment, net	1,459,316	1,456,627	1	(1,458,975)	d i f g	709 1,137 35,069 (22,204 )
Construction-in-process	268,349	200,977	1	(200,977 )		— 268,349
Projects under exploration and development	—	67,372	6	(67,372 )		—
Deferred financing and lease costs, net	28,969	—	1	(28,969 )	b b	26,987 1,982
Intangible assets, net	29,481	32,172	1	(29,481 )	d b	(709 ) (1,982 )
Total assets	\$ 2,171,913	\$ 2,188,968		(2,131,715)		(30,098 ) 2,199,068
<b>LIABILITIES AND EQUITY</b>						
<b>Current liabilities:</b>						
Current maturities of notes and long term loans	—	73,322	2	(73,322 )		—
Accounts payable and accrued expenses	\$ 78,411	\$ —	1	(78,411 )		78,491
					j	(3,229 )
			3	83,799	a	(2,288 )
Trade	—	30,152	3	(30,072 )		(80 )
Income taxes payable	—	4,335	3	(3,472 )		863
Accrued expenses	—	981	3	(981 )		—
Customers advances	—	3,946	3	(3,946 )		—
Other	—	43,469	3	(43,346 )		123
Derivatives	—	2,182	3	(2,182 )		—
			5	209		—
Short-term revolving credit lines with banks (full recourse)	—	—	—	—		—
Billings in excess of costs and estimated earnings on uncompleted contracts	45,310	45,310	1	(45,310 )		— 45,310
Current portion of long-term debt:						—
Limited and non-recourse:						—
Senior secured notes	31,211	—	—	—		— 31,211
Other loans	17,995	—	—	—		— 17,995
Full recourse	24,116	—	—	—		— 24,116
	197,043	203,697		(197,034 )		(5,597 ) 198,109

Total current liabilities							
Long-term debt, net of current portion:							
Limited and non-recourse:							
Senior secured notes	379,036	366,667	1	(379,036 )	b	12,369	379,036
					a	—	
Other loans	269,123	278,818	1	(269,123 )	b	7,859	269,123
Full recourse:						(17,554 )	—
Senior unsecured bonds	250,366	249,679	1	(250,366 )	b	687	250,366
Other loans	40,298	40,282	1	(40,298 )	b	16	40,298
Revolving credit lines with banks (full recourse)	28,100	28,100	1	(28,100 )		—	28,100
Long term derivative	—	5,158		—	a	(5,158 )	—
Liability associated with sale of tax benefits	44,757	54,900	1	(44,757 )	c	(13,756 )	44,757
					b	3,613	
Deferred lease income	61,294	61,294	1	(61,294 )		—	61,294
Deferred income taxes	67,328	61,339	1	(67,328 )	a	(694 )	67,328
					e	6,683	
Liability for unrecognized tax benefits	5,606	—		—		—	5,606
Liabilities for severance pay	21,984	4,001	1	(21,984 )	h	17,983	21,984
Asset retirement obligation	19,801	—		—		—	19,801
Other long-term liabilities	3,633	61,267	1	(3,633 )		—	3,870
			7	(19,801 )	g	(37,596 )	
<b>Total liabilities</b>	<b>1,388,369</b>	<b>1,415,202</b>		<b>(1,382,754)</b>		<b>(31,145 )</b>	<b>1,389,672</b>
Equity:							
The Ormat's stockholders' equity:							
Common stock	46	38,374	9	(38,374 )		—	46
Additional paid-in capital	740,651	162,433	9	(137,628 )	k	1,047	766,503
Other capital surplus	—	(18,961 )	9	18,961		—	—
Retained earnings	36,835	265,527	9	(265,527 )			36,835
Accumulated other comprehensive income	(5,710 )	—		—		—	(5,710 )
Less - cost of Ormat Industries shares held by Ormat Industries	—	(2,826 )	9	2,826			—

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	771,822	444,547	(419,742 )	1,047	797,674
Noncontrolling interest	11,722	329,219	9 (329,219 )	—	11,722
Total equity	783,544	773,766	(748,961 )	1,047	809,396
Total liabilities and equity	\$ 2,171,913	\$ 2,188,968	(2,131,715)	(30,098 )	2,199,068

See notes to unaudited pro forma condensed combined financial statements.

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

The share exchange will be accounted for as the acquisition of Ormat Industries by Ormat, with Ormat as the continuing reporting entity. The historical carrying values of Ormat's assets and liabilities will not change. The net assets of Ormat Industries, other than its equity interests in Ormat, will be transferred to the combined company at their historical carrying values, which are not expected to be significant. The accounting for the transaction is based on the fact that there are minimal activities of Ormat Industries other than the activities of Ormat (its majority-owned subsidiary).

The adjustments to the pro forma financial statements were made in two columns to more easily explain the pro forma condensed combined financial statements. The first adjustment column (Adjustment I) was provided to eliminate inter-company amounts given that Ormat Industries consolidates Ormat's financial results as well as to reclassify amounts between financial statement line items to align with the presentation utilized by Ormat given the fact that Ormat reports its financial results under GAAP and Ormat Industries reports its financial results under IFRS. The second adjustment column (Adjustment II) was provided to adjust Ormat Industries' financial results from IFRS to GAAP as well as to reflect the shares issued based on the periods noted above.

The adjustments to the pro forma financial statements were made as follows:

Adjustment (I) column to the Statement of Operations Information for each of the year ended December 31, 2013 and the nine months ended September 30, 2014:

This column was provided to show the effects of each of the following:

- (1) elimination of inter-company amounts and consolidating entries between Ormat and Ormat Industries due to Ormat Industries consolidating Ormat's financial results;
- (2) reclassification of income tax provision according to Ormat's presentation of income attributable to sale of tax benefits in accordance with GAAP;
- (3) reclassification of accretion expenses of the asset retirement obligation from interest expense according to Ormat's presentation of cost of revenues in accordance with GAAP;
- (4) reclassification of foreign exchange differences within other non-operating expenses according to Ormat's presentation of foreign currency translation and transaction gains (losses) in accordance with GAAP; and
- (5) reclassification of interest income within other non-operating expenses according to Ormat's presentation of interest income in accordance with GAAP.

Adjustment (II) column to the Statement of Operations Information for each of the year ended December 31, 2013 and the nine months ended September 30, 2014:

This column was provided to show the effects of each of the following:

- (a) adjustment of the discontinued operations of the Momotombo geothermal power plant, which according to IFRS is not reclassified into discontinued operations compared to GAAP.
- (b) elimination of the impairment recorded under IFRS (IAS 36) for the Jersey power plant according to the discounted cash flows of the plant compared to GAAP. Under GAAP, the first step of the impairment analysis is

based on undiscounted cash flows, for which there was no impairment as well as to adjust the depreciation of the property, plant and equipment that is calculated under IFRS (IAS 37) according to the interest risk-free rate (since under GAAP, the asset retirement obligation is recorded based on the Company's weighted average interest rate);



- (c) elimination of the implementation of IAS 19, Employee Benefits;
- (d) elimination of the reduction of the Brawley power plant impairment amount for the proceeds of the grant received, which under IFRS can be recorded to the statement of operations;
- (e) adjustment of the calculation of uncertain tax positions from IFRS to GAAP as well as the reclassification of the non-controlling interest portion; and
- (f) adjustment of the recognition of the profit and loss of Ormat's Sarulla geothermal power project as a result of Ormat Industries recording Sarulla according to IFRS based on Ormat's undivided interest of 12.75% (proportionate share) of the Sarulla Consortium according to IFRS. Under GAAP, the proportionate share method is not allowed and is to be recorded under the equity method on the financial statement line item Equity in income (losses) of investees, net.
- (g) to adjust earnings per share for the shares issued in connection with the share exchange.

Adjustment (I) column to the Balance Sheet Information as of September 30, 2014:

This column was provided to show the effects of each of the following:

- (1) elimination of inter-company amounts and consolidating entries between Ormat and Ormat Industries due to Ormat Industries consolidating Ormat's financial results as well as inter-company balances between the two companies;
- (2) adjustment to the mapping of current maturities of notes and long-term notes according to Ormat's presentation in accordance with GAAP to current portion of long-term debt (recourse and non-recourse)
- (3) reclassification of detailed liability balances to accounts payable and accrued expenses to comply with presentation in accordance with GAAP;
- (4) reclassification of derivatives, income tax receivable and other to prepaid expenses and other to comply with presentation in accordance with GAAP;
- (5) reclassification of financial assets through profit and loss to short-term investments to comply with presentation in accordance with GAAP;
- (6) reclassification of projects under exploration and development to construction in progress to comply with presentation in accordance with GAAP; and
- (7) reclassification of other long-term liabilities to asset retirement obligation to comply with presentation in accordance with GAAP.
- (8) additional shares issued in connection with the share exchange as described in this information statement.
- (9) elimination of equity amounts between Ormat and Ormat Industries due to Ormat Industries consolidating Ormat's financial results, excluding Ormat Industries (Standalone) assets and liabilities;

Adjustment (II) column to the Balance Sheet Information as of September 30, 2014:

This column was provided to show the effects of each of the following:

- (a) adjustment of the recognition of the assets and liabilities of Ormat's Sarulla geothermal power project as a result of Ormat Industries recording Sarulla according to IFRS based on Ormat's undivided ownership interest of 12.75% (proportionate share) of the Sarulla consortium. Under GAAP, the proportionate share method is not allowed and is to be recorded under the equity method on the financial statement line item, Unconsolidated Investments;
- (b) adjustment of the allocation of deferred financing costs, which is presented primarily as an offset to long-term liabilities according to IFRS (IAS 32), to deferred financing cost (asset) according to GAAP;
- (c) reclassification of the minority portion of the liability associated with the sale of the tax benefit under IFRS (IAS 32) to the non-controlling interest according to GAAP;
- (d) adjustment of the internal use software recorded as intangible assets according to IFRS (IAS 38) to property, plant and equipment net according to GAAP;
- (e) adjustment of the allocation of the current deferred taxes and deferred charges from non-current deferred tax asset according to IFRS (IAS 12) as well as to primarily eliminate the tax impact of inter-company profit according to IFRS from the tax percentage of the provider (Ormat Nevada, a wholly-owned subsidiary of Ormat) compared to the tax percentage of the supplier (Ormat Systems);
- (f) elimination of the impairment recorded under IFRS (IAS 36) for the Jersey power plant according to the discounted cash flows of the plant compared to GAAP (since under GAAP, the first step of the impairment analysis is based on undiscounted cash flows, for which there was no impairment);
- (g) adjustment of the depreciation of the property, plant and equipment and the asset retirement obligation amount that is calculated under IFRS (IAS 37) according to the interest risk-free rate (since under GAAP the asset retirement obligation is recorded based on the Company's weighted average interest rate);

- (h) adjustment of the net presentation of liabilities for severance pay according to IFRS compared to the gross presentation required under GAAP as well as the elimination of the implementation of IAS 19, Employee Benefits;
- (i) adjustment of interest capitalized recorded under IFRS compared to GAAP from utilizing a fixed interest rate to weighted average interest expense for Ormat's Olkaria III geothermal power plant complex project;
- (j) adjustment of the calculation of uncertain tax positions from IFRS to GAAP; and
- (k) summary of net adjustments detailed above.

## Supplemental Pro Forma Financial Information

The following balance sheet as of September 30, 2014 and statement of operations for the year ended December 31, 2013 and nine months ended September 30, 2014 are presented to assist in analyzing the Ormat Industries balances without consolidating Ormat as well as IFRS adjustments. This financial information is not in accordance with Article 11 of Regulation S-X and is only supplemental to the pro forma financial information presented above.

	Ormat Nine Months Ended	Ormat Industries (Standalone) Adjusted for GAAP	Total September 30, 2014
<b>Revenues:</b>			
Electricity	289,015	—	289,015
Product	121,266	—	121,266
Total revenues	410,281	—	410,281
<b>Cost of revenues:</b>			
Electricity	186,083	—	186,083
Product	75,307	(1,363 )	73,944
Total cost of revenues	261,390	(1,363 )	260,027
Gross margin	148,891	1,363	150,254
<b>Operating expenses:</b>			
Research and development expenses	395	—	395
Selling and marketing expenses	10,853	8	10,861
General and administrative expenses	20,847	1,361	22,208
Write-off of unsuccessful exploration activities	8,107	—	8,107
Operating income	108,689	(6 )	108,683
<b>Other income (expense):</b>			
Interest income	236	—	236
Interest expense, net	(65,084 )	(25 )	(65,109 )
Foreign currency translation and transaction gains (losses)	(3,639 )	—	(3,639 )
Income attributable to sale of tax benefits	18,334	—	18,334

Gain from sale of property, plant and equipment	7,628	—	7,628
Other non-operating expense, net	649	216	865
Income before income taxes and equity in income			
losses of investees	66,813	185	66,998
Income tax provision	(17,731 )	(1,300 )	(19,031 )
Equity in income (losses) of investees, net	(1,210 )	—	(1,210 )
Income from continuing operations	47,872	(1,115 )	46,757
Net income attributable to noncontrolling interest	(670 )	—	(670 )
Net income attributable to the Ormat's stockholders	47,202	(1,115 )	46,087

	Ormat Industries (Standalone) Adjusted for		
	Ormat	GAAP	Total
	For the year ended December 31, 2013		
<b>Revenues:</b>			
Electricity	329,747	—	329,747
Product	203,492	—	203,492
Total revenues	533,239	—	533,239
<b>Cost of revenues:</b>			
Electricity	232,874	—	232,874
Product	140,547	(1,797 )	138,750
Total cost of revenues	373,421	(1,797 )	371,624
Gross margin	159,818	1,797	161,615
<b>Operating expenses:</b>			
Research and development expenses	4,965	—	4,965
Selling and marketing expenses	24,613	—	24,613
General and administrative expenses	29,188	1,617	30,805
Impairment charge	—	—	—
Impairment of power plants - net	—	—	—
Write-off of unsuccessful exploration activities	4,094	—	4,094
Operating income	96,958	180	97,138
<b>Other income (expense):</b>			
Interest income	1,332	—	1,332
Interest expense, net	(73,776 )	(228 )	(74,004 )
Foreign currency translation and transaction gains (losses)	5,085	—	5,085
Income attributable to sale of tax benefits	19,945	—	19,945
Gain from sale of investment in subsidiary	—	—	—
Other non-operating expense, net	1,592	(299 )	1,293
<b>Income before income taxes and equity in income</b>			
losses of investees	51,136	(347 )	50,789
Income tax provision	(13,552 )	(1,635 )	(15,187 )
Equity in income (losses) of investees, net	(250 )	—	(250 )
Income from continuing operations	37,334	(1,982 )	35,352
Net income attributable to noncontrolling interest	(793 )	—	(793 )
Net income attributable to the Ormat's stockholders	36,541	(1,982 )	34,559



	Ormat	Ormat Industries (Standalone) Adjusted for GAAP September 30, 2014 in thousands	Total
<b>Current assets:</b>			
Cash and cash equivalents	42,451	3,899	46,350
Restricted cash, and cash equivalents	127,452	—	127,452
Financial assets at fair value through profit and loss	—	10,972	10,972
Short-term investments	—	—	—
Derivatives	—	—	—
Receivables:			
Trade	75,224	—	75,224
Related entity	506	—	506
Income taxes receivable	—	—	—
Other	9,165	640	9,805
Due from Ormat Industries	—	—	—
Inventories	17,337	—	17,337
Costs and estimated earnings in excess of billings on uncompleted contracts	14,784	—	14,784
Deferred income taxes	2,613	—	2,613
Prepaid expenses and other	36,879	—	36,879
Total current assets	326,411	15,511	341,922
Financial assets at fair value through profit and loss	—	251	251
Prepaid expenses in respect of operating lease	—	—	—
Unconsolidated investments	1,339	—	1,339
Deposits and other	21,679	—	21,679
Financial assets under concession arrangement	—	—	—
Deferred income taxes	—	—	—
Deferred charges	35,399	—	35,399
Property, plant and equipment, net	1,459,316	12,363	1,471,679
Construction-in-process	268,349	—	268,349
Projects under exploration and development	—	—	—
Deferred financing and lease costs, net	28,969	—	28,969
Intangible assets, net	29,481	—	29,481
Total assets	2,170,943	28,125	2,199,068
<b>Current liabilities:</b>			
Current maturities of notes and long term loans	—	—	—
Accounts payable and accrued expenses	78,411	80	78,491

Trade	—	—	—
Income taxes payable	—	863	863
Accrued expenses	—	—	—
Customers advances	—	—	—
Other	—	123	123
Derivatives	—	—	—
Short-term revolving credit lines with banks (full recourse)	—	—	—
Billings in excess of costs and estimated earnings on uncompleted contracts	45,310	—	45,310
Current portion of long-term debt:			
Limited and non-recourse:			—
Senior secured notes	31,211	—	31,211
Other loans	17,995	—	17,995
Full recourse	24,116	—	24,116
Total current liabilities	197,043	1,066	198,109
Long-term debt, net of current portion:			
Limited and non-recourse:			
Senior secured notes	379,036	—	379,036
Other loans	269,123	—	269,123
Full recourse:			
Senior unsecured bonds	250,366	—	250,366
Other loans	40,298	—	40,298
Revolving credit lines with banks (full recourse)	28,100	—	28,100
Long term derivative	—	—	—
Liability associated with sale of tax benefits	44,757	—	44,757
Deferred lease income	61,294	—	61,294
Deferred income taxes	67,328	—	67,328
Liability for unrecognized tax benefits	5,606	—	5,606
Liabilities for severance pay	21,984	—	21,984
Asset retirement obligation	19,801	—	19,801
Other long-term liabilities	3,633	237	3,870
Total liabilities	1,388,369	1,303	1,389,672
Equity:			
The Ormat's stockholders' equity:			
Common stock	46	—	46
Additional paid-in capital	739,681	26,822	766,503
Other capital surplus	—	—	—
Retained earnings	36,835	—	36,835
Accumulated other comprehensive income	(5,710 )	—	(5,710 )
Less - cost of Ormat Industries shares held by Ormat Industries	—	—	—



	770,852	26,822	797,674
Noncontrolling interest	11,722	—	11,722
Total equity	782,574	26,822	809,396
Total liabilities and equity	2,170,943	28,125	2,199,068

## MARKET PRICE AND DIVIDEND INFORMATION

Our common stock is traded on the NYSE under the symbol “ORA.” Public trading of our stock commenced on November 11, 2004. Prior to that, there was no public market for our stock. As of December 10, 2014, there were 15 record holders of Ormat’s common stock. On December 10, 2014, our common stock’s closing price as reported on the NYSE was \$25.92 per share.

### Dividends

We have adopted a dividend policy pursuant to which we currently expect to distribute at least 20% of our annual profits available for distribution by way of quarterly dividends. In determining whether there are profits available for distribution, our Board of Directors will take into account our business plan and current and expected obligations, and no distribution will be made that in the judgment of our Board of Directors would prevent us from meeting such business plan or obligations. Pursuant to the terms and conditions of the share exchange agreement, we are permitted to declare and pay dividends declared or payable in the ordinary course of business and consistent with our past practices.

Notwithstanding this policy, dividends will be paid only when, as and if approved by our Board of Directors out of funds legally available therefore. The actual amount and timing of dividend payments will depend upon our financial condition, results of operations, business prospects and such other matters as the Board may deem relevant from time to time. Even if profits are available for the payment of dividends, the Board of Directors could determine that such profits should be retained for an extended period of time, used for working capital purposes, expansion or acquisition of businesses or any other appropriate purpose. As a holding company, we are dependent upon the earnings and cash flow of our subsidiaries in order to fund any dividend distributions and, as a result, we may not be able to pay dividends in accordance with our policy. Our Board of Directors may, from time to time, examine our dividend policy and may, in its absolute discretion, change such policy. In addition to the required Board of Directors’ approval for the payment of dividends, the Company can declare as dividends no more than 35% of annual net income as dividends due to restrictions related to its third-party debt (see Note 10 to our consolidated financial statements incorporated by reference into this information statement).

We have declared the following dividends over the past two years:

Date Declared	Dividend Amount per Share	Record Date	Payment Date
August 6, 2013	\$0.04	August 19, 2013	August 29, 2013
November 6, 2013	\$0.04	November 20, 2013	December 4, 2013
February 25, 2014	\$0.06	March 13, 2014	March 27, 2014
May 8, 2014	\$0.05	May 21, 2014	May 30, 2014
November 4, 2014	\$0.05	November 20, 2014	December 4, 2014

High/Low Stock Prices

The following table sets forth the high and low sales prices of our common stock for the years ended December 31, 2012 and 2013, and from January 1, 2014 until December 10, 2014:

First Quarter 2012	Second Quarter 2012	Third Quarter 2012	Fourth Quarter 2012	First Quarter 2013	Second Quarter 2013	Third Quarter 2013	Fourth Quarter 2013
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