RED HAT INC
Form 8-K
October 29, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): October 28, 2018

Red Hat, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-33162	**06-1364380**
(Commission	**(IRS Employer**

File Number)	**Identification No.)**
100 East Davie Street, Raleigh, North Carolina	**27601**
(Address of Principal Executive Offices)	**(Zip Code)**

(919) 754-3700

(Registrant s telephone number, including area code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01. Entry into a Material Definitive Agreement.
On October 28, 2018, Red Hat, Inc., a Delaware corporation (the Company), entered into an Agreement and Plan of Merger (the Merger Agreement) with International Business Machines Corporation, a New York corporation (Parent), and Socrates Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of Parent (Sub), pursuant to which, among other things, Sub will merge with and into the Company, with the Company surviving as a wholly owned subsidiary of Parent (the Merger). The board of directors of each of the Company and Parent approved the Merger and the Merger Agreement.

At the effective time of the Merger (the Effective Time), subject to the terms and conditions of the Merger Agreement, each share of common stock, par value $0.0001 per share, of the Company (the Company Common Stock) issued and outstanding immediately prior to the Effective Time (other than (i) canceled shares, (ii) dissenting shares, and (iii) subsidiary converted shares) shall be converted into the right to receive $190.00 in cash, without interest (the Merger Consideration).

Conditions

Consummation of the Merger is subject to certain customary conditions, including, without limitation, (i) the approval by the affirmative vote of the holders of a majority of the outstanding shares of Company Common Stock entitled to vote (the Shareholder Approval) at a meeting of the Company s stockholders to approve the Merger (the Shareholders Meeting); (ii) the receipt of approvals, or the expiration or termination of the applicable waiting periods, under certain antitrust laws (including the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act) and clearance under Council Regulation 134/2004 of the European Union); and (iii) the absence of any temporary restraining order, preliminary or permanent injunction or other judgment or law issued by certain courts of competent jurisdiction or other governmental entity, in each case prohibiting consummation of the Merger, and no action or proceeding by a governmental entity before any court or certain other governmental entities of competent jurisdiction seeking to enjoin, restrain or otherwise prohibit consummation of the Merger. Each party s obligation to consummate the Merger is subject to certain other conditions, including (a) the accuracy of the other party s representations and warranties and (b) the other party s compliance with its covenants and agreements contained in the Merger Agreement (in each case, subject to certain qualifications).

Representations, Warranties and Covenants

The Company has made customary representations and warranties in the Merger Agreement and has agreed to customary covenants, including with respect to, among other things, the operation of the business of the Company and its subsidiaries prior to the closing, convening and holding the Shareholders Meeting and, subject to certain customary exceptions, recommending that the Company s stockholders vote to adopt the Merger Agreement and approve the Merger at the Shareholders Meeting. In addition, the Merger Agreement contains a customary no shop provision that, in general, prohibits the Company s soliciting alternative acquisition proposals and, subject to a customary fiduciary out exception, providing non-public information in connection with, and engaging in discussions or negotiations regarding, unsolicited alternative acquisition proposals.

Regulatory Efforts

The parties have agreed to use their respective reasonable best efforts to take all actions necessary, proper or advisable under applicable laws to consummate the Merger, including making filings with and seeking approvals from certain governmental entities (including filings under the HSR Act), subject to certain limitations as provided in the Merger Agreement.

Termination

The Merger Agreement contains certain customary termination rights for the Company and Parent. Subject to certain limitations, the Merger Agreement may be terminated by either Parent or the Company if (i) the Merger is not consummated on or before October 28, 2019, which is subject to extension for two consecutive three (3) month periods by either party if all conditions are satisfied other than receipt of regulatory approvals and absence of legal

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restraints (the Termination Date), (ii) an order having the effect of making the Merger illegal or otherwise prohibiting consummation of the merger becomes final and non-appealable and (iii) if the Shareholder Approval is not obtained.

In addition, Parent may terminate the Merger Agreement (a) prior to the Shareholders Meeting (i) in the event that an Adverse Recommendation Change (as defined in the Merger Agreement) occurred or (ii) if the Company has delivered an Intervening Event Notice (as defined in the Merger Agreement) or Superior Proposal Notice (as defined in the Merger Agreement) and Parent has delivered a notice of its intent to terminate the Merger Agreement and publicly and irrevocably waived its matching rights, and (b) if the Company has breached any representation or warranty or failed to perform any covenant, such that the conditions relating to the accuracy of the Company s representations and warranties or performance of covenants would fail to be satisfied (subject to a 30 business day cure period). In addition, the Company may terminate the Merger Agreement (a) prior to the receipt of the Shareholder Approval, in order to enter into a definitive written agreement providing for a Superior Proposal (as defined in the Merger Agreement), and (b) if Parent or Sub has breached any representation or warranty or failed to perform any covenant, such that the conditions relating to the accuracy of the Parent s and Sub s representations and warranties or performance of covenants would fail to be satisfied (subject to a 30 business day cure period).

If prior to the Shareholders Meeting, a Takeover Proposal (as defined in the Merger Agreement) has been made to the Company or the Company s stockholders and (a) the Merger Agreement is terminated by (i) either the Company or Parent at the Termination Date, (ii) either the Company or Parent if the Shareholder Approval is not obtained at the Shareholders Meeting or (iii) Parent if the Company has breached any representation, warranty or covenant, such that the conditions relating to the accuracy of Company s representations and warranties or performance of covenants would fail to be satisfied and (b) within 12 months of the termination of the Merger Agreement, the Company enters into an acquisition agreement with respect to a Takeover Proposal or any Takeover Proposal is consummated, then the Company shall be obligated to pay the termination fee of $975,000,000.

Financing

Parent has secured committed debt financing from lenders providing Parent with sufficient funds, together with other sources of funds immediately available to Parent, to consummate the Merger and pay all associated fees, costs and expenses with respect to the Merger. Consummation of the Merger is not conditioned on Parent or Sub obtaining financing.

The representations, warranties, covenants and agreements of the Company contained in the Merger Agreement have been made solely for the benefit of Parent and Sub. In addition, such representations, warranties and covenants (i) have been made only for purposes of the Merger Agreement; (ii) have been qualified by (a) except for certain representations and warranties, certain matters set forth in the Company s filings with the Securities and Exchange Commission on or after March 1, 2016 and prior to the date of the Merger Agreement and (b) confidential disclosures made to Parent and Sub in the disclosure letter delivered in connection with the Merger Agreement; (iii) are subject to certain materiality qualifications contained in the Merger Agreement, which may differ from what may be viewed as material by investors and (iv) were made only as of the date of the Merger Agreement and, in the event that the closing occurs, as of the date of the closing, or such other date as is specified in the Merger Agreement. Accordingly, the Merger Agreement is included with this filing only to provide investors with information regarding the terms of the Merger Agreement, and not to provide investors with any other factual information regarding the Company or its business. Investors are not third-party beneficiaries under the Merger Agreement and should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties thereto or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of representations and warranties may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in the Company s public disclosures.

The foregoing summary of the Merger Agreement is qualified in its entirety by the full text of the Merger Agreement, which is attached hereto as Exhibit 2.1 and incorporated herein by reference.

Important Information About the Transaction and Where to Find It

In connection with the proposed merger, the Company intends to file relevant materials with the Securities and Exchange Commission (the SEC), including a preliminary proxy statement on Schedule 14A. Following the filing of the definitive proxy statement with the SEC, the Company will mail the definitive proxy statement and a proxy card to each stockholder entitled to vote at the special meeting relating to the proposed merger. **STOCKHOLDERS ARE URGED TO CAREFULLY READ THESE MATERIALS IN THEIR ENTIRETY (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) AND ANY OTHER RELEVANT DOCUMENTS THAT THE COMPANY WILL FILE WITH THE SEC WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.** The proxy statement and other relevant materials (when available), and any and all documents filed by the Company with the SEC, may be obtained for free at the SEC s website at www.sec.gov. In addition, stockholders may obtain free copies of the documents filed with the SEC by the Company via the Company s Investor Relations section of its website at www.redhat.com or by contacting Investor Relations by directing a request to the Company, Attention: Investor Relations, 100 East Davie Street, Raleigh, North Carolina 27601, or by calling (919) 754-3700.

Participants in the Solicitation

This document does not constitute a solicitation of proxy, an offer to purchase or a solicitation of an offer to sell any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended. The Company, its directors, executive officers and certain employees may be deemed to be participants in the solicitation of proxies from the stockholders of the Company in connection with the proposed merger. Information about the persons who may, under the rules of the SEC, be considered to be participants in the solicitation of the Company s stockholders in connection with the proposed merger, and any interest they have in the proposed merger, will be set forth in the definitive proxy statement when it is filed with the SEC. Additional information regarding these individuals is set forth in the Company s proxy statement for its 2018 Annual Meeting of Stockholders, which was filed with the SEC on June 25, 2018, and its Annual Report on Form 10-K for the fiscal year ended February 28, 2018, which was filed with the SEC on April 26, 2018. These documents may be obtained for free at the SEC s website at www.sec.gov, and via the Company s Investor Relations section of its website at www.redhat.com.

Cautionary Notes on Forward Looking Statements

This document may include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements relating to the completion of the merger. In this context, forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as expect, anticipate, intend, plan, believe, seek, see, will, would, tar expressions, and variations or negatives of these words. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about the consummation of the proposed merger and the anticipated benefits thereof. These and other forward-looking statements are not guarantees of future results and are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed in any forward-looking statements, including the failure to consummate the proposed merger or to make any filing or take other action required to consummate such merger in a timely matter or at all. The inclusion of such statements should not be regarded as a representation that any plans, estimates or expectations will be achieved. You should not place undue reliance on such statements. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others, that: (1) the Company may be unable to obtain stockholder approval as required for the merger; (2) conditions to the closing of the merger, including obtaining required regulatory approvals, may not be satisfied or waived on a timely basis or otherwise; (3) a governmental entity or a regulatory body may prohibit, delay or refuse to grant approval for the consummation of the merger and may require conditions, limitations or restrictions in connection with such approvals that can adversely affect the anticipated benefits of the proposed merger or cause the parties to abandon the proposed merger; (4) the merger may involve unexpected costs, liabilities or delays; (5) the business of the Company may suffer as a result of uncertainty surrounding the merger or the potential adverse changes to business relationships resulting from the proposed merger; (6) legal proceedings may be initiated related to the merger and the outcome of any legal proceedings related to the merger may be adverse to the Company; (7) the Company may be adversely affected by other general industry, economic, business, and/or competitive factors; (8) there may be unforeseen events, changes or other circumstances that could give rise to the termination of the merger agreement or affect the ability to recognize benefits of the merger; (9) risks that the proposed merger may disrupt current plans and operations and present potential difficulties in employee retention as a result of the merger; (10) risks related to diverting management s attention from the Company s ongoing business operations; (11) there may be other risks to consummation of the merger, including the risk that the merger will not be consummated within the expected time period or at all which may affect the Company s business and the price of the common stock of the Company; and (12) the risks described from time to time in the Company s reports filed with the SEC under the heading Risk Factors, including the Annual Report on Form 10-K for the fiscal year ended February 28, 2018, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and in other of the Company s filings with the SEC. Such risks include, without limitation: the effects of competition in the businesses in which the Company operates; the Company s ability to adapt to a rapidly changing industry and maintain strategic relationships with industry leading companies; and the impacts of security breaches and data loss and our vulnerability to technology infrastructure failures. Consequences of material differences in results as compared with those anticipated in the forward-looking statements could include, among other things, business disruption, operational problems, financial loss, legal liability to third parties and similar risks, any of which could have a material adverse effect on the Company s financial condition, results of operations, credit rating or liquidity. These risks, as well as other risks associated with the proposed merger, will be more fully discussed in the proxy statement that will be filed with the SEC in connection with the proposed merger. There can be no assurance that the merger will be completed, or if it is completed, that it will close within the anticipated time period or that the expected benefits of the merger will be realized. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which such statements were made. Except as required by applicable law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances arising after such date.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of October 28, 2018, among Red Hat, Inc., International Business Machines Corporation and Socrates Acquisition Corp.*

* Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplementally copies of any of the omitted schedules upon request by SEC.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 29, 2018

RED HAT, INC.

By: /s/ R. Brandon Asbill
Name: R. Brandon Asbill
Title: Assistant Secretary

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Other income (expense):

Interest income

0.0 0.0 0.0 0.1

Interest expense, net

(10.9) (16.0) (12.9) (15.9)

Foreign currency translation and transaction gains (losses)

0.8 (2.1) (0.2) (0.9)

Income attributable to sale of tax benefits

5.3 3.9 4.5 4.5

Gain from sale of property, plant and equipment

0.0 0.0 1.9

Other non-operating income (expense), net

(0.1) 0.2 (0.4) 0.2

Income before income taxes and equity in losses of investees

23.7 17.2 18.3 16.3

Income tax provision

23.5 (4.6) 6.3 (4.3)

Equity in losses of investees, net

(1.9) (0.6) (1.2) (0.3)

Net income

45.2 12.0 23.4 11.7

Net income attributable to noncontrolling interest

(0.9) (0.2) (0.6) (0.2)

Net income attributable to the Company's stockholders

44.3

%

11.8

%

22.8

%

11.5

%

38

Comparison of the Three Months Ended September 30, 2015 and the Three Months Ended September 30, 2014

Total Revenue

Total revenue for the three months ended September 30, 2015 was $162.9 million, compared to $140.2 million for the three months ended September 30, 2014, which represented a 16.1% increase from the prior year period. This increase was attributable to our Product segment, in which revenue increased by 73.9%, compared to the corresponding period in 2014.

Electricity Segment

Revenue attributable to our Electricity segment for the three months ended September 30, 2015 was $97.2 million, compared to $102.5 million for the three months ended September 30, 2014 despite a 10.0% increase in generation. This decrease was primarily attributable to our Puna power plant having lower energy rates due to the decrease in oil prices, as well as lower revenue in some of our power plants due to lower natural gas prices and a reduction in net gain on derivative contracts on oil and natural gas prices from $4.0 million in the three months ended September 30, 2014 to $0.4 million in the three months ended September 30, 2015. The decrease was partially offset by operations of the second phase of the McGinness Hills power plant in Nevada, which commenced commercial operation in February 2015.

Power generation in our power plants increased by 10.0% from 1,037,272 MWh in the three months ended September 30, 2014 to 1,141,058 MWh in the three months ended September 30, 2015 mainly due to the commencement of commercial operation of second phase of the McGinness Hills power plant.

Product Segment

Revenue attributable to our Product segment for the three months ended September 30, 2015 was $65.6 million, compared to $37.7 million for the three months ended September 30, 2014, which represented a 73.9% increase. The increase in our Product segment revenue was primarily due to timing of revenue recognition, different product mix and commencing revenue recognition in new contracts.

Total Cost of Revenue

Total cost of revenue for the three months ended September 30, 2015 was $103.5 million, compared to $84.8 million for the three months ended September 30, 2014, which represented a 22.1% increase. This increase was due to the increase in cost of revenue from our Product segment. As a percentage of total revenue, our total cost of revenue for the three months ended September 30, 2015, increased to 63.6%, from 60.4% for the three months ended September 30, 2014. This increase was attributable to an increase in the cost of revenue as a percentage of total revenue, in both our Electricity and Product segments, as further explained below.

Electricity Segment

Total cost of revenue attributable to our Electricity segment for the three months ended September 30, 2015 and for the three months ended September 30, 2014, was $61.5 million and $61.7 million, respectively. Despite additional costs of revenue related to the second phase of the McGinness Hills power plant that commenced commercial operation in February 2015, as discussed above, our total cost of revenue attributable to our Electricity segment remained flat as a result of a decrease in the O&M costs in many of our power plants. As a percentage of total electricity revenue, our total cost of revenue attributable to our Electricity segment for the three months ended September 30, 2015, was 63.2% compared to 60.2% for the three months ended September 30, 2014. This increase was due to the decrease in our Electricity segment revenue as discussed above.

The margin in the electricity segment for the three months ended September 30, 2015, was significantly impacted by approximately $6 million reduction in oil and natural gas prices as well as a $3.6 million net gain on derivative contracts compared to the three months ended September 30, 2014. Excluding these effects, the gross margin for the three months ended September 30, 2014 compared to the three months ended September 30, 2015, increased from 33.2% to 36.5%, respectively. This reflects the enhancements implemented in our power plants and the improved efficiencies of our operating portfolio along with the new capacity that came on line.

Product Segment

Total cost of revenue attributable to our Product segment for the three months ended September 30, 2015 was $42.0 million, compared to $23.0 million, for the three months ended September 30, 2014, which represented an 82.4% increase. This increase was primarily due to the increase in Product segment revenue, as discussed above. As a percentage of total Product segment revenue, our total cost of revenue attributable to our Product segment for the three months ended September 30, 2015, was 64.0% compared to 61.1%, for the three months ended September 30, 2014. This increase was primarily due to a different product mix in the relevant period.

Research and Development Expenses, Net

Research and development expenses for the three months ended September 30, 2015 and 2014 were $0.3 million.

Selling and Marketing Expenses

Selling and marketing expenses for the three months ended September 30, 2015 and 2014, were $4.4 million. Selling and marketing expenses for the three months ended September 30, 2015 constituted 2.7% of total revenue for such period, compared to 3.0% for the three months ended September 30, 2014.

General and Administrative Expenses

General and administrative expenses for the three months ended September 30, 2015 were $8.0 million, compared to $7.2 million for the three months ended September 30, 2014. General and administrative expenses for the three months ended September 30, 2015, constituted 5.0% of total revenue for such period, compared to 5.1% for the three months ended September 30, 2014.

Operating Income

Operating income for the three months ended September 30, 2015 was $46.5 million, compared to $43.8 million for the three months ended September 30, 2014, which represented a 6.1% increase. The increase in operating income was principally attributable to the increase in our gross margin in our Product segment primarily due to the increase in revenues, as discussed above. The increase was partially offset by a decrease in our gross margin in our Electricity segment principally due to the decrease in Electricity revenues, as discussed above. Operating income attributable to our Electricity segment for the three months ended September 30, 2015 was $28.3 million, compared to $32.4 million for the three months ended September 30, 2014. Operating income attributable to our Product segment for the three months ended September 30, 2015 was $18.1 million, compared to $11.4 million for the three months ended September 30, 2014.

Interest Expense, Net

Interest expense, net for the three months ended September 30, 2015 was $17.7 million, compared to $22.5 million for the three months ended September 30, 2014. This decrease was primarily due to (i) lower interest expense as a result of principal payments of long term debt and revolving credit lines with banks; and (ii) $1.1 million decrease in interest expense related to sale of tax benefits. The decrease was partially offset by an increase in interest expense related to a loan in the amount of $140.0 million received under the OFC 2 Senior Secured Notes to finance the construction of the second phase of the McGinness Hills power plant in August 2014.

Foreign Currency Translation and Transaction Gains (Losses)

Foreign currency translation and transaction gains for the three months ended September 30, 2015 were $1.3 million, compared to losses of $2.9 million for the three months ended September 30, 2014. Foreign currency translation and transaction gains and losses were attributable primarily to gains and losses on foreign currency forward contracts which were not accounted for as hedge transactions.

Income Attributable to Sale of Tax Benefits

Income attributable to the sale of tax benefits to institutional equity investors (as described below under “OPC Transaction” and “ORTP Transaction”) for the three months ended September 30, 2015 was $8.6 million, compared to $5.5 million for the three months ended September 30, 2014. This income mainly represents the value of PTCs and taxable income generated by OPC and ORTP of $3.8 million and $4.8 million, respectively, which were allocated to the respective investors in the three months ended September 30, 2015, compared to an income of $1.7 million and $3.9 million, respectively, in the three months ended September 30, 2014.

Income Taxes

Income tax benefit for the three months ended September 30, 2015 was $38.2 million, compared to income tax provision of $6.4 million for the three months ended September 30, 2014. Income tax benefit for the three months ended September 30, 2015, includes a $49.4 million deferred tax asset relating to the release of the valuation allowance for the additional 50% investment deduction for our Olkaria 3 power plant in Kenya based on amendments to the Kenya Income Tax Act that came into effect on September 11, 2015 and which extended the period to utilize such investment deduction from five years to ten years. Income tax provision for the three months ended September 30, 2015, excluding the $49.4 million, was $11.2 million, compared to $6.4 million for the three months ended September 30, 2014. Our effective tax rate for the three months ended September 30, 2015, excluding the $49.4 million, and the three months ended September 30, 2014, was 29.0% and 26.7%, respectively. The effective tax rate differs from the statutory rate of 35% for the three months ended September 30, 2015, primarily due to losses in the U.S. and certain foreign jurisdictions as described in Footnote 11 of the financial statements.

Equity in losses of investees, net

Equity in losses of investees, net for the three months ended September 30, 2015, was $3.1 million, compared to $0.9 million for the three months ended September 30, 2014. Equity in losses of investees, net derived from our 12.75% share in the losses of the Sarulla project and from profits elimination.

Net Income

Net income for the three months ended September 30, 2015 was $73.7 million, compared to $16.8 million for the three months ended September 30, 2014, which represents an increase of $56.9 million. The increase in net income was attributable to the deferred tax asset in Kenya and related expenses in the amount of $48.7 million, the increase of $2.7 million in operating income and lower interest expenses of $4.7 million, as discussed above.

Comparison of the Nine Months Ended September 30, 2015 and the Nine Months Ended September 30, 2014

Total Revenue

Total revenue for the nine months ended September 30, 2015 was $423.6 million, compared to $410.3 million for the nine months ended September 30, 2014, which represented a 3.2% increase from the prior year period. This increase was attributable to our Product segment, in which revenue increased by 19.9%, compared to the corresponding period in 2014. The increase was partially offset by a 3.8% decrease in our Electricity segment over the corresponding period in 2014.

Electricity Segment

Revenue attributable to our Electricity segment for the nine months ended September 30, 2015 was $278.1 million, compared to $289.0 million for the nine months ended September 30, 2014, which represented a 3.8% decrease in such revenue. This decrease was primarily attributable to our Puna power plant having lower generation due to a hurricane and lower energy rates due to the decrease in oil prices as well as lower revenue in some of our power plants due to lower natural gas prices. The decrease was partially offset by the commencement of operations of the second phase of the McGinness Hills power plant in Nevada in February 2015.

Power generation in our power plants increased by 7.1% from 3,281,785 MWh in the nine months ended September 30, 2014 to 3,513,803 MWh in the nine months ended September 30, 2015, mainly due to the commencement of commercial operation of the second phase of the McGinness Hills power plant, partially offset by the decrease in generation of the Puna and North Brawley power plants.

Product Segment

Revenue attributable to our Product segment for the nine months ended September 30, 2015 was $145.4 million, compared to $121.3 million for the nine months ended September 30, 2014, which represented a 19.9% increase. The increase in our Product segment revenue was primarily due to timing of revenue recognition, different product mix and commencing revenue recognition in new contracts.

Total Cost of Revenue

Total cost of revenue for the nine months ended September 30, 2015 was $269.4 million, compared to $261.4 million for the nine months ended September 30, 2014, which represents a 3.1% increase. This increase was primarily due to the increase in cost of revenue from our Product segment, partially offset by a decrease in cost of revenue from our Electricity segment. As a percentage of total revenue, our total cost of revenue for both the nine months ended September 30, 2015 and 2014, was 63.6%.

Electricity Segment

Total cost of revenue attributable to our Electricity segment for the nine months ended September 30, 2015 was $179.6 million, compared to $186.1 million for the nine months ended September 30, 2014, which represented a 3.5% decrease. This decrease was primarily due to: (i) reimbursement of $2.5 million of mining tax imposed on us based on an audit performed by the state of Nevada for the years ended December 31, 2008, 2009 and 2010 following our successful appeal of the audit decision in the first quarter of 2015 and (ii) the fact that in the nine months ended September 30, 2015 we did not incur costs that we incurred in the nine months ended September 30, 2014 to address the North Brawley power plant uncontrolled well flow. The decrease in our Electricity cost of revenue was partially offset by additional cost of revenue from the second phase of the McGinness Hills power plant that commenced commercial operation in February 2015, as discussed above. As a percentage of total Electricity revenue, our total cost of revenue attributable to our Electricity segment for the nine months ended September 30, 2015, was 64.6% compared to 64.4% for the nine months ended September 30, 2014.

Product Segment

Total cost of revenue attributable to our Product segment for the nine months ended September 30, 2015 was $89.8 million, compared to $75.3 million for the nine months ended September 30, 2014, which represented a 19.3% increase. This increase was primarily attributable to the increase in Product segment revenue, as discussed above. As a percentage of total Product segment revenue, our total cost of revenue attributable to our Product segment for the nine months ended September 30, 2015 was 61.8% compared to 62.1% for the nine months ended September 30, 2014.

Research and Development Expenses, Net

Research and development expenses excluding grants from the U.S. Department of Energy for the nine months ended September 30, 2015 were $1.1 million compared to $0.9 million for the nine months ended September 30, 2014.

Grants from the U.S. Department of Energy related to the Enhanced Geothermal System project totaled $0 million and $0.5 million for the nine months ended September 30, 2015 and 2014, respectively.

Selling and Marketing Expenses

Selling and marketing expenses for the nine months ended September 30, 2015 were $12.1 million, compared to $10.9 million for the nine months ended September 30, 2014. The increase was primarily due to higher sales commissions related to our Product segment due to different commissions mix. Selling and marketing expenses for the nine months ended September 30, 2015 constituted 2.9% of total revenue for such period, compared to 2.6% for the nine months ended September 30, 2014.

General and Administrative Expenses

General and administrative expenses for the nine months ended September 30, 2015 were $25.6 million, compared to $20.8 million for the nine months ended September 30, 2014. The increase was due to $3.8 million of expenses related to the share exchange with Ormat Industries, as discussed above under “Recent Developments”. General and administrative expenses for the nine months ended September 30, 2015, excluding the costs related to the share exchange, constituted 5.0% of total revenue for such period, compared to 5.1% for the nine months ended September 30, 2014.

Write-off of Unsuccessful Exploration Activities

There was a $0.4 million write-off of unsuccessful exploration activities for the nine months ended September 30, 2015. Write-off of unsuccessful exploration activities for the nine months ended September 30, 2014 was $8.1 million. This represented the write-off of exploration costs related to our exploration activities in the Wister site in California, which we determined in the second quarter of 2014 would not support commercial operation.

Operating Income

Operating income for the nine months ended September 30, 2015 was $115.0 million, compared to $108.7 million for the nine months ended September 30, 2014, which represents a 5.8% increase. The increase in operating income was principally attributable to the write-off of unsuccessful exploration activities in the amount of $8.1 million in the nine months ended September 30, 2014 and to an increase in our gross margin in our Product segment, as discussed above. The increase was partially offset by a decrease in our gross margin in our Electricity segment principally due to the decrease in Electricity revenues, and by costs associated with the share exchange, both as discussed above. Operating income attributable to our Electricity segment for the nine months ended September 30, 2015 was $73.2 million, compared to $72.9 million for the nine months ended September 30, 2014. The increase in operating income attributable to our Electricity segment was principally attributable to a decrease in write-off of unsuccessful exploration activities in the amount of $7.7 million offset by lower gross margin as described above. Operating income attributable to our Product segment for the nine months ended September 30, 2015 was $41.8 million, compared to $35.8 million for the nine months ended September 30, 2014.

Interest Expense, Net

Interest expense, net for the nine months ended September 30, 2015 was $54.4 million, compared to $65.1 million for the nine months ended September 30, 2014. This decrease was primarily due to (i) lower interest expense as a result of principal payments of long term debt and revolving credit lines with banks; (ii) $2.6 million decrease in interest related to sale of tax benefits and (iii) $1.3 million in capitalized interest. The decrease was partially offset by an increase in interest expense related to a loan in the amount of $140.0 million received under the OFC 2 Senior Secured Notes to finance the construction of second phase of the McGinness Hills power plant in August 2014.

Foreign Currency Translation and Transaction Losses

Foreign currency translation and transaction losses for the nine months ended September 30, 2015 were $0.6 million, compared to $3.6 million for the nine months ended September 30, 2014. Foreign currency translation and transaction losses were attributable primarily to losses on foreign currency forward contracts which were not accounted for as hedge transactions.

Income Attributable to Sale of Tax Benefits

Income attributable to the sale of tax benefits to institutional equity investors (as described below under "OPC Transaction" and "ORTP Transaction") for the nine months ended September 30, 2015 was $18.9 million, compared to $18.3 million for the nine months ended September 30, 2014. This income represents the value of PTCs and taxable income or loss generated by OPC and ORTP and allocated to the investors in the amount of $3.9 million and $15.0 million, respectively, in the nine months ended September 30, 2015, compared to $4.9 million and $13.4 million, respectively, in the nine months ended September 30, 2014. This decrease was primarily attributable to lower depreciation for tax purposes mainly in OPC as a result of declining depreciation rates using MACRS.

Gain from Sale of Property, Plant and Equipment

There was no gain from the sale of property, plant and equipment in the nine months ended September 30, 2015. Gain from the sale of property, plant and equipment for the nine months ended September 30, 2014 was $7.6 million. This gain relates to the sale of the Heber Solar project in Imperial County, California for an aggregate purchase price of $35.25 million in the first quarter of 2014. We received the first payment of $15.0 million in the first quarter of 2014, and the second payment for the remaining $20.25 million in the second quarter of 2014. We recognized the gain in the second quarter of 2014.

Other non-operating income (loss)

Other non-operating loss for the nine months ended September 30, 2015 was $1.5 million, compared to non-operating income of $0.6 million for the nine months ended September 30, 2014. Other non-operating loss for the nine months ended September 30, 2015 includes a capital loss of $1.7 million resulting from the repurchase of $30.6 million aggregate principal amount of our OFC Senior Secured Notes.

Income Taxes

Income tax benefit for the nine months ended September 30, 2015 was $26.7 million, compared to income tax provision of $17.7 million for the nine months ended September 30, 2014. Income tax benefit for the nine months ended September 30, 2015, includes a $49.4 million deferred tax asset relating to the release of the valuation allowance for the additional 50% investment deduction for our Olkaria 3 power plant based on amendments to Kenya Income Tax Act that came into effect on September 11, 2015 and which extended the period to utilize such investment deduction from five years to ten years. Income tax provision for the nine months ended September 30, 2015, excluding the $49.4 million, was $22.7 million, compared to $6.4 million for the nine months ended September 30, 2014. Our effective tax rate for the nine months ended September 30, 2015, excluding the $49.4 million, and the nine months ended September 30, 2014 was 29.3% and 26.5%, respectively. The effective tax rate differs from the statutory rate of 35% for the nine months ended September 30, 2015, primarily due to losses in the U.S. and certain foreign jurisdictions as described in Footnote 11 of the financial statements.

Equity in losses of investees, net

Equity in losses of investees, net for the nine months ended September 30, 2015 was $4.9 million, compared to $1.2 million for the nine months ended September 30, 2014. Equity in losses of investees, net derived from our 12.75% share in the losses of the Sarulla project and from profits elimination.

Net Income

Net income for the nine months ended September 30, 2015 was $99.2 million, compared to $47.9 million for the nine months ended September 30, 2014, which represents an increase of $51.3 million. The increase in net income was principally attributable to the deferred tax asset in Kenya and related expenses in the amount of $48.7 million, the increase of $6.3 million in operating income and the decrease in interest expense of $10.6 million, as discussed above. The increase was partially offset by a $7.6 million gain from the sale of property, plant and equipment in the nine months ended September 30, 2014, as discussed above.

Liquidity and Capital Resources

Our principal sources of liquidity have been derived from cash flows from operations, proceeds from third party debt in the form of borrowings under credit facilities and private offerings, issuances of notes, project financing, tax monetization transactions, short term borrowing under our lines of credit, sale of membership interests and cash grants we received under the ARRA. We have utilized this cash to develop and construct power generation plants, fund our acquisitions, pay down existing outstanding indebtedness, and meet our other cash and liquidity needs.

As of September 30, 2015, we had access to (i) $171.5 million in cash and cash equivalents of which $148.2 million is related to foreign jurisdictions; and (ii) $144.8 million of unused corporate borrowing capacity under existing lines of credit with different commercial banks.

Our estimated capital needs for the remainder of 2015 include approximately $18 million for capital expenditures on new projects under development or construction, exploration activity, operating projects, and machinery and equipment purchases, as well as $31.2 million for debt repayment.

We believe that based on our plans to increase our operations outside of the U.S., the cash generated from our operations outside of the U.S. will be reinvested outside of the U.S. In addition, our U.S. sources of cash and liquidity are sufficient to meet our needs in the U.S. and, accordingly, we do not currently plan to repatriate the funds we have designated as being permanently invested outside the U.S. If we change our plans, we may be required to accrue and pay U.S. taxes to repatriate these funds.

We expect to finance our estimated capital needs with: (i) the sources of liquidity described above; (ii) positive cash flows from our operations; and (iii) future project financing and refinancing (including construction loans). Management believes that these sources will address our anticipated liquidity, capital expenditures, and other investment requirements.

Third-Party Debt

Our third-party debt is composed of two principal categories. The first category consists of project finance debt or acquisition financing that we or our subsidiaries have incurred for the purpose of developing and constructing, refinancing or acquiring our various projects, which are described below under "Non-Recourse and Limited-Recourse Third-Party Debt". The second category consists of debt incurred by us or our subsidiaries for general corporate purposes, which are described below under "Full-Recourse Third-Party Debt."

Non-Recourse and Limited-Recourse Third-Party Debt

OFC Senior Secured Notes — Non-Recourse

In February 2004, OFC, one of our subsidiaries, issued $190.0 million of OFC Senior Secured Notes for the purpose of refinancing the acquisition cost of the Brady, Ormesa and Steamboat 1, 1A, 2 and 3 power plants, and the financing of the acquisition cost of 50% of the Mammoth complex. The OFC Senior Secured Notes have a final maturity date of December 30, 2020. Principal and interest on the OFC Senior Secured Notes are payable in semi-annual payments. The OFC Senior Secured Notes are collateralized by substantially all of the assets of OFC and those of its wholly owned subsidiaries and are fully and unconditionally guaranteed by all of the wholly owned subsidiaries of OFC. There are various restrictive covenants under the OFC Senior Secured Notes, which include limitations on additional indebtedness of OFC and its wholly owned subsidiaries. Failure to comply with these and other covenants will, subject to customary cure rights, constitute an event of default by OFC. In addition, there are restrictions on the ability of OFC to make distributions to its shareholders, which include a required historical and projected 12-month debt service coverage ratio of not less than 1.25 (measured semi-annually as of June 30 and December 31 of each year). If OFC fails to comply with the debt service coverage ratio it will be prohibited from making distributions to its shareholders. We are only required to measure these covenants on a semi-annual basis and as of June 30, 2015, (the last measurement date of the covenants) the actual historical 12-month debt service coverage ratio was 1.26 and the pro-forma 12-month debt service coverage ratio was 1.29 (on a semi-annual basis and as of June 30, 2015). There were $33.3 million aggregate principal amount of OFC Senior Secured Notes outstanding as of September 30, 2015.

In June 2015, we repurchased from OFC noteholders $30.6 million of the aggregate principal amount of our OFC Senior Secured Notes, which resulted in approximately $2.5 million of saving in interest expense. We recognized a loss of approximately $1.7 million in the nine months ended September 30, 2015 as a result of that repurchase. In January 2014, we repurchased from OFC noteholders $13.2 million of the aggregate principal amount of our OFC Senior Secured Notes. We recognized a gain of approximately $0.3 million in the year ended December 31, 2014.

OrCal Geothermal Senior Secured Notes — Non-Recourse

In December 2005, OrCal, one of our subsidiaries, issued $165.0 million of OrCal Senior Secured Notes for the purpose of refinancing the acquisition cost of the Heber complex. The OrCal Senior Secured Notes have been rated BBB- by Fitch Ratings. The OrCal Senior Secured Notes have a final maturity date of December 30, 2020. Principal and interest on the OrCal Senior Secured Notes are payable in semi-annual payments. The OrCal Senior Secured Notes are collateralized by substantially all of the assets of OrCal and those of its wholly owned subsidiaries and are fully and unconditionally guaranteed by all of the wholly owned subsidiaries of OrCal. There are various restrictive covenants under the OrCal Senior Secured Notes which include limitations on additional indebtedness of OrCal and its wholly owned subsidiaries. Failure to comply with these and other covenants will, subject to customary cure rights, constitute an event of default by OrCal. In addition, there are restrictions on the ability of OrCal to make distributions to its shareholders, which include a required historical and projected 12-month debt service coverage ratio of not less than 1.25 (measured semi-annually as of June 30 and December 31 of each year). If OrCal fails to comply with the debt service coverage ratio it will be prohibited from making distributions to its shareholders. We are only required to measure these covenants on a semi-annual basis and as of June 30, 2015, (the last measurement date of the covenants) the actual historical 12-month debt service coverage ratio was 1.26, and the pro-forma 12-month debt service coverage ratio was 1.33. There were $51.8 million of OrCal Senior Secured Notes outstanding as of September 30, 2015.

OFC 2 Senior Secured Notes — Limited Recourse During Construction and Non-Recourse Thereafter

In September 2011, OFC 2, one of our subsidiaries, and its wholly owned project subsidiaries (collectively, the OFC 2 Issuers) entered into a note purchase agreement (the Note Purchase Agreement) with OFC 2 Noteholder Trust, as purchaser, John Hancock, as administrative agent, and the Department of Energy (DOE), as guarantor, in connection with the offer and sale of up to $350.0 million aggregate principal amount of OFC 2 Senior Secured Notes due December 31, 2034. As of September 30, 2015, we have utilized $291.7 million of the notes and we do not expect further drawdowns under this agreement.

Subject to the fulfillment of customary and other specified conditions precedent, the OFC 2 Senior Secured Notes may be issued in up to six distinct series associated with the phased construction (Phase I and Phase II) of the Jersey Valley, McGinness Hills and Tuscarora geothermal power plants, which are owned by the OFC 2 Issuers. The OFC 2 Senior Secured Notes will mature and the principal amount of the OFC 2 Senior Secured Notes will be payable in equal quarterly installments and in any event not later than December 31, 2034. Each series of notes will bear interest at a rate calculated based on a spread over the U.S. Treasury yield curve that will be set at least ten business days prior to the issuance of such series of notes. Interest will be payable quarterly in arrears. The DOE guarantees payment of 80% of principal and interest on the OFC 2 Senior Secured Notes pursuant to Section 1705 of Title XVII of the Energy Policy Act of 2005, as amended. The conditions precedent to the issuance of the OFC 2 Senior Secured Notes include certain specified conditions required by the DOE in connection with its guarantee of the OFC 2 Senior Secured Notes.

In October 2011, the OFC 2 Issuers completed the sale of $151.7 million in aggregate principal amount of 4.687% Series A Notes due 2032 (the Series A Notes). The net proceeds from the sale of the Series A Notes, after deducting transaction fees and expenses, were approximately $141.1 million, and were used to finance a portion of the construction costs of Phase I of the McGinness Hills and Tuscarora power plants and to fund certain reserves. Principal and interest on the Series A Notes are payable quarterly in arrears on the last day of March, June, September and December of each year.

On June 20, 2014, Phase I of the Tuscarora facility achieved project completion under the OFC 2 Note Purchase Agreement. In accordance with the terms of the Note Purchase Agreement, we recalibrated the original financing assumptions and as a result the loan amount was adjusted through a principal payment of $4.3 million.

On August 29, 2014, OFC 2 signed a $140.0 million loan under the OFC 2 senior secured notes to finance the construction of the McGinness Hills Phase 2 project. This draw is the last tranche (Series C notes) under the Note Purchase Agreement with John Hancock Life Insurance Company (USA), and is guaranteed by the U.S Department of Energy Loan Programs Office in accordance with and subject to the Department’s Loan Guarantee Program under section 1705 of Title XVII of the Energy Policy Act of 2005. The $140.0 million loan, which matures in December 2032, carries a 4.61% coupon with principal to be repaid on a quarterly basis. The OFC 2 Notes, which include loans for the Tuscarora, Jersey Valley and McGinness Hills complexes, are rated “BBB” by Standard & Poor’s.

In connection with the drawdown, on August 13, 2014, we entered into an on-the-run interest lock agreement with a financial institution with a termination date of August 15, 2014. This on-the-run interest lock agreement had a notional amount of $140.0 million and was designated by us to be a cash flow hedge. The objective of this cash flow hedge was to eliminate the variability in the change in the 10-year U.S. Treasury rate as that is one of the components in the annual interest rate of OFC 2 loan that was forecasted to be fixed on August 15, 2014. As such, we hedged the variability in total proceeds attributable to changes in the 10-year U.S. Treasury rate for the forecasted issuance of fixed rate OFC 2 loan. On the settlement date of August 18, 2014, we paid $1.5 million to the counterparty of the on-the-run interest rate lock agreement.

The OFC 2 Senior Secured Notes are collateralized by substantially all of the assets of OFC 2 and those of its wholly owned subsidiaries and are fully and unconditionally guaranteed by all of the wholly owned subsidiaries of OFC 2. There are various restrictive covenants under the OFC 2 Senior Secured Notes, which include limitations on additional indebtedness of OFC 2 and its wholly owned subsidiaries. Failure to comply with these and other covenants will, subject to customary cure rights, constitute an event of default by OFC 2. In addition, there are restrictions on the ability of OFC 2 to make distributions to its shareholders. Among other things, the distribution restrictions include a historical and projected quarterly debt service coverage ratio requirement of at least 1.2 (on a blended basis for all of the OFC 2 power plants) and 1.5 on a pro forma basis (giving effect to the distributions). We are required to measure these covenants on a quarterly basis and as of September 30, 2015, the last measurement date of the covenants, the actual debt service coverage ratio was 2.28 and the pro-forma 12-month debt service coverage ratio was 2.18. There were $266.0 million of OFC 2 Senior Secured Notes outstanding as of September 30, 2015.

We provided a guarantee in connection with the issuance of the Series A and C Notes, which will be available to be drawn upon if certain trigger events occur. One trigger event is the failure of any facility financed by the relevant series of OFC 2 Senior Secured Notes to reach completion and meet certain operational performance levels (the non-performance trigger) which gives rise to a prepayment obligation on the OFC 2 Senior Secured Notes. The other trigger event is a payment default on the OFC 2 Senior Secured Notes or the occurrence of certain fundamental defaults that result in the acceleration of the OFC 2 Senior Secured Notes, in each case that occurs prior to the date that the relevant facility financed by such OFC 2 Senior Secured Notes reaches completion and meets certain operational performance levels. A demand on our guarantee based on the non-performance trigger is limited to an amount equal to the prepayment amount on the OFC 2 Senior Secured Notes necessary to bring the OFC 2 Issuers into compliance with certain coverage ratios. A demand on our guarantee based on the other trigger event is not so limited.

Olkaria III Finance Agreement with OPIC — Limited Recourse during Construction and Non-Recourse Thereafter

In August 2012, OrPower 4, one of our subsidiaries, entered into a finance agreement with OPIC, an agency of the United States government, to provide limited-recourse senior secured debt financing in an aggregate principal amount of up to $310.0 million (the OPIC Loan) for the refinancing and financing of our Olkaria III geothermal power complex in Kenya. The finance agreement was amended on November 9, 2012.

The OPIC Loan is comprised of three tranches:

Tranche I in an aggregate principal amount of $85.0 million, which was drawn in November 2012, was used to prepay approximately $20.5 million (plus associated prepayment penalty and breakage costs of $1.5 million) of the DEG Loan, as described below under "Full Recourse Third Party Debt". The remainder of Tranche I proceeds was used for reimbursement of prior capital costs and other corporate purposes.

Tranche II in an aggregate principal amount of $180.0 million was used to fund the construction and well field drilling for Plant 2 of the Olkaria III geothermal power complex. In November 2012, an amount of $135.0 million was disbursed under this Tranche II, and in February 2013 the remaining $45.0 million was distributed under this Tranche II.

Tranche III in an aggregate principal amount of $45.0 million was used to fund the construction of Plant 3 of the Olkaria III geothermal power complex and was drawn down in full in November 2013.

In July 2013, we completed the conversion of the interest rate applicable to both Tranche I and Tranche II from a floating interest rate to a fixed interest rate. The average fixed interest rate for Tranche I, which has an outstanding balance of $72.0 million and matures on December 15, 2030 and Tranche II, which has an outstanding balance of $156.2 million and matures on June 15, 2030, is 6.31%. In November 2013, we fixed the interest rate applicable to Tranche III. The fixed interest rate for Tranche III, which has an outstanding balance of $41.0 million and matures on December 15, 2030, is 6.12%.

OrPower 4 has a right to make voluntary prepayments of all or a portion of the OPIC Loan subject to prior notice, minimum prepayment amounts, and a prepayment premium of 2.0% in the first two years after the Plant 2 commercial operation date, declining to 1% in the third year after the Plant 2 commercial operation date, and without premium thereafter, plus a redemption premium. In addition, the OPIC Loan is subject to customary mandatory prepayment in the event of certain reductions in generation capacity of the power plants, unless such reductions will not cause the projected ratio of cash flow to debt service to fall below 1.7.

The OPIC Loan is secured by substantially all of OrPower 4's assets and by a pledge of all of the equity interests in OrPower 4.

The finance agreement includes customary events of default, including failure to pay any principal, interest or other amounts when due, failure to comply with covenants, breach of representations and warranties, non-payment or acceleration of other debt of OrPower 4, bankruptcy of OrPower 4 or certain of its affiliates, judgments rendered against OrPower 4, expropriation, change of control, and revocation or early termination of security documents or certain project-related agreements, subject to various exceptions and notice, cure and grace periods.

The repayment of the remaining outstanding DEG Loan (see "Full-Recourse Third-Party Debt" below) in the amount of approximately $27.6 million as of September 30, 2015, has been subordinated to the OPIC Loan.

There are various restrictive covenants under the OPIC Loan, which include a required historical and projected 12-month debt service coverage ratio of not less than 1.4 (measured as of March 15, June 15, September 15 and December 15 of each year). If OrPower 4 fails to comply with these financial ratios it will be prohibited from making distributions to its shareholders. In addition, if the debt service coverage ratio falls below 1.1, subject to certain cure rights; such failure will constitute an event of default by OrPower 4. This covenant in respect of Tranche I became effective on December 15, 2014. As of September 30, 2015, the actual historical and projected 12-month debt service coverage ratio was 2.20 and 2.00, respectively.

As of September 30, 2015, $269.1 million of the OPIC loan was outstanding.

Amatitlàn financing

On July 31, 2015, one of our indirect wholly-owned subsidiaries, Ortitl n, Limitada, obtained a 12-year secured term loan in the principal amount of $42.0 million for the 20 MW Amatitlàn power plant in Guatemala. Under the credit agreement with Banco Industrial S.A. and Westrust Bank (International) Limited, we can expand the Amatitlàn power plant with financing to be provided either via equity, additional debt from Banco Industrial S.A. or from other lenders, subject to certain limitations on expansion financing in the credit agreement.

The loan is payable in 48 quarterly payments commencing September 30, 2015. The loan bears interest at a rate *per annum* equal to of the sum of the LIBO Rate (which cannot be lower than 1.25%) plus a margin of (i) 4.35% as long as the Company's guaranty of the loan (as described below) is outstanding or (ii) 4.75% otherwise. Interest is payable quarterly, on March 30, June 30, September 30 and December 30 of each year, on the stated maturity date of the loan and on any prepayment or payment of the loan. The loan must be prepaid on the occurrence of certain events, such as casualty, condemnation, asset sales and expansion financing not provided by the lenders under the credit agreement, among others. The loan may be voluntarily prepaid if certain conditions are satisfied, including payment of a premium (ranging from 100-50 basis points) if prepayment occurs prior to the eighth anniversary of the loan.

There are various restrictive covenants under the Amatitlàn credit agreement. These include, among others, (i) a financial covenant to maintain a Debt Service Coverage Ratio (as defined in the credit agreement) of not less than 1.15 to 1.00 as of the last day of any fiscal quarter and (ii) limitations on Restricted Payments (as defined in the credit agreement) that among other things would limit dividends that could be paid to us unless the historical and projected Debt Service Coverage Ratio is not less than 1.25 to 1.00 for the four fiscal quarterly periods (calculated as a single accounting period). As of September 30, 2015, the actual historical and projected 12-month Debt Service Coverage Ratio was 7.94 and 1.97, respectively. The credit agreement includes various events of default that would permit acceleration of the loan (subject in some cases to grace and cure periods). These include, among others, a Change of Control (as defined in the credit agreement) and failure to maintain certain required balances in debt service and maintenance reserve accounts. The credit agreement includes certain equity cure rights for failure to maintain the Debt Service Coverage Ratio and the minimum amounts required in the debt service and maintenance reserve accounts.

The loan is secured by substantially all the assets of the borrower and a pledge of all of the membership interests of the borrower.

The Company has guaranteed payment of all obligations under the credit agreement and related financing documents. The guaranty is limited in the sense that the Company is only required to pay the guaranteed obligations if a "trigger event" occurs. A trigger event is the occurrence and continuation of a default by Instituto Nacional de Electricidad ("INDE") in its payment obligations under the power purchase agreement for the Amatitlàn power plant or a refusal by INDE to receive capacity and energy sold under that power purchase agreement. Our obligations under the guaranty may be terminated prior to payment in full of the guaranteed obligations under certain circumstances described in the guaranty. If our guaranty is terminated early, the interest rate payable on the loan would increase as described above.

As of September 30, 2015, $41.1 million of this loan is outstanding.

Full-Recourse Third-Party Debt

Union Bank. In February 2012, Ormat Nevada, our wholly owned subsidiary, entered into an amended and restated credit agreement with Union Bank. Under the amended and restated agreement, the credit termination date was extended from February 15, 2012 to February 7, 2014, which was subsequently extended to May 20, 2015, and then June 30, 2016. The aggregate amount available under the credit agreement is $50.0 million. The facility is limited to the issuance, extension, modification or amendment of letters of credit. Union Bank is currently the sole lender and issuing bank under the credit agreement, but is also designated as an administrative agent on behalf of banks that may, from time to time in the future, join the credit agreement as parties thereto. In connection with this transaction, we entered into a guarantee in favor of the administrative agent for the benefit of the banks, pursuant to which we agreed to guarantee Ormat Nevada's obligations under the credit agreement. Ormat Nevada's obligations under the credit agreement are otherwise unsecured.

There are various restrictive covenants under the credit agreement, including a requirement for Ormat Nevada to comply with the following financial ratios, which are measured quarterly: (i) a 12-month debt to EBITDA ratio not to exceed 4.5; (ii) 12-month debt service coverage ratio of not less than 1.35; and (iii) distribution leverage ratio not to exceed 2.0. As of September 30, 2015: (i) the actual 12-month debt to EBITDA ratio was 2.97; (ii) the 12-month debt service coverage ratio was 2.28; and (iii) the distribution leverage ratio was 1.7. In addition, there are restrictions on dividend distributions in the event of a payment default or noncompliance with such ratios, and subject to specified carve-outs and exceptions, a negative pledge on the assets of Ormat Nevada in favor of Union Bank.

As of September 30, 2015, letters of credit in the aggregate amount of $48.2 million remain issued and outstanding under this committed credit agreement with Union Bank.

HSBC. In May 2013, Ormat Nevada, entered into a credit agreement with HSBC Bank USA, N.A for one year with annual renewals, which was subsequently extended to May 31, 2015, and then to June 30, 2016. The aggregate amount available under the credit agreement is $25.0 million. This credit line is limited to the issuance, extension, modification or amendment of letters of credit and $10.0 million out of this credit line is available to be drawn for working capital needs. HSBC is currently the sole lender and issuing bank under the credit agreement, but is also designated as an administrative agent on behalf of banks that may, from time to time in the future, join the credit agreement as parties thereto. In connection with this transaction, we entered into a guarantee in favor of the administrative agent for the benefit of the banks, pursuant to which we agreed to guarantee Ormat Nevada's obligations under the credit agreement. Ormat Nevada's obligations under the credit agreement are otherwise unsecured.

There are various restrictive covenants under the credit agreement, including a requirement to comply with the following financial ratios, which are measured quarterly: (i) a 12-month debt to EBITDA ratio not to exceed 4.5; (ii) 12-month debt service coverage ratio of not less than 1.35; and (iii) distribution leverage ratio not to exceed 2.0. As of September 30, 2015: (i) the actual 12-month debt to EBITDA ratio was 2.97; (ii) the 12-month debt service coverage ratio was 2.28; and (iii) the distribution leverage ratio was 1.7. In addition, there are restrictions on dividend distributions in the event of a payment default or noncompliance with such ratios, and subject to specified carve-outs and exceptions, a negative pledge on the assets of Ormat Nevada in favor of HSBC.

As of September 30, 2015, letters of credit in the aggregate amount of $25.0 million remain issued and outstanding under this committed credit agreement.

Credit Agreements. We also have committed credit agreements with six other commercial banks for an aggregate amount of $462.5 million. Under the terms of these credit agreements, we or our Israeli subsidiary, Ormat Systems, can request (i) extensions of credit in the form of loans and/or the issuance of one or more letters of credit in the amount of up to $237.0 million and (ii) the issuance of one or more letters of credit in the amount of up to $225.5 million. The credit agreements mature at the end of October 2015 and November 2016. Loans and draws under the credit agreements or under any letters of credit will bear interest at the respective bank's cost of funds plus a margin.

As of September 30, 2015, letters of credit with an aggregate stated amount of $312.7 million were issued and outstanding under these credit agreements.

Term Loans. We had a $20.0 million term loan with a group of institutional investors, which matured on July 16, 2015, that was payable in 12 semi-annual installments commencing January 16, 2010, and bore interest at a rate of 6.5%. As of September 30, 2015, this loan was fully repaid.

We have a $20.0 million term loan with a group of institutional investors, which matures on August 1, 2017, that is payable in 12 semi-annual installments commencing February 1, 2012, and bears interest at 6-month LIBOR plus 5.0%. As of September 30, 2015, $6.7 million was outstanding under this loan.

We have a $20.0 million term loan with a group of institutional investors, which matures on November 16, 2016, that is payable in ten semi-annual installments commencing May 16, 2012, and bears interest of 5.75%. As of September 30, 2015, $6.0 million was outstanding under this loan. This term loan was prepaid in full in October 2015, as noted in Footnote 12 of the financial statments.

Senior Unsecured Bonds. We have an aggregate principal amount of approximately $250.0 million of senior unsecured bonds issued and outstanding. We issued approximately $142.0 million aggregate principal amount of these bonds in August 2010 and an additional $107.5 million aggregate principal amount in February 2011. Subject to early redemption, the principal of the bonds is repayable in a single bullet payment upon the final maturity of the bonds on August 1, 2017. The bonds bear interest at a fixed rate of 7.00%, payable semi-annually. The bonds that we issued in February 2011 were issued at a premium which reflects an effective fixed interest of 6.75%.

Loan Agreement with DEG (The Olkaria III Complex). OrPower 4 entered into a project financing loan to refinance its investment in Plant 1 of the Olkaria III complex located in Kenya with a group of European Development Finance Institutions arranged by Deutsche Investitions-und Entwicklungsgesellschaft mbH (DEG). The DEG Loan will mature on December 15, 2018, and is payable in 19 equal semi-annual installments. Interest on the loan is variable based on 6-month LIBOR plus 4.0%. We fixed the interest rate on most of the loan at 6.90%. As of September 30, 2015, $27.6 million is outstanding under the DEG Loan (out of which $21.7 million bears interest at a fixed rate).

In October 2012, OrPower 4, DEG and the other parties thereto amended and restated the DEG Loan Agreement. The amendment became effective on November 9, 2012 upon the execution by OrPower 4 of the Tranche I and Tranche II Notes under the OPIC loan and the related disbursements of the proceeds thereof under the OPIC Finance Agreement (as described above under the heading "Non-Recourse and Limited–Recourse Third-Party Debt"). As part of the amendment we prepaid in full two loans under the DEG facility in the total principal amount of approximately $20.5 million. The amended and restated DEG Loan Agreement provides for (i) the release and discharge of all collateral security previously provided by OrPower 4 to the secured parties under the DEG Loan Agreement and the substitution of the Company's guarantee of OrPower 4's payment and certain other performance obligations in lieu thereof; (ii) the establishment of a LIBOR floor of 1.25% in respect of one of the loans under the DEG Loan Agreement and (iii) the elimination of most of the affirmative and negative covenants under the DEG Loan Agreement and certain other conforming provisions as a result of OrPower 4's execution of the OPIC Finance Agreement and its obligations thereunder.

Our obligations under the credit agreements, the loan agreements, and the trust instrument governing the bonds, described above, are unsecured, but we are subject to a negative pledge in favor of the banks and the other lenders and certain other restrictive covenants. These include, among other things, a prohibition on: (i) creating any floating charge or any permanent pledge, charge or lien over our assets without obtaining the prior written approval of the lender; (ii) guaranteeing the liabilities of any third party without obtaining the prior written approval of the lender; and (iii) selling, assigning, transferring, conveying or disposing of all or substantially all of our assets, or a change of control in our ownership structure. Some of the credit agreements, the term loan agreements, and the trust instrument contain cross-default provisions with respect to other material indebtedness owed by us to any third party. In some cases, we have agreed to maintain certain financial ratios, which are measured quarterly, such as: (i) equity of at least $600.0 million and in no event less than 30% of total assets; (ii) 12-month debt, net of cash, cash equivalents, and short-term bank deposits to Adjusted EBITDA ratio not to exceed 7.0; and (iii) dividend distributions not to exceed 35% of net income in any calendar year. As of September 30, 2015: (i) total equity was $1,061.0 million and the actual equity to total assets ratio was 46.40% and (ii) the 12-month debt, net of cash and cash equivalents, to Adjusted EBITDA ratio was 2.81. During the nine months ended September 30, 2015, we distributed interim dividends in an aggregate amount of $9.8 million. The failure to perform or observe any of the covenants set forth in such agreements, subject to various cure periods, would result in the occurrence of an event of default and would enable the lenders to accelerate all amounts due under each such agreement.

As described above, we are currently in compliance with our covenants with respect to the credit agreements, the loan agreements and the trust instrument, and believe that the restrictive covenants, financial ratios and other terms of any of our (or Ormat Systems') full-recourse bank credit agreements will not materially impact our business plan or operations.

Letters of Credit

Some of our customers require our project subsidiaries to post letters of credit in order to guarantee their respective performance under relevant contracts. We are also required to post letters of credit to secure our obligations under various leases and licenses and may, from time to time, decide to post letters of credit in lieu of cash deposits in reserve accounts under certain financing arrangements. In addition, our subsidiary, Ormat Systems is required from time to time to post performance letters of credit in favor of our customers with respect to orders of products.

As of September 30, 2015, committed letters of credit in the aggregate amount of $390.3 million remained issued and outstanding under the credit agreements with Union Bank, HSBC and five of the commercial banks as described under “Full-Recourse Third Party Debt”.

Puna Power Plant Lease Transactions

In May 2005, Puna Geothermal Venture (PGV), our Hawaiian subsidiary, entered into a transaction involving the original geothermal power plant of the Puna complex located on the Big Island (the Puna Power Plant).

Pursuant to a 31-year head lease (the Head Lease), PGV leased the Puna Power Plant to an unrelated lessor (the Puna lessor) in return for prepaid lease payments in the total amount of $83.0 million. The carrying value of the leased assets as of September 30, 2015 amounted to $31.3 million, net of accumulated depreciation of $29.5 million. The Puna Lessor simultaneously leased back the Puna Power Plant to PGV under a 23-year lease (the Project Lease). PGV’s rent obligations under the Project Lease will be paid solely from revenue generated by the Puna Power Plant under a PPA that PGV has with HELCO. The Head Lease and the Project Lease are non-recourse lease obligations to the Company. PGV’s rights in the geothermal resource and the related PPA have not been leased to the Puna Lessor as part of the Head Lease but are part of the Puna Lessor’s security package.

The transaction was concluded with financing parties by means of a leveraged lease transaction. A secondary stage of the lease transaction relating to two new geothermal wells that PGV drilled in the second half of 2005 (for production and injection) was completed on December 30, 2005. Pursuant to a 31-year head lease, PGV leased its geothermal power plant to the abovementioned financing parties in return for payments of $83.0 million by such financing parties to PGV, which are accounted for as deferred lease income.

There are various restrictive covenants under the lease agreement, including a requirement to have certain reserve funds that need to be managed by the indenture trustee in accordance with certain balance requirements. Such reserve funds amounted to $3.1 million and $2.5 million as of September 30, 2015 and 2014, respectively, and were included in restricted cash accounts in the consolidated balance sheets and were classified as current as they were used for current payments.

OPC Transaction

In June 2007, Ormat Nevada entered into agreements with affiliates of Morgan Stanley & Co. Incorporated and Lehman Brothers Inc. (Morgan Stanley Geothermal LLC and Lehman-OPC LLC, respectively), under which those investors purchased, for cash, interests in a newly formed subsidiary of Ormat Nevada, OPC, entitling the investors to certain tax benefits (such as PTCs and accelerated depreciation) and distributable cash associated with four geothermal power plants in Nevada.

The first closing under the agreements occurred in 2007 and covered our Desert Peak 2, Steamboat Hills, and Galena 2 power plants. The investors paid $71.8 million at the first closing. The second closing under the agreements occurred in 2008 and covered the Galena 3 power plant. The investors paid $63.0 million at the second closing.

Ormat Nevada continues to operate and maintain the power plants. Under the agreements, Ormat Nevada initially received all of the distributable cash flow generated by the power plants, while the investors received substantially all of the PTCs and the taxable income or loss (together, the Economic Benefits). Once Ormat Nevada recovered the capital that it invested in the power plants, which occurred in the fourth quarter of 2010, the investors began receiving both the distributable cash flow and the Economic Benefits. Once the investors reach a target after-tax yield on their investment in OPC (the OPC Flip Date), Ormat Nevada will receive 95% of both distributable cash and taxable income, on a going forward basis. Following the OPC Flip Date, Ormat Nevada also has the option to purchase the investors’ remaining interest in OPC at the then-current fair market value or, if greater, the investors’ capital account balances in OPC. If Ormat Nevada were to exercise this purchase option, it would become the sole owner of the power plants again.

Our voting rights in OPC are based on a capital structure that is comprised of Class A and Class B membership units. Through Ormat Nevada, we own all of the Class A membership units, which represent 75% of the voting rights in OPC, and the investors (as described below) own all of the Class B membership units, which represent 25% of the voting rights of OPC. Other than in respect of customary protective rights, all operational decisions in OPC are decided by the vote of a majority of the membership units. Following the OPC Flip Date, Ormat Nevada's voting rights will increase to 95% and the investor's voting rights will decrease to 5%. Ormat Nevada retains the controlling voting interest in OPC both before and after the OPC Flip Date and therefore consolidates OPC.

The Class B membership units have a 5% residual economic interest in OPC, which commences as of the OPC Flip Date. This residual 5% interest represents a noncontrolling interest and is not subject to mandatory redemption or guaranteed payments. The Class B membership units are currently held by Morgan Stanley Geothermal LLC and JPM. On October 30, 2009, Ormat Nevada acquired from Lehman-OPC LLC all of the Class B membership units of OPC held by Lehman-OPC LLC pursuant to a right of first offer for a purchase price of $18.5 million in cash and on February 3, 2011, Ormat Nevada sold to JPM all of the Class B membership units of OPC that it had acquired for a sale price of $24.9 million in cash.

ORTP Transaction

On January 24, 2013, Ormat Nevada entered into agreements with JPM under which JPM purchased interests in a newly formed subsidiary of Ormat Nevada, ORTP, entitling JPM to certain tax benefits (such as PTCs and accelerated depreciation) associated with certain geothermal power plants in California and Nevada.

Under the terms of the transaction, Ormat Nevada transferred the Heber complex, the Mammoth complex, the Ormesa complex, the Steamboat 2 and 3, Burdette (Galena 1) and Brady power plants to ORTP, and sold class B membership units in ORTP to JPM. In connection with the closing, JPM paid approximately $35.7 million to Ormat Nevada and will make additional payments to Ormat Nevada of 25% of the value of PTCs generated by the portfolio over time. The additional payments are expected to be made until December 31, 2016 and total up to a maximum amount of $11.0 million, of which we received $1.7 million and $2.2 million in the first quarters of 2015 and 2014, respectively.

Ormat Nevada will continue to operate and maintain the power plants. Under the agreements, Ormat Nevada will initially receive all of the distributable cash flow generated by the power plants, while JPM will receive substantially all of the Economic Benefits. JPM’s return is limited by the terms of the transaction. Once JPM reaches a target after-tax yield on its investment in ORTP (the ORTP Flip Date), Ormat Nevada will receive 97.5% of the distributable cash and 95.0% of the taxable income, on a going forward basis. At any time during the twelve-month period after the end of the fiscal year in which the ORTP Flip Date occurs (but no earlier than the expiration of five years following the date that the last of the power plants was placed in service for purposes of federal income taxes), Ormat Nevada also has the option to purchase JPM’s remaining interest in ORTP at the then-current fair market value. If Ormat Nevada were to exercise this purchase option, it would become the sole owner of the power plants again.

The Class B membership units entitle the holder to a 5.0% (allocation of income and loss) and 2.5% (allocation of cash) residual economic interest in ORTP. The 5.0% and 2.5% residual interest commences on achievement by JPM of a contractually stipulated return that triggers the ORTP Flip Date. The actual ORTP Flip Date is not known with certainty. This residual 5.0% and 2.5% interest represents a noncontrolling interest and is not subject to mandatory redemption or guaranteed payments.

Our voting rights in ORTP are based on a capital structure that is comprised of Class A and Class B membership units. Through Ormat Nevada, we own all of the Class A membership units, which represent 75.0% of the voting rights in ORTP. JPM owns all of the Class B membership units, which represent 25.0% of the voting rights of ORTP. Other than in respect of customary protective rights, all operational decisions in ORTP are decided by the vote of a majority of the membership units. Ormat Nevada retains the controlling voting interest in ORTP both before and after the ORTP Flip Date and therefore will continue to consolidate ORTP.

Liquidity Impact of Uncertain Tax Positions

As discussed in Note 11 to our condensed consolidated financial statements set forth in Item 1 of this quarterly report, we have a liability associated with unrecognized tax benefits and related interest and penalties in the amount of approximately $7.1 million as of September 30, 2015. This liability is included in long-term liabilities in our condensed consolidated balance sheet, because we generally do not anticipate that settlement of the liability will require payment of cash within the next twelve months. We are not able to reasonably estimate when we will make any cash payments required to settle this liability.

Dividends

The following are the dividends declared by us since September 30, 2013:

Date Declared	Dividend Amount per Share	Record Date	Payment Date
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
August 5, 2014	$ 0.05	August 19, 2014	August 28, 2014
November 5, 2014	$ 0.05	November 20, 2014	December 4, 2014
February 24, 2015	$ 0.08	March 16, 2015	March 27, 2015
May 6, 2015	$ 0.06	May 19, 2015	May 27, 2015
August 3, 2015	$ 0.06	August 18, 2015	September 2, 2015
November 3, 2015	$ 0.06	November 18, 2015	December 2, 2015

Historical Cash Flows

The following table sets forth the components of our cash flows for the periods indicated:

	Nine Months Ended September 30,	
	2015	2014
	(Dollars in thousands)	
Net cash provided by operating activities	$122,965	$178,770
Net cash used in investing activities	(76,538)	(135,435)
Net cash provided by (used in) financing activities	84,884	(58,238)
Net change in cash and cash equivalents	131,311	(14,903)

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For the Nine Months Ended September 30, 2015

Net cash provided by operating activities for the nine months ended September 30, 2015 was $123.0 million, compared to $178.8 million for the nine months ended September 30, 2014. The net decrease of $55.8 million resulted primarily from (i) an increase in billing in excess of costs and estimated earnings on uncompleted contracts, net of $11.2 million in our Product segment in the nine months ended September 30, 2015, compared to $43.8 million in the nine months ended September 30, 2014, as a result of timing in billing of our customers; (ii) a decrease in accounts payable and accrued expenses, of $22.2 million in the nine months ended September 30, 2015, compared to $10.9 million in the nine months ended September 30, 2014, as a result of timing in payments of our payables; (iii) an increase in receivables, of $2.9 million in the nine months ended September 30, 2015, compared to a decrease of $21.6 million in the nine months ended September 30, 2014, as a result of timing of collection from our customers; and (iv) a decrease in deferred income tax liabilities of $34.6 million in the nine months ended September 30, 2015 due to the deferred tax asset in Kenya, as discussed above, compared to an increase of $13.1 million in the nine months ended September 30, 2014. The decrease was partially offset by the increase in cash inflow due to higher net income of $51.3 million, from $47.9 million for the nine months ended September 30, 2014 to $99.2 million for the nine months ended September 30, 2015 as described above.

Net cash used in investing activities for the nine months ended September 30, 2015 was $76.5 million, compared to $135.4 million for the nine months ended September 30, 2014. The principal factors that affected our net cash used in investing activities during the nine months ended September 30, 2015 were: (i) capital expenditures of $117.6 million, primarily for our facilities under construction, reduced by a net decrease of $22.7 million in restricted cash, and cash equivalents due to timing of debt repayments, and $15.4 million derived from cash of Ormat Industries due to the share exchange. The principal factors that affected our net cash used in investing activities during the nine months ended September 30, 2014 were capital expenditures of $122.6 million, primarily for our facilities under construction and a net increase of $76.4 million in restricted cash, and cash equivalents, due to timing of debt repayments, reduced by cash grant of $27.4 million received from the U.S. Treasury under Section 1603 of the ARRA relating to our Don A. Campbell geothermal power plant and our G1 refurbishment power plant at the Mammoth Complex and (ii) $35.3 million cash received due to the sale of the Heber Solar.

Net cash provided by financing activities for the nine months ended September 30, 2015 was $84.9 million, compared to $58.2 million used in for the nine months ended September 30, 2014. The principal factors that affected the net cash provided by financing activities during the nine months ended September 30, 2015 were: net proceeds from issuance of shares to noncontrolling interest in the amount of $156.8 million, and $42.0 million of proceeds from a term loan for our Amatitlan power plant, reduced by: (i) $30.6 million of cash paid to repurchase our OFC Senior Secured Notes; (ii) the repayment of long-term debt in the amount of $40.5 million; (iii) a net decrease of $20.3 million against our revolving lines of credit with commercial banks; and (iv) $9.8 million cash dividend paid. The principal factors that affected our net cash used in financing activities during the nine months ended September 30, 2014 were: (i) net repayment of $83.9 million under our revolving credit lines with commercial banks; (ii) the repayment of long-term debt in the amount of $80.2 million; (iii) $12.9 million of cash paid to repurchase our OFC Senior Secured Notes; (iv) $7.3 million cash dividend paid; and (v) $9.2 million of cash paid to non-controlling interest, reduced by $140.0 million of proceeds from sale of series C Senior Secured Notes in August 2014 by OFC2 to finance a portion of the construction costs of Phase 2 of the McGinness Hills facility.

EBITDA and Adjusted EBITDA

We calculate EBITDA as net income before interest, taxes, depreciation and amortization. We calculate Adjusted EBITDA as net income before interest, taxes, depreciation and amortization, adjusted for (i) termination fees, (ii) impairment of long-lived assets, (iii) write-off of unsuccessful exploration activities, (iv) any mark-to-market gains or losses from accounting for derivatives, (v) merger and acquisition transaction costs (vi) stock-based compensation, and (vii) gain from extinguishment of liability. EBITDA and Adjusted EBITDA are not measurements of financial performance or liquidity under accounting principles generally accepted in the United States of America, or U.S. 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 U.S. GAAP. EBITDA and Adjusted EBITDA are presented because we believe they are frequently used by securities analysts, investors and other interested parties in the evaluation of a company's ability to service and/or incur debt. However, other companies in our industry may calculate EBITDA and Adjusted EBITDA differently than we do.

Adjusted EBITDA for the three months ended September 30, 2015 was $79.0 million, compared to $69.1 million for the three months ended September 30, 2014. Adjusted EBITDA for the nine months ended September 30, 2015 was $212.2 million, compared to $204.4 million for the nine months ended September 30, 2014.

The following table reconciles net cash provided by operating activities to EBITDA and Adjusted EBITDA for the three and nine-month periods ended September 30, 2015 and 2014:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Net cash provided by operating activities	$10,239	$75,191	$122,965	$178,770
Adjusted for:				
Interest expense, net (excluding amortization of deferred financing costs)	15,244	20,038	47,571	59,366
Interest income	(53)	(35)	(106)	(236)
Income tax provision	(38,211)	6,444	(26,696)	17,731
Minority interest in earnings of subsidiaries	-	-	-	-
Adjustments to reconcile net income to net cash provided by operating activities (excluding depreciation and amortization)	91,326	(32,404)	56,699	(56,062)
EBITDA	78,545	69,234	200,433	199,569
Mark-to-market on derivatives which represent swap contracts on natural gas and oil prices	-	(4,165)	4,129	(4,467)
Stock-based compensation	921	1,502	3,077	4,308
Gain on sale of a subsidiary and property, plant and equipment	-	-	-	(7,628)
Loss from extinguishment of liability	-	-	1,710	-
Share exchange transaction costs	-	-	3,800	-
Write-off of insuccessful exploration activities	185	-	359	8,107
Mark-to-market on derivatives which represent currency forward contracts	(645)	2,537	(1,335)	4,473
Adjusted EBITDA	$79,006	$69,108	$212,173	$204,362
Net cash used in investing activities	$2,895	$(106,423)	$(76,538)	$(135,435)
Net cash used in financing activities	$20,742	$(6,437)	$84,884	$(58,238)

Capital Expenditures

Our capital expenditures primarily relate to two principal components: (i) the enhancement of our existing power plants and (ii) the development and construction of new power plants.

The following is an overview of projects that are fully released for construction:

Olkaria III *Plant Four (Kenya).* We are currently developing phase four of our Olkaria III complex. The additional 24 MW power plant will bring the complex's total capacity to 134 MW. Field development, equipment manufacturing and site construction are all in an advanced stage. We recently signed an amended and restated 20 year PPA with KPLC. Phase four is expected to come on line in the first quarter of 2016.

Sarulla (Indonesia). We are part of a consortium that is currently developing the approximately 330 MW Sarulla project in Tapanuli Utara North Sumatra, Indonesia. The project will be constructed in three phases of approximately 110 MW each, utilizing both steam and brine extracted from the geothermal field to increase the power plant's efficiency. The first phase of operations is expected to commence towards the end of 2016 and the remaining two phases of operations are scheduled to commence within 18 months thereafter. Engineering, procurement and construction are in progress. The infrastructure work has been substantially completed and major equipment, including Ormat's partial OECs and Toshiba's steam turbine have arrived in country. The drilling of production and injection wells is also in progress in all three phases. However, the project company is experiencing delays in drilling and in reaching EPC milestones, as well as cost overruns, mainly in the field development of the second and third phases of the project. The consortium members are currently examining the significance of these cost overruns and their implications for the project's budget as well as for the financing of the project (as described in Footnote 4 of the financial statements). All the scheduled milestones under Ormat's supply agreement were achieved and the manufacturing work is currently progressing as planned.

The Sarulla project will be owned and operated by the consortium members under the framework of a Joint Operating Contract (JOC) and Energy Sales Contract (ESC). Under the JOC, PT Pertamina Geothermal Energy (PGE), the concession holder for the project, has provided the consortium with the right to use the geothermal field, and under the ESC, PT PLN, the state electric utility, will be the off-taker at Sarulla for a period of 30 years.

Heber 1 Power Plant. We are currently in the process of enhancing the Heber complex located in Imperial Valley, California. We drilled two additional wells in 2013 and four old wells were decommissioned. We intend to drill an additional well in 2015 and perform upgrades to surface equipment, following which we expect the capacity of the complex to reach 92MW. In 2013, we entered into a new PPA with SCPPA, which will replace the current Heber 1 PPA upon expiration that is expected at the end of 2015.

Platanares Project (Honduras). We are currently developing the Geotermica Platanares geothermal project in Honduras. We are appraising the well field and we will determine the expected capacity, which we anticipate in the first phase will be approximately 18MW.

The following is an overview of projects that are in an initial stage of construction:

Carson Lake Project. We plan to develop the 20 MW Carson Lake project on Bureau of Land Management (BLM) leases located in Churchill County, Nevada. Permitting documentation for the power plant was completed; however, we are still experiencing delays in the permitting process for the transmission line. We are not planning to invest material capital expenditures in this project in 2015.

CD 4 Project. We plan to develop 30 MW of new capacity at the Mammoth complex, on land which is comprised mainly of BLM leases. We have commenced field development and drilled one production well and one injection well. Continued drilling is subject to receipt of additional permits. As part of the process to secure transmission capacity and interconnection, we are participating in the SCE Wholesale Distribution Access Tariff Transition Cluster Generator Interconnection Process to deliver energy into the Southern California Edison system at the Casa Diablo Substation. We are not planning to invest material capital expenditures in this project in 2015.

We have estimated approximately $72 million in capital expenditures for the Olkaria III plant four that was fully released for construction and for enhancement of our existing power plants, in which we have invested approximately $62 million as of September 30, 2015. We expect to invest approximately $9 million of such total during the remainder of 2015 and the remaining approximately $1.5 million thereafter.

In addition, we estimate approximately $9 million in additional capital expenditures in the remainder of 2015 to be allocated as follows: (i) approximately $1.0 million in development of new projects; (ii) approximately $7 million for maintenance capital expenditures for our operating power plants and (iii) approximately $1 million in exploration activities related to various leases for geothermal resources in which we have started the exploration activity. In the aggregate, we estimate our total capital expenditures for the remainder of 2015 will be approximately $18 million.

Exposure to Market Risks

Based on current conditions, we believe that we have sufficient financial resources to fund our activities and execute our business plans. However, the cost of obtaining financing for our project needs may increase significantly or such financing may be difficult to obtain.

One market risk to which power plants are typically exposed is the volatility of electricity prices. Our exposure to such market risk is currently limited because many of our long-term PPAs (except for the 25 MW PPA for the Puna complex and the PPAs of the Heber 1 and 2 power plants in the Heber complex, the Ormesa complex and the G2 power plant in the Mammoth complex) have fixed or escalating rate provisions that limit our exposure to changes in electricity prices.

Since May 2012, the energy payments under the PPAs of the Heber 1 and 2 power plants in the Heber complex, the Ormesa complex and the G2 power plant in Mammoth complex are determined by reference to the relevant power purchaser's SRAC. A decline in the price of natural gas, which is principal component of electricity production costs in California, will result in a decrease in the cost that the power purchaser avoids by not generating its electrical energy needs, which in turn will reduce the variable energy rate that we may charge under the relevant PPA for these power plants. In March 2014 and May 2015, we entered into derivative transactions to reduce our exposure to the price of natural gas under these PPAs, until March 31, 2015 and December 31, 2015, respectively. The Puna complex is currently benefiting from energy prices which are higher than the floor price under the 25 MW PPA for the Puna complex as a result of the high fuel costs that impact HELCO avoided costs. Likewise, in October 2013, we entered into a derivative transaction to reduce our exposure to the price of oil under the 25 MW PPA of the Puna complex, until December 31, 2014.

As of September 30, 2015, 94.1% of our consolidated long-term debt comprised a fixed rate debt and therefore was not subject to interest rate volatility risk. As of such date, 5.9% of our long-term debt was in the form of a floating rate instrument, exposing us to changes in interest rates in connection therewith. As of September 30, 2015, $56.5 million of our long-term debt remained subject to some floating rate risk.

We currently maintain our surplus cash in short-term, interest-bearing bank deposits, money market securities and commercial paper (with a minimum investment grade rating of AA by Standard & Poor’s Ratings Services (.

Our cash equivalents are subject to market risk due to changes in interest rates. Fixed rate securities may have their market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may fall short of expectation due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates.

Another market risk to which we are exposed is potential adverse changes in foreign currency exchange rates, in particular the fluctuation of the U.S. dollar versus the NIS. Risks attributable to fluctuations in currency exchange rates can arise when we or any of our foreign subsidiaries borrow funds or incur operating or other expenses in one type of currency but receive revenue in another. In such cases, an adverse change in exchange rates can reduce such subsidiary’s ability to meet its debt service obligations, reduce the amount of cash and income we receive from such foreign subsidiary, or increase such subsidiary’s overall expenses. Risks attributable to fluctuations in foreign currency exchange rates can also arise when the currency denomination of a particular contract is not the U.S. dollar. Substantially all of our PPAs in the international markets are either U.S. dollar-denominated or linked to the U.S. dollar. Our construction contracts from time to time contemplate costs which are incurred in local currencies. The way we often mitigate such risk is to receive part of the proceeds from the sale contract in the currency in which the expenses are incurred. Currently, we have forward contracts in place to reduce our foreign currency exposure, and expect to continue to use currency exchange and other derivative instruments to the extent we deem such instruments to be the appropriate tool for managing such exposure. We do not believe that our exchange rate exposure has or will have a material adverse effect on our financial condition, results of operations or cash flows.

We performed a sensitivity analysis on the fair values of our swap contracts on oil prices, put options on natural gas prices, long-term debt obligations, and foreign currency exchange forward contracts. The swap contracts on oil prices, put options on natural gas prices and foreign currency exchange forward contracts listed below principally relate to trading activities. The sensitivity analysis involved increasing and decreasing forward rates at September 30, 2015 and December 31, 2014 by a hypothetical 10% and calculating the resulting change in the fair values.

The results of the sensitivity analysis calculations as of September 30, 2015 and December 31, 2014 are presented below:

Risk	Assuming a 10% Increase in Rates September 30, 2015	Assuming a 10% Increase in Rates December 31, 2014	Assuming a 10% Decrease in Rates September 30, 2015	Assuming a 10% Decrease in Rates December 31, 2014	Change in the Fair Value of
	(Dollars in thousands)				
NGI Price	$(287)	$(685)	$287	$685	NGI Swap
Foreign Currency	(4,294)	(6,720)	1,807	1,809	Foreign currency forward contracts
Interest Rate	(445)	(1,102)	454	1,129	OFC
Interest Rate	(698)	(921)	714	945	OrCal
Interest Rate	(9,538)	(10,155)	10,180	10,861	OFC 2
Interest Rate	(158)	(244)	160	249	Loan from DEG
Interest Rate	(9,399)	(10,211)	9,941	10,825	Loan from OPIC
Interest Rate	(2,111)	(3,336)	2,134	3,389	Senior unsecured bonds
Interest Rate	- [(1)]	-	- [(1)]	-	Amatitlan Loan

[(1)] The application of 10% increase to the interest rate, did not exceed the minimum rate as set in the credit agreement.

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Effect of Inflation

We expect that inflation will not be a significant risk in the near term, given the current global economic conditions, however, that could change in the future. To address rising inflation, some of our contracts include certain mitigating factors against any inflation risk.

In connection with the Electricity segment, inflation may directly impact an expense incurred for the operation of our projects, hence increasing the overall operating cost to us. The negative impact of inflation may be partially offset by price adjustments built into some of our PPAs that could be triggered upon such occurrences. The energy payments pursuant to the PPAs for the Brady power plant, the Steamboat 2 and 3 power plant, the Steamboat Hills power plant, and the Burdette power plant increase every year through the end of the relevant terms of such agreements, though such increases are not directly linked to the CPI or any other inflationary index. Lease payments are generally fixed, while royalty payments are generally determined as a percentage of revenue and therefore are not significantly impacted by inflation. In our Product segment, inflation may directly impact fixed and variable costs incurred in the construction of our power plants, hence increasing our operating costs in that segment. In this segment, it is more likely that we will be able to offset part or all of the inflationary impact through our project pricing. With respect to power plants that we construct for our own electricity production, inflationary pricing may impact our operating costs which may be partially offset in the pricing of the new long-term PPAs that we negotiate.

Concentration of Credit Risk

Our credit risk is currently concentrated with the following major customers: Southern California Edison, HELCO, KPLC and Sierra Pacific Power Company and Nevada Power Company (subsidiaries of NV Energy). If any of these electric utilities fails to make payments under its PPAs with us, such failure would have a material adverse impact on our financial condition.

Sierra Pacific Power Company and Nevada Power Company accounted for 15.3% and 14.7% of our total revenue for the three months ended September 30, 2015 and 2014, respectively and 19.3% and 16.6% for the nine months ended September 30, 2015 and 2014, respectively.

Southern California Edison accounted for 13.4% and 19.9% of our total revenue for the three months ended September 30, 2015 and 2014, respectively and 11.1% and 15.2% for the nine months ended September 30, 2015 and 2014, respectively. Southern California Edison is also the power purchaser and revenue source for our Mammoth project, which we accounted for separately under the equity method of accounting through August 1, 2010.

HELCO accounted for 4.9% and 7.6% of our total revenue for the three months ended September 30, 2015 and 2014, respectively and 5.2% and 8.9% for the nine months ended September 30, 2015 and 2014, respectively.

KPLC accounted for 13.5% and 15.8% of our total revenue for the three months ended September 30, 2015 and 2014, respectively and 15.4% and 15.6% for the nine months ended September 30, 2015 and 2014, respectively.

Government Grants and Tax Benefits

The U.S. government encourages production of electricity from geothermal resources through certain tax subsidies. If we started construction of a new geothermal power plant in the U.S. by December 31, 2013, we are permitted to claim a tax credit against our U.S. federal income taxes equal to 30% of certain eligible costs when the project is placed in service. If we fail to meet the start of construction deadline for such a project, then the 30% credit is reduced to 10%. In lieu of the 30% tax credit (if the project qualifies), we are permitted to claim a tax credit based on the power produced from a geothermal power plant. These production-based credits, which in the first quarter of 2014 were 2.3 cents per kWh, are adjusted annually for inflation and may be claimed for ten years on the electricity produced by the project and sold to third parties after the project is placed in service. The owner of the power plant may not claim both the 30% tax credit and the production-based tax credit. Under current tax rules, any unused tax credit has a one-year carry back and a twenty-year carry forward. If we claim the ITC, our “tax basis” in the plant that we can recover through depreciation must be reduced by half of the ITC. If we claim the PTC, there is no reduction in the tax basis for depreciation. Companies that placed qualifying renewable energy facilities in service during 2009, 2010 or 2011 or that began construction of qualifying renewable energy facilities during 2009, 2010 or 2011 and placed them in service by December 31, 2013, may choose to apply for a cash grant from the U.S. Treasury in an amount equal to the ITC. Likewise, the tax basis for depreciation will be reduced by 50% of the cash grant received. Under the ARRA, the U.S. Treasury is instructed to pay the cash grant within 60 days of the application or the date on which the qualifying facility is placed in service.

On September 11, 2015, Kenya's Income Tax Act was amended pursuant to certain provisions of the recently adopted Finance Act, 2015. Among other matters, these amendments retain the enhanced investment deduction of 150% under Section 17B of the Income Tax Act, extend the period for deduction of tax losses from five years to ten years under Sections 15(4) and 15(5) of the Income Tax Act, and amend the effective date from January 1, 2016 to January 1, 2015 under Sections 15(4) and 15(5) of the Income Tax Act. Previously, we had a valuation allowance for the additional 50% investment deduction reducing our deferred tax asset in Kenya as the utilization of the related tax losses was not probable within the original five year carryforward period. As a result of the change in legislation and the expected continued profitability during the extended carryforward period, we expect that we will be able to fully utilize the carryforward tax losses within the ten year period and as such released the valuation allowance in Kenya resulting in a $49.4 million tax benefit in the three month period ended September 30, 2015.

Ormat Systems received “Benefited Enterprise” status under Israel’s Law for Encouragement of Capital Investments, 1959 (the Investment Law), with respect to two of its investment programs through 2011. In January 2011, new legislation amending the Investment Law was enacted. Under the new legislation, a uniform rate of corporate tax will apply to all qualified income of certain industrial companies, as opposed to the previous law’s incentives that are limited to income from a “Benefited Enterprise” during their benefits period. As a result, we now pay a uniform corporate tax rate of 16% with respect to that qualified income.

ITEM 3. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

We incorporate by reference the information appearing under “Exposure to Market Risks” and “Concentration of Credit Risk” in Part I, Item 2 of this quarterly report on Form 10-Q.

ITEM 4. *CONTROLS AND PROCEDURES*

a. Evaluation of disclosure controls and procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures to ensure that the information required to be disclosed in our filings pursuant to Rule 13a-15 under the Securities and Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and to ensure that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based on that evaluation, as of September 30, 2015, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) were effective.

b. Changes in internal controls over financial reporting

There were no changes in our internal controls over financial reporting in the third quarter of 2015 that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. ***LEGAL PROCEEDINGS***

There were no material developments in any legal proceedings to which the Company is a party during the third quarter of 2015, other than as described below.

Jon Olson and Hilary Wilt, together with Puna Pono Alliance, an unincorporated association, filed suit on February 17, 2015, in the Third Circuit Court for the State of Hawaii, requesting declaratory and injunctive relief requiring that Puna Geothermal Venture ("PGV") conform to an ordinance that the plaintiffs allege will prohibit PGV from engaging in night drilling operations at its KS-16 well site. On May 17, 2015, the original filing was amended by a second amended complaint, adding the county of Hawaii and the State of Hawaii Department of Land and Natural Resources as defendants to the case. PGV believes that the allegations have no merit, and will continue to defend itself vigorously.

On July 8, 2014, Global Community Monitor, LiUNA, and two residents of Bishop, California filed a complaint in the United States District Court for the Eastern District of California, alleging that Mammoth Pacific, L.P., the Company and Ormat Nevada are operating three geothermal generating plants in Mammoth Lakes, California (MP-1, MP-II and PLES-I) in violation of the federal Clean Air Act ("CAA") and Great Basin Unified Air Pollution Control District rules. On June 26, 2015, the United States District Court for the Eastern District of California rejected many of the parties' initial arguments. On October 14, 2015, the court denied the defendants' motion to dismiss the plaintiffs' sole remaining claim. The discovery stage will now commence. The Company believes that the allegations of the lawsuit have no merit, and will continue to defend itself vigorously.

On April 5, 2012, the International Brotherhood of Electrical Workers Local 1260 ("Union") filed a petition with the National Labor Relations Board ("NLRB") seeking to organize the operations and maintenance employees at the Puna Project. PGV lost the union election by a slim margin in May 2012. The election results and PGV's obligation to negotiate with the Union were appealed to the United States Court of Appeals for the Ninth Circuit, but were remanded back to the NLRB after the Supreme Court of the United States' decision in NLRB v. Noel Canning, 573 U.S., 134 S.Ct. 2550 (2014). On November 26, 2014, the NLRB found that a certification of representative should be issued. In January 2015, the parties submitted a briefing to the NLRB as to whether summary judgment is appropriate. On June 26, 2015, the Board rejected PGV's arguments and ordered PGV to recognize the Union. On June 30, 2015, PGV appealed the NLRB decision to the United States Court of Appeals for the DC Circuit.
The NLRB also filed a complaint and requested a hearing on December 8, 2015, to bring unfair labor practice allegations before an administrative law judge even though the charges turn in large part on the disposition of the appeal. The Company believes that there are valid defenses under law.

In January 2014, Ormat learned that two former employees filed a "qui tam" complaint seeking damages, penalties and other relief, alleging that the Company and certain of its subsidiaries (collectively, the "Ormat Parties"), submitted fraudulent applications and certifications to obtain grants for the Puna and North Brawley projects. The United States Department of Justice declined to intervene. . The complaint, which is pending before the United States District Court for the District of Nevada, has entered the discovery stage. On July 7, 2015, the Court issued a protective order stipulating limitations against the relators for the benefit of the Ormat Parties, to ensure the protection of confidentiality for sensitive Ormat Parties' documents. The Ormat Parties believe that the allegations of the lawsuit have no merit, and will continue to defend themselves vigorously.

On August 14, 2015, a former local sales representative in Chile, Aquavant, S.A., filed a preliminary motion with the 18th Civil Court of Santiago, requesting the production of documents relating to the Company's activities in Chile. The motion alleges, based on the theory of unjust enrichment, that the Ormat Parties should pay agency fees to the plaintiffs in connection with the EPC contract entered into with Enel Green Power and/or Empresa Nacional del Petroleo, and/or other activities in Chile. The preliminary motion was denied by the 18th Civil Court. Plaintiffs refiled the motion in substantively similar form before the 11th Civil Court of Appeals in Santiago. The 11th Civil Court granted the motion, and has issued an order for Ormat to produce certain documents. Defendants subsequently filed a motion to dismiss the document production order, which was denied on October 6, 2015. The Ormat Parties believe that they have valid defenses under law.

In addition, from time to time, the Company is named as a party to various other lawsuits, claims and other legal and regulatory proceedings that arise in the ordinary course of our business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract, property damage, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. With respect to such lawsuits, claims and proceedings, the Company accrues reserves when a loss is probable and the amount of such loss can be reasonably estimated. It is the opinion of the Company's management that the outcome of these proceedings, individually and collectively, will not be material to the Company's consolidated financial statements as a whole.

ITEM 1A. ***RISK FACTORS***

A comprehensive discussion of our other risk factors is included in the "Risk Factors" section of our annual report on Form 10-K for the year ended December 31, 2014 filed with the SEC on February 26, 2015.

ITEM 2. ***UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS***

None.

ITEM 3. ***DEFAULTS UPON SENIOR SECURITIES***

None.

ITEM 4. ***MINE SAFETY DISCLOSURES***

Not applicable

ITEM 5. ***OTHER INFORMATION***

Not applicable.

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ITEM 6. EXHIBITS

We hereby file, as exhibits to this quarterly report, those exhibits listed on the Exhibit Index immediately following the signature page hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ORMAT TECHNOLOGIES, INC.

By: /s/ DORON BLACHAR
Name: Doron Blachar
Title: Chief Financial Officer

Date: November 5, 2015

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EXHIBIT INDEX

Exhibit No.	Document
3.1	Second Amended and Restated Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to Ormat Technologies, Inc. Registration Statement on Form S-1 (File No. 333-117527) to the Securities and Exchange Commission on July 20, 2004.
3.2	Fourth Amended and Restated By-laws, incorporated by reference to Exhibit 3.2 to Ormat Technologies, Inc. Current Report on Form 8-K to the Securities and Exchange Commission on January 2, 2013.
3.3	Amended and Restated Limited Liability Company Agreement of OPC LLC dated June 7, 2007, by and among Ormat Nevada Inc., Morgan Stanley Geothermal LLC, and Lehman-OPC LLC, incorporated by reference to Exhibit 3.1 to Ormat Technologies, Inc. Current Report on Form 8-K to the Securities and Exchange Commission on June 13, 2007.
3.4	Limited Liability Company Agreement of ORTP, LLC dated as of January 24, 2013, between Ormat Nevada, Inc., a wholly-owned subsidiary of Ormat Technologies, Inc., and JPM Capital Corporation, incorporated by reference to Exhibit 10.1 to Ormat Technologies, Inc. Current Report on Form 8-K to the Securities and Exchange Commission on January 30, 2013.
3.5	Amended and Restated Limited Liability Company Agreement of ORPD LLC, dated as of April 30, 2015, by and among Ormat Nevada Inc., Northleaf Geothermal Holdings LLC and ORPD Holdings LLC, incorporated by reference to Exhibit 3.5 to Ormat Technologies, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.
4.1	Form of Common Share Stock Certificate, incorporated by reference to Exhibit 4.1 to Ormat Technologies, Inc. Registration Statement on Form S-1 (File No. 333-117527) to the Securities and Exchange Commission on July 20, 2004.
4.2	Form of Preferred Share Stock Certificate, incorporated by reference to Exhibit 4.2 to Ormat Technologies, Inc. Registration Statement on Form S-1 (File No. 333-117527) to the Securities and Exchange Commission on July 20, 2004.
4.3	Form of Rights Agreement by and between Ormat Technologies, Inc. and American Stock Transfer & Trust Company, incorporated by reference to Exhibit 4.3 to Ormat Technologies, Inc. Registration Statement Amendment No. 2 on Form S-1 (File No. 333-117527) to the Securities and Exchange Commission on October 22, 2004.
4.4	Indenture for Senior Debt Securities, dated as of January 16, 2006, between Ormat Technologies, Inc. and Union Bank of California, incorporated by reference to Exhibit 4.2 to Ormat Technologies, Inc. Registration Statement Amendment No. 1 on Form S-3 (File No. 333-131064) to the Securities and Exchange Commission on January 26, 2006.

4.5	Indenture for Subordinated Debt Securities, dated as of January 16, 2006, between Ormat Technologies, Inc. and Union Bank of California, incorporated by reference to Exhibit 4.3 to Ormat Technologies, Inc. Registration Statement Amendment No. 1 on Form S-3 (File No. 333-131064) to the Securities and Exchange Commission on January 26, 2006.
4.6	Deed of Trust, dated as of August 3, 2010, between Ormat Technologies, Inc. and Ziv Haft Trust Company Ltd., as trustee, incorporated by reference to Exhibit 4.1 to Ormat Technologies, Inc. Current Report on Form 8-K to the Securities and Exchange Commission on February 2, 2011.

4.7	Addendum, dated as of January 27, 2011, to the Deed of Trust, dated as of August 3, 2010, between Ormat Technologies, Inc. and Ziv Haft Trust Company Ltd., as trustee, incorporated by reference to Exhibit 4.2 to Ormat Technologies, Inc. Current Report on Form 8-K to the Securities and Exchange Commission on February 2, 2011.
4.8	Form of Bond issued pursuant to the Deed of Trust, dated as of August 3, 2010 (as amended or supplemented), between Ormat Technologies, Inc. and Ziv Haft Trust Company Ltd., as trustee, incorporated by reference to Exhibit 4.3 to Ormat Technologies, Inc. Current Report on Form 8-K to the Securities and Exchange Commission on February 2, 2011.
4.9	Second Addendum, dated as of February 11, 2011, to the Deed of Trust, dated as of August 3, 2010 (as amended or supplemented), between Ormat Technologies, Inc. and Ziv Haft Trust Company Ltd., as trustee, incorporated by reference to Exhibit 4.7 to Ormat Technologies, Inc. Quarterly Report on Form 10-Q to the Securities and Exchange Commission on May 6, 2011.
4.10	Indenture of Trust and Security Agreement, dated September 23, 2011, among OFC 2 LLC, ORNI 15 LLC, ORNI 39 LLC, ORNI 42 LLC, HSS II, LLC, and Wilmington Trust Company, as Trustee and Depository, incorporated by reference to Exhibit 4.8 to Ormat Technologies, Inc. Quarterly Report on Form 10-Q to the Securities and Exchange Commission on November 4, 2011..
4.11	Third Addendum, dated as of December 1, 2011, to a Deed of Trust, dated as of August 3, 2010 as amended on January 31, 2011 (effective as of January 27, 2011) and on February 13, 2011, between Ormat Technologies, Inc. and Mishmeret — Trusts Services Company Ltd. (formerly Ziv Haft Trust Company Ltd.), as trustee, incorporated by reference to Exhibit 4.1 to Ormat Technologies, Inc. Current Report on Form 8-K to the Securities and Exchange Commission on December 1, 2011.
31.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
101.IN*	XBRL Instance Document.
101.SC*	XBRL Taxonomy Extension Schema Document.
101.CA*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DE*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LA*	XBRL Taxonomy Extension Label Linkbase Document.

101.PR*	XBRL Taxonomy Extension Presentation Linkbase Document.