

ORMAT TECHNOLOGIES, INC.
Form 424B2
December 14, 2006

Filed Pursuant to Rule 424(b)(2)
Registration No.:333-131064

PROSPECTUS SUPPLEMENT
(To Prospectus dated January 31, 2006)

2,500,000 Shares

ORMAT TECHNOLOGIES, INC.

Common Stock

We are offering 2,500,000 shares of our common stock.

Our common stock is listed on the New York Stock Exchange under the symbol “ORA”. The last reported sale price of our common stock on the New York Stock Exchange on December 13, 2006 was \$38.82 per share.

Investing in our common stock involves risk. See “Risk Factors” on page S-4 of this prospectus supplement.

	Per Share	Total
Public offering Price	\$ 37.50	\$93,750,000
Underwriting discounts and commissions	\$ 0.43	\$ 1,075,000
Proceeds to us (before expenses)	\$ 37.07	\$92,675,000

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Lehman Brothers expects to deliver the common stock on or about December 19, 2006.

LEHMAN BROTHERS

December 14, 2006

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

Page

<u>About This Prospectus Supplement and the Accompanying Prospectus</u>	ii
<u>Summary</u>	S-1
<u>Risk Factors</u>	S-4
<u>Note Regarding Forward-Looking Statements</u>	S-5
<u>Use of Proceeds</u>	S-7
<u>Dividend Policy</u>	S-7
<u>Capitalization</u>	S-8
<u>Common Stock Price Range and Dividends</u>	S-9
<u>Description of Common Stock</u>	S-9
<u>United States Federal Tax Consequences to Non-U.S. Holders</u>	S-10
<u>Underwriting</u>	S-13
<u>Experts</u>	S-17
<u>Validity of Common Stock</u>	S-17
<u>Where You Can Find More Information</u>	S-17

PROSPECTUS

<u>About This Prospectus</u>	2
<u>Note Regarding Forward-Looking Statements</u>	3
<u>Where You Can Find More Information</u>	4
<u>Ormat Technologies, Inc.</u>	5
<u>Ratios of Earnings to Fixed Charges</u>	5
<u>Use of Proceeds</u>	6
<u>Risk Factors</u>	6
<u>Description of Debt Securities We May Offer</u>	7
<u>Description of Common Stock We May Offer</u>	21
<u>Description of Warrants We May Offer</u>	26
<u>Description of Units We May Offer</u>	29
<u>Plan of Distribution</u>	30
<u>Validity of Securities</u>	32
<u>Experts</u>	32

i

ABOUT THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of common stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information, some of which does not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus together with the additional information about us described in the section entitled “Where You Can Find More Information.”

If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriter has not, authorized any other person to provide you with information that is different. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to sell, and seeking offers to buy, these shares of our common stock only in jurisdictions where such offers and sales are permitted. The information contained in or incorporated by reference in this document is accurate only as of the date of this prospectus supplement, regardless of the time of delivery of this prospectus supplement or of any sale of shares of our common stock.

Unless we have indicated otherwise, or the context otherwise requires, references in this prospectus supplement and the accompanying prospectus to “Ormat”, “the Company”, “we”, “us”, “our Company” or “our” refer to Ormat Technologies and its consolidated subsidiaries, except where it is clear that such terms refer to Ormat Technologies, Inc. only. “Ormat Industries” refers to Ormat Industries, Ltd., the parent company of Ormat Technologies, Inc.

ii

SUMMARY

This summary highlights information contained elsewhere, or incorporated by reference, in this prospectus supplement and the accompanying prospectus. As a result, it does not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein, which are described under “Where You Can Find More Information” below in this prospectus supplement.

Our Business

We are a leading vertically integrated company engaged in the geothermal and recovered energy power business. We design, develop, build, own and operate clean, environmentally friendly geothermal and recovered energy-based power plants, in each case using equipment that we design and manufacture. We conduct our business activities in two business segments. In our Electricity Segment, we develop, build, own and operate geothermal and recovered energy-based power plants in the United States and geothermal power plants in other countries around the world and sell the electricity they generate. In our Products Segment, we design, manufacture and sell equipment for geothermal and recovered energy-based electricity generation, remote power units and other power generating units and provide services relating to the engineering, procurement, construction, operation and maintenance of geothermal and recovered energy power plants.

Most of the projects that we currently own or operate produce electricity from geothermal energy sources. Geothermal energy is a clean, renewable and generally sustainable form of energy derived from the natural heat of the earth. Unlike electricity produced by burning fossil fuels, electricity produced from geothermal energy sources is produced without emissions of certain pollutants such as nitrogen oxide, and with far lower emissions of other pollutants such as carbon dioxide. Therefore, electricity produced from geothermal energy sources contributes significantly less to local and regional incidences of acid rain, and global warming than energy produced by burning fossil fuels. Geothermal energy is also an attractive alternative to other sources of energy as part of a national diversification strategy to avoid dependence on any one energy source or politically sensitive supply sources.

In addition to our geothermal energy business, we have developed and continue to develop products that produce electricity from recovered energy or so-called “waste heat”. We also own and are also constructing new recovered energy projects to be owned and operated by us. Recovered energy or waste heat represents residual heat that is generated as a by-product of gas turbine-driven compressor stations and in a variety of industrial processes, such as cement manufacturing, and is not otherwise used for any purpose. Such residual heat, that would otherwise be wasted, is captured in the recovery process and is used by recovered energy power plants to generate electricity without burning additional fuel and without emissions.

Recent Developments

LNG

A European customer approved the supply and installation of a Recovered Energy Generation unit, which is being specially adapted to use the heat of the vaporization process of a Liquefied Natural Gas (LNG) regasification terminal. An order in the amount of \$11.5 million is expected by the end of the year or the first quarter of 2007.

Project Delays

The Company now expects that it may experience some delays in connection with certain of its projects under construction or enhancement. These projects include the Amatitlan project which the Company now expects may not be completed until early 2007 and the Desert Peak 2 project which the Company now expects may not reach commercial operations until the second quarter of 2007.

S-1

Option Grants

The Company has determined that its 2006 Proxy Statements contained an erroneous statement to the effect that each of the Company’s non-executive directors receives, on appointment, and thereafter annually, grants of options to purchase 7,500 shares of the common stock of the Company “at the price equal to the stock’s NYSE closing price on the date of the grant”.

The Company’s 2004 Incentive Compensation Plan actually provides that options are to be granted thereunder at an exercise price “not less than the fair market value per share of Common Stock at the time the award is granted”, and the Company has on two occasions in fact made grants of options to non-executive directors at an exercise price equal to the stock’s NYSE closing price on the day preceding the date of the grant. In these two instances the Company made such option grants on the same day that it issued its quarterly financial information for the third quarter, and the exercise price of the options so granted differed from the NYSE closing price on the date of the grant.

The first instance occurred on November 9, 2005 when options to purchase a total of 25,000 shares were granted to non-executive directors at an exercise price of \$20.10 per share (the closing price on November 8, 2005) rather than \$20.90 per share (the closing price on November 9). The second instance occurred on November 7, 2006 when options to purchase a total of 30,000 shares were granted to non-executive directors at an exercise price of \$37.90 per share (the closing price on November 6, 2006) rather than \$37.36 per share (the closing price on November 7).

For these two instances, the difference in aggregate intrinsic value of these grants between the day preceding the date of grant and the closing price on the date of grant was \$3,800.

The total amounts involved in these two instances are not material to the Company and have no material impact on the Company's financial statements. Following determination of this inadvertent error the Company is voluntarily revising its stock grant practices and disclosure procedures to ensure appropriate grant date, exercise price determination and disclosure in the future.

Our Executive Office

Our principal executive office is located at 6225 Neil Road, Suite 300, Reno, Nevada 89511. Our telephone number is (775) 356-9029.

S-2

The Offering

Issuer	Ormat Technologies, Inc.
Common stock offered	2,500,000 shares.
Common stock to be outstanding after the offering	38,101,308 shares. ¹
Use of proceeds	We expect to use the aggregate net proceeds from this offering for our general corporate purposes and those of our consolidated subsidiaries, which may include construction of geothermal and recovered energy generation power plants and other investments, and financing possible acquisitions. We have no present understanding or agreement relating to any specific acquisition. Accordingly, management will have significant flexibility in applying the net proceeds of the offering. See "Use of Proceeds."
Trading symbol	Our common stock is listed on the New York Stock Exchange under the symbol "ORA".
Current indicated quarterly dividend	\$0.04 per share. See "Common Stock Price Range and Dividends" below for information about historical dividends paid per share of common stock. For information about our dividend policy. See "Dividend Policy" below.
Risk Factors	Your investment in our common stock will involve risks. You should carefully consider the information referred to in the section entitled "Risk Factors" and the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, including information under the heading "Note Regarding Forward-Looking Statements", before deciding whether to

purchase our common stock.

¹Except as otherwise indicated, all common stock information in this prospectus supplement is based on the number of shares of common stock outstanding on December 13, 2006, and excludes (a) 539,288 shares issuable upon the exercise of stock options that are outstanding as of the date hereof at a weighted exercise price of \$27.02 per share and (b) 696,900 shares of our common stock reserved for future issuance under our 2004 Incentive Compensation Plan.

S-3

RISK FACTORS

An investment in our securities involves a high degree of risk. You should carefully consider the risk factors set forth in our most recently filed Annual Report on Form 10-K and any material changes to those risk factors set forth in our Quarterly Reports on Form 10-Q. You should also refer to the other information in this prospectus, including our financial statements and the related notes incorporated by reference into this prospectus. Additional risks and uncertainties that are not yet identified may also materially harm our business, operating results and financial condition and could result in a complete loss of your investment.

Risks Related to Our Common Stock

Our controlling stockholders may take actions that conflict with your interests.

As of December 13, 2006, our parent, Ormat Industries holds approximately 68.5% of our common stock. Bronicki Investments Ltd. holds approximately 28.3% of outstanding shares of common stock of Ormat Industries Ltd. as of December 10, 2006 (27.5% on a fully diluted basis). Bronicki Investments Ltd. is a privately held Israeli company and is controlled by Lucien and Dita Bronicki. Because of these holdings, our parent company will be able to exercise control over all matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation and approval of significant corporate transactions, and they will have significant control over our management and policies. The directors elected by these stockholders will be able to significantly influence decisions affecting our capital structure. This control may have the effect of delaying or preventing changes in control or changes in management, or limiting the ability of our other stockholders to approve transactions that they may deem to be in their best interest. For example, our controlling stockholders will be able to control the sale or other disposition of our products business to another entity or the transfer of such business outside of the State of Israel; as such action requires the affirmative vote of at least 75% of our outstanding shares.

The price of our common stock may fluctuate substantially and your investment may decline in value.

The market price of our common stock is likely to be highly volatile and may fluctuate substantially due to many factors, including:

- actual or anticipated fluctuations in our results of operations including as a result of seasonal variations in our electricity-based revenues;
- variance in our financial performance from the expectations of market analysts;
- conditions and trends in the end markets we serve and changes in the estimation of the size and growth rate of these markets;

- announcements of significant contracts by us or our competitors;
- changes in our pricing policies or the pricing policies of our competitors;
- loss of one or more of our significant customers;
- legislation;
- changes in market valuation or earnings of our competitors;
- the trading volume of our common stock; and
- general economic conditions.

In addition, the stock market in general, and the New York Stock Exchange and the market for energy companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of particular companies affected. These broad market and industry factors may materially harm the market price of our common stock, regardless of our operating performance. In the past, following periods of volatility in

S-4

the market price of a company's securities, securities class-action litigation has often been instituted against that company. Such litigation, if instituted against us, could result in substantial costs and a diversion of management's attention and resources, which could materially harm our business, financial condition, future results and cash flow.

Future sales of common stock by some of our existing stockholders could cause our stock price to decline.

As of the date of this prospectus supplement, our parent, Ormat Industries, holds approximately 68.5% of our outstanding common stock and some of our directors, officers and employees also hold shares of our outstanding common stock. Sales of such shares in the public market, as well as shares we may issue upon exercise of outstanding options, could cause the market price of our common stock to decline. On November 10, 2004, we entered into a registration rights agreement with Ormat Industries whereby Ormat Industries may require us to register our common stock held by it or its directors, officers and employees with the Securities and Exchange Commission or to include our common stock held by it or its directors, officers and employees in an offering and sale by us.

Provisions in our charter documents and Delaware law may delay or prevent acquisition of us, which could adversely affect the value of our common stock.

Our restated certificate of incorporation and our bylaws contain provisions that could make it harder for a third party to acquire us without the consent of our Board of Directors. These provisions do not permit actions by our stockholders by written consent. In addition, these provisions include procedural requirements relating to stockholder meetings and stockholder proposals that could make stockholder actions more difficult. Our Board of Directors is classified into three classes of directors serving staggered, three-year terms and may be removed only for cause. Any vacancy on the Board of Directors may be filled only by the vote of the majority of directors then in office. Our Board of Directors has the right to issue preferred stock without stockholder approval, which could be used to institute a "poison pill" that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our Board of Directors. Delaware law also imposes some restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock. Although we believe these provisions provide for an opportunity to receive a higher bid by requiring potential acquirers to negotiate with our Board of Directors, these provisions apply even if the offer may be considered beneficial by some stockholders.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference to this prospectus supplement and prospectus may contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements are statements other than historical information or statements of current condition and are based upon our current expectations and projections about future events. When used in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference to this prospectus supplement and prospectus, the words “believe”, “anticipate”, “intend”, “estimate”, “expect”, “will”, “should”, similar expressions, or the negative of such words and expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words or expressions. These forward-looking statements generally relate to our plans, objectives and expectations for future operations and are based upon management’s current estimates and projections of future results or trends. Although we believe that our plans and objectives reflected in or suggested by these forward-looking statements are reasonable, we may not achieve these plans or objectives. You should read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference to this prospectus supplement and prospectus completely and with the understanding that actual future results may be materially different from what we expect. We will not update forward-looking statements even though our situation may change in the future.

S-5

Specific factors that might cause actual results to differ from our expectations or may affect the value of our common stock include, but are not limited to:

- significant considerations, uncertainties and risks discussed in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference to this prospectus supplement and prospectus;
- operating risks, including equipment failures and the amounts and timing of revenues and expenses;
- geothermal resource risk (such as the heat content of the reservoir, useful life and geological formation);
- environmental constraints on operations and environmental liabilities arising out of past or present operations, including the risk that we may not have, and in the future may be unable to procure, any necessary permits or other environmental authorization;
- construction or other project delays or cancellations;
- financial market conditions and the results of financing efforts;
- political, legal, regulatory, governmental, administrative and economic conditions and developments in the United States and other countries in which we operate;
- the enforceability of the long-term power purchase agreements for our projects;
- contract counterparty risk;
- weather and other natural phenomena;
- the impact of recent and future federal, state and local regulatory proceedings and changes, including legislative and regulatory initiatives regarding deregulation and restructuring of the electric utility industry and incentives for the production of renewable energy in the United States and elsewhere, changes in environmental and other laws and regulations to which our

Company is subject, as well as changes in the application of existing laws and regulations;

- current and future litigation;
- our ability to successfully identify, integrate and complete acquisitions;
- competition from other similar geothermal energy projects, including any such new geothermal energy projects developed in the future, and from alternative electricity producing technologies;
- the effect of and changes in economic conditions in the areas in which we operate;
- market or business conditions and fluctuations in demand for energy or capacity in the markets in which we operate;
- the direct or indirect impact on our company's business resulting from terrorist incidents or responses to such incidents, including the effect on the availability of and premiums on insurance; and
- the effect of and changes in current and future land use and zoning regulations, residential, commercial and industrial development and urbanization in the areas in which we operate.

S-6

USE OF PROCEEDS

We estimate that the net proceeds we will receive from this offering, based on an offering price of \$37.50 per share, will be approximately \$92.5 million, after deducting the underwriting discounts and commissions and estimated expenses of this offering payable by us. We expect to use the aggregate net proceeds from this offering for our general corporate purposes and those of our consolidated subsidiaries, which may include construction of geothermal and recovered energy generation power plants and other investments, and financing possible acquisitions.

DIVIDEND POLICY

We have adopted a dividend policy pursuant to which we expect to distribute at least 20% of our annual profits available for distribution by way of quarterly dividends. In determining whether there are profits available for distribution, our board of directors will take into account our business plan and current and expected obligations, and no distribution will be made that in the judgment of our board of directors would prevent us from meeting such business plan or obligations.

Notwithstanding this policy, dividends will be paid only when, as and if approved by our board of directors out of funds legally available therefor. The actual amount and timing of dividend payments will depend upon our financial condition, results of operations, business prospects and such other matters as the board may deem relevant from time to time. Even if profits are available for the payment of dividends, the board of directors could determine that such profits should be retained for an extended period of time, used for working capital purposes, expansion or acquisition of businesses or any other appropriate purpose. As a holding company, we are dependent upon the earnings and cash flow of our subsidiaries in order to fund any dividend distributions, and, as a result, we may not be able to pay dividends in accordance with our policy. Our board of directors may, from time to time, examine our dividend policy and may, in its absolute discretion, change such policy.

S-7

CAPITALIZATION

The following table summarizes our capitalization as of September 30, 2006:

- on a historical basis; and
- Pro forma to give effect to the completion of this offering, including the application of the estimated net proceeds to us from this offering, which we estimate will be \$92.5 million after deducting underwriter discounts and estimated offering expenses based on the offering price of \$37.50 per share.

You should read the following table in conjunction with ‘Management’s Discussion and Analysis of Financial Condition and Results of Operations’, ‘Description of Common Stock’ and our consolidated financial statements and related notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of September 30, 2006	
	Actual (unaudited)	Pro Forma (unaudited)
	(in thousands)	
Cash and cash equivalents	\$ 19,856	\$ 112,311
Debt:		
Parent company loans	155,200	155,200
Long-term debt		
Limited and non-recourse	372,039	372,039
Full recourse	2,000	2,000
Total debt	529,239	529,239
Shareholders’ equity:		
Common stock, \$0.001 par value; 200,000,000 shares authorized, 35,587,496 shares issued and outstanding, historical; 200,000,000 shares authorized and 38,087,496 issued and outstanding, pro forma	35	38
Additional paid-in capital	260,080	352,532
Retained Earnings	82,256	82,256
Accumulated other comprehensive income	2,359	2,359
Total shareholders’ equity	344,730	437,185
Total capitalization	\$ 873,969	\$ 966,424

The discussion and tables above exclude (i) 539,288 shares of our common stock issuable upon the exercise of stock options that are outstanding as of December 13, 2005, (ii) 13,812 shares of our common stock issued upon exercise of options subsequent to September 30, 2006, and (iii) 696,900 shares of our common stock reserved for future issuance under our 2004 Incentive Compensation Plan.

COMMON STOCK PRICE RANGE AND DIVIDENDS

Our common stock began publicly trading on November 12, 2004 on the New York Stock Exchange under the symbol ‘‘ORA’’. The following table sets forth, for the periods indicated, the high and low sales prices per share of our common stock as reported in composite New York Stock Exchange trading, and the dividends declared per share of our common stock.

	Price Range of Common Shares		Cash Dividend Per Share
	High	Low	
2004			
Fourth Quarter (beginning November 12, 2004)	\$ 18.70	\$ 15.20	\$ 0.1025
2005			
First Quarter	\$ 16.50	\$ 14.50	\$ 0.0300
Second Quarter	\$ 19.20	\$ 13.88	\$ 0.0300
Third Quarter	\$ 24.10	\$ 18.25	\$ 0.0300
Fourth Quarter	\$ 29.10	\$ 18.80	\$ 0.0300
2006			
First Quarter	\$ 43.94	\$ 26.34	\$ 0.0300 ⁽¹⁾
Second Quarter	\$ 40.54	\$ 31.64	\$ 0.0400
Third Quarter	\$ 38.59	\$ 31.75	\$ 0.0400
Fourth Quarter ⁽²⁾	\$ 40.25	\$ 32.15	\$ 0.0400

⁽¹⁾Dividend declared on March 7, 2006 and paid on April 4, 2006.

⁽²⁾As of December 13, 2006.

The reported last sale price of our common stock on the New York Stock Exchange on December 13, 2006 was \$38.82 per share. On December 12, 2006, there were 35,601,308 shares of our common stock outstanding held by approximately 8 record holders, not including beneficial owners of shares registered in nominee or street name.

DESCRIPTION OF COMMON STOCK

Please read the information discussed under the heading ‘‘Description of Common Stock We May Offer’’ beginning on page 21 of the accompanying prospectus dated January 31, 2006. On December 12, 2006, approximately 35,601,308 shares of our common stock were outstanding, of which 24,374,996 were owned by our parent company, Ormat Industries Ltd.

Upon completion of the sale under this prospectus supplement, 38,101,308 shares of our common stock will be outstanding, based on the approximate number of shares of common stock issued and outstanding as of December 12, 2006.

UNITED STATES FEDERAL TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following description sets forth the material United States federal income and estate tax consequences that may be relevant to Non-U.S. Holders, as defined below, with respect to the acquisition, ownership and disposition of our common stock. This description addresses only the United States federal income and estate tax considerations of holders that are initial purchasers of our common stock pursuant to this Offering and that will hold our common stock as capital assets. This description does not address tax considerations applicable to holders that are U.S. persons or that may be subject to special tax rules, including:

- financial institutions or insurance companies;
- real estate investment trusts, regulated investment companies or grantor trusts;
- dealers or traders in securities or currencies;
- tax-exempt entities;
- persons that received our stock as compensation for the performance of services;
- persons that will hold our stock as part of a “hedging” or “conversion” transaction or as a position in a “straddle” for United States federal income tax purposes;
- persons that have a “functional currency” other than the U.S. dollar;
- holders that own or are deemed to own 10% or more, by voting power or value, of our stock;
- certain former citizens or long-term residents of the United States; or
- certain persons who receive common stock or compensation for the performance of services rendered.

Moreover, except as set forth below, this description does not address the United States federal gift or alternative minimum tax consequences of the acquisition, ownership and disposition of our common stock.

This description is based on the Internal Revenue Code of 1986, as amended, which we refer to as the Code, existing, proposed and temporary United States Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date hereof. All