

CONSENT SOLICITATION STATEMENT

Salton Sea Funding Corporation

Solicitation of Consents in Respect of All

\$9.63 Million Current Outstanding Principal Amount of 7.84% Series C Senior Secured Bonds due 2010
(CUSIP No.: 795770AF3)

\$24.82 Million Current Outstanding Principal Amount of 8.30% Series E Senior Secured Bonds due 2011
(CUSIP No.: 795770AK2)

\$130.02 Million Current Outstanding Principal Amount of 7.475% Series F Senior Secured Bonds due 2018
(CUSIP No.: 795770AN6)

Record Date: 5:00 p.m., New York City time, on December 1, 2009

THE CONSENT SOLICITATION WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON DECEMBER 16, 2009, UNLESS TERMINATED OR EXTENDED BY THE COMPANY IN ITS SOLE DISCRETION.

- Salton Sea Funding Corporation (the “Company”) is soliciting consents from the holders of our 7.84% Series C Senior Secured Bonds due 2010 (the “Series C Bonds”), 8.30% Series E Senior Secured Bonds due 2011 (the “Series E Bonds”) and 7.475% Series F Senior Secured Bonds due 2018 (the “Series F Bonds”) and together with the Series C Bonds and Series E Bonds, the “Bonds”) to permit the Company to consent under certain credit agreements to the change in form of organization of certain of the guarantors of the Bonds (the “Guarantors”). We are soliciting consents to convert the form of organization of five of the Guarantors from California limited partnerships to California corporations, to convert the form of organization of one of the Guarantors from a Delaware limited liability company to a Delaware corporation, and to convert the form of organization of one of the Guarantors from a Nevada general partnership to a Nevada corporation (collectively, the “Conversions”). The Conversions are being effected for the purpose of optimizing the organizational structure of the Company, the Guarantors and their affiliates under existing federal and state tax laws and regulations. For a discussion of the proposed Conversions, see “Background of the Consent Solicitation” beginning on page 7.
- As part of the consent solicitation, the Company will make a cash payment (the “Consent Payment”) of \$2.50 per \$1,000 in principal amount of Bonds to each holder who has delivered a duly executed consent prior to the expiration date and who has not revoked such consent in accordance with the procedures described in this consent solicitation statement. The Company’s obligation to make the Consent Payment is contingent upon receipt of the Required Consent (as defined below). The Consent Payment will be paid on the first business day following the effective date of the Conversions.
- The completion of this consent solicitation is conditioned upon, among other things, the receipt of valid consents by not less than 51% of the aggregate current principal amount of the outstanding Bonds (the “Required Consent”).

For further information relating to the terms of the consent solicitation, please telephone us at the telephone number set forth on the back cover of this consent solicitation statement. For additional copies of the consent solicitation statement or a letter of consent, please telephone the information agent at the telephone number set forth on the back cover of this consent solicitation statement.

The tabulation agent, information agent and paying agent for this consent solicitation is:

**MACKENZIE
PARTNERS, INC.**

The date of this consent solicitation statement is December 2, 2009.

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ABOUT THIS CONSENT SOLICITATION STATEMENT

In this consent solicitation statement, “you,” “holder” and “registered holder” refer to:

- each registered holder of our Series C Bonds, Series E Bonds and Series F Bonds, as applicable, as of 5:00 p.m. New York City time on December 1, 2009, the record date for the consent solicitation; or
- any other person who has been authorized to grant a consent for the applicable Bonds on behalf of the registered holder.

For purposes of this consent solicitation statement, the term registered holder shall be deemed to include The Depository Trust Company (“DTC”) participants listed as of the record date on the DTC securities position listing.

AVAILABLE INFORMATION

On August 12, 2005, we and the Guarantors made filings with the Securities and Exchange Commission (the “SEC”), which suspended our and their obligation to file reports with the SEC under the Securities Exchange Act of 1934, as amended, or the Exchange Act, because there are fewer than 300 holders of record of the Bonds. Holders are encouraged to read our annual financial statements for the fiscal year ended December 31, 2008 and our quarterly financial statements for the fiscal quarter ended September 30, 2009, including the accompanying narrative discussions of such financial statements, which have been separately provided to the holders pursuant to the Indenture’s reporting covenants. Our historical financial statements and other reports are also available on our website at <http://www.calenergy.com/aboutus5.aspx>. By consenting, the consenting party expressly acknowledges and agrees that it has been afforded meaningful opportunity to review all additional information, including our financial statements, considered by the consenting party to be necessary to decide whether to grant its consent.

Any statement contained herein or in a document made available by us will be deemed to be modified or superseded for purposes of this consent solicitation statement to the extent that a statement contained in any document we subsequently provide or make available modifies or supersedes the previous statement. Any such statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this consent solicitation statement.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

From time to time, we and the Guarantors have made and may make forward-looking statements that involve judgments, assumptions and other uncertainties beyond our and their control. This consent solicitation statement and the available information described above contain forward-looking statements. These forward-looking statements may include, among others, statements concerning revenue and cost trends, cost recovery, cost reduction strategies, and anticipated outcomes, pricing strategies, changes in the utility and power generation industry, planned capital expenditures, financing needs and availability, statements of our or the Guarantors' expectations, beliefs, future plans and strategies, anticipated events or trends and similar comments concerning matters that are not historical facts. These types of forward-looking statements are based on current expectations and involve a number of known and unknown risks and uncertainties that could cause the actual results and performance to differ materially from any expected future results or performance, expressed or implied, by the forward-looking statements. We and the Guarantors have identified important factors that could cause actual results to differ materially from those expectations, including the impact of natural disasters and weather effects on revenues and other operating uncertainties, uncertainties relating to economic and political conditions and uncertainties regarding the impact of regulations, including rules and regulations related to environmental protection, changes in government policy and competition. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements included in this consent solicitation statement or the available information described above. Neither we nor the Guarantors undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document or the available information described above might not occur.

SUMMARY

The following summary is qualified in its entirety by the more detailed information appearing elsewhere in this consent solicitation statement or in documents made available by us. Capitalized terms used but not defined herein have the meanings assigned to them in the Indenture. Holders are urged to read this consent solicitation statement, the related letter of transmittal and the documents made available by us in their entirety.

Salton Sea Funding Corporation

We are an indirect, wholly owned subsidiary of CE Generation, LLC, a limited liability company, the membership interests of which are owned equally by MidAmerican Energy Holdings Company and TransAlta (CE GEN) Investments USA, Inc.

Our principal executive offices are located at 1111 South 103rd Street, Omaha, Nebraska 68124 and our telephone number there is (402) 398-7200.

The Solicitation

Bonds For Which We Are Soliciting
Consent All of our outstanding Series C Bonds, Series E Bonds and Series F Bonds.

Bonds	Original Principal Amount	Amount Currently Outstanding
Series C Senior Secured Bonds due 2010	\$ 109,250,000	\$ 9,630,000
Series E Senior Secured Bonds due 2011	\$ 65,000,000	\$ 24,822,000
Series F Senior Secured Bonds due 2018	\$ 285,000,000	\$ 130,022,924

Proposed Conversions We propose to convert the form of organization of each of the following Guarantors from a California limited partnership to a California corporation:

- Del Ranch, L.P.;
- Elmore, L.P.;
- Leathers, L.P.;
- Salton Sea Brine Processing, L.P.; and
- Salton Sea Power Generation L.P.;

to convert the form of organization of the following Guarantor from a Delaware limited liability company to a Delaware corporation:

- Salton Sea Royalty, LLC;

and to convert the form of organization of the following Guarantor from a Nevada general partnership to a Nevada corporation:

- Vulcan/BN Geothermal Power Company

(collectively, the “Specified Guarantors”).

Salton Sea Brine Processing, L.P. and Salton Sea Power Generation L.P. (the “Salton Sea Guarantors”) are parties to an Amended and Restated Credit Agreement, dated October 13, 1998, with the Company pursuant to which the Salton Sea Guarantors may not change their form of organization without the

consent of the Company.

Del Ranch, L.P., Elmore, L.P., Leathers, L.P. and Vulcan/BN Geothermal Power Company (the "Partnership Guarantors") are parties to a Second Amended and Restated Credit Agreement, dated October 13, 1998, with the Company pursuant to which the Partnership Guarantors may not change their form of organization without the consent of the Company.

Salton Sea Royalty, LLC is party to a Credit Agreement, dated July 21, 1995, with the Company pursuant to which Salton Sea Royalty, LLC may not change its form of organization without the consent of the Company.

Section 8.3 of the Indenture governing the Bonds provides that the Company may not provide a consent under the above credit agreements without the consent of the holders of at least 51% of the aggregate principal amount of the outstanding Bonds.

Required Consent.....	The tabulation agent must receive completed and executed, and not revoked, letters of consent in respect of not less than 51% in aggregate current principal amount of the outstanding Bonds . It is not necessary to receive consents in respect of not less than 51% in current principal amount of each individual series of the outstanding Series C Bonds, Series E Bonds and Series F Bonds but only with respect to all series of Bonds collectively. Upon satisfaction of such condition, we will file a certificate of conversion or similar documents with respect to each of the Specified Guarantors with the Secretary of State of the State of California, the Secretary of State of the State of Delaware or the Secretary of State of the State of Nevada, as applicable, to effect the conversion of the form of organization of each such Specified Guarantor to a corporation.
Consent Payment	For each \$1,000 in principal amount of Bonds outstanding as of the Record Date, a cash payment equal to \$2.50. No accrued interest will be paid on the Consent Payment.
Record Date	5:00 p.m., New York City time, on December 1, 2009.
Effective Time	Consents tendered and not revoked will become irrevocable when (1) the tabulation agent on or prior to the expiration date receives properly completed and executed, and not revoked, letters of consent in respect to not less than 51% in aggregate current principal amount of the Bonds that are outstanding and (2) we file the certificate of conversion or similar documents of each of the Specified Guarantors with the Secretary of State of the State of California, the Secretary of State of the State of Delaware or the Secretary of State of the State of Nevada, as applicable.
Expiration Date.....	5:00 p.m., New York City time, on December 16, 2009, unless terminated or extended. We may extend this consent solicitation for a specified period or on a daily basis.
How to Consent	A holder desiring to consent to the proposed Conversions should either (1) complete and sign the letter of consent, or a facsimile thereof, having the signature thereon guaranteed if required by the letter of consent and mail or otherwise deliver the letter of consent, or such facsimile, and any other required documents to the tabulation agent at its address set forth on the back cover page of this consent solicitation statement or (2) request its broker, dealer, commercial bank, trust company or other nominee to effect the transaction on its behalf. Revocations of consents should be sent to the tabulation agent. Neither letter of consents nor revocations of consents should be sent to us. The method of delivery of all documents, including letter of consents and

	<p>revocations, is at the election and risk of the holder. In no event should a holder tender or deliver certificates evidencing such holder's Bonds.</p>
Conditions.....	<p>We may file the certificates of conversion or similar documents of each of the Specified Guarantors effectuating the proposed Conversions at any time after the Required Consent has been received and we deliver a certification to the trustee under the Indenture to such effect. See "The Consent Solicitation—Terms of the Consent Solicitation." We may, at any time prior to the effective time, determine in our sole discretion not to proceed with the consent solicitation or complete the proposed Conversions, in which case the Conversions would not be effected.</p>
Holders.....	<p>The term "holder" shall mean a registered holder of Bonds as reflected in the records of the trustee as of the record date. We anticipate that DTC, as nominee holder of the Bonds, will execute an omnibus proxy which will authorize its participants, or the DTC participants, to consent with respect to Bonds held by it and held in the name of Cede & Co. as specified on the DTC position listing as of the record date. In such case, all references to a holder shall, unless otherwise specified, include DTC participants.</p>
Withdrawal Rights and Revocation	<p>Consents with respect to the Bonds may be revoked at any time prior to the time we certify to the trustee that the Required Consent has been received, but may not be revoked thereafter. See "The Consent Solicitation—Revocation of Consents."</p>
Special Procedures For Beneficial Holders	<p>Any beneficial holder whose Bonds are registered in the name of its broker, dealer, commercial bank, trust company or other nominee and who wishes to consent should contact such registered holder promptly and instruct such registered holder to consent on its behalf. See "The Consent Solicitation—Consent Procedures."</p>
Consequences to Non-Consenting Holders.....	<p>If the Required Consent is received by the Company, each holder and all subsequent holders of Bonds will be bound by such Required Consent whether or not such holder consented to the proposed Conversions.</p>
Certain Material U.S. Federal Income Tax Considerations	<p>The adoption of the proposed amendments should not constitute a taxable event for holders for U.S. federal income tax purposes. Although not free from doubt, the Company intends to treat the Consent Payment as a fee that is taxable to holders as ordinary income. See "Certain Material U.S. Federal Income Tax Considerations."</p>
Tabulation Agent, Information Agent and Paying Agent.....	<p>MacKenzie Partners, Inc. is serving as tabulation agent, information agent and paying agent in connection with the consent solicitation.</p>

BACKGROUND OF THE CONSENT SOLICITATION

The Conversions are being effected for the purpose of optimizing the organizational structure of the Company, the Guarantors and their affiliates under existing federal and state tax laws and regulations. As described below, certain of the Guarantors are being converted from their existing form of organization as partnerships to corporations. By doing so, the Company, the Guarantors and their affiliates will be able to realize certain benefits under existing federal and state tax laws which they are unable to realize in their current form of organization.

Each of the following Guarantors will be converted from a California limited partnership to a California corporation:

- Del Ranch, L.P.;
- Elmore, L.P.;
- Leathers, L.P.;
- Salton Sea Brine Processing, L.P.; and
- Salton Sea Power Generation L.P.

The following Guarantor will be converted from a Delaware limited liability company to a Delaware corporation:

- Salton Sea Royalty, LLC.

The following Guarantor will be converted from a Nevada General partnership to a Nevada corporation:

- Vulcan/BN Geothermal Power Company.

Salton Sea Brine Processing, L.P. and Salton Sea Power Generation L.P. (the “Salton Sea Guarantors”) are parties to an Amended and Restated Credit Agreement, dated October 13, 1998, with the Company pursuant to which the Salton Sea Guarantors may not change their form of organization without the consent of the Company.

Del Ranch, L.P., Elmore, L.P., Leathers, L.P. and Vulcan/BN Geothermal Power Company (the “Partnership Guarantors”) are parties to a Second Amended and Restated Credit Agreement, dated October 13, 1998, with the Company pursuant to which the Partnership Guarantors may not change their form of organization without the consent of the Company.

Salton Sea Royalty, LLC is party to a Credit Agreement, dated July 21, 1995, with the Company pursuant to which Salton Sea Royalty, LLC may not change its form of organization without the consent of the Company.

Section 8.3 of the Indenture governing the Bonds provides that the Company may not provide a consent under the above credit agreements without the consent of the holders of at least 51% of the aggregate principal amount of the outstanding Bonds.

Each of the above Guarantors is referred to in this consent solicitation statement as a “Specified Guarantor,” and collectively as the “Specified Guarantors”).

At the time of the filing of the certificates of conversion or other similar documents to effect the Conversions, the Specified Guarantors will, as necessary, enter into the appropriate security, pledge and other agreements to grant or maintain security interests in the assets and stock of each of the Specified Guarantors to the holders of the Bonds.

THE CONSENT SOLICITATION

Terms of the Consent Solicitation

Only holders of record as of 5:00 p.m., New York City time, on December 1, 2009, the record date, may submit a consent. A duly executed letter of consent (unless revoked as herein provided) shall bind the holders executing the same and any subsequent registered holder or transferee of the Bonds to which such letter of consent relates. However, a consent may be revoked at any time prior to the effective time by the holder of the Bonds to which the letter of consent relates or any subsequent record holder of such Bonds in the manner described herein. Pursuant to the terms of the Indenture, the proposed Conversions require the written consent from holders of not less than 51% in aggregate principal amount of the outstanding Bonds. Written consents from holders of not less than 51% in current principal amount of each individual series of the outstanding Series C Bonds, Series E Bonds and Series F Bonds is not required. The Required Consent is determined based on the aggregate

outstanding principal amount of all three series of Bonds collectively.

The term “holder” shall mean a registered holder of Bonds as reflected in the records of the trustee as of the record date. We anticipate that DTC, as nominee holder of the Bonds, will execute an omnibus proxy which will authorize the DTC participants to consent with respect to the Bonds held by it and held in the name of Cede & Co. as specified on the DTC position listing as of the record date. In such case, all references to a holder shall, unless otherwise specified, include DTC participants. Pursuant to the terms of the Indenture, Bonds owned by us or any Affiliate (as defined in the Indenture) of ours are disregarded and not deemed to be outstanding for purposes of calculating the Required Consent.

The delivery of a consent to the proposed Conversions will not affect a holder’s right to sell or transfer the Bonds. Only holders of record as of the record date may submit a consent.

Consents tendered and not duly revoked will become irrevocable at the effective time, which will be when:

- the tabulation agent on or prior to the expiration date receives properly completed and executed, and not revoked, letters of consent in respect of not less than 51% in aggregate current principal amount of the Bonds that are outstanding; and
- we file the certificates of conversion or similar documents of each of the Specified Guarantors with the Secretary of State of the State of California, the Secretary of State of the State of Delaware or the Secretary of State of the State of Nevada, as applicable.

Upon receipt of the Required Consent (which may occur prior to the expiration date), we may deliver to the trustee a certification that the Required Consent has been received and we intend to file the certificates of conversion or similar documents with the appropriate Secretary of State on or before the last business day of December 2009. If the Required Consent is not received by the tabulation agent by 5:00 p.m., New York City time, on the expiration date, then we, in our sole discretion, may elect to extend the expiration date, from time to time, as herein provided, in which case all such consents shall remain valid (subject to revocation as herein provided) until the date and time to which the expiration date is so extended.

We expressly reserve the right (1) to extend the expiration date, from time to time, (2) to terminate the consent solicitation at any time prior to the effective time for any reason (whether or not the Required Consent has been received) and (3) to amend, at any time or from time to time, the terms of the consent solicitation. Any such extension of the expiration date shall be effective if we give oral or written notice thereof to the tabulation agent no later than 9:00 a.m. (and, if such notice is given orally, followed by written notice to the tabulation agent (given by facsimile or otherwise) no later than 2:00 p.m.), New York City time, on the first business day following any previously announced expiration date. Any termination or amendment of the consent solicitation shall be effective upon written notice thereof from us to the tabulation agent. As promptly as practicable following any such extension, termination or amendment, notice thereof shall be given by us to each holder in writing or by press release to the Business Wire. An announcement or notice may state that we are extending the consent solicitation for a specified period of time or on a daily basis until 5:00 p.m., New York City time, on the date on which the Required Consent has been received.

Consent Procedures

All letters of consent that are properly completed, executed, together with any required signature guarantees, and delivered to the tabulation agent prior to the expiration date and not timely revoked will be given effect in accordance with the specifications thereof. We are seeking consents to all of the proposed Conversions as a single proposal. Accordingly, a letter of consent purporting to consent to some, but not all, of the proposed Conversions will be deemed to be a consent to all of the proposed Conversions.

If you desire to consent to the proposed Conversions, you should so indicate by completing, signing, together with any required signature guarantees, and dating the accompanying letter of consent and delivering it to the tabulation agent at the address set forth on the back cover of this consent solicitation statement in accordance with the instructions contained herein and in the letter of consent. Failure by a holder to deliver a letter of consent means that the bonds owned by such holder will not be included by the tabulation agent for purposes of calculating the Required Consent. You may also request your broker, dealer, commercial bank, trust company or other nominee to effect the transaction on your behalf.

Letters of consent executed by the registered holder of Bonds should be executed in exactly the same manner as the name(s) appear(s) on the Bonds. If Bonds to which a letter of consent relates are held by two or more joint holders, all such

holders should sign the letter of consent. If a letter of consent is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other registered holder acting in a fiduciary or representative capacity, such person should so indicate when signing and should submit to the tabulation agent appropriate evidence (satisfactory to us) of such person's authority to so act, along with the letter of consent. If Bonds are registered in different names, separate letters of consent must be executed by each such registered holder. Letters of consent by DTC participants whose Bonds are registered in the name of Cede & Co. should be signed in the manner in which their names appear on the position listing of Cede & Co. with respect to such Bonds.

Subject to the terms and conditions set forth in this consent solicitation statement, we will accept all properly completed and executed letters of consent received by the tabulation agent (and not subsequently revoked) prior to 5:00 p.m., New York City time, on the expiration date. All questions as to the validity, form, eligibility (including time of receipt) and acceptance of the letters of consent will be determined by us in our sole discretion, which determination will be final and binding. We reserve the right to reject any and all consents not validly given or any letters of consent our acceptance of which would, in the opinion of us or our counsel, be unlawful. We also reserve the right to waive any defects or irregularities or conditions of the consent solicitation. The interpretation of the terms and conditions of the consent solicitation, including the letter of consent and the instructions thereto, by us shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of letters of consent must be cured within such time as we shall determine. None of us, the information agent, the tabulation agent, the trustee or any other person shall be under any duty to give notification of defects or irregularities with respect to deliveries of letters of consent, nor shall any of them incur any liability for failure to give such notification. After the effective time, all holders, including non-consenting holders and all subsequent holders, of the Bonds will become bound by the proposed Conversions.

Consent Payment

Subject to satisfaction or waiver of the terms of this consent solicitation, the Consent Payment of \$2.50 will be paid to each holder who has delivered to the tabulation agent (and has not revoked) a valid consent on or before the expiration date, for each \$1,000 in principal amount of Bonds in respect of which such consent has been delivered. The Consent Payment will not be paid until the certificate of conversion or similar documents of each of the Specified Guarantors has been filed with the appropriate Secretary of State, which is expected to be on or before the last business day of December 2009. No accrued interest will be paid on the Consent Payment. The tabulation agent will act as paying agent for the consenting holders for the purpose of receiving payments from the Company and transmitting such payments to the consenting holders.

Notwithstanding any subsequent transfer of its Bonds, any holder whose properly executed consent has been received by the tabulation agent (and not revoked) on or before the expiration date will be eligible to receive the Consent Payment payable in respect of such Bonds unless the consent solicitation is terminated for any reason on or before the expiration date. Any subsequent transferees of Bonds of such holders, and any holders (and their transferees) who do not timely deliver (or who revoke) a valid consent, will not be entitled to receive the Consent Payment, even if the proposed Conversions become effective and, as a result, become binding on them. Letters of consent by DTC participants whose Bonds are registered in the name of Cede & Co. should be signed in the manner in which their names appear on the position listing of Cede & Co. with respect to such Bonds. See "—Consent Procedures" above.

Revocation of Consents

Pursuant to Section 7.11 of the Indenture governing the Bonds, consents with respect to the proposed Conversions may be revoked by a holder of the Bonds to which such consent relates if the tabulation agent receives the notice of revocation before the effective time. Consents may not be revoked on or after the effective time. Notices of revocation must be completed, signed, dated and delivered to the tabulation agent (accompanied by such proxy or other required documents) in the same manner as would be required for a consent.

Solicitation Agent, Tabulation Agent and Information Agent

We, through our employees, will act as solicitation agent in connection with the consent solicitation. We will solicit consents and will respond to inquiries of holders. We will not provide any additional consideration to our employees who assist with the consent solicitation. We will indemnify our employees who assist with the consent solicitation to the extent permitted by our by-laws and Delaware corporation law.

We have retained MacKenzie Partners, Inc. as tabulation agent and information agent in connection with the consent solicitation. The tabulation agent will receive, collect and tabulate consents. The information agent will distribute the consent

solicitation statement and the letter of consent, respond to inquiries and receive a customary fee for such services. Requests for additional copies of this consent solicitation statement or the letter of consent may be directed to the information agent at its address and/or telephone number set forth on the back cover page of this consent solicitation statement.

Brokers, dealers, commercial banks, trust companies and other nominees will be reimbursed for their reasonable out-of-pocket expenses incurred in forwarding copies of this consent solicitation statement and related documents to the beneficial owners of Bonds. All such reasonable fees and expenses will be paid by us.

Miscellaneous

We are not aware of any jurisdiction in which the making of the consent solicitation is not in compliance with applicable law. If we become aware of any jurisdiction in which the making of the consent solicitation would not be in compliance with applicable law, we will make a good faith effort to comply with such law. If, after such good faith effort, we cannot comply with any such law, the consent solicitation will not be made to (nor will consents be accepted from or on behalf of) holders residing in such jurisdiction.

No person has been authorized to give any information or make any representation on our behalf not contained in this consent solicitation statement or in the letter of consent and, if given or made, such information or representation must not be relied upon as having been authorized.

CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain material U.S. federal income tax consequences of the proposed Conversions to U.S. holders (as defined below) of Bonds and is for general information only. It is based upon provisions of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), the applicable Treasury Regulations promulgated thereunder (the "Regulations"), judicial authority and current administrative rulings and practice, all of which are subject to change, possibly on a retroactive basis. This discussion applies to U.S. holders that hold the Bonds as "capital assets" (generally, property held for investment within the meaning of Section 1221 of the Code). This summary does not purport to address all aspects of U.S. federal income taxation that may be relevant to particular U.S. holders in light of their individual circumstances or to certain types of holders subject to special treatment under the Code (for example, insurance companies, tax-exempt organizations, financial institutions, brokers or dealers in securities, persons who hold Bonds as part of a "straddle," "hedge," "conversion transaction," integrated or other risk reduction transaction, S corporations, regulated investment companies, real estate investment trusts, holders subject to the alternative minimum tax provisions of the Code, non-U.S. corporations or partnerships and persons who are not residents or citizens of the United States, U.S. holders whose "functional currency" is not the United States dollar and certain U.S. expatriates), nor does it discuss any aspect of state, local or non-U.S. taxation or estate and gift tax considerations.

A "U.S. holder" is a beneficial holder of Bonds who is:

- a citizen or resident of the United States;
- a corporation, including an entity treated as a corporation for United States federal income tax purposes, created or organized under the laws of the United States, any state thereof or in the District of Columbia;
- an estate, the income of which is subject to United States federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a United States court and the control of one or more United States persons or (2) has a valid election in place to be treated as a United States person.

If a partnership or other entity taxable as a partnership for United States federal income tax purposes holds Bonds, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partners of partnerships holding Bonds are encouraged to consult their tax advisors.

TO COMPLY WITH INTERNAL REVENUE SERVICE CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS CONSENT SOLICITATION STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY YOU, FOR THE PURPOSES OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON YOU UNDER THE CODE; (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE SOLICITATION

OF CONSENTS BY US; AND (C) YOU SHOULD SEEK ADVICE BASED ON YOUR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Modification of Debt Instrument

Certain “significant modifications” to a debt instrument will result in a deemed exchange of the original debt instrument for a new debt instrument for U.S. federal income tax purposes. Such a deemed exchange would be a taxable event for U.S. federal income tax purposes unless a nonrecognition provision of the Code applied. The adoption of the proposed Conversions, alone or taken together with the payment of the Consent Payment, should not result in a “significant modification” to the Bonds, and the adoption of the proposed Conversions should not be a taxable event to U.S. holders.

Receipt of Consent Payments

Although there is no authority directly on point, the Company intends to treat the Consent Payment for U.S. federal income tax purposes as a fee paid to a U.S. holder that grants consent. Assuming this position is respected, a U.S. holder who receives a Consent Payment will generally recognize ordinary income in the amount of such payment, when such payment is received or accrued, in accordance with such holder’s method of accounting. However, it is possible that the Consent Payment could be treated as a payment made with respect to the Bonds for U.S. federal income tax purposes, in which case a U.S. holder should be permitted to reduce its adjusted tax basis in its Bond (to the extent thereof) by the amount of the Consent Payment. If such alternative characterization were to apply, a U.S. holder would recognize gain in the amount of the Consent Payment when its Bond is retired or would have additional gain or a reduced loss upon a sale or disposition of the Bond. U.S. holders should consult their tax advisors regarding the tax consequences of receiving a Consent Payment.

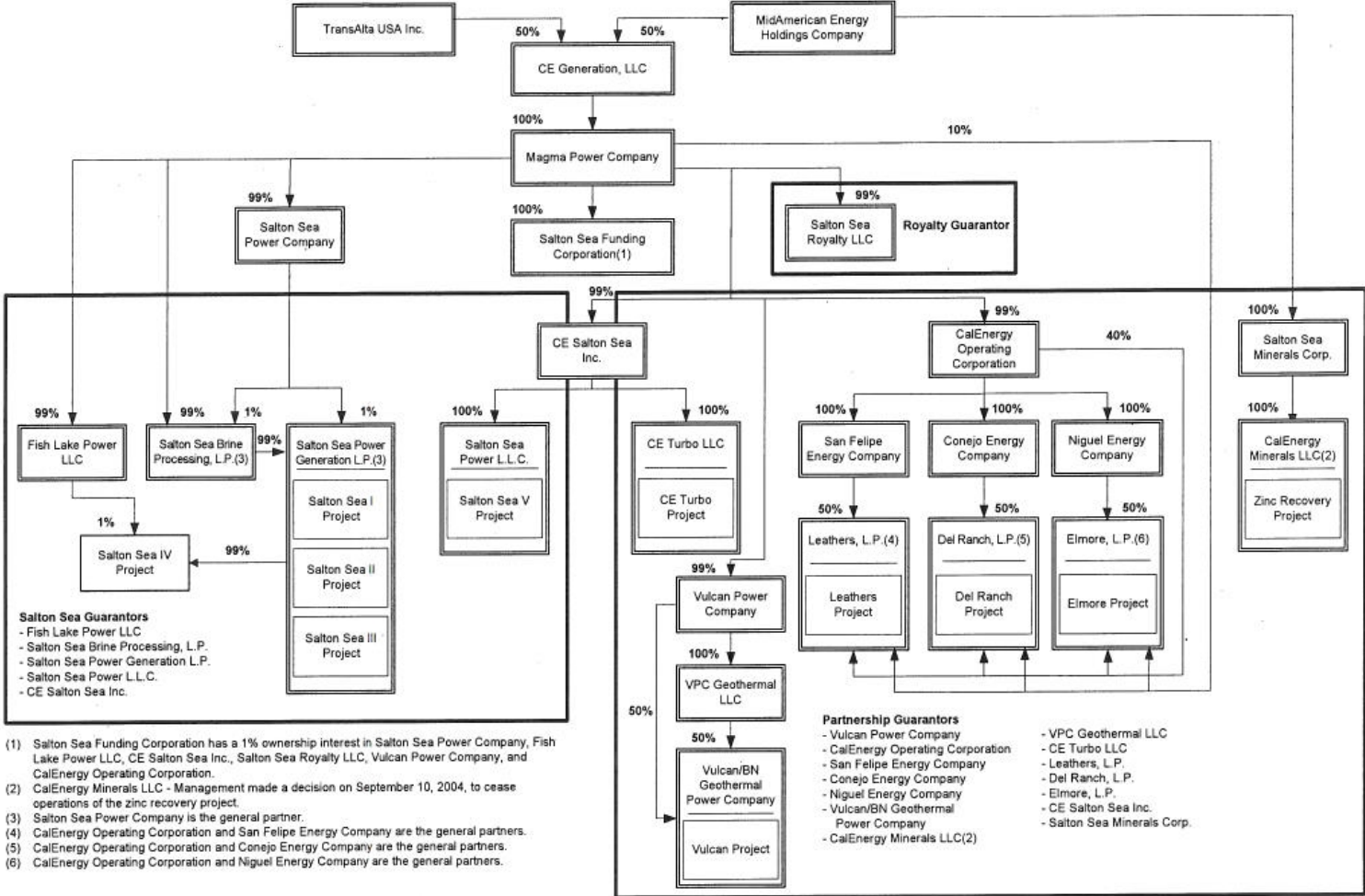
Backup Withholding

A U.S. holder may be subject to backup withholding with respect to the Consent Payment. Certain holders (including, among others, corporations and certain tax-exempt organizations) are generally not subject to backup withholding. A U.S. holder will be subject to backup withholding if such holder is not otherwise exempt and:

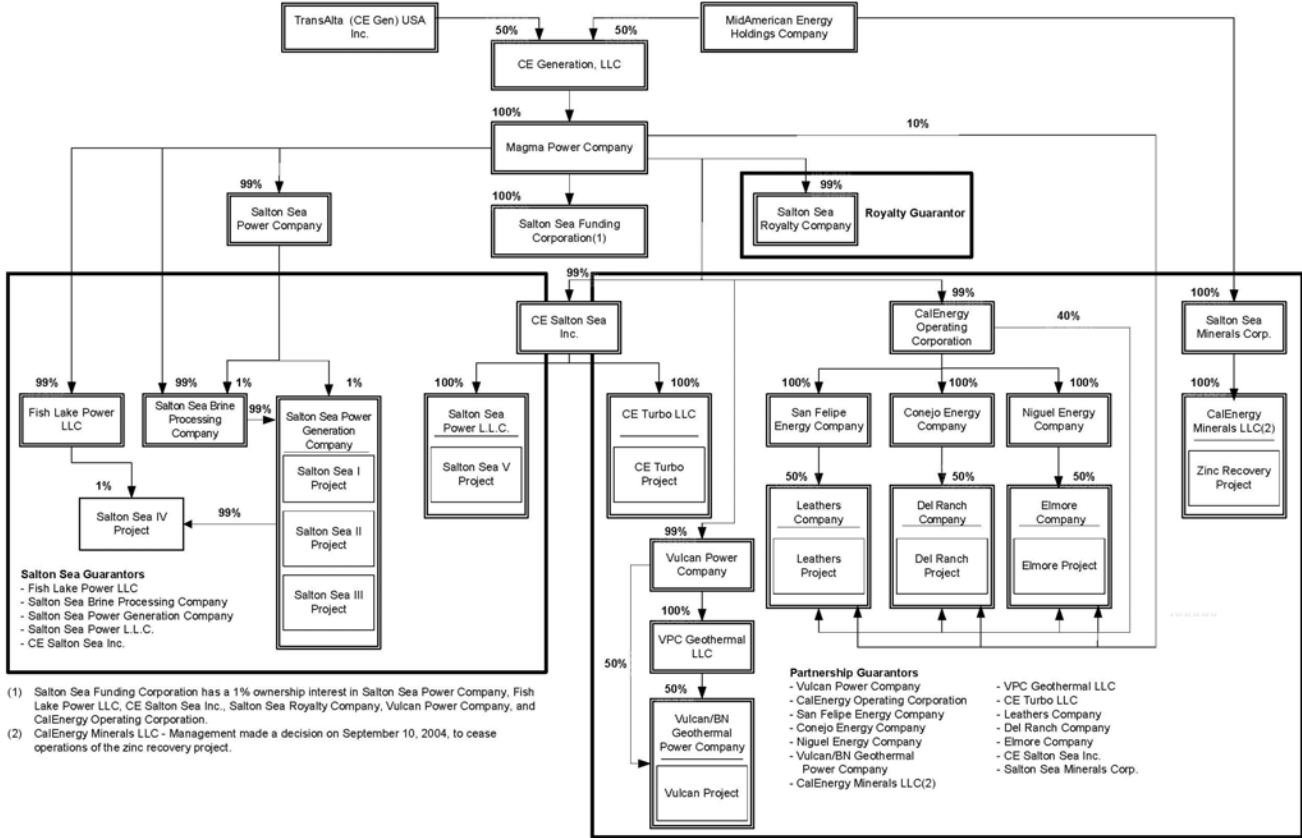
- such holder fails to furnish its taxpayer identification number, or “TIN,” which, for an individual is ordinarily his or her social security number;
- the IRS notifies the payor that such holder furnished an incorrect TIN;
- such holder is notified by the IRS of a failure to properly report payments of interest or dividends; or
- such holder fails to certify, under penalties of perjury, that such holder has furnished a correct TIN and that the IRS has not notified such holder that it is subject to backup withholding.

A U.S. holder should consult its tax advisor regarding its qualification for an exemption from backup withholding and the procedures for obtaining such an exemption, if applicable. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. holder will be allowed as a credit against the holder’s U.S. federal income tax liability or may be refunded, provided the required information is furnished in a timely manner to the IRS.

Organizational Chart Prior to the Proposed Conversions



Organizational Chart Following the Proposed Conversions



Salton Sea Funding Corporation

Solicitation of Consents in Respect of All

\$9.63 Million Current Outstanding Principal Amount of 7.84% Series C Senior Secured Bonds due 2010
(CUSIP No.: 795770AF3)

\$24.82 Million Current Outstanding Principal Amount of 8.30% Series E Senior Secured Bonds due 2011
(CUSIP No.: 795770AK2)

\$130.02 Million Current Outstanding Principal Amount of 7.475% Series F Senior Secured Bonds due 2018
(CUSIP No.: 795770AN6)

Deliveries of letters of consent should be made to the tabulation agent at the address or facsimile number set forth below. If letters of consent are delivered by facsimile, an originally executed letter of consent should also be delivered to the tabulation agent by hand, overnight courier or mail. Requests for additional copies of the consent solicitation statement or a letter of consent should be directed to the information agent at the email address, telephone numbers or business address set forth below.

The Tabulation Agent and Information Agent:



105 Madison Avenue
New York, New York 10016
Attention: Jeanne Carr or Simon Coope
(212) 929-5500 (Call Collect)

or

Call Toll-Free (800) 322-2885

Email: proxy@mackenziepartners.com

The following methods are available for delivering your consent:

By Mail:

MacKenzie Partners, Inc.
105 Madison Avenue
New York, New York 10016
Attention: Jeanne Carr or Simon Coope

By Overnight Courier/Hand:

MacKenzie Partners, Inc.
105 Madison Avenue
New York, New York 10016
Attention: Jeanne Carr or Simon Coope

By Facsimile:

(followed by hard copy)
(212) 481-6316
Attention: Jeanne Carr or Simon Coope
Information Phone Number:
Telephone: (212) 929-5500 or
(800) 322-2885

Questions concerning the terms of the consent solicitation should be directed to the Company at the telephone number set forth below.

Salton Sea Funding Corporation

1111 South 103rd Street
Omaha, Nebraska 68124
(402) 398-7200