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CADIZ INC
Form DEF 14A
April 02, 2002

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934.

(Amendment No.)

- Filed by the Registrant [X]
- Filed by a Party other than the Registrant []
- Check the appropriate box:
 - [] Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(c) (2))
 - [X] Definitive Proxy Statement
 - [] Definitive Additional Materials
 - [] Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

CADIZ INC.
(Name of Registrant as Specified in Its Charter)

Payment of Filing Fee (check the appropriate box):
Name of Person(s) Filing Proxy Statement, if other than the Registrant)

- [X] No fee required.
- [] Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and 0-11.
 - 1) Title of each class of securities to which transaction applies:

 - 2) Aggregate number of securities to which transaction applies:

 - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

 - 4) Proposed maximum aggregate value of transaction:

 - 5) Total fee paid:

- [] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a) (2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

CADIZ INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
to be held May 6, 2002

To the Stockholders of Cadiz Inc.:

The annual meeting of stockholders of Cadiz Inc., a Delaware corporation, will be held at the Fairmont Miramar Hotel located at 101 Wilshire Boulevard, Catalina Bungalow, Santa Monica, California, on Monday, May 6, 2002, at 2:00 p.m., local time, and any adjournments thereof, to consider and act upon the following matters:

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- (1) The election of five members of the Board of Directors, each to serve until the next annual meeting of stockholders or until their respective successors shall have been elected and qualified;
- (2) Ratification of the selection of PricewaterhouseCoopers LLP as Cadiz' independent certified public accountants for fiscal year 2002; and
- (3) The transaction of such other business as may properly come before the meeting and any adjournments thereof.

The subject matter of each of the above proposals is described within the proxy statement.

The Board of Directors has fixed the close of business on March 22, 2002 as the record date for the determination of stockholders entitled to notice of, and to vote at, the annual meeting.

In order to constitute a quorum for the conduct of business at the annual meeting, holders of a majority of all outstanding shares of Cadiz' common stock must be present in person or be represented by proxy.

Whether or not you expect to attend the annual meeting in person, please either vote your shares via the Internet, by phone (detailed instructions are included on the proxy card) or date, sign and mail the enclosed proxy in the postage paid return envelope provided as promptly as possible. The proxy is revocable and will not affect your right to vote in person if you attend the meeting.

By Order of the Board of Directors

/s/ Jennifer Hanks Painter

Jennifer Hanks Painter
Secretary

Santa Monica, California
April 5, 2002

CADIZ INC.
Annual Meeting of Stockholders

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CADIZ INC.
100 Wilshire Boulevard, Suite 1600
Santa Monica, California 90401

PROXY STATEMENT
for
ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 6, 2002

To our Stockholders:

Your Board of Directors furnishes this proxy statement in connection with its solicitation of your proxy in the form enclosed to be used at Cadiz' annual meeting of stockholders to be held on Monday, May 6, 2002, at the time and place and for the purposes set forth in the accompanying notice of annual meeting of stockholders.

Cadiz' Annual Report on Form 10-K for the year ended December 31, 2001, including audited financial statements, is being mailed to you with this proxy statement on or about April 5, 2002.

We cordially invite you to attend the annual meeting. Whether or not you expect to attend the annual meeting in person, please either vote your shares via the Internet, by phone (detailed instructions are included on the proxy card) or date, sign and return your proxy promptly in the postage paid return envelope provided. You may revoke your proxy at any time prior to its exercise at the meeting by notice to Cadiz' Secretary, and, if you attend the meeting, you may vote your shares in person. You may also revoke your proxy by returning a duly executed proxy reflecting a later date. Your proxy, if not revoked, will be voted at the annual meeting in accordance with the instructions specified therein.

Only holders of record of Cadiz' common stock at the close of business on March 22, 2002 will be entitled to vote at the meeting. At the close of business on March 22, 2002, there were 36,230,241 shares of common stock of Cadiz outstanding, with each share of common stock being entitled to one vote on each matter to be voted upon. There is no right to cumulate votes as to any matter.

The candidates for director receiving a plurality of the votes of the shares present in person or represented by proxy will be elected (Proposal 1). An affirmative vote of a majority of the shares present or represented by proxy and voting at the meeting is required for approval of Cadiz' independent auditors (Proposal 2). For purposes of determining whether a matter has received a majority vote, abstentions will be included in the vote totals, with the result that an abstention has the same effect as a negative vote. In instances where brokers are prohibited from exercising discretionary authority for beneficial owners who have not returned a proxy (so-called "broker non-votes"), those shares will not be included in the vote totals and, therefore, will have no effect on the vote on Proposals 1 and 2.

Stockholders of Cadiz will not have appraisal rights with

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respect to any of the proposals to be voted upon at the annual meeting.

Cadiz has been advised by its directors and officers that they intend to vote all of the 1,359,182 outstanding shares of common stock which they hold or control, representing 3.66% of the total shares outstanding as of the record date, in favor of the proposals presented in this proxy statement. See "Beneficial Ownership of Securities".

The entire cost of soliciting proxies will be borne by Cadiz, including expenses in connection with preparing and mailing proxy solicitation materials. In addition to use of the mails, proxies may be solicited by officers, directors and regular employees of Cadiz, without extra compensation, by telephone, telegraph or personal solicitation, and no additional compensation will be paid to such persons. If requested, Cadiz will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable expenses incurred in mailing proxy material to their principals.

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BENEFICIAL OWNERSHIP OF SECURITIES

The following table sets forth, as of March 22, 2002, the ownership of common stock of Cadiz by each stockholder who is known by Cadiz to own beneficially more than five percent of the outstanding common stock, by each director, by each executive officer listed in the summary compensation table below, and by all directors and executive officers as a group excluding, in each case, rights under options or warrants not exercisable within 60 days. All persons named have sole voting power and investment power over their shares except as otherwise noted.

Name and Address -----	Amount and Nature of Beneficial Ownership -----	Percent of Class -----
Fidelity International Limited, et. al. Pembroke Hall 42 Crow Lane Hamilton, Bermuda	3,599,667(1)	9.94%
Kern Capital Management, LLC 114 West 47th Street, Suite 1926 New York, NY 10036	2,376,600(2)	6.56%
Capital Research and Management Company 333 South Hope Street Los Angeles, CA 90071	2,300,000(3)	6.35%
OZ Management, L.L.C. OZF Management, L.P. 9 West 57th Street, 39th Floor New York, NY 10019	2,229,984(4)	6.15%
Keith Brackpool c/o 100 Wilshire Boulevard,	1,604,060(5)	4.36%

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Suite 1600
Santa Monica, CA 90401

Dwight Makins c/o 100 Wilshire Blvd., Suite 1600 Santa Monica, CA 90401	447,750(6)	1.24%
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Timothy J. Shaheen c/o 100 Wilshire Blvd., Suite 1600 Santa Monica, CA 90401	302,854(7)	*
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Anthony L. Coelho c/o 100 Wilshire Blvd., Suite 1600 Santa Monica, CA 90401	47,750(8)	*
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Murray Hutchison c/o 100 Wilshire Blvd., Suite 1600 Santa Monica, CA 90401	47,750(9)	*
---	-----------	---

Stanley E. Speer c/o 100 Wilshire Blvd, Suite 1600 Santa Monica, CA 90401	239,552(10)	*
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All Directors and Officers as a group (6 Individuals)	2,689,716(5) (6) (7) (8) (9) (10)	7.25%
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* Represents less than 1% of the outstanding shares of common stock of Cadiz as of March 22, 2002.

- (1) Based upon a Schedule 13G filed with the Securities and Exchange Commission and information obtained from Fidelity International Limited, Fidelity beneficially owns, as an investment advisor which provides investment advisory and management services to a number of non-U.S. investment companies or investment trusts and certain institutional investors, 3,599,667 shares of common stock of Cadiz and such funds and accounts and Fidelity, as investment advisor to the funds and accounts, has sole voting and dispositive power as to all such shares. The principal office of Fidelity is located at Pembroke Hall, 42 Crow Lane, Hamilton, Bermuda.

- (2) Based upon a Schedule 13G filed with the Securities and Exchange Commission and information obtained from Kern Capital Management, LLC, Kern beneficially owns 2,367,600 shares of common stock of Cadiz with sole voting and dispositive power as to all such shares. The principal office of Kern is located at 114 West 47th Street, Suite 1926, New York, NY 10036.

- (3) Capital Research and Management Company filed a Schedule 13G with the Securities and Exchange Commission indicating that as of December 31, 2001, it was the beneficial owner of 2,300,000 shares of common stock of

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Cadiz, arising from the beneficial ownership of such shares by SMALLCAP World Fund, Inc., an investment company registered under the Investment Company Act of 1940, which is advised by Capital Research, an investment advisor registered under Section 203 of the Investment Advisors Act of 1940. The principal offices of Capital Research and SMALLCAP are located at 333 South Hope Street, Los Angeles, California 90071. According to the Schedule 13G, all such shares are held by SMALLCAP in its capacity as an investment company, and are beneficially held by Capital Research in its capacity as an investment advisor. SMALLCAP has sole voting power over the shares and Capital Research has sole dispositive power over the shares. The Schedule 13G indicates that Capital Research disclaims beneficial ownership of the shares pursuant to Rule 13d-4 of the Securities Exchange Act of 1934.

- (4) Based upon a joint group filing of a Schedule 13G filed with the Securities and Exchange Commission and information obtained from OZ Management, L.L.C., OZ Management, L.L.C. beneficially owns 1,714,152 shares of common stock with sole voting and dispositive power as to all such shares. OZF Management, L.P. beneficially owns 515,832 shares of common stock with sole voting and dispositive power as to all such shares. The principal office of both entities is located at 9 West 57th Street, 39th Floor, New York, NY 10019.
- (5) Includes 500,000 shares underlying presently exercisable options, 52,000 shares owned by a foundation of which Mr. Brackpool is a trustee, but in which Mr. Brackpool has no economic interest, and 135,378 deferred stock units that are fully vested but cannot be exchanged for shares of common stock without restrictions until March 31, 2003. Mr. Brackpool disclaims any beneficial ownership of these 52,000 shares. Does not include 55,789 deferred stock units that are not yet vested.
- (6) Includes 22,750 shares underlying presently exercisable options.
- (7) Includes 75,000 shares underlying presently exercisable options and 216,604 deferred stock units that are fully vested but cannot be exchanged for shares of common stock without restrictions until March 31, 2003. Does not include 29,511 deferred stock units that are not yet vested.
- (8) Includes 47,750 shares underlying presently exercisable options.
- (9) Includes 47,750 shares underlying presently exercisable options.
- (10) Includes 125,000 shares underlying presently exercisable options and 108,302 deferred stock units that are fully vested but cannot be exchanged for shares of common stock without restrictions until March 31, 2003. Does not include 26,062 deferred stock units that are not yet vested.

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PROPOSAL 1

ELECTION OF DIRECTORS

The Board of Directors has nominated the five persons listed below for election at the annual meeting to serve as directors for a term expiring at the 2003 annual meeting of stockholders or until their respective successors are elected and qualified. Each nominee currently serves as a director and has agreed to serve as such for another term if elected.

Proxies will be voted for the election of the five nominees named below unless instructions are given to the contrary. Proxies cannot be voted for a greater number of persons than the number of nominees named. Should any nominee become unable to serve as a director, the persons named in the enclosed form of proxy will, unless otherwise directed, vote for the election of such other person as the present Board of Directors may designate to fill that position.

DIRECTORS AND EXECUTIVE OFFICERS

The following sets forth certain biographical information, the present occupation and the business experience for the past five years or more of each director and executive officer:

Nominees for Director:

Name -----	Age ---	Position with Cadiz -----
Keith Brackpool	44	Chairman of the Board, President and Chief Executive Officer
Dwight W. Makins	51	Director
Anthony L. Coelho	59	Director
Murray H. Hutchison	63	Director
Timothy J. Shaheen	42	Director of Cadiz and President, Chief Executive Officer of Sun World International, Inc.

Executive Officer:

Name	Age	Position with Cadiz
Stanley E. Speer	41	Chief Financial Officer of Cadiz and Sun World International, Inc.

Keith Brackpool is a founder of Cadiz, has served as a member of Cadiz' Board of Directors since September 1986, and has served as President and Chief Executive Officer of Cadiz since December 1991. Mr. Brackpool assumed the role of Chairman of the Board of Cadiz on May 14, 2001. Mr. Brackpool has also been a principal of 1334 Partners L.P., a partnership that owns commercial real estate from 1989 to present.

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Dwight W. Makins was elected as Chairman of the Board in December 1991. Mr. Makins stepped down from his position as Chairman on May 14, 2001, but remains a director of Cadiz. Mr. Makins is a self-employed entrepreneur and investment banker and advisor and serves as a director of Just Ice Ltd. (UK), an ice manufacturing service to the catering industry, and several other international companies. Mr. Makins served as Chairman of Greenway Holdings plc, a British waste oil recycling company, until April 2000.

Anthony L. Coelho was appointed a director of Cadiz in March 1999. Mr. Coelho served as General Chairman of the Gore Campaign 2000 until June 15, 2000. Mr. Coelho was first elected to the U.S. House of Representatives in 1978 and served as the first-ever elected Majority Whip from 1987 to 1989. Representing California's Central Valley, Mr. Coelho served in senior positions on the Agriculture, Interior and Administration Committees with his legislative focus on agriculture and water issues. After

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leaving Congress, Mr. Coelho served as Managing Director of Wertheim Schroder Inc., an investment banking firm from 1989 to 1995 and from 1990 to 1995 he served as President and Chief Executive Officer of Wertheim Schroder Investment Services, Inc., a privately held investment banking firm. In 1994, President Clinton appointed him Chairman of the President's Committee on Employment of People with Disabilities. Mr. Coelho currently is self-employed and serves as a director of Cyberonics, Inc., a publicly traded manufacturer of medical devices; Service Corporation International, a publicly traded funeral service company; Kistler Aerospace Corporation, a privately held aerospace company; Mangosoft, Inc., a publicly traded software service company; and as a director of other non-publicly traded and not-for-profit companies.

Murray H. Hutchison was appointed a director of Cadiz in June 1997. Since his retirement in 1996 from International Technology Corporation, a publicly traded diversified environmental management company, Mr. Hutchison has been self-employed with his business activities involving primarily the management of an investment portfolio. From 1976 to 1994, Mr. Hutchison served as Chief Executive Officer and Chairman of International Technology. Mr. Hutchison currently serves as a director of Jack in the Box, Inc., a publicly traded fast food restaurant chain. Additionally, Mr. Hutchison serves as Chairman of the Huntington Hotel Corporation, a privately owned hotel and office building, and as a director of several other non-publicly traded U.S. companies.

Timothy J. Shaheen was appointed a director of Cadiz in March 1999. Mr. Shaheen has served as the Chief Executive Officer and a director of Cadiz' wholly-owned subsidiary, Sun World International, Inc., since September 1996. Mr. Shaheen also serves as a director of The United Fresh Fruit and Vegetable Association, a national trade organization which represents interests of fruit and vegetable producers and distributors. He is also active on several industry advisory committees. Mr. Shaheen has sixteen years of experience in the produce industry, most recently serving as a senior executive with Albert Fisher North America, a publicly traded domestic and international

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produce company from 1989 to 1996. While with Albert Fisher, Mr. Shaheen also served as director of its Canadian produce operations and as a director of Fresh Western Marketing, one of the largest growers/shippers of fresh vegetables in the Salinas Valley of California. Mr. Shaheen has also served as a past director of the Los Angeles Association of Produce Wholesalers and Dealers. Prior to his employment with Albert Fisher, Mr. Shaheen had seven years of experience with the accounting firm of Ernst & Young LLP. Mr. Shaheen is a Certified Public Accountant.

Stanley E. Speer joined Cadiz in September 1996, following completion of the acquisition by Cadiz of Sun World, as Senior Vice President, Chief Financial Officer and Secretary of Sun World. In July 1997, Mr. Speer was appointed Chief Financial Officer of Cadiz and relinquished his position as Secretary of Sun World. In April 1998, Mr. Speer became Secretary of both Cadiz and Sun World. In October 2001, the newly-hired General Counsel replaced Mr. Speer as Secretary of Cadiz and Sun World. Prior to joining Sun World, Mr. Speer had 15 years of experience in public accounting with the accounting firm of Coopers & Lybrand LLP. From 1992 until September 1996, Mr. Speer served as a partner in their financial advisory services group specializing in business reorganizations and mergers and acquisitions consulting. Mr. Speer is a Certified Public Accountant and a Certified Insolvency and Reorganization Accountant.

Directors of Cadiz hold office until the next annual meeting of stockholders or until their successors are elected and qualified. There are no family relationships between any directors or current officers of Cadiz. Officers serve at the discretion of the Board of Directors.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires Cadiz' directors and executive officers, and persons who beneficially own more than 10% of a registered class of Cadiz' equity securities ("reporting persons"), to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of common stock and other equity securities of Cadiz. Reporting persons are required by Commission regulations to furnish Cadiz with copies of all Section 16(a) forms they file.

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To Cadiz' knowledge, based solely on a review of the copies of reports and amendments thereto on Forms 3, 4 and 5 furnished to Cadiz by reporting persons during, and with respect to, its fiscal year ended December 31, 2001, and on a review of written representations from reporting persons to Cadiz that no other reports were required to be filed for such fiscal year, all Section 16(a) filing requirements applicable to Cadiz' directors, executive officers and greater than 10% beneficial owners during such period were satisfied in a timely manner.

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

During the year ended December 31, 2001, the Board of Directors held four formal meetings, conferred on a number of

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occasions through telephone conferences, and took action, when appropriate, by unanimous written consent. Each current director attended all the meetings of the Board and all the meetings of the Board committees of which each was a member during his term.

The Board of Directors has three standing committees, the Audit Committee, the Compensation Committee and the Nominating Committee. Messrs. Makins, as Chairman, Coelho and Hutchison served on the Audit Committee, the purpose of which is to oversee preparation of Cadiz' financial statements. The Audit Committee met two times during the year ended December 31, 2001. Messrs. Hutchison, as Chairman, Makins and Mitt Parker served on the Compensation Committee, the purpose of which is to establish salary and bonus compensation levels for Cadiz' executive officers. The Compensation Committee met two times during the year ended December 31, 2001. Messrs. Makins, Coelho, Parker and Hutchison served on the Nominating Committee, the purpose of which is to nominate qualified individuals to serve on the Board. Mr. Parker retired from the Board of Directors of Cadiz and Sun World in March 2002. Upon his retirement, Mr. Coelho replaced him on the Compensation Committee.

EMPLOYMENT ARRANGEMENTS

Mr. Brackpool is compensated pursuant to an Employment Agreement effective as of February 1, 1998 between himself and Cadiz. Under the terms of the agreement, which automatically renews annually unless terminated by either party, Mr. Brackpool receives base compensation of \$500,000 per year. Mr. Brackpool may also receive an annual incentive based bonus, not to exceed 120% of his base compensation, subject to the satisfaction of certain performance criteria which are either tied to the performance of Cadiz or are subject to the discretion of the Board of Directors. Under the agreement, Mr. Brackpool also serves as the Chairman of Sun World. A portion of Mr. Brackpool's compensation may be paid by Sun World or other subsidiaries of Cadiz as determined periodically by Cadiz. Mr. Brackpool also receives the use of a leased automobile and life and disability insurance benefits funded by Cadiz. The agreement provides that, in the event of a change in control of Cadiz, any yet unsatisfied conditions to the vesting of any stock options held by Mr. Brackpool or to the issuance of shares of Cadiz' stock pursuant to stock bonus plans to which Mr. Brackpool is a party, shall be deemed immediately satisfied. In the event of a material change or reduction in Mr. Brackpool's responsibilities, he will be entitled to terminate the agreement and continue to receive base compensation for the remainder of the term of the agreement. Mr. Brackpool will also be entitled to continue to receive base salary and a deemed bonus equal to 60% of base salary in the event of any other termination of the agreement by Cadiz other than for cause.

Mr. Shaheen has been engaged by Cadiz to act as the President and Chief Executive Officer of Sun World. In this capacity, Mr. Shaheen receives an annual base salary from Sun World of \$300,000. Mr. Shaheen is entitled to receive additional compensation in the form of bonuses at the sole discretion of the Board of Directors, based primarily on the performance of Sun World. Mr. Shaheen also receives the use of a leased automobile funded by Sun World.

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Mr. Speer has been engaged by Cadiz to act as the Chief Financial Officer of both Cadiz and Sun World. In this capacity, Mr. Speer receives an annual base salary of \$260,000. A portion of Mr. Speer's compensation may be paid by Sun World or other subsidiaries of Cadiz as determined periodically by Cadiz. Mr. Speer is entitled to receive additional compensation in the form of bonuses at the sole discretion of the Board of Directors, based primarily on the performance of Cadiz. Mr. Speer also receives the use of a leased automobile funded by Cadiz.

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COMPENSATION OF DIRECTORS

Mr. Makins received cash compensation for his services as Chairman pursuant to a Compensation Agreement effective April 2, 1993, which provides for base compensation of \$75,000 per year, payable quarterly in advance, plus payment for certain additional services which may be performed on behalf of Cadiz, consisting primarily of financial advisory and general business consulting services. During the year ended December 31, 2001, Mr. Makins received total cash compensation of \$75,000 pursuant to this agreement. In addition, Mr. Makins received cash compensation for his services as a director of Sun World in the amount of \$25,000 per year, payable quarterly in advance. Beginning in 2002, Mr. Makins will receive the same compensation as Messrs. Coelho and Hutchison, which is \$25,000 per year, payable quarterly in advance.

Messrs. Brackpool and Shaheen did not receive any additional compensation for serving as directors of Cadiz or Sun World.

Messrs. Coelho, Hutchison and Parker each received cash compensation for their services as directors of Cadiz in the amount of \$25,000 per year, payable quarterly in advance. Mr. Parker did not receive any additional compensation for serving as a director of Sun World.

During February 2002, Messrs. Makins, Coelho, Hutchison and Parker each received options to purchase 14,500 shares of Cadiz' common stock as additional compensation for their efforts in 2001.

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EXECUTIVE COMPENSATION

The tables and discussion below set forth information about the compensation awarded to, earned by, or paid to Cadiz' chief executive officer and other executive officers during the years ended December 31, 2001, 2000 and 1999.

Summary Compensation Table

Position	Fiscal Year(1)	Annual Compensation(2)		Other Long-Term Compensation Awards		
		Salary	Bonus(3)	Restricted Stock Awards(4)	Stock Options(5)	All Other Compensation
Keith Brackpool						

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President and Chief	12/31/01	\$500,000	\$ -0-	\$ -0-	-0-	-0-
Executive	12/31/00	500,000	150,000	150,000	-0-	-0-
Officer	12/31/99	500,000	275,000	250,000	500,000 (6)	-0-
Timothy J. Shaheen						
President and Chief Executive	12/31/01	300,000	-0-	-0-	-0-	-0-
Officer	12/31/00	300,000	75,000	75,000	-0-	-0-
of Sun World	12/31/99	270,000	135,000	135,000	-0-	-0-
Stanley E. Speer						
Chief Financial	12/31/00	260,000	65,000	65,000	-0-	-0-
Officer	12/31/99	240,000	120,000	120,000	-0-	-0-

- (1) The information presented in this table is for the years ended December 31, 2001, 2000 and 1999. The executive officers for which compensation has been disclosed for the year ended December 31, 2001, constituted all of Cadiz' executive officers as of December 31, 2001.
- (2) No column for "Other Annual Compensation" has been included to show compensation not properly categorized as salary or bonus, which consisted entirely during each fiscal year of perquisites and other personal benefits, because the aggregate amounts did not exceed the lesser of either \$50,000 or 10% of the total of annual salary and bonus reported for each of the above named executive officers for each fiscal year. See "Employment Arrangements".
- (3) Bonuses were paid in February for the preceding calendar year.
- (4) Deferred stock units were granted to Messrs. Brackpool, Shaheen and Speer in February 2001 and May 2000, as part of their respective bonuses for the preceding calendar year. These deferred stock units vest three years from the date of issuance. The total number and value of deferred stock units outstanding at December 31, 2001 (based upon the Nasdaq National Stock Market closing sales price per share of \$8.02 on that date) for Messrs. Brackpool, Shaheen and Speer was as follows:

Name	Fiscal Year	Units Outstanding	Value
----	-----	-----	-----
Brackpool	12/31/99	40,404	\$ 324,040
	12/31/00	15,385	123,388
Shaheen	12/31/99	21,819	174,988
	12/31/00	7,692	61,690
Speer	12/31/99	19,395	155,548
	12/31/00	6,667	53,469

- (5) Deferred stock units, which are fully vested but cannot be exchanged for shares of common stock without restrictions until March 31, 2003, were issued to Messrs. Brackpool, Shaheen and Speer in March 2001 in exchange for fully vested

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and expiring options in amounts equaling the value of the expiring options in excess of their exercise price. The total number and value of these deferred stock units outstanding at December 31, 2001 (based upon the Nasdaq National Stock Market closing sales price per share of \$8.02 on that date) for Messrs. Brackpool, Shaheen and Speer was as follows:

Name	# of Options Exchanged	Units Awarded	Value
-----	-----	-----	-----
Brackpool	300,000	135,378	\$ 1,085,732
Shaheen	400,000	216,604	1,737,164
Speer	200,000	108,302	868,582

- (6) In January 1999, Mr. Brackpool was granted 500,000 options, vesting in July 1999, based upon meeting certain milestones related to the fulfillment of Cadiz' water resources business plan.

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AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

Name	Shares Acquired on Exercise (#)	Value Realized(\$)	Number of Unexercised Options at FY-End (#) Exercisable/ Unexercisable	Value of Unexercised Options at FY-End (#) Exercisable/ Unexercisable(1)
-----	-----	-----	-----	-----
Keith Brackpool	-0-	-0-	500,000/-0-	\$ 353,750/-0-
Timothy J. Shaheen	-0-	-0-	75,000/-0-	\$ 1,500/-0-
Stanley E. Speer	-0-	-0-	125,000/-0-	\$ 1,500/-0-

- (1) Based upon the Nasdaq National Stock Market closing sales price per share of Cadiz common stock at December 31, 2001 which was \$8.02.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the year ended December 31, 2001, all decisions concerning executive officer compensation were made by the Compensation Committee of the Board of Directors. The members of the Compensation Committee were Messrs. Hutchison (Chairman), Makins and Parker, all of whom were non-employee directors. Mr. Makins served as Chairman of the Board until May 14, 2001. See "Directors and Executive Officers".

BOARD COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Board of Directors has formed a Compensation Committee which is responsible for reviewing and establishing the compensation payable to Cadiz' executive officers, including the President and Chief Executive Officer. For executive officers other than the President and Chief Executive Officer,

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the Committee establishes compensation levels based, in part, upon the recommendations of the President and Chief Executive Officer.

The Compensation Committee has furnished the following report on executive compensation: