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FORM 10-K

CADIZ INC - CDZI

Filed: November 02, 2004 (period: December 31, 2003)

Annual report with a comprehensive overview of the company

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2003

OR

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from .. to ...

Commission File Number 0-12114

Cadiz Inc.
(Exact name of registrant specified in its charter)

DELAWARE	77-0313235
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

777 S. FIGUEROA STREET, SUITE 4250 LOS ANGELES, CA	90017
(Address of principal executive offices)	(Zip Code)

(213) 271-1600
(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
None	None

Securities Registered Pursuant to Section 12(g) of the Act:
COMMON STOCK, PAR VALUE $0.01 PER SHARE
(Title of Class)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ___ NO X ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 220.405 of this chapter) is not contained herein, and will not be contained to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment of this Form 10-K. X

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).

YES ___ NO X ___

As of September 30, 2004, the Registrant had 6,612,674 shares of common stock outstanding. The aggregate market value of the common stock held by nonaffiliates as of June 30, 2004 was approximately $41,050,122 based on 4,773,270 shares of common stock outstanding held by nonaffiliates and the closing price on that date. Shares of common stock held by each executive officer and director and by each entity that owns more than 5% of the outstanding common stock have been excluded in that such persons

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may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

DOCUMENTS INCORPORATED BY REFERENCE

The Registrant is not incorporating by reference any other documents within this Annual Report on Form 10-K except those footnoted in Part IV under the heading "Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K".

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PART I

ITEM 1. BUSINESS

Information presented in this Form 10-K that discusses financial projections, proposed transactions such as those

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concerning the further development of our land and water assets, information or expectations about our business strategies, results of operations, products or markets, or otherwise makes statements about future events, are forward-looking statements. Forward-looking statements can be identified by the use of words such as "intends", "anticipates", "believes", "estimates", "projects", "forecasts", "expects", "plans" and "proposes". Although we believe that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there are a number of risks and uncertainties that could cause actual results to differ materially from these forward-looking statements. These include, among others, the cautionary statements under the caption "Certain Trends and Uncertainties", as well as other cautionary language contained in this Form 10-K. These cautionary statements identify important factors that could cause actual results to differ materially from those described in the forward-looking statements. When considering forward-looking statements in this Form 10-K, you should keep in mind the cautionary statements described above.

OVERVIEW

Our primary asset consists of three blocks of largely contiguous land in eastern San Bernardino County, California. This land position totals approximately 45,000 acres. Virtually all of this land is underlain by high-quality groundwater resources with demonstrated potential for various applications, including water storage and supply programs and agricultural, municipal, recreational, and industrial development. Two of the three blocks of land are located in proximity to the Colorado River Aqueduct, the major source of imported water for southern California. The third block of land is located near the Colorado River.

The value of these assets derives from a combination of population increases and limited water supplies throughout southern California. In addition, most of the major population centers in southern California are not located where significant precipitation occurs, requiring the importation of water from other parts of the state. We therefore believe that a competitive advantage exists for those companies that possess or can provide high quality, reliable, and affordable water to major population centers.

Notwithstanding certain actions taken in 2002 by the Metropolitan Water District of Southern California ("Metropolitan"), as described below, we expect to be able to use our land assets and related water resources to participate in a broad variety of water storage and supply, transfer, exchange, and conservation programs with public agencies and other parties.

In 1997 we commenced discussions with Metropolitan in order to develop principles and terms for a long-term agreement for a joint venture groundwater storage and supply program on our land in the Cadiz and Fenner valleys ("Cadiz Program"). Following extensive negotiations with us, in April 2001 Metropolitan's Board of Directors approved definitive economic terms, conditions, and responsibilities ("Principles of Agreement"), which were to serve as the basis for a final agreement to be executed between us, subject to the then-ongoing environmental review process.

The Cadiz Program would have provided Metropolitan with a valuable increase in water supply during periods of drought or other emergencies, as well as greater reliability and flexibility in operation of its Colorado River Aqueduct. During wet years, surplus water from the

Colorado River would be stored in the aquifer system underlying Cadiz' land. When needed, the stored water, together with indigenous groundwater, would be returned to the Colorado River Aqueduct for distribution to Metropolitan's member agencies throughout six southern California counties.

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On August 29, 2002, the U.S. Department of Interior approved the Final Environmental Impact Statement for the Cadiz Program and issued its Record of Decision, the final step in the federal environmental review process for the Cadiz Program. The Record of Decision amends the California Desert Conservation Area Plan for an exception to the utility corridor element and offered to Metropolitan a right-of-way grant necessary for the construction and operation of the Cadiz Program.

On October 8, 2002, Metropolitan's Board considered acceptance of the Record of Decision and the terms and conditions of the right-of-way grant. The Board voted not to adopt Metropolitan staff's recommendation to approve the terms and conditions of the right-of-way grant issued by the Department of the Interior for the Cadiz Program by a vote of 47.11% in favor and 47.36% against the recommendation. Instead, the Board voted for an alternative motion to reject the terms and conditions of the right-of-way grant and to not proceed with the Cadiz Program by a vote of 50.25% in favor and 44.22% against.

Irrespective of Metropolitan's actions, Southern California's need for water storage and supply programs has not abated. We believe there are several different scenarios to maximize the value of this water resource, all of which are under current evaluation. See "Water Resource Development", below.

Because we expected that these alternatives may have different anticipated capital requirements and implementation periods than those previously established for the Cadiz Program, we promptly entered into an agreement with our senior secured lender, ING Capital LLC ("ING") for a three year extension of approximately $35 million of senior secured loans with a maturity date of January 31, 2003. We also entered into agreements with the holders of our preferred stock for an extension until July 2006 of the mandatory redemption date of this preferred stock. Our extension with ING was subject to certain conditions, including annual renewals of the revolving credit facility of our wholly-owned subsidiary, Sun World International, Inc. (which, together with its subsidiaries, we refer to as "Sun World").

Sun World was, however, unable to obtain such a renewal for its 2003-2004 growing season. Historically, we, as the parent company of Sun World, had supplemented Sun World's annual working capital requirements. We were not able to do this for the 2003-2004 growing season, thereby compelling Sun World to obtain a larger facility than in prior years. Sun World was able to obtain this larger facility but only conditioned on obtaining the consent of holders of Sun World's outstanding First Mortgage Notes, which Sun World was ultimately unable to procure. Because of this, the only way Sun World could obtain the new financing needed to provide working capital for its 2003-2004 growing seasons was to seek court approval, pursuant to Chapter 11, to a new Debtor in Possession ("DIP") facility. Therefore, in January 2003 Sun World filed a voluntary petition for Chapter 11 bankruptcy protection in order to access its needed seasonal financing.

Sun World's financial situation and bankruptcy filing, in turn, negated the agreement we had previously reached with ING for the three year extension of our senior secured loans. We were unable to make payment of this debt upon the original January 31, 2003 maturity date, and in February 2003 ING declared these loans to be in default, although we remained in negotiations with ING for an overall restructuring of this debt.

Given the negative effect of these various developments on the trading price for our common stock, we were unable to maintain the minimum price needed for continued listing on the Nasdaq National Market. Effective March 27, 2003, our common stock was delisted from trading on the Nasdaq National Market.

In light of these events, we have implemented the following

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restructuring steps:

* In June 2003 we completed an equity offering of $2.0 million in newly issued common stock (including $320 thousand in shares issued for services);
* In October 2003 we completed an exchange of all of our then outstanding preferred stock for newly issued common stock;
* In November 2003 Sun World submitted its plan of reorganization to the Bankruptcy Court;
* In December 2003 we completed a comprehensive restructuring which resulted in:
  * A new three year extension of our $35 million debt facility with ING;
  * An additional equity infusion of $8.6 million through the issuance of common stock;
  * A one for twenty-five reverse split of our outstanding common stock;
  * The transfer of our properties to Cadiz Real Estate LLC, a Delaware limited liability company wholly owned by us and created at the behest of ING; and
  * The completion of a binding agreement with the holders of a majority of Sun World's First Mortgage Notes, otherwise referred to as the "Bondholders", which provides for the transfer of an unsecured claim due to us from Sun World of $13.5 million to a trust controlled by the Bondholders, as well as the pledge of our equity in Sun World to this trust as security for our obligation to support a plan of reorganization for Sun World that provides no recovery to us on account of our equity interests in Sun World. In return, the Bondholders agreed to release us from any obligations pursuant to our guarantee of Sun World's First Mortgage Notes.

With the implementation of these restructuring steps, we have been able to retain ownership of all of our assets relating to our water programs and obtain working capital needed to continue our efforts to develop our water programs, albeit with our commitment to support a Sun World plan of reorganization that provides for the divestiture of our equity interests in Sun World. Because many of our pre-existing common stockholders have participated in the equity issuances which were part of the restructuring, our base of common stockholders remains largely the same as before the restructuring.

We remain committed to our water programs and we continue to explore all opportunities. We cannot predict with certainty which of these various opportunities will ultimately be utilized.

(A) GENERAL DEVELOPMENT OF BUSINESS

We are a Delaware corporation formed in 1992 to act as the surviving corporation in a Delaware reincorporation merger between us and our predecessor, Pacific Agricultural Holdings, Inc., a California corporation formed in 1983.

As part of our historical business strategy, we have conducted our land acquisition, water development activities, agricultural operations and search for international water and agricultural opportunities for the purpose of enhancing the long-term appreciation of our properties and future prospects. See "Narrative Description of Business" below.

The focus of our water development activities has been the Cadiz Program. The actions of Metropolitan in late 2002 have, at

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a minimum, delayed the Cadiz Program, which in turn has caused us to undergo a corporate restructuring. In 2003, our business development activities consisted largely of implementing this restructuring, which has included the Chapter 11 filing of and the substantive disposition of our equity interests in our Sun World subsidiary and a completion of an amendment and extension of our credit facilities with our senior secured lender. Our primary goal in this process has been to maintain ownership of our San Bernardino properties and to create a capital structure which would allow us to continue our development of the Cadiz Program. With the completion of an overall capital restructuring in December 2003, we believe that we have succeeding in achieving this goal. This overall capital restructuring provided for a three year extension of our $35 million debt facility with ING and an additional equity infusion of $8.6 million through the issuance of common stock, and is described in more detail in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operation."

We acquired all of the outstanding capital stock of Sun World in 1996. Since that time, until late 2002, we provided to Sun World various management and administrative services and facilities, and supplemented Sun World's annual working capital requirements. In late 2002, it became apparent that we would not be able to continue to provide such ongoing financial support to Sun World. In order to obtain the new financing needed to provide working capital for its 2003-2004 growing seasons, on January 30, 2003 (the "Petition Date") Sun World and three of its wholly owned subsidiaries filed voluntary petitions under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court, Central District of California, Riverside Division (Case Nos: RS 03-11370 DN, RS 03-11369 DN, RS 03-11371 DN, RS 03-11374 DN). Shortly following the Petition Date, Sun World sought and obtained authority to enter into a Debtor in Possession ("DIP") facility which provided Sun World with sufficient loan availability to continue its operations. As of the petition date, due to the Company's loss of control over the operations of Sun World, the financial statements of Sun World will no longer be consolidated with those of Cadiz, but instead Cadiz will account for its investment in Sun World on the cost basis of accounting.

In November 2003 Sun World filed a plan of reorganization (Debtors' Joint Plan of Reorganization dated November 24, 2003) with the Bankruptcy Court (the "Plan") and accompanying disclosure statement. Under the Plan as proposed, the reorganized Sun World will continue to operate as a going concern following effectiveness of the Plan; however, all of our ownership interests in the reorganized Sun World will be canceled. The reorganized Sun World's equity interests will be held instead by Sun World's creditors. Also, under the proposed Plan, all service agreements between Sun World and us will be terminated, and approximately $13.5 million in debt owed to us by Sun World (including approximately $12.3 million in loans) will be canceled.

We supported the filing of the Plan in the belief that the manner in which the Plan provides for the resolution of claims asserted by and against us in the Sun World bankruptcy proceedings would be in our best interests. In furtherance of this belief, and in order to ensure that our interests in Sun World are treated in a manner consistent with that under the proposed Plan irrespective of whether or not the Plan is approved in its proposed form, in December 2003 we entered into a global settlement agreement with Sun World and with the holders of a majority of Sun World's First Mortgage Notes, otherwise referred to as the Bondholders. This global settlement agreement provides for:

* The grant by Sun World to us of a general unsecured claim against Sun World of $13.5 million in full and final settlement of all claims and causes of action between us, and the termination and/or rejection of all contracts and

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agreements between us and Sun World, with the exception of an agricultural lease by us to Sun World of our Cadiz, California farm properties (the "Sun World Settlement");

* The transfer of this unsecured claim to a trust controlled by the Bondholders;

* Our agreement not to seek a recovery in the Sun World bankruptcy proceedings on account of our equity interest in Sun World, and a pledge of all of our equity interests in Sun World to the Bondholder trust as security for our obligations under the global settlement; and

* The waiver by the Bondholders (and by any other holders of First Mortgage Notes who elect to opt into the settlement) to seek recovery against us on account of our guarantee of Sun World's obligations under the First Mortgage Notes.

The Sun World Settlement was subject to the approval of the Bankruptcy Court, which was obtained by Sun World. Bankruptcy Court approval was not required for the other aspects of the global settlement. The Bankruptcy Court's approval order for the Sun World Settlement is currently the subject of an appeal by a creditor of Sun World. Sun World is defending against this appeal. We have an agreement with the Bondholders providing that the other aspects of the global settlement, as described above, shall remain fully effective even if the pending appeal of the Sun World Settlement is successful.

A hearing to consider the adequacy of the disclosure statement accompanying the Plan, most recently scheduled for June 11, 2004, has been subject to several postponements and no hearing date is currently scheduled. In Sun World's filings with the Bankruptcy Court, Sun World has reported that it believes that the Plan likely cannot be confirmed absent the acceptance of the holders of the First Mortgage Notes, in their capacity as secured creditors. Sun World has further reported to the Bankruptcy Court that the holders of the First Mortgage Notes have not reached a consensus with respect to certain corporate governance issues relating to the reorganized company, and that they have been unable to finalize a shareholder agreement term sheet. In the meantime, Sun World has, with Bankruptcy Court approval, expanded the scope of its engagement with Ernst & Young Corporate Finance LLC to include services related to (i) a sale of substantially all of its assets pursuant to a motion or a plan of reorganization, and (ii) obtaining an equity investor and financing under a plan of reorganization and is actively pursuing the sales/investment process. Sun World has chosen to delay the preparation of an amended Plan and disclosure statement and the scheduling of a disclosure statement hearing date pending the outcome of these most recent developments. Sun World's exclusivity period (i.e. the period during which only Sun World may file a plan of reorganization) currently expires on December 31, 2004. We cannot predict at this time what changes, if any,

will be made to the Plan as a result of the foregoing or whether or not the Plan, as amended, will be approved.

(B) FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

During the year ended December 31, 2003 we continued to develop the water resource segment of our business and, until Sun World's January 30 bankruptcy filing, operated our agricultural resources segment. See Consolidated Financial Statements. See also Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations".

(C) NARRATIVE DESCRIPTION OF BUSINESS

With the completion of our financial restructuring in December 2003, we are able to continue with our strategy of development of our holdings for their highest and best uses. At present, our development activities are focused on water resource

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development at our San Bernardino County properties.

WATER RESOURCE DEVELOPMENT

Our portfolio of water resources, located in close proximity to the Colorado River or the major aqueduct systems of central and southern California, such as the State Water Project and the Colorado River Aqueduct, provides us with the opportunity to participate in a variety of water storage and supply programs, exchanges and transfers.

(A) CADIZ GROUNDWATER STORAGE AND DRY-YEAR SUPPLY PROGRAM.

The Company owns approximately 35,000 acres of land and related high-quality groundwater resources in the Cadiz and Fenner valleys of eastern San Bernardino County. The aquifer system underlying this property is naturally recharged by precipitation (both rain and snow) within a watershed of approximately 1,300 square miles. See Item 2, "Properties - The Cadiz/Fenner Property".

In 1997 we commended discussions with Metropolitan in order to develop principles and terms for a long-term agreement for a joint venture groundwater storage and supply program on this land. The Cadiz Program would provide Metropolitan with a valuable increase in water supply during periods of drought or other emergencies, as well as greater reliability and flexibility in operation of its Colorado River Aqueduct. During wet years, surplus water from the Colorado River would be stored in the aquifer system that underlies the Cadiz property. When needed, the stored water and indigenous groundwater would be returned to the Colorado River Aqueduct for distribution to Metropolitan's member agencies throughout six southern California counties. Metropolitan provides supplemental water to approximately 17 million people.

In addition, temporary withdrawals of indigenous groundwater would also be available from the Cadiz Program during emergencies, in full compliance with the GROUNDWATER MONITORING & MANAGEMENT PLAN approved by the U.S. Department of the Interior in its RECORD OF DECISION. With this provision of the MANAGEMENT PLAN the effective long-term storage capacity of the Cadiz Program may exceed two million acre-feet.

Following extensive negotiations with us, in April 2001 Metropolitan's Board of Directors approved definitive economic terms and responsibilities, which were to serve as the basis for a final agreement to be executed between us, subject to the then-ongoing environmental review process. Pursuant to these definitive terms, during storage operations, Metropolitan would pay a

$50 fee per acre-foot for put of Colorado River water into storage, and a $40 fee per acre-foot for return of Colorado River water from storage, or a total of $90 per acre-foot to cycle water into and out of the basin. On the transfer of indigenous water, Metropolitan would pay a base rate of $230 per acre-foot, which will be adjusted according to a fair market value adjustment procedure. Metropolitan would commit to minimum levels of utilization of the Cadiz Program for both storage of Colorado River Aqueduct water (900,000 acre-feet) and transfer of indigenous groundwater (up to 1,500,000 acre-feet). In addition, the definitive terms provided for the grant to Cadiz of the option to sell a portion of the indigenous groundwater (30,000 acre-feet per year for 25 years or a total of 750,000 acre-feet) to outside third parties within Metropolitan's service area at fair market value.

Cadiz Program facilities would include, among other things:

* Spreading basins, which are shallow ponds that percolate water from the ground surface to the water table;

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* High yield extraction wells designed to extract stored Colorado River water and indigenous groundwater from beneath the Cadiz Program area;

* A 35-mile conveyance pipeline to connect the spreading basins and wellfield to the Colorado River Aqueduct at Metropolitan's Iron Mountain pumping plant; and

* A pumping plant to pump water through the conveyance pipeline from Metropolitan's Iron Mountain pumping plant to the spreading basins.

The expected costs of these facilities is approximately $150 million, which was to be jointly shared.

The definitive terms for the Cadiz Program also call for the establishment of a comprehensive groundwater monitoring and management plan to ensure long-term protection of the groundwater basin.

In October 2001, the environmental report was issued by Metropolitan and the U.S. Bureau of Land Management, in collaboration with the U.S. Geological Survey and the National Park Service. On August 29, 2002, the U.S. Department of Interior approved the Final Environmental Impact Statement for the Cadiz Program and issued its Record of Decision, the final step in the federal environmental review process for the Cadiz Program. The Record of Decision amends the California Desert Conservation Area Plan for an exception to the utility corridor element and offered to Metropolitan a right-of-way grant necessary for the construction and operation of the Cadiz Program.

On October 8, 2002, Metropolitan's Board considered acceptance of the Record of Decision and the terms and conditions of the right-of-way grant. The Board voted not to adopt Metropolitan staff's recommendation to approve the terms and conditions of the right-of-way grant issued by the Department of the Interior for the Cadiz Program by a vote of 47.11% in favor and 47.36% against the recommendation. Instead, the Board voted for an alternative motion to reject the terms and conditions of the right-of-way grant and to not proceed with the Cadiz Program by a vote of 50.25% in favor and 44.22% against.

Subsequent to Metropolitan's actions, negotiations towards a final agreement for the Cadiz Program on the basis of the previously approved definitive terms have ceased.

With Metropolitan's actions, we have not been able to complete the environmental review phase of the Cadiz Program. It is our position that Metropolitan's actions of October 2002 breached various contractual and fiduciary obligations of Metropolitan to us, and interfered with the economic advantage we would obtain from the Cadiz Program. Therefore, in April 2003 we filed a claim against Metropolitan seeking compensatory and punitive damages. See Item 3 - "Legal Proceedings".

Irrespective of Metropolitan's actions, the need for new water storage and supply programs has not diminished in the southwestern United States. The Colorado River watershed is currently in the grip of a prolonged drought that presents major challenges to the economies of California, Nevada, and Arizona. As population continues to grow at record rates, these states are faced with the very real possibility that current and future supplies will not be able to meet demand.

Implementation of the Cadiz Program would provide a valuable increase in water supply during periods of drought or other emergencies, as well as greater reliability and flexibility in operation of the Colorado River Aqueduct. During wet years, excess water from the Colorado River would be stored in the aquifer system that underlies approximately 35,000 acres of land

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owned by Cadiz. When needed, the stored water would be returned to the Colorado River Aqueduct for distribution.

In addition, temporary withdrawals of indigenous groundwater would also be available during emergencies, in full compliance with the GROUNDWATER MONITORING & MANAGEMENT PLAN approved by the U.S. Department of the Interior in its RECORD OF DECISION. With this provision of the MANAGEMENT PLAN the effective long-term storage capacity of the Cadiz Program may exceed two million acre-feet.

The Company believes there are a variety of scenarios under which the value of the Cadiz Program may be realized. Indeed, exploratory discussions have been initiated with representatives of governmental organizations, water agencies, and private water users with regard to their expressed interest in implementation of the Cadiz Program. Several such discussions have been held with water agencies that are independently seeking reliability of supply. Other discussions have focused on the possibility of exchanging water stored at the Cadiz Program with water contractors in other regions in California. In addition, the current drought within the Colorado River watershed has served as an impetus to cooperative discussions between states, with the goal that interstate exchanges and transfers may also become feasible in the future.

Because of the Company's long-term relationship with Metropolitan, the Company also intends to pursue discussions with the agency in an effort to determine whether there are terms acceptable to both parties under which the Cadiz Program could be implemented. With the recent finalization of the Quantification Settlement Agreement (QSA), an agreement between the Secretary of the Interior, the State of California, Metropolitan and three other southern California water agencies quantifying the amount of water California's Colorado River users could expect on an annual basis, Metropolitan's Colorado River supplies are now specified and limited only by the variable volume of flow on the river. To meet the growing needs of its service area, Metropolitan must take advantage of all opportunities to store available Colorado River water during periods of surplus. With virtually all environmental permits and approvals in place for the Cadiz Program, except for those dependent upon Metropolitan's certification of the Environmental Impact Report (EIR), the Company believes a partnership with Metropolitan could be renewed in a timely manner if terms acceptable to both parties were to be negotiated.

In the absence of a negotiated resolution, the Company would continue to seek an administrative resolution of its claim against Metropolitan. In April 2003 the Company filed an administrative notice of claim with Metropolitan asserting the breach by Metropolitan of various obligations specified in the PRINCIPLES OF AGREEMENT. The Company believes that by failing to complete the environmental review process, as specified in the PRINCIPLES OF AGREEMENT, Metropolitan violated this contract, breached its fiduciary duties to the Company and interfered with the Company's prospective economic advantages. In discussions following presentation of this claim, Cadiz and Metropolitan agreed to evaluate alternative approaches to implementation of the Cadiz Program. Metropolitan has not to date responded to the claim and Cadiz has until October 2005 to file a lawsuit against the agency.

(B) OTHER EASTERN MOJAVE PROPERTIES

Our second largest block of land is approximately 9,000 acres in the Piute Valley of eastern San Bernardino County. This landholding is located approximately 15 miles from the resort community of Laughlin, Nevada, and about 12 miles from the Colorado River town of Needles, California. Extensive hydrological studies, including the drilling and testing of a full-scale production well, have demonstrated that this landholding is underlain by high-quality groundwater. The aquifer

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system underlying this property is naturally recharged by precipitation (both rain and snow) within a watershed of approximately 975 square miles.

Additional hydrological investigations and discussions with potential partners have commenced with the objective of developing our Piute Valley assets.

Additionally, we own or control additional acreage located near Danby Dry Lake, approximately 30 miles southeast of our landholdings in Cadiz and Fenner valleys. Our Danby Lake property is located approximately 10 miles north of the Colorado River Aqueduct, and initial hydrological studies indicate that it has excellent potential for a groundwater storage and supply project.

AGRICULTURAL OPERATIONS

Sun World is a leading producer of high value crops and one of California's largest vertically integrated agricultural concerns. Farming approximately 10,000 acres of agricultural crops throughout southern and central California, Sun World grows dozens of varieties of fresh fruit and vegetables, and is one of the top three domestic producers of table grapes (5% of United States production) plums (6%), colored peppers (4%), and watermelon (3%). Sun World's operations include divisions specializing in farming, packing, marketing, and proprietary product development.

On January 30, 2003, Sun World filed voluntary petitions under Chapter 11 of the Bankruptcy Code. See "General Development of Business", above. Since the filing date, Sun World has operated its business and managed its affairs as debtor and debtor in possession. As of that date due to the Company's loss of control over the operations of Sun World, the financial statements of Sun World will no longer be consolidated with those of Cadiz, but instead, Cadiz will account for its investment in Sun World on the cost basis of accounting. As a result of changing to the cost basis of accounting on January 31, 2003, we had a net investment in Sun World of approximately $195 thousand consisting of loans and amounts due from Sun World of $13,500,000 less losses in excess of investment in Sun World of $13,305,000. We wrote off the net investment in Sun World of $195 thousand at the Chapter 11 filing date because we do not anticipate being able to recover our investment.

As part of the Sun World bankruptcy process, we are no longer engaged in agricultural operations. We lease for operation by others approximately 1,600 acres of Cadiz/Fenner agricultural real property. See Item 2. "Properties - Leased Farm Property".

SEASONALITY

Our water resource development activities are not seasonal in nature.

With our divestiture of Sun World as contemplated by the agreement with a majority of Sun World's bondholders, our operations will no longer be subject to the general seasonal trends that are characteristic of the agricultural industry.

COMPETITION

We face competition for the acquisition, development and sale of our properties from a number of competitors, some of which have greater resources than us. We may also face competition in the development of water resources associated with our properties. Since California has scarce water resources and an increasing demand for available water, we believe that location, price and reliability of delivery are the principal competitive factors affecting transfers of water in California.

EMPLOYEES

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As of December 31, 2003, we employed 7 full-time employees (i.e. those individuals working more than 1,000 hours per year). We believe that our employee relations are good.

REGULATION

Our operations are subject to varying degrees of federal, state and local laws and regulations. As we proceed with the development of our properties, including the Cadiz Program, we will be required to satisfy various regulatory authorities that we are in compliance with the laws, regulations and policies enforced by such authorities. Groundwater development, and the export of surplus groundwater for sale to single entities such as public water agencies, is not subject to regulation by existing statutes other than general environmental statutes applicable to all development projects. Additionally, we must obtain a variety of approvals and permits from state and federal governments with respect to issues that may include environmental issues, issues related to special status species, issues related to the public trust, and others. Because of the discretionary nature of these approvals and concerns which may be raised by various governmental officials, public interest groups and other interested parties during both the development and approval process, our ability to develop properties and realize income from our projects, including the Cadiz Program, could be delayed, reduced or eliminated.

ITEM 2. PROPERTIES

We currently lease our executive offices in Los Angeles, California, which consist of approximately 4,770 square feet, pursuant to a sublease that expires on June 14, 2006. Current base rent under the lease is approximately $7,550.00 per month.

As part of our December 2003 overall capital restructuring, we transferred all of our assets (with the exception of our office sublease, certain office furniture and equipment and any

Sun World related assets) to Cadiz Real Estate LLC, a Delaware limited liability company ("Cadiz Real Estate"). We hold 100% of the equity interests of Cadiz Real Estate, and therefore we continue to hold 100% beneficial ownership of the properties which we transferred to Cadiz Real Estate. Cadiz Real Estate was created at the behest of our senior secured lender, ING. The Board of Managers of Cadiz Real Estate consists of two managers appointed by us and one independent manager named by ING. As long as our obligations to ING are outstanding, Cadiz Real Estate may not institute bankruptcy proceedings without the unanimous consent of this Board of Managers (including the independent manager).

Cadiz Real Estate is a co-obligor under our credit facilities with ING, for which assets of Cadiz Real Estate have been pledged as security.

Because the transfer of our properties to Cadiz Real Estate has no effect on our ultimate beneficial ownership of these properties, we refer throughout this Report to properties owned of record either by Cadiz Real Estate or by us as "our" properties.

The following is a description of our significant properties.

THE CADIZ/FENNER PROPERTY

In 1984, we conducted an investigation of the feasibility of the agricultural development of land located in the Mojave Desert near Cadiz, California, and confirmed the availability of high-quality water in commercial quantities appropriate for

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agricultural development. Since 1985, we have acquired approximately 34,500 acres in the Cadiz and Fenner Valleys of eastern San Bernardino County approximately 30 miles north of the Colorado River Aqueduct.

Additional numerous independent geotechnical and engineering studies conducted since 1985 have confirmed that the Cadiz/Fenner property overlies a natural groundwater basin which is ideally suited fro the underground water storage and dry year transfers as contemplated in the Cadiz Program. See Item 1, "Business - Narrative Description of Business - Water Resource Development".

In November 1993, the San Bernardino County Board of Supervisors unanimously approved a General Plan Amendment establishing an agricultural land use designation for 9,600 acres at Cadiz for which 1,600 acres have been developed and are leased to Sun World and an unaffiliated third party. This action also approved permits to construct infrastructure and facilities to house as many as 1,150 seasonal workers and 170 permanent residents (employees and their families) and allows for the withdrawal of more than 1,000,000 acre-feet of groundwater from the groundwater basin underlying our property.

OTHER EASTERN MOJAVE PROPERTIES

We also own approximately 10,900 additional acres in the eastern Mojave Desert, including the Piute and Danby Lake properties.

The Piute property consists of approximately 9,000 acres and is located approximately 60 miles northeast of Cadiz and approximately 15 miles west of the Colorado River and Laughlin, Nevada, a small, fast growing town with hotels, casinos and water recreation facilities. We identified the Piute property for acquisition by a combination of satellite imaging and geological techniques which we used to identify water at Cadiz.

LEASED FARM PROPERTY

Concurrently with our acquisition of Sun World in 1996, we leased to Sun World approximately 1,600 acres of our Cadiz/Fenner property which has been developed for agricultural use. This lease, as amended pursuant to Sun World's bankruptcy proceedings, now provides for the lease by Sun World of 1,100 acres of this property through the 2004 harvest season. The remainder of the property is leased to an unaffiliated third party. These leases provide for the lessee to be responsible for all costs associated with growing crops on the leased property. The majority of this land is used for the cultivation of permanent and annual crops and support activities, including packing facilities.

DEBT SECURED BY PROPERTIES

Our outstanding debt at December 31, 2003 of $35 million represents loans secured by our properties (including properties held of record by Cadiz Real Estate). Information regarding interest rates and principal maturities is provided in Note 10 to the consolidated financial statements.

ITEM 3. LEGAL PROCEEDINGS

CLAIM AGAINST METROPOLITAN

On April 7, 2003 we filed an administrative claim against The Metropolitan Water District of California ("Metropolitan"), asserting the breach by Metropolitan of various obligations specified in our Principles of Agreement with Metropolitan. We believe that by failing to complete the environmental review process for the Cadiz Program, as specified in the Principles of Agreement, Metropolitan violated this contract, breached its fiduciary duties to us and interfered with our prospective economic advantages. See Item 1, "Business - Narrative

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Description of Business - Water Resource Development". The filing was made with the Executive Secretary of Metropolitan. We are seeking recovery of compensatory and punitive damages.

In discussions following presentation of this claim, we and Metropolitan have agreed to evaluate alternative approaches to implementation of the Cadiz Program. Metropolitan has not to date responded to the claim and we have until October 2005 to file a lawsuit against the agency.

SUN WORLD BANKRUPTCY FILING

On January 30, 2003, (the "Petition Date") Sun World and three of its wholly owned subsidiaries (Sun Desert, Inc., Coachella Growers and Sun World/Rayo) filed voluntary petitions under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court, Central District of California, Riverside Division (Case Nos: RS 03-11370 DN, RS 03-11369 DN, RS 03-11371 DN, RS 03-11374 DN). See Item 1, "Business - General Development of Business".

ING NOTICES OF DEFAULT/NOTICES OF RESCISSION

On July 7 and 8, 2003, ING recorded a series of Notices of Default and Election to Sell under Deed of Trust in the office of the San Bernardino County Recorder evidencing a foreclosure action by ING against the property which was securing our senior secured loans

with ING. ING had declared these senior secured loans, which then had a maturity date of January 31, 2003, to be in default in February 2003.

In December 2003, subsequent to the completion of our comprehensive financial restructuring which included a three year extension of our loans with ING (See Item 1. Business - Overview), ING recorded Notices of Rescission in San Bernardino County whereby ING rescinded, canceled and withdrew each such Notice of Default and Election to Sell.

OTHER PROCEEDINGS

There are no other material pending legal proceedings to which we are a party or of which any of our property is the subject.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of our stockholders during the fourth quarter of 2003. The results of a Special Meeting of Stockholders held August 21, 2003 were reported in our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2003.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is currently traded over the counter on the OTC U.S. Market, often referred to as the "Pink Sheets" under the symbol "CDZI-OTC". Prior to March 27, 2003, the Company's common stock was listed on the Nasdaq National Market (Nasdaq). On March 27, 2003, the Company's common stock was delisted from Nasdaq, and thereafter traded on the OTC Bulletin Board until May 23, 2003, at which time our common stock was removed from the Bulletin Board and began trading on the Pink Sheets. The following table reflects actual sales transactions for the dates that the Company was trading on Nasdaq, and high and low bid information for dates subsequent. The OTC Bulletin Board and Pink

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Sheet market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions. The high and low ranges of the common stock for the dates indicated have been provided by Bloomberg LP. Please note that all stock prices listed throughout this annual report on Form 10K have been adjusted for the one for 25 reverse stock split that took place in December 2003.

QUARTER ENDED	HIGH SALES PRICE	LOW SALES PRICE
2002:		
March 31	$ 225.00	$ 191.75
June 30	$ 275.00	$ 205.75
September 30	$ 155.50	$ 75.00
December 31	$ 68.75	$ 5.25
2003:		
March 31	$ 20.25	$ 2.625
June 30	$ 4.75	$ 2.425
September 30	$ 4.00	$ 1.425
December 31	$ 5.90	$ 3.375

On July 31, 2004, the high, low and last sales prices for the shares, as reported by Bloomberg, were $15.00, $15.00, and $15.00, respectively.

We also have an authorized class of 100,000 shares of preferred stock. There is one series of preferred stock (Series F) authorized for issuance. All 100,000 authorized shares of Series F Preferred Stock are issued and outstanding.

On May 10, 1999 we adopted a Stockholders' Rights Plan. In connection with the Rights Plan, and as further described in the Rights Plan, we declared a dividend of one preferred share purchase right for each outstanding share of our common stock outstanding at the close of business on June 1, 1999, and filed a Certificate of Designations designating for issuance 40,259 shares of Series A Junior Participating Preferred Stock. No shares of Series A Participating Preferred Stock were ever issued. The Rights Plan was amended and terminated by our Board of Directors on March 25, 2004. On March 26, 2004, Cadiz filed a certificate of elimination which eliminated this series of preferred stock.

As of July 31, 2004, the number of stockholders of record of our common stock was 240 and the estimated number of beneficial owners was approximately 2,263.

To date, we have not paid a cash dividend on our common stock and we do not

anticipate paying any cash dividends in the foreseeable future. Our ability to pay such dividends is subject to covenants pursuant to agreements with our primary lender that prohibits the payment of dividends.

During the quarter ended December 31, 2003, we issued 4,190,699 shares of common stock and 100,000 shares of Series F Preferred Stock. 3,440,000 shares of common stock were issued at $2.50 per share in connection with a private sale of our common stock for an aggregate amount of $8.6 million. 400,000 shares were issued in exchange for the cancellation of all of our outstanding Series D, Series E-1 and Series E-2 preferred stock. 160,000 shares were issued as part of a settlement agreement with a potential claimant and were valued by us for purposes of this settlement at $2.50 per share. ING exercised all of their outstanding warrants and received 94,000 shares of common stock at an exercise price of $0.25 per share. The remaining 84,699 shares were issued upon conversion of all of our 8% unsecured convertible promissory notes in the aggregate principal amount of $200,000 plus accrued interest, which was previously reported in our

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quarterly report on Form 10-Q for the quarter ended March 31, 2003. The Series F preferred stock, which is initially convertible into 1,728,955 shares of common stock (subject to anti-dilution adjustments), was issued in connection with the restructuring of our senior secured debt with ING. The issuances of common stock and Series F preferred stock were not registered under the Securities Act. We believe that the transactions described are exempt from the registration requirements of the Securities Act by virtue of Section 4(2) of the Securities Act as the transactions did not involve public offerings, the number of investors was limited, the investors were provided with information about us, and we placed restrictions on resale of the securities. All other securities sold by us during the three years ended December 31, 2003 which were not registered under the Securities Act have previously been reported in our Annual and Quarterly Reports on Forms 10K and 10-Q.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data insofar as it relates to the years ended December 31, 2003, 2002, 2001, 2000 and 1999 has been derived from our audited financial statements. The information that follows should be read in conjunction with the audited consolidated financial statements and notes thereto for each of the three years in the period ended December 31, 2003 included in Part IV of this Form 10-K. See also Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations".

($ in thousands, except for per share data)

	YEAR ENDED DECEMBER 31,				
	2003	2002	2001	2000	1999
Statement of Operations Data:					
Total revenues	$ 3,162	$ 114,250	$ 92,402	$107,745	$ 115,229
Net loss	(11,536)	(22,225)	(25,722)	(22,458)	(8,594)
Less: Preferred stock dividends	918	1,125	591	-	-
Imputed dividend on preferred stock	1,600	984	441	-	-
Net loss applicable to common stock	$ (14,054)	$ (24,334)	$ (26,754)	$ (22,458)	$ (8,594)
Per share:					
Net loss (basic and diluted)	$ (6.39)	$ (16.76)	$ (18.66)	$ (15.89)	$ (6.20)
Weighted-average common shares outstanding	2,200	1,452	1,434	1,414	1,387

	DECEMBER 31,				
	2003	2002	2001	2000	1999
Balance Sheet Data:					
Total assets	$ 49,526	$ 191,883	$ 198,275	$ 203,617	$ 214,102
Long-term debt	$ 30,253	$ 115,447	$ 141,429	$ 145,610	$ 142,089
Redeemable preferred					

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stock	$ -	$ 10,942	$ 9,958	$ 3,950	$ -
Preferred stock, common stock and additional paid-in capital	$ 185,040	$ 156,166	$ 152,765	$ 143,063	$ 136,552
Accumulated deficit	$(168,823)	$(157,287)	$(135,062)	$(109,340)	$ (86,882)
Stockholders' equity	$ 16,217	$ (1,121)	$ 17,703	$ 33,723	$ 49,670

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the following discussion contains trend analysis and other forward-looking statements. Forward-looking statements can be identified by the use of words such as "intends", "anticipates", "believes", "estimates", "projects", "forecasts", "expects", "plans" and "proposes". Although we believe that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there are a number of risks and uncertainties that could cause actual results to differ materially from these forward-looking statements. These include, among others, our ability to maximize value from our Cadiz, California land and water resources; the uncertainty of the outcome of Sun World's bankruptcy proceedings; our outstanding guarantee of Sun World's First Mortgage Notes; and our ability to obtain new financings as needed to meet our ongoing working capital needs. See additional discussion under the heading "Certain Trends and Uncertainties" below.

OVERVIEW

As discussed in further detail below, as of January 30, 2003 the financial statements of our Sun World subsidiary are no longer being consolidated with ours. Presently, our operations (and, accordingly, our working capital requirements) relate primarily to our water development activities and, more specifically, to the Cadiz Groundwater Storage and Dry-Year Supply Program. Our results of operations for periods subsequent to January 2003 have been, and in future fiscal periods will be, largely reflective of the operations of our water development activities.

CADIZ GROUNDWATER STORAGE AND DRY-YEAR SUPPLY PROGRAM. In 1997, we commenced discussions with the Metropolitan Water District of Southern California (Metropolitan) in order to develop principles and terms for a long-term agreement for a joint venture water storage and supply program on and under our Cadiz, California property. In July 1998, Cadiz and Metropolitan approved the Principles and Terms for Agreement for the Cadiz Groundwater Storage and Dry-Year Supply Program (the Cadiz Program). At the same time, Cadiz and Metropolitan authorized preparation of a final agreement based on these principles and initiated the environmental review process for the Cadiz Program. Following extensive negotiations with Cadiz to further refine and finalize these basic principles, Metropolitan's Board of Directors approved definitive economic terms and responsibilities at their April 2001 board meeting. The Cadiz Program definitive economic terms were to serve as the basis for a final agreement to be executed between Metropolitan and Cadiz, subject to the then-ongoing environmental review process.

Under the Cadiz Program, during wet years or periods of excess supply, surplus water from the Colorado River Aqueduct would be stored in the groundwater basin underlying our property. During dry years or times of reduced allocations from the Colorado River, the previously imported water, together with additional existing groundwater, would be extracted and delivered, via a conveyance pipeline, back to the aqueduct.

On August 29, 2002, the U.S. Department of Interior approved the Final Environmental Impact Statement for the Cadiz Program and issued its Record of Decision, the final step in the

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federal environmental review process for the Cadiz Program. The Record of Decision amends the California Desert Conservation Area Plan for an exception to the utility corridor element and offered to Metropolitan a right-of-way grant necessary for the construction and operation of the Cadiz Program.

On September 17, 2002, the Metropolitan Subcommittee on Rules and Ethics scheduled a series of meetings in October and November 2002 to consider (a) acceptance of the Record of Decision and the terms and conditions of the right-of-way grant, (b) certification of the environmental documentation for the Cadiz Program under state law, and (c) the final agreement between Cadiz and Metropolitan.

On October 8, 2002, Metropolitan's Board considered acceptance of the Record of Decision and the terms and conditions of the right-of-way grant. The Board voted not to adopt Metropolitan staff's recommendation to approve the terms and conditions of the right-of-way grant issued by the Department of the Interior for the Cadiz Program by a vote of 47.11% in favor and 47.36% against the recommendation. Instead, the Board voted for an alternative motion to reject the terms and conditions of the right-of-way grant and to not proceed with the Cadiz Program by a vote of 50.25% in favor and 44.22% against.

Irrespective of Metropolitan's actions, Southern California's need for water storage and supply programs has not abated. We believe there are several different scenarios to maximize the value of this water resource, all of which are under current evaluation.

Until October 2002 we had expected that the Cadiz Program would be implemented upon the previously negotiated terms, and we had structured our financing arrangements with a view to such implementation. Following Metropolitan's vote in October 2002 to not proceed with the Cadiz Program, these financing arrangements were no longer workable on their then existing terms.

In January 2003 our wholly-owned subsidiary, Sun World International, Inc. (which, together with its subsidiaries, we refer to as "Sun World") filed a voluntary petition for Chapter 11 bankruptcy protection in order to access seasonal financing. Historically, we, as the parent company of Sun World, had supplemented Sun World's annual working capital requirements. However, at the time of Sun World's filing we did not have the ability to do this. The only way Sun World could obtain the new financing needed to provide working capital for its 2003-2004 growing seasons was to seek court approval, pursuant to Chapter 11, to a new Debtor in Possession ("DIP") facility.

Sun World's financial situation and bankruptcy filing, in turn, negated an agreement we had previously reached with our primary lender, ING Capital LLC ("ING") for a three year extension of approximately $35 million of senior secured loans with a maturity date of January 31, 2003. As we were unable to make payment of this debt when due, in February 2003 ING declared these loans to be in default, although we remained in negotiations with ING for an overall restructuring of this debt.

Our financing activities during 2003 were directed primarily towards completion of an overall restructuring of our capital structure which would preserve our ability to continue with our water resource development programs. This overall capital restructuring was successfully completed in December 2003, and featured the following components, in chronological order:

* In June 2003 we completed a private equity offering of 800,000 shares of our common stock (after giving effect to our one for twenty-five reverse stock split effective December 15, 2003 (the "Reverse Split")). 672,000 shares were issued in consideration of $1.68 million in cash, 112,000 were issued in consideration for $280 thousand in services rendered to us, and 16,000 were issued as

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consideration for fees related to the equity offering. The proceeds raised in this offering provided sufficient working capital for us to continue operations pending completion of the larger $8.6 million private placement in December 2003 described below.

* In August 2003 our stockholders approved implementation of a reverse split of our outstanding common stock, with the exact ratio for the split to be determined by our Board of Directors at the time of the split. The reverse split was intended to increase the likelihood of our being able to meet the minimum trading price required for listing our stock on The Nasdaq SmallCap Market or other national securities exchange, as well as to provide us with additional authorized but unissued shares of common stock to be used for capital raising and other purposes.

* In October 2003 we entered into an agreement with the holder of all of our outstanding Series D, Series E-1 and Series E-2 preferred stock whereby we issued 400,000 shares of our common stock (after giving effect to the Reverse Split) in exchange of all of our then outstanding Series D, Series E-1 and Series E-2 preferred stock. In connection with this conversion, we recorded a charge against paid-in capital as an inducement to convert.

* In December 2003 we simultaneously completed:

    * An extension of up to three years of our $35 million debt facility with ING (see "Liquidity and Capital Resources - Current Financing Arrangements - Cadiz Obligations" below);

    * A one for twenty-five reverse split of our outstanding common stock;

    * An additional equity infusion of $8.6 million through the issuance of 3,440,000 shares of common stock;

    * The transfer of our properties to Cadiz Real Estate LLC, a Delaware limited liability company wholly owned by us and created at the behest of ING; and

    * The completion of our global settlement agreement with the holders of a majority of Sun World's First Mortgage Notes (the "Bondholders") which provides for the pledge of our equity in Sun World together with an unsecured claim due to us from Sun World of $13.5 million to a

trust controlled by the Bondholders (see "Liquidity and Capital Resources - Current Financing Arrangements - Sun World Obligations" below).

As a consequence of all of these transactions, the number of outstanding shares of our common stock (after giving effect to our December 2003 one for twenty-five reverse stock split) has increased from 1,858,659 shares as of December 31, 2002 (including 400,000 common shares issuable upon the conversion of outstanding Series D and E preferred stock) to 8,200,340 shares as of December 31, 2003 (including 1,728,955 common shares issuable upon the conversion of outstanding Series F preferred stock).

With the completion of these transactions, we have provided for our short-term working capital needs and are able to refocus our efforts on obtaining and utilizing the capital necessary to proceed with our water resource development programs.

RESULTS OF OPERATIONS

On January 30, 2003, Sun World filed a voluntary petition

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for Chapter 11 bankruptcy protection. As of that date due to the Company's loss of control over the operations of Sun World, the financial statements of Sun World are no longer consolidated with ours, but instead, we are accounting for our investment in Sun World on the cost basis of accounting. As a result of changing to the cost basis of accounting on January 31, 2003, we had a net investment in Sun World of approximately $195 thousand consisting of loans and amound due from Sun World of $13,500,000 less losses in excess of investment in Sun World of $13,305,000. As a result, the Company wrote off its net investment in Sun World of $195 thousand at the Chapter 11 filing date because it does not anticipate being able to recover its investment.

Our consolidated financial statements for the year ended December 31, 2003 include the results of operations for Sun World only for the period January 1, 2003 through January 30, 2003. The results of operations of Sun World subsequent to January 30, 2003 are not included in these consolidated financial statements. As a result of the foregoing, direct comparisons of our consolidated results of operations for year ended December 31, 2003 with results for the year ended December 31, 2002 will not, in our view, prove meaningful.

For this reason, we believe that material trends and developments with respect to our results of operations from period to period are more readily identifiable by comparing the unconsolidated results of Cadiz Inc., which do not include the January 2003 operations of Sun World, rather than our consolidated results of operations, which include the January 2003 operations of Sun World. Therefore, in the following discussion of results of operations for 2003 as compared to 2002, we are using only the unconsolidated results of Cadiz Inc.

Tables which disclose the results of Cadiz Inc. separate from its consolidated subsidiary Sun World for the years ended December 31, 2003 and 2002, and from which the numbers used in the following discussion are derived, can be found in Note 10 to the Consolidated Financial Statements.

(A) YEAR ENDED DECEMBER 31, 2003 COMPARED TO YEAR ENDED DECEMBER 31, 2002

We have not received significant revenues from our water resource activity to date. As a result, we have historically incurred a net loss from operations. Cadiz had revenues of $0.3 million for the year ended December 31, 2003 and $2.1 million for the year ended December 31,

2002. Our net loss, excluding our loss from Sun World, totaled $9.2 million for the year ended December 31, 2003 compared to $12.7 million for the year ended December 31, 2002, with the decrease for the 2003 period resulting from decreases in general and administrative and interest expense offset by a reduction in revenue and no cost incurred for the removal of underperforming crops in 2003.

Our primary expenses are our ongoing overhead costs (i.e. general and administrative expense) and our interest expense.

REVENUES. Cadiz standalone revenue during the year totaled $0.3 million during the year ended December 31, 2003 compared to $2.1 million the preceding year. The decrease is primarily due to discontinuation of the management fee payable by Sun World as of January 30, 2003 due to Sun World's Chapter 11 filing.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses during the year ended December 31, 2003 totaled $4.7 million compared to $7.5 million for the year ended December 31, 2002. The decrease in general and administrative expenses is primarily due to reductions in salaries and other costs associated with a reduction in staffing, elimination of foreign water programs, and reduced facility and insurance costs, partly offset by increased professional fees related to the

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restructuring.

WRITE OFF OF INVESTMENT IN SUBSIDIARY. On January 30, 2003, Sun World and certain of its subsidiaries filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. As of that date, due to the Company's loss of control over the operations of Sun World, the financial statements are no longer consolidated with those of Cadiz, but instead Cadiz accounts for its investment in Sun World on the cost basis of accounting. As a result of changing to the cost basis of accounting and because the Company does not believe it will be able to recover its investment, the Company wrote off its investment in Sun World of $195,000.

REMOVAL OF UNDERPERFORMING CROPS. During 2002, 200 acres of underperforming table grapes and citrus were removed at the Cadiz Ranch resulting in a charge of $1.0 million in connection with the removal of these crops. No such removals occurred during 2003.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization for Cadiz totaled $0.6 million for the year ended December 31, 2003 compared to $1.0 million for the 2002 year. The reduction in depreciation and amortization is primarily due to the removal of underperforming crops in 2002 and certain assets becoming fully depreciated during the past year.

INTEREST EXPENSE, NET. Net interest expense totaled $3.6 million during the year ended December 31, 2003, compared to $5.1 million during the same period in 2002. The following table summarizes the components of net interest expense for the two periods (in thousands):

	YEAR ENDED DECEMBER 31, 2003	2002
Interest on outstanding debt	$ 3,053	$ 3,101
Amortization of financing costs	641	2,712
Interest income	(58)	(705)
	$ 3,636	$ 5,108

Financing costs, which include legal fees and warrant costs, are amortized over the life of the debt agreement, most of which related to the ING obligation which became due near the beginning of 2003 resulting in lower costs during 2003. The lower interest income was the result of no interest accruing on the intercompany loans to Sun World following the Chapter 11 petition.

(B) YEAR ENDED DECEMBER 31, 2002 COMPARED TO YEAR ENDED DECEMBER 31, 2001

Sun World's agricultural operations are impacted by the general seasonal trends that are characteristic of the agricultural industry. Sun World has historically received the majority of its net income during the months of June to October following the harvest and sale of its table grape and stonefruit crops. Due to this concentrated activity, Sun World has historically incurred losses with respect to its agricultural operations during the other months of the year.

The table below sets forth, for the periods indicated, the results of operations for Sun World's four main operating divisions (before elimination of any interdivisional charges) as well as the categories of costs and expenses we incurred which are not included within the divisional results (in thousands):

	YEAR ENDED DECEMBER 31, 2002	2001
Divisional income (loss):		
Farming	$ 6,701	$ (3,243)
Packing	9,761	8,320

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Marketing	4,551	3,303
Proprietary product development	4,457	2,891
	25,470	11,271
General and administrative	12,819	10,890
Unusual items included in G&A	1,710	-
Special litigation	-	(7,929)
Non-recurring compensation expense	-	5,537
Removal of underperforming crops	4,514	736
Depreciation and amortization	7,480	8,151
Interest expense, net	21,172	19,551
Income tax (benefit) expense	-	57
Net loss	$ (22,225)	$ (25,722)

FARMING OPERATIONS. Income from farming operations totaled $6.7 million for the year ended December 31, 2002 compared to a loss of $3.2 million for the year ended December 31, 2001. Farming revenues were $87.4 million and farming expenses were $80.7 million for the year ended December 31, 2002 compared to farming revenues of $71.7 million and farming expenses of $74.9 million for 2001. Farming results were favorably impacted by the timing of the table grape harvest in Coachella and Mexico returning to normal as opposed to the harvest starting two weeks late in 2001, which created an overlap with the early table grape harvests in the San Joaquin valley. Year-to-date average F.O.B. prices for table grapes were 3.5% higher than the prior year. Additionally, Sun World experienced increased table grape production due to increased yields and due to leasing some additional organic table grape acreage for the 2002 season. Sun World sold 4.4 million boxes of table grapes for the year ended December 31,

2002 compared to 3.5 million boxes during the same period in 2001. Results were also favorably affected by increased plum yields as plum units sold were 32% higher in 2002 than in 2001. Sun World also experienced a 58% increase in F.O.B. prices for peppers. Results were favorably impacted by the continued strong performance of Sun World's proprietary SUPERIOR SEEDLESS(R) and MIDNIGHT BEAUTY(R) table grapes and BLACK DIAMOND(R) plums as production increased and F.O.B. prices remained strong coupled with the removal of certain underperforming crops at the conclusion of the 2001 season. Sun World continues to achieve a price premium for its proprietary table grape and stonefruit products compared to competing commercially available varieties.

PACKING OPERATIONS. Sun World's packing and handling facilities contributed $9.8 million in income during the year ended December 31, 2002 and $8.3 million during the year ended December 31, 2001. Packing and handling revenue for these operations of $23.3 million was offset by $13.5 million of expenses for the year ended December 31, 2002. Revenues totaled $21.4 million offset by expenses of $13.1 million for the year ended December 31, 2001. Sun World packed 3.0 million units during the year ended December 31, 2002 compared to 2.9 million units for the year ended December 31, 2001. For the year ended December 31, 2002, Sun World handled 8.9 million units compared to 8.2 million units in 2001. The increase in units packed and handled was due primarily to increased production of table grapes and plums. Units packed and handled during the year ended December 31, 2002 consisted of Sun World-grown table grapes, peppers and seedless watermelons in the Coachella Valley; table grapes and citrus products packed for third party growers; and table grapes, stonefruit, citrus, and peppers from the San Joaquin Valley.

MARKETING OPERATIONS. During the year ended December 31, 2002, a total of 10.1 million units were sold consisting primarily of Sun World-grown table grapes, peppers and

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watermelons from the Coachella Valley; table grapes and citrus from domestic third party growers; and Sun World-grown table grapes, stonefruit, citrus, and peppers from the San Joaquin Valley. These unit sales resulted in marketing revenue of $12.2 million. Marketing expenses totaled $7.6 million for the year ended December 31, 2002 resulting in income from marketing operations of $4.6 million. During the year ended December 31, 2001, 10.1 million units were marketed resulting in revenues of $7.5 million offset by expenses of $4.2 million for income of $3.3 million. The increase in marketing profits was primarily due to increased F.O.B. prices for table grapes, plums and peppers. Additionally, revenues and expenses increased due to fruit purchased from third party suppliers and sold primarily to a customer's distribution center related to Sun World's role as a primary supplier of certain fruit categories in 2002.

PROPRIETARY PRODUCT DEVELOPMENT. Sun World has a long history of product innovation, and its research and development center maintains a fruit breeding program that has introduced dozens of proprietary fruit varieties. Additionally, Sun World continues to expand its licensing program with key strategic partners worldwide to introduce, trial and produce Sun World's proprietary varieties, which provides Sun World with a long-term annual revenue stream based upon a royalty fee for each box of proprietary fruit sold during the life of the tree or vine. During the year ended December 31, 2002, income from proprietary product development was $4.5 million consisting of revenues of $6.9 million offset by expenses of $2.4 million. For the year ended December 31, 2001, income was $2.9 million consisting of revenues of $4.9 million offset by expenses of $2.0 million. The increase in proprietary product development net income was primarily due to a $0.5 million increase in intercompany royalties due to increased yields and higher F.O.B. prices and a $1.4 million increase in international royalties due primarily to improved table grape yields for acreage under license coupled with a delay in the South Africa harvest season, which effectively shifted a portion of South African revenues from the fourth

quarter of 2001 to the first quarter of 2002. Revenues include $1.3 million related to project development and management fees payable in equity of KADCO for both 2002 and 2001.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses for the year ended December 31, 2002 totaled $12.8 million compared to $10.9 million for the 2001 period before inclusion in 2002 of $1.1 million for the write-off of capitalized legal costs incurred by Sun World in litigation relating to the unsuccessful defense of intellectual property rights and $0.6 million in professional fees relating to unsuccessful attempts by Sun World to restructure debt during the year. The increase was primarily due to higher employee related costs coupled with $0.8 million of professional fees related to the KADCO combination that was not completed and costs related to exploring water development opportunities in the Middle East.

UNUSUAL ITEMS INCLUDED IN GENERAL AND ADMINISTRATIVE EXPENSES. Unusual items for the year ended December 31, 2002 totaled $1.7 million compared to none in 2001. The unusual items consisted of $1.1 million for the write-off of capitalized legal costs incurred by Sun World relating to an adverse ruling in litigation involving the unauthorized domestic production of one of Sun World's proprietary grapevines and $0.6 million in professional fees relating to unsuccessful attempts by Sun World to restructure debt during the year.

SPECIAL LITIGATION. Cadiz was engaged in lawsuits against Waste Management seeking monetary damages arising from activities adverse to us in connection with a landfill, which until its defeat by the voters of San Bernardino County in 1996, was proposed to be located adjacent to our Cadiz/Fenner Valley properties. In March 2001, Cadiz executed a settlement agreement

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with Waste Management related to these lawsuits. Pursuant to the settlement agreement, Waste Management paid Cadiz $6 million in cash and granted to Cadiz approximately 7,000 acres of real property in eastern San Bernardino County primarily adjacent to the Cadiz Program property. The settlement resulted in net proceeds recognized of $7.9 million (consisting of $6 million in cash and land valued at $1.9 million) for the year ended December 31, 2001.

NON-RECURRING COMPENSATION. In March 2001, Cadiz agreed to issue 564,163 deferred stock units to certain senior managers of Cadiz and Sun World. These deferred stock units were issued in exchange for the cancellation of 1,055,000 fully vested options to purchase our common stock held by the senior managers. We recorded a one-time charge of $5,537,000 and no cash was expended in connection with the issuance of the deferred stock units.

REMOVAL OF UNDERPERFORMING CROPS. During 2002, we removed approximately 1,900 acres of underperforming crops consisting of 200 acres from the Cadiz ranch and 1,700 acres from Sun World's ranches. The crops removed include approximately 100 acres of juice grapes and 100 acres of citrus at the Cadiz ranch and 500 acres of wine grapes, 300 acres of raisin grapes, 400 acres of stonefruit, 400 acres of citrus, and 100 acres of table grapes from Sun World's operations. The Company recorded a non- cash charge of $4.5 million in connection with the removal of these crops.

During 2001, management decided to remove approximately 40 acres of citrus at the Cadiz ranch and Sun World removed approximately 700 acres of wine grapes, citrus, and stonefruit. We recorded a charge of $0.7 million in connection with the removal of these crops.

DEPRECIATION AND AMORTIZATION EXPENSE. Depreciation and amortization expense for the year ended December 31, 2002 totaled $7.5 million compared to $8.2 million during the same period in 2001. The decrease in depreciation was primarily attributable to certain assets being removed in 2001 and 2002 and certain assets

becoming fully depreciated during the past year.

INTEREST EXPENSE, NET. Net interest expense totaled $21.5 million compared to $19.6 million for the years ended December 31, 2002 and 2001. The following table summarizes the components of net interest expense for the two periods (in thousands):

	YEAR ENDED DECEMBER 31, 2002	2001
Interest on outstanding debt - Sun World	$ 14,484	$ 14,574
Interest on outstanding debt - Cadiz	976	1,347
Amortization of financing costs	5,761	3,748
Interest income	(49)	(118)
	$ 21,172	$ 19,551

The decrease in interest on outstanding debt for the year ended December 31, 2002 is primarily due to the impact of lower rates on the Company's variable rate debt. Increased amortization of financing costs during 2002 is due to the amortization of warrants issued for the extension and increase in the Cadiz credit facilities in the first quarter of 2002. Financing costs, which include legal fees and warrants, are amortized over the life of the debt agreement.

LIQUIDITY AND CAPITAL RESOURCES

(A) CURRENT FINANCING ARRANGEMENTS

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CADIZ OBLIGATIONS. As we have not received significant revenues from our water resource activity to date, we have been required to obtain financing to bridge the gap between the time water resource development expenses are incurred and the time that revenue will commence. Historically, we have addressed these needs primarily through secured debt financing arrangements with our lenders, private equity placements and the exercise of outstanding stock options.

As of December 31, 2002, we were obligated for approximately $10,095,068 under a senior term loan facility and $25 million under a revolving credit facility with our primary secured lender, ING Capital LLC. Each facility had a maturity date of January 31, 2003. Sun World's bankruptcy filing negated an agreement we had previously reached with ING for a three year extension of these loans, and in February 2003 ING declared these loans to be in default.

During 2003 we remained in continuing discussions with ING concerning an overall restructuring of this debt and in December 2003, as part of an overall restructuring of our capital structure, we entered into agreements with ING which provided for:

* Establishing the outstanding principal amount owed under the senior term loan facility at $10 million and under the revolving credit facility at $25 million, for an aggregate outstanding principal balance owed to ING of $35 million;

* The immediate payment to ING of approximately $2.4 million, representing payment of approximately $2 million in accrued and unpaid interest on the credit facilities through September 30, 2003 and payment of approximately $400,000 in expenses incurred by ING;

* An extension of the maturity date of the credit facilities until March 31, 2005, with three additional automatic 6 month extensions conditioned on our maintaining, as of the commencement date of each extension, cash in an amount equal to at least 4% of the outstanding principal balance of the credit facilities in a cash collateral account held by ING;

* Interest commencing as of October 1, 2003 at the rate of either (i) 8%, payable in cash, or (ii) 4% payable in cash plus 8% payable in kind. Interest is payable every six months commencing March 31, 2004. We have the right to choose the form of payment with respect to each date upon which an interest payment is due. At the closing of our restructuring, we deposited into ING's cash collateral account the sum of $2,142,280, representing interest accruing at the rate of 4% per annum from October 1, 2003 until March 31, 2005;

* The issuance to ING of 100,000 shares of Series F preferred stock, convertible as of the date of issuance into 1,728,955 shares of our common stock. As the holder of this preferred stock, in addition to conversion rights ING has:

  * The right to appoint two members of our Board of Directors

  * The right to approve the authorization or issuance of any other class or shares of our preferred stock;

  * Anti-dilution protection;

  * Pre-emptive rights;

  * Registration rights; and

  * Dividend, liquidation and voting rights shared on an

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as-converted basis with common stock.

* The transfer of all of our assets (with the exception of any Sun World related assets) to Cadiz Real Estate LLC, a Delaware limited liability company ("Cadiz Real Estate"), a newly created Delaware limited liability company in which we hold 100% of the economic interests. Cadiz Real Estate is a co-obligor with us on our credit facilities with ING, and the properties now held of record by Cadiz Real Estate secure our obligations under these facilities. We have entered into a management agreement with Cadiz Real Estate pursuant to which we will manage the assets now held by Cadiz Real Estate, subject to the requirements of the Operating Agreement of Cadiz Real Estate. The Operating Agreement of Cadiz Real Estate provides for a Board of Managers consisting of two managers appointed by us and one independent manager named by ING. As long as our obligations to ING are outstanding, Cadiz Real Estate may not institute bankruptcy proceedings without the unanimous consent of this Board of Managers (including the independent manager).

The debt covenants associated with these credit facilities were negotiated by the parties with a view towards our operating and financial condition as it existed at the time of the restructuring. Given current circumstances, we do not consider it likely that we will be in material breach of such covenants.

As we continue to actively pursue our business strategy, additional financing specifically in connection with our water programs will be required. See "Outlook", below. As the parties anticipated this need at the time of our credit restructuring, the covenants in the credit facility which would otherwise prohibit our incurrence of additional debt (or our use of our assets as security for such debt) contain an exception for debt and liens incurred in order to finance the acquisition, construction or improvement of any assets (up to a maximum of $135 million at any one time outstanding). The covenants in the credit facilities do not prohibit our use of equity financing, but do provide that 35% of the proceeds of such issuance be applied as a prepayment against such facilities (which prepayment may take the form of a deposit in ING's cash collateral account). We do not expect these covenants to materially limit our ability to undertake debt or equity financing in order to finance our water development activities.

At December 31, 2003, we have no outstanding credit facilities or preferred stock other than that held by ING as described above.

SUN WORLD OBLIGATIONS

Sun World has outstanding $115 million of First Mortgage Notes. The First Mortgage Notes were originally to mature on April 15, 2004. The First Mortgage Notes are currently in default as a consequence of the Sun World bankruptcy filing. Sun World's proposed plan of reorganization currently provides for settlement of claims held by the holders of these notes through the issuance of equity interests in Sun World to such holders.

The Sun World notes are also secured by the guarantee of Cadiz. As we are not a party to the Sun World bankruptcy filing, the effectiveness of a plan of reorganization which discharges Sun World's obligation to holders of these notes will not, in and of itself, release us of any obligations which we may still have under this guarantee. The Plan, as currently proposed, includes a release in our favor with respect to any of our remaining obligations under this guarantee; however, we do not know whether this provision of the Plan will be approved by the Bankruptcy Court.

We have limited any potential obligation we may have otherwise had under the guarantee by entering into release

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agreements with the majority of holders of the Sun World notes. For example, in December 2003 we entered into a global settlement agreement with Sun World and with the holders of a majority of Sun World's First Mortgage Notes (the "Bondholders") (see Item 1, "Business - General Development of Business"). Pursuant to this global settlement agreement, the Bondholders waived their rights to seek recovery against us on account of our guarantee of Sun World's obligations under the First Mortgage Notes. This right will similarly be waived by any other note holder which elects to opt into this settlement. The identity and ownership interests of Sun World's bondholders is not a matter of public record, however, based on the results of investigations performed on behalf of Sun World, we believe that we have obtained waivers and/or releases to date from Bondholders which hold, together with their affiliates, approximately 88% in interest of outstanding Sun World notes. All of the remaining Sun World notes (other than a nominal interest of less than 1%) are held by persons who are also shareholders of ours.

No non-releasing bondholder has sought to enforce our guarantee of Sun World's obligations against us, nor has any such bondholder given any indication to us that it plans to do so. As part of our December 2003 global settlement agreement, the Bondholders gave written direction to the indenture trustee irrevocably instructing the trustee to take no action against us on behalf of bondholders or on account of the guarantee. Further, we believe that if a bondholder's claim against Sun World is ultimately satisfied in whole or in part through a Sun

World plan of reorganization, then such bondholder will not be entitled to enforce the guarantee against us as to the amount of the claim so satisfied.

In view of all of these factors, we do not anticipate that significant claims will be made against us under the guarantee and we are not setting aside existing working capital or seeking to raise additional working capital in order to pay claims under the guarantee.

We have no other obligations or working capital needs with respect to Sun World. As part of our December 2003 global settlement, we have settled all of our claims and obligations with Sun World. Although we continue to be the record owner of Sun World's stock, Sun World will not be receiving working capital contributions from us while it is in bankruptcy proceedings. Sun World's currently proposed plan of reorganization provides for our ownership interests in Sun World to be canceled. Whether or not this plan is approved, we do not expect to provide working capital support for a reorganized Sun World.

CASH USED FOR OPERATING ACTIVITIES. Cash used for operating activities totaled $6.6 million for the year ended December 31, 2003, as compared to cash used for operating activities of $10.1 million for the year ended December 31, 2002. The above amounts are not comparable because of the deconsolidation of Sun World in January 2003.

Cash used by Cadiz for operating activities for the year ended December 31, 2003 totaled $4.9 million compared to $7.9 million for the previous year. The decrease in cash used for operating activities was primarily due to a reduced loss in 2003. Cadiz loss in 2003, excluding its loss from Sun World, was $9.1 million as compared to $12.7 million in 2002.

CASH USED FOR INVESTING ACTIVITIES. Cash used for investing activities totaled $3.5 million for the year ended December 31, 2003, as compared to $2.1 million for the same period in 2002. $1.0 million of the cash used in 2003 was the result of the deconsolidation of Sun World in 2003.

Cash used by Cadiz for investing activities for the year ended December 31, 2003 totaled $2.0 million, primarily for cash

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placed in a restricted bank account to pay for interest on the $35 million term loan through March 2005, compared to $1.7 million for the previous year. The 2002 expenditures were primarily due to capital expenditures for water programs and a $1.0 million loan to an officer.

CASH PROVIDED BY FINANCING ACTIVITIES. Cash provided by financing activities totaled $10.2 million for the year ended December 31, 2003 consisting primarily of $10.3 million from the issuance of capital stock by Cadiz. For the same period in 2002, cash provided by financing activities totaled $14.0 million primarily from short-term borrowings of $10.0 million by Cadiz and $4.4 million by Sun World.

(B) OUTLOOK

SHORT TERM OUTLOOK. The proceeds of our 2003 private placements have provided us with sufficient cash to meet our expected working capital needs through approximately May 2005. $2.0 million of the proceeds of our December 2003 private placement were used to bring current our outstanding interest payments owed to ING under our ING credit facilities. $2.1 million of the proceeds of our December 2003 private placement were placed in a cash collateral account with ING in order to extend the maturity date of the credit facility through March 31, 2005. These funds can be applied, if necessary, to the payment of accrued interest

due under our credit facilities with ING. The remainder of the proceeds will be used to meet our ongoing working capital needs.

LONG TERM OUTLOOK. In the longer term, our working capital needs will be determined based upon the specific measures we pursue in the development of our water resources. Whichever measure or measures are chosen, we expect that we will need to raise additional cash from time to time until we are able to generate cash through our development activities. We will evaluate the amount of cash needed, and the manner in which such cash will be raised, on an ongoing basis. We may meet any such future cash requirements through a variety of means to be determined at the appropriate time. Such means may include equity or debt placements, or the sale or other disposition of assets. Equity placements would be undertaken only to the extent necessary so as to minimize the dilutive effect of any such placements upon our existing stockholders.

(C) CERTAIN TRENDS AND UNCERTAINTIES

In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we are filing cautionary statements identifying important risk factors that could cause our actual results to differ materially from those projected in our forward-looking statements made by or on our behalf.

We wish to caution readers that these factors, among others, could cause our actual results to differ materially from those expressed in any projected, estimated or forward-looking statements relating to us. The following factors should be considered in conjunction with any discussion of operations or results by us or our representatives, including any forward-looking discussion, as well as comments contained in press releases, presentations to securities analysts or investors, or other communications to us.

In making these statements, we are not undertaking to address or update each factor in future filings or communications regarding our business or results, and are not undertaking to address how any of these factors may have caused changes to discussions or information contained in previous filings or communications. In addition, certain of these matters may have affected our past results and may affect future results.

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OUR REVENUES ARE DEPENDENT UPON THE SUCCESS OF OUR WATER DEVELOPMENT PROJECTS. We may never generate revenues or become profitable unless we are able to successfully implement our water development programs. At present, we do not know the terms, if any, upon which we may be able to proceed with the Cadiz Program, or of any alternative means which we may be able to use in order to implement our water development programs. Regardless of the form of our water development programs, the circumstances under which transfers or storage of water can be made and the profitability of any transfers or storage are subject to significant uncertainties, including hydrologic risks of variable water supplies, risks presented by allocations of water under existing and prospective priorities, and risks of adverse changes to or interpretations of U.S. federal, state and local laws, regulations and policies. Additional risks attendant to such programs include our ability to obtain all necessary regulatory approvals and permits, possible litigation by environmental or other groups, unforeseen technical difficulties, and general market conditions for water supplies.

WE ARE UNCERTAIN OF THE OUTCOME OF SUN WORLD'S BANKRUPTCY PROCEEDINGS. Sun World's plan of reorganization, as filed with the U.S. Bankruptcy Court, has not been approved. We do not know when or if this plan will ever be approved. In addition, we do not know whether changes will need to be made to the plan in order to obtain approval of the plan and, if so, what

such changes would be. Notwithstanding our separate and binding global settlement agreements with Sun World and with the holders of a majority in interest of Sun World's First Mortgage Notes, we will not know the exact nature of the post-bankruptcy ownership structure of Sun World or the final disposition of our claims and the claims of Sun World's creditors in the bankruptcy proceedings until such proceedings are formally concluded.

A PENDING APPEAL OF THE BANKRUPTCY COURT'S APPROVAL OF OUR SETTLEMENT WITH SUN WORLD MAY BE SUCCESSFUL. A single unsecured creditor of Sun World has appealed the order of the Bankruptcy Court which authorized Sun World to enter into a global settlement agreement with us. We may be exposed to significant monetary damages (and, as a result, potential default under our agreements with our senior secured lender) if (i) this appeal is successful in reversing the Bankruptcy Court's order, (ii) our settlement with Sun World is thereafter disapproved and abandoned, (iii) litigation is commenced on behalf of Sun World's estate against us, and (iv) a judgment is obtained against us and enforced.

OUR GUARANTEE OF SUN WORLD'S FIRST MORTGAGE NOTES REMAINS OUTSTANDING. Sun World's First Mortgage Notes are secured by our guarantee. If, notwithstanding our efforts to limit potential obligations under this guarantee, a claim is successfully asserted against us under this guarantee, we may not have the ability to pay such a claim. Our inability to pay a claim under the guarantee may materially and adversely affect our ability to conduct our business and thereby cause a default under our agreements with our senior secured lender.

OUR FAILURE TO MAKE TIMELY PAYMENTS OF PRINCIPAL AND INTEREST ON OUR INDEBTEDNESS MAY RESULT IN A FORECLOSURE ON OUR ASSETS. As of December 31, 2003, we had indebtedness outstanding to our senior secured lender of approximately $35 million. Our assets have been put up as collateral to secure the payment of this debt. If we cannot generate sufficient cash flow to make timely payments of principal and interest on this indebtedness, or if we otherwise fail to comply with the terms of agreements governing our indebtedness, we may default on our obligations. If we default on our obligations, our lenders may sell off the assets that we have put up as collateral. This, in turn, may result in a cessation or sale of our operations.

OUR STOCK IS NOT TRADED ON A NATIONAL SECURITIES EXCHANGE. Effective March 27, 2003, our common stock was

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delisted from trading on the Nasdaq National Market. While we intend to reapply for a Nasdaq listing as soon as we are eligible to do so, certain requirements for such a listing, such as minimum trading price, are not within our control, and therefore we cannot be certain when or if we will be able to meet the initial listing requirements of Nasdaq or another national securities exchange.

FURTHER EQUITY FINANCINGS WILL RESULT IN THE DILUTION OF OWNERSHIP INTERESTS OF CURRENT STOCKHOLDERS. We may require additional capital to finance our operations until such time as our water development operations produce revenues. We cannot assure you that our current lenders, or any other lenders, will give us additional credit should we seek it. Consequently, we will likely seek to raise additional working capital in the near term through further equity financings, which will result in dilution to the equity interests of current common stockholders.

THE REGISTRATION FOR RESALE OF COMMON STOCK PURSUANT TO EXISTING REGISTRATION RIGHTS AGREEMENTS WILL INCREASE THE NUMBER OF OUTSTANDING SHARES OF OUR COMMON STOCK ELIGIBLE FOR RESALE. The sale, or availability for sale, of these shares could cause decreases in the market price of our common stock, particularly in the event that a large number of shares were sold in the public market over a short period of time. Similarly, the perception that

additional shares of our common stock could be sold in the public market in the future, could cause a reduction in the trading price of our stock.

WE ARE RESTRICTED BY CONTRACT FROM PAYING DIVIDENDS AND WE DO NOT INTEND TO PAY DIVIDENDS IN THE FORESEEABLE FUTURE. Any return on investment on our common stock will depend primarily upon the appreciation in the price of our common stock. To date, we have never paid a cash dividend on our common stock. The loan documents governing our credit facilities with ING prohibit the payment of dividends while such facilities are outstanding. As we have a history of operating losses, we have been unable to date to pay dividends. Even if we post a profit in future years, we currently intend to retain all future earnings for the operation of our business. As a result, we do not anticipate that we will declare any dividends in the foreseeable future.

(D) CRITICAL ACCOUNTING POLICIES

As discussed in Note 2 to the Consolidated Financial Statements of Cadiz, the preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect amounts reported in the accompanying consolidated financial statements and related footnotes. In preparing these financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements based on all relevant information available at the time and giving due to consideration to materiality. We do not believe there is a great likelihood that materially different amounts would be reported related to the accounting policies described below. However, application of these policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. Management has concluded that the following critical accounting policies described below affect the most significant judgments and estimates used in the preparation of the consolidated financial statements.

(1) PRINCIPLES ON CONSOLIDATION. The Consolidated Financial Statements have been prepared by Cadiz Inc., sometimes referred to as "Cadiz" or "the Company". On January 30, 2003, Sun World filed voluntary petitions under Chapter 11 of the Bankruptcy Code. Since the filing date, Sun World has operated its business and managed its affairs as debtor and debtor in possession. As of that date due to the Company's

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loss of control over the operations of Sun World, the financial statements of Sun World are no longer consolidated with those of Cadiz, but instead, Cadiz is accounting for its investment in Sun World on the cost basis of accounting. The foregoing Consolidated Financial Statements include the accounts of the Company and, until January 30, 2003, those of its then wholly-owned subsidiary, Sun World International, Inc. and its subsidiaries collectively referred to as "Sun World", and contain all adjustments, consisting only of normal recurring adjustments, which the Company considers necessary for a fair presentation. Certain reclassifications have been made to the prior period to conform to the current presentation.

(2) INVENTORIES AND RELATED ALLOWANCE FOR OBSOLETE AND EXCESS INVENTORY. Inventories are valued at the lower of cost or market. Management estimates what market conditions will be for produce based on the age, size, quality and overall market for fresh product held in inventory at the end of each reporting period. When future market conditions indicate that the cost of the inventory plus any additional selling expenses exceed the expected net revenues to be received, we provide a reserve for the amount of estimated costs in excess of estimated net revenues. Management also regularly conducts a review of non-product inventory that consists primarily of corrugated boxes, chemicals and seed. Appropriate

allowances are made based on management's review for all excess and obsolete inventory compared to estimated future usage and sales.

(3) INTANGIBLE AND OTHER LONG-LIVED ASSETS. Property, plant and equipment, intangible and certain other long-lived assets are amortized over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. At Sun World, management regularly reviews crop portfolios in an attempt to identify crops that are underperforming generally at the conclusion of each growing season. As a result of these reviews, management determines which crops will be removed immediately or at the conclusion of the next growing season. As such, appropriate writedowns and accruals for estimated removal costs are made and where appropriate, remaining useful lives are shortened to correspond to the estimated period that the assets are expected to generate future revenues. As a result of the actions taken by Metropolitan in the fourth quarter of 2002 as described in Note 1, the Company, with the assistance of an independent valuation firm, evaluated the carrying value of its water program and determined that the asset was not impaired and that the costs will be recovered through sale or operation of the project.

(4) GOODWILL. As a result of a merger in May 1988 between two companies, which eventually became known as Cadiz Inc., goodwill in the amount of $7,006,000 was recorded. This amount was being amortized on a straight-line basis over thirty years. Accumulated amortization was $3,193,000 at December 31, 2001. In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 142, ("SFAS No. 142") "Goodwill and Other Intangible Assets". Under SFAS No. 142 goodwill and intangible assets deemed to have indefinite lives are no longer amortized but will be subject to annual impairment tests in accordance with the Statement. Upon adoption of SFAS No. 142, effective at the beginning of fiscal 2002, the Company performed a transitional fair value based impairment test and determined that its goodwill was not impaired. In addition, cessation of amortization of goodwill upon adoption of SFAS No. 142 did not have a material impact upon the Company's financial position or results of operations. Goodwill is tested for impairment annually in the fourth quarter, or earlier if events occur which require an impairment analysis be performed. As a result of the actions taken by Metropolitan in the fourth quarter of 2002 as described in Note 1 to the financial statements, the

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Company, with the assistance of an independent appraisal firm, performed an impairment test of its goodwill and determined that its goodwill was not impaired. In addition, in the first quarter of 2003, the Company, with the assistance of an independent appraisal firm, performed its annual impairment test of goodwill and determined its goodwill was not impaired.

(5) DEFERRED TAX ASSETS AND VALUATION ALLOWANCES. To date, we have had a history of net operating losses as we have not generated significant revenue from our water development programs and Sun World had experienced losses from its agricultural operations. As such, we have generated significant deferred tax assets, including large net operating loss carry forwards for federal and state income taxes for which we have a full valuation allowance. Management is currently working on initiatives at Cadiz that are designed to generate future taxable income, although there can be no guarantee that this will occur. As taxable income is generated, some portion or all of the valuation allowance will be reversed and an increase in net income would consequently be reported in future years.

(E) NEW ACCOUNTING PRONOUNCEMENTS

In April 2002, the Financial Accounting Standards Board (FASB) issued Statement of

Financial Accounting Standard (SFAS) No. 145, which rescinds FASB Statement No. 4, Reporting Gains and Losses from Extinguishment of Debt, FASB Statement No. 44, Accounting for Intangible Assets of Motor Carriers, and FASB Statement No. 64, Extinguishments of Debt Made to Satisfy Sinking Fund Requirements as well as amends FASB No. 13, to make various technical various corrections. The Statement is effective for financial statements issued after May 15, 2002. The adoption of this standard did not have a material impact on the Company's financial position or results of operations.

In June 2002, the FASB issued Statement of Financial Accounting Standards No. 146, Accounting for Costs Associated with Exit or Disposal Activities ("SFAS 146"), which addresses financial accounting and reporting for costs associated with exit or disposal activities and supersedes Emerging Issues Task Force ("EITF") Issue 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF Issue 94-3, a liability for an exit cost as defined in EITF Issue 94-3 was recognized at the date of an entity s commitment to an exit plan. SFAS 146 also establishes that the liability should initially be measured and recorded at fair value. The Company adopted the provisions of SFAS 146 effective January 1, 2003 and such adoption did not have a material impact on the consolidated financial statements.

In November 2002, the FASB issued Interpretation No. 45, Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees and Indebtedness of Others ("FIN 45"). FIN 45 elaborates on the disclosures to be made by the guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also requires that a guarantor recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The Company adopted the disclosure provisions of FIN 45 during the fourth quarter of 2002 and the recognition provisions of FIN 45 effective January 1, 2003. Such adoption did not have a material impact on the consolidated financial statements.

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation-Transition and Disclosure-an amendment of SFAS No. 123. This Statement amends FASB Statement No. 123, Accounting for Stock-Based Compensation, to provide

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alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The amendments to Statement 123 in paragraphs 2(a)-2(e) of this Statement shall be effective for financial statements for fiscal years ending after December 15, 2002. Earlier application of the transition provisions in paragraphs 2(a)-2(d) is permitted for entities with a fiscal year ending prior to December 15, 2002, provided that financial statements for the 2002 fiscal year have not been issued as of the date this Statement is issued. Early application of the disclosure provisions in paragraph 2(e) is encouraged. The amendment to Statement 123 in paragraph 2(f) of this Statement and the amendment to Opinion 28 in paragraph 3 shall be effective for financial reports containing condensed financial statements for interim periods beginning after December 15, 2002. The adoption of SFAS No. 148 did not have a material impact on its financial position or results of its operations.

In January 2003, FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN 46"). In general, a variable interest entity is a corporation, partnership, trust or any

other legal structure used for business purposes that either (a) does not have equity investors with voting rights or (b) has equity investors that do not provide sufficient financial resources for the entity to support its activities. FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The Company adopted the provisions of FIN 46 effective February 1, 2003 and such adoption did not have an impact on its consolidated financial statements since it currently has no variable interest entities. In December 2003, the FASB issued FIN 46R with respect to variable interest entities created before January 31, 2003, which among other things, revised the implementation date to the first year or interim period ending after March 15, 2004, with the exception of Special Purpose Entities (SPE). The consolidation requirements apply to all SPE s in the first year or interim period ending after December 15, 2003. The Company's adoption of the provisions of FIN 46R is not expected to have a material impact on its consolidated financial statements.

In April 2003, FASB issued Statement of Financial Accounting Standards No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities ("SFAS 149"). SFAS 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS 133. SFAS 149 is effective for contracts and hedging relationships entered into or modified after June 30, 2003. The Company adopted the provisions of SFAS 149 effective June 30, 2003 and such adoption did not have an impact on its consolidated financial statements since the Company has not entered into any derivative or hedging transactions.

In May 2003, FASB issued Statement of Financial Accounting Standards No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity ("SFAS 150"). SFAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both debt and equity and requires an issuer to classify the following instruments as liabilities in its balance sheet:

* a financial instrument issued in the form of shares that is mandatorily redeemable and embodies an unconditional

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obligation that requires the issuer to redeem it by transferring its assets at a specified or determinable date or upon an event that is certain to occur;

* a financial instrument, other than an outstanding share, that embodies an obligation to repurchase the issuer s equity shares, or is indexed to such an obligation, and requires the issuer to settle the obligation by transferring assets; and

* a financial instrument that embodies an unconditional obligation that the issuer must settle by issuing a variable number of its equity shares if the monetary value of the obligation is based solely or predominantly on (1) a fixed monetary amount, (2) variations in something other than the fair value of the issuer s equity shares, or (3) variations inversely related to changes in the fair value of the issuer s equity shares.

In November 2003, FASB issued FASB Staff Position No. 150-3 which deferred the effective dates for applying certain provisions of SFAS 150 related to mandatorily redeemable financial instruments of certain non-public entities and certain mandatorily redeemable non-controlling interests for public and non-public companies. For public entities, SFAS 150 is effective for mandatorily redeemable financial instruments entered into or modified after May 31, 2003 and is effective for all other financial instruments as of the first interim period beginning

after June 15, 2003. For mandatorily redeemable non-controlling interests that would not have to be classified as liabilities by a subsidiary under the exception in paragraph 9 of SFAS 150, but would be classified as liabilities by the parent, the classification and measurement provisions of SFAS 150 are deferred indefinitely. The measurement provisions of SFAS 150 are also deferred indefinitely for other mandatorily redeemable non-controlling interests that were issued before November 4, 2003. For those instruments, the measurement guidance for redeemable shares and non-controlling interests in other literature shall apply during the deferral period. The Company adopted the provisions of SFAS 150 effective June 30, 2003, and such adoption did not have an impact on our consolidated financial statements.

In March 2004, the consensus of Emerging Issues Task Force (EITF) Issue No. 03-06, Participating Securities and the Two-Class Method under FASB Statement 128, was published. EITF Issue No. 03-06 addresses the computations of earnings per share by companies that have issued securities other than common stock that contractually entitle the holder to participate in dividends and earnings of the company. Further guidance on the application and allocations of the two-class method of calculating earnings per share is also included. The provisions of EITF Issue No. 03-06 will be effective for reporting periods beginning after March 31, 2004. The adoption of this guidance is not expected to have significant impact on the Company's financial results of operations and financial position.

(F) OFF BALANCE SHEET ARRANGEMENTS

Cadiz does not have any off balance sheet arrangements at this time other than the guarantee of Sun World's first mortgage notes (as discussed in "(g)" below).

(G) CERTAIN KNOWN CONTRACTUAL OBLIGATIONS

	PAYMENTS DUE BY PERIOD				
CONTRACTUAL OBLIGATIONS	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	4-5 YEARS	AFTER 5 YEARS
Cadiz Inc.					
Long term debt obligations (A)	$ 35,000	$ -	$ 35,000	$ -	$ -

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Operating leases	262	112	150	-	-
	$ 35,262	$ 112	$ 35,150	$ -	$ -

(A) Cadiz long-term debt included in the table above reflects the debt restructuring which occurred in December 2003 as described above in Item 7, Managements Discussion and Analysis of Financial Condition and Results of Operation; Liquidity and Capital Resources; Cadiz Obligations.

In April 1997, Sun World issued $115 million of Series A First Mortgage Notes through a private placement. The notes have subsequently been exchanged for Series B First Mortgage Notes, which are registered under the Securities Act of 1933 and are publicly traded. The First Mortgage Notes are secured by a first lien (subject to certain permitted liens) on substantially all of the assets of Sun World and its subsidiaries other than growing crops, crop inventories and accounts receivable and proceeds thereof, which secure the Revolving Credit Facility. With the entering into the DIP Facility as described in Note 9, the note holders now have a second position on substantially all of the Company's assets for so long as the DIP Facility is outstanding. The First Mortgage Notes

mature April 15, 2004, but are redeemable at the option of Sun World, in whole or in part, at any time prior to the maturity date. The First Mortgage Notes include covenants that do not allow for the payment of dividends by the Company other than out of cumulative net income.

The First Mortgage Notes are also secured by the guarantees of Coachella Growers, Inc., Sun Desert, Inc., Sun World/Rayo, and Sun World International de Mexico S.A. de C.V. (collectively, the "Sun World Subsidiary Guarantors") and by Cadiz. Cadiz also pledged all of the stock of Sun World as collateral for its guarantee. The guarantees by the Sun World Subsidiary Guarantors are full, unconditional, and joint and several. Sun World and the Sun World Subsidiary Guarantors comprise all of the direct and indirect subsidiaries of the Company other than inconsequential subsidiaries.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in interest rates on long-term debt obligations that impact the fair value of these obligations. Our policy is to manage interest rates fair values by year of scheduled maturities to evaluate the expected cash flows and sensitivity to interest rate changes (in thousands of dollars). Circumstances could arise which may cause interest rates and the timing and amount of actual cash flows to differ materially from the schedule below:

	LONG-TERM DEBT			
EXPECTED MATURITY	FIXED RATE MATURITIES	AVERAGE INTEREST RATE	VARIABLE RATE MATURITIES	AVERAGE INTEREST RATE
Cadiz Inc.				
2005	$ 35,000	12.0%	$ -	$ -

Cadiz long-term debt included in the table above reflects the debt restructuring which occurred in December 2003 as described above in Item 7, Managements Discussion and Analysis of Financial Condition and Results of Operation; Liquidity and Capital Resources; Cadiz Obligations.

Cadiz has guaranteed the First Mortgage Notes issued by Sun World as described in Item 7(g) above.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is submitted in response to Part IV below. See the Index to Consolidated Financial Statements.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISLCOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

We carried out an evaluation, under the supervision and with the participation of our management, including our Chairman, Chief Executive Officer and Chief Financial Officer (Principal Executive and Financial Officer), of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2003. As of the date of that evaluation, our Chairman, Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures are effective in timely alerting him to material information relating to Cadiz (including our consolidated subsidiaries) required to be included in our periodic Securities and Exchange Commission filings. There was no significant change in our internal control over financial reporting that occurred during the most recent fiscal quarter that materially affected, or is reasonably likely to affect, our internal control over financial reporting, and no corrective actions with regard to significant deficiencies or weaknesses.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age	Position with Cadiz
Keith Brackpool	47	Chairman of the Board, President, Chief Executive and Financial Officer
Murray H. Hutchison	66	Director
Timothy J. Shaheen	44	Director and President and Chief Executive Officer of Sun World International, Inc.
Geoffrey Arens	40	Director
Gregory Ritchie	40	Director
Richard E. Stoddard	53	CEO and Chairman of the Board of Managers of Cadiz Real Estate LLC

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, and the role of Chief Financial Officer on May 19, 2003. Mr. Brackpool has also been a principal of 1334 Partners L.P., a partnership that owns commercial real estate from 1989 to present.

Murray H. Hutchison was appointed a director of Cadiz in June 1997. He is also a member of the Board of Managers (an LLC's functional equivalent of a Board of Directors) of Cadiz' subsidiary, Cadiz Real Estate LLC. In his capacity as a manager

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of the LLC he performs essentially the same duties on behalf of the LLC as he would as an outside director for a corporation. 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 also served as the President, Chief Executive Officer and a director of Cadiz' wholly-owned subsidiary, Sun World International, Inc., since September 1996. Mr. Shaheen has 18 years of experience in the produce industry and is active on several industry advisory committees. Prior to joining Sun World, he served as a senior executive with Albert Fisher North America, a publicly traded domestic and international 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 and shippers of fresh vegetables in the Salinas Valley of California. Prior to his employment with Albert Fisher, Mr. Shaheen has seven years of experience with the accounting firm of Ernst & Young LLP. Mr. Shaheen is a certified public accountant. As described more fully in "Item 1 Description of Business - General Development of Business" above, Sun World and its domestic subsidiaries filed for bankruptcy on January 30, 2003.

Geoffrey Arens was appointed a director of Cadiz on January 30, 2004 as a nominee of ING pursuant to the rights of ING as holder of Cadiz' Series F preferred stock. Mr. Arens has been with ING since 1995 and is the co-Head of ING's Strategic Trading Platform Americas group and as such is responsible for that group's global proprietary investing business. He is also CEO of ING Capital Advisors, LLC, a registered investment advisor specializing in the management of leveraged loan assets for large institutional clients. In addition to his Board duties at Cadiz, Mr. Arens also serves on the Board of Directors of ING Capital Management, Ltd., and California Coastal Communities, Inc.

Gregory Ritchie was appointed a director of Cadiz on March 25, 2004 as a nominee of ING pursuant to the rights of ING as holder of Cadiz' Series F preferred stock. Mr. Ritchie has been with ING since 1995 and is a Managing Director and the co-head of ING's Strategic Trading Platform and as such is responsible for the group's global proprietary investing business. He is also head of the Strategic Trading Platform's Equities team.

Richard E. Stoddard serves as CEO and Chairman of the Board of Managers of Cadiz Real Estate LLC, the subsidiary of Cadiz, directing the development of the Cadiz Groundwater Storage Program and the other Cadiz real estate assets. In addition, since 1988, Mr. Stoddard has served as the Chairman and CEO of Kaiser Ventures LLC, an unrelated public entity involved in water development, real estate development and waste management projects in southern California. Mr. Stoddard also serves as a general business consultant to Cadiz.

The certificate of designation for our Series F preferred stock provides that the holder(s) of the Series F preferred stock (currently ING) have the right to elect two members of the Board of Directors.

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

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directors or current officers of Cadiz. Officers serve at the discretion of the Board of Directors.

The Board of Directors has determined that Mr. Hutchison, a member of the Company's Audit Committee, is an "audit committee financial expert" as that term is defined in Item 401(h) of Regulation S-K under the Securities Act. The other members of the Audit Committee are Messrs. Arens and Ritchie. The Board has determined that Messrs. Hutchison, Arens and Ritchie are independent in accordance with the criteria and guidelines established by Nasdaq.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who beneficially own more than 10% of a registered class of our equity securities ("reporting persons"), to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of Cadiz. Reporting persons are required by the SEC regulations to furnish Cadiz with copies of all Section 16(a) forms they file. We have filed these forms on behalf of some of our directors and officers in the past and have a power of attorney to assist certain of them in the future. To Cadiz' knowledge, based solely on a review of the copies of reports and amendments thereto on Forms 3, 4 and 5 furnished to us by reporting persons and forms that we filed on behalf of certain directors and officers, during, and with respect to, Cadiz' fiscal year ended December 31, 2003, 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, and 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.

CODE OF ETHICS

Cadiz has adopted a code of ethics that applies to all of its employees, including its principal executive and financial officer. A copy of the code of ethics may be found on Cadiz' website at www.cadizinc.com. Other information on this website is not incorporated as part of this filing.

ITEM 11. EXECUTIVE COMPENSATION

The tables and discussion below set forth information about the compensation awarded to, earned by, or paid to Cadiz' chief executive and financial officer during the years ended December 31, 2003, 2002 and 2001.

SUMMARY COMPENSATION TABLE

		ANNUAL COMPENSATION(2)		OTHER LONG-TERM COMPENSATION AWARDS	
NAME AND PRINCIPAL POSITION	FISCAL YEAR(1)	SALARY	BONUS	RESTRICTED STOCK AWARDS(3)(4)	ALL OTHER COMPENSATION
Keith Brackpool President and	12/31/03	$ 288,461	$ 200,000(5)	$ -0-	$ 850,000(6)
Chief Executive and Financial	12/31/02	500,000	233,124	-0-	-0-
Officer	12/31/01	500,000	-0-	-0-	-0-

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(1) The information presented in this table is for the years ended December 31, 2003, 2002 and 2001. The executive officer for whom compensation has been disclosed for the year ended December 31, 2003, is the only executive officer of Cadiz as of December 31, 2003. No other executive officer received total salary or bonus exceeding $100,000 during the

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year ended December 31, 2003.

(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 Mr. Brackpool for each fiscal year. See "Employment Arrangements" below.

(3) 1,616 and 615 deferred stock units were granted to Mr. Brackpool in May 2000 and February 2001, respectively, as part of his bonus for the preceding calendar year. These deferred stock units vested three years from the date of issuance and therefore 1,616 and 615 shares of common stock were issued to him in 2003 and 2004 accordingly. The 1,616 deferred stock unit grant was exchanged in March 2003 for 1,616 shares of common stock valued at $4,040 (based upon a $2.50 sale price per share on the expiration date). Mr. Brackpool's 615 deferred stock units outstanding at December 31, 2003 (based upon the Pink Sheets closing sales price per share of $5.10 on that date) were valued at $3,136. Upon their vesting in February 2004, the Company's Board of Directors authorized the buyout of the tax withholding portion of Mr. Brackpool's deferred stock units and he was issued 370 shares valued at $4,637 including the tax withholding amount (based upon a $7.54 closing sale price per share on the expiration date).

(4) Deferred stock units, which were fully vested but could not be exchanged for shares of common stock without restrictions until March 31, 2003, were issued to Mr. Brackpool in March 2001 in exchange for fully vested and expiring options in amounts equaling the value of the expiring options in excess of their exercise price. Mr. Brackpool exchanged 12,000 expiring stock options in March 2001 for 5,415 deferred stock units and was issued shares of common stock upon the exercise of the deferred stock units on March 31, 2003 for a net value of $13,538 (based upon a $2.50 sale price per share on that date).

(5) This bonus was paid to Mr. Brackpool in February 2004 for services completed in the preceding calendar year. Mr. Brackpool was provided the opportunity to receive the bonus in cash or shares of common stock valued at $2.50 per share and elected to receive his compensation in stock.

(6) Mr. Brackpool received an aggregate $850,000 due to the termination of his previous employment agreement without cause and foregone salary, as described more fully in "Employment Arrangements" below.

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-	80,000(2)/-0-	-$0-/-$0-

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(1) Based upon the Pink Sheets closing sales price per share of Cadiz common stock at December 31, 2003 which was $5.10.

(2) These options expired without exercise on January 15, 2004.

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COMPENSATION OF DIRECTORS

In the fiscal year 2003, Messrs. Anthony Coelho, Murray H. Hutchison and Dwight W. Makins each received cash compensation for their services as directors of Cadiz in the amount of $6,250 for each of the first and fourth quarter. For the second and third quarters, each director received an aggregate of 4,000 shares of Cadiz common stock valued at $2.50 per share for their services as directors during those periods. Messrs. Coelho and Makins served as directors in 2003 until their resignations which were effective December 15, 2003. Mr. Philip R. Burnaman II joined the Cadiz Board of Directors for a brief period in January 2003 at the nomination of ING, however, he resigned within a month and did not receive any compensation from Cadiz for his services.

Messrs. Brackpool, Shaheen, Arens and Ritchie do not receive any compensation from Cadiz for serving as directors of Cadiz or Sun World. Mr. Hutchison will receive $25,000 per year in accordance with his agreement with Cadiz for services as a director.

EMPLOYMENT ARRANGEMENTS

Until February 1, 2003, Mr. Brackpool was employed pursuant to an Employment Agreement which provided for base compensation of $500,000 annually plus an annual incentive based bonus not to exceed 120% of his base compensation. This agreement provided that in the event of a material change or reduction in Mr. Brackpool's responsibilities, he would be entitled to terminate the agreement and continue to receive base compensation for the remainder of the term of the agreement, and also provided that Mr. Brackpool would 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 company other than for cause.

Subsequent to February 1, 2003, Cadiz failed to make payments of base compensation to Mr. Brackpool as and when required under this agreement, thereby giving Mr. Brackpool the right to terminate the agreement, which was effectively terminated as of February 1, 2003. In accordance with the termination provisions of the agreement governing termination without cause, Mr. Brackpool became entitled to receive payment of $800,000.

This $800,000 payment was made to Mr. Brackpool as part of an overall settlement of obligations arising under a $1 million loan entered into by Mr. Brackpool with Cadiz on July 5, 2002. See "Item 13. Certain Relationships and Related Transactions", below. This overall settlement with Mr. Brackpool was made effective July 5, 2003, by way of a corresponding reduction in Mr. Brackpool's obligations to Cadiz under the loan. This reduction, along with cash payments by Mr. Brackpool in the amount of $181,013 and an application of $50,000 of accrued but unpaid compensation owed by Cadiz to Mr. Brackpool under his post February 1, 2003 employment arrangements with Cadiz, resulted in the settlement in full by Mr. Brackpool of his obligations under this loan.

Notwithstanding the agreed termination of Mr. Brackpool's existing employment agreement as of February 1, 2003, and notwithstanding Mr. Brackpool's right to collect termination payments pursuant to that agreement without continuing to provide services to Cadiz following that date, Cadiz had and continues to have a need for Mr. Brackpool's services subsequent to February 1, 2003. However, given our then existing circumstances and limited financial resources, we agreed that it was necessary to change certain of Mr. Brackpool's duties and responsibilities and to materially reduce his compensation.

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To this end, effective as of the first pay period after February 1, 2003 Mr. Brackpool has been compensated pursuant to an Agreement Regarding Employment pursuant to which Mr. Brackpool receives base compensation of $20,000 per month, plus the same fringe benefits that Mr. Brackpool had been receiving under his prior employment agreement, including the use of a leased automobile and life and disability insurance benefits funded by us. While this Agreement requires Mr. Brackpool to perform his services in a satisfactory manner, it does not require that his services be provided on a full-time basis. Although the initial term of the Agreement Regarding Employment ended September 30, 2003, Mr. Brackpool continues to provide services to us upon the terms and conditions set forth in this Agreement.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the year ended December 31, 2003, 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 Coehlo until the resignation of Messrs. Makins and Coehlo effective December 15, 2003, all of whom were non-employee directors. No meetings of the Compensation Committee were held after December 15, 2003 through the end of the fiscal year 2003.

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, 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:(1)

Cadiz' executive compensation programs are designed to enhance operating performance and to maximize the long-term value of Cadiz' assets and stockholder value, by aligning the financial interest of the executive officers with those of the stockholders. Such a compensation program helps to achieve Cadiz' business and financial objectives and provide incentives needed to attract and retain well-qualified executives in a highly competitive marketplace. To this end, Cadiz has developed a compensation program with three primary components: base salary, performance-based cash awards and long-term incentives through stock awards.

BASE SALARY. An effort is made to establish base salary levels for all executive officers so as to be competitive with the salaries of executives of other companies with similarly sized asset portfolios and to ensure the continued services of key individuals. No specific or set formula has been used to tie base salary levels to precise measurable factors. Adjustments to an executive officer's base salary, once established, can be made at the discretion of the Compensation Committee, based upon such factors as position and responsibility, salary history and cost of living increases.

Where applicable, the Compensation Committee may also consider the past

performance of the officer, both in adjusting base salary levels and in determining additional incentive compensation, such as the cash awards and long term incentives discussed below.

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PERFORMANCE-BASED CASH AWARDS. The Compensation Committee believes that incentives should be offered to executives which are related to improvements in performance that yield increased value for stockholders. Although the Compensation Committee relies primarily upon the grant of incentive stock options or other stock awards to reward executive performance (see "Long-Term Incentives" below), under certain circumstances, the Compensation Committee will utilize performance-based cash awards from time to time to provide additional incentives.

As Chairman and Chief Executive Officer of Cadiz, Mr. Brackpool is charged with the overall responsibility for the performance of Cadiz. Mr. Brackpool is compensated pursuant to a written agreement effective as of February 1, 2003 which reduced his base salary to 50% of its previous amount. It is intended within the terms of the agreement that Mr. Brackpool and Cadiz mutually attempt to negotiate a new employment agreement setting forth the terms and conditions of his employment. Historically, the Compensation Committee has established bonus compensation for Mr. Brackpool pursuant to criteria established in his employment agreement. Since a new agreement is not yet in place at this time, the Compensation Committee separately granted Mr. Brackpool a performance-based bonus of $200,000 (which Mr. Brackpool could elect to receive in stock or cash) upon the successful completion of the refinancing of Cadiz in December 2003. This bonus was paid to Mr. Brackpool in February 2004.

LONG-TERM INCENTIVES. The primary form of incentive compensation offered by Cadiz to executives consists of long-term incentives in the form of stock options or other stock awards. This form of compensation is intended to help retain executives and motivate them to improve Cadiz' long-term performance and hence long-term stock market performance. Stock options and other stock awards are granted at the prevailing market value and will only have added value if Cadiz' stock price increases.

The Compensation Committee views the grant of stock awards as both a reward for past performance and an incentive for future performance. Stock options or other stock awards granted by Cadiz may vest immediately upon grant, with the passage of time, at the discretion of the Board, and/or upon the achievement of certain specific performance goals. Where performance is not readily measurable, the vesting of performance based options or other stock awards may be dependent upon the satisfaction of subjective performance criteria.

Options previously granted by Cadiz, whether vesting immediately or contingently, are exercisable for a period of five to seven years from grant. The Compensation Committee anticipates that options or stock awards will continue to be granted in the future in order to provide executives with additional long-term incentives. Such options and stock awards may be granted to executives pursuant to the Cadiz 1996 Stock Option Plan or 2000 Stock Award Plan.

Due to the difficult circumstances which Cadiz and its subsidiaries have faced in the past year, however, all stock options granted under the three existing plans have become virtually worthless and a majority of them have expired within the last year without exercise. Therefore, the Compensation Committee, Board of

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Directors, management and our senior secured lender have agreed upon the implementation of a proposed Management Equity Incentive Plan with a total of 1,472,051 shares authorized which would provide incentive to senior management in a going-forward manner. The Board formed an initial allocation committee made up of Messrs. Brackpool, Hutchison, and Stoddard (a consultant to Cadiz), to direct the initial allocation of 717,373 of these shares, 1/3 of which will vest on the date of the grant. The remaining two-thirds will vest in two equal installments on December 11, 2004 and December 11, 2005 (subject to continued employment or immediate vesting upon termination without cause). It is intended that the remaining 754,678 shares covered by the incentive plan are issuance pursuant to the direction of, and upon such vesting and other conditions as may be established by, the Compensation Committee.

DEDUCTIBILITY OF CERTAIN EXECUTIVE COMPENSATION EXPENSES UNDER FEDERAL TAX LAWS

The Compensation Committee has considered the impact of provisions of the Internal Revenue Code of 1986, specifically Code Section 162(m). Section 162(m) limits to $1 million Cadiz' deduction for compensation paid to each executive officer of Cadiz, which does not qualify as "performance based".

While Cadiz expects that this provision will not limit its tax deductions for executive compensation in the near term, the Cadiz 1996 Stock Option Plan ?enables Cadiz to comply, to the extent deemed advisable, with the requirements of Section 162(m) for performance based compensation to insure that Cadiz will be able to avail itself of all deductions otherwise available with respect to awards made under the 1996 Stock Option Plan. However, any shares of stock issued to executives under the Cadiz 2000 Stock Award Plan and Management Equity Incentive Plan will not qualify as performance-based compensation and, therefore, will be counted in determining whether the $1 million limit has been reached.

CONCLUSION

Through the programs described above, a very significant portion of Cadiz' executive compensation is contemplated to be linked directly to corporate performance. The Compensation Committee intends to implement this policy of linking executive compensation to corporate performance in order to continue to align the interest of executives with those of Cadiz' stockholders.

THE COMPENSATION COMMITTEE

Murray H. Hutchison, Chairman

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(1) This report shall not be deemed incorporated by reference by any general statement incorporating by reference this annual report on Form 10-K into any filing under the Securities Act of 1933, except to the extent that Cadiz specifically incorporates this report by reference, and shall not otherwise be deemed filed under such acts.

STOCK PRICE PERFORMANCE

The stock price performance graph below compares the cumulative total return of Cadiz common stock against the cumulative total return of the Standard & Poor's Small Cap 600 Nasdaq U.S. index and the Russell 2000r index for the past five

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fiscal years. The graph indicates a measurement point of December 31, 1998 and assumes a $100 investment on such date in Cadiz common stock, the Standard & Poor's Small Cap 600 and the Russell 2000r indices. With respect to the payment of dividends, Cadiz has not paid any dividends on its common stock, but the Standard & Poor's Small Cap 600 and the Russell 2000r indices assume that all dividends were reinvested. The stock price performance graph shall not be deemed incorporated by reference by any general statement incorporating by reference this annual report on Form 10-K into any filing under the Securities Act of 1933, as amended, except to the extent that Cadiz specifically incorporates this graph by reference, and shall not otherwise be deemed filed under such acts.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN
Assumes initial investment of $100.00
and re-investment of dividends

	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02	12/31/03
Cadiz Share Value	100	124.59016	117.21311	105.18033	7.2131148	2.6754098
Russell 2000 Index Value	100	119.62034	114.59143	115.76927	90.788226	131.9817
S&P Small Cap Index Value	100	168.53272	187.10804	197.83572	167.53579	230.41922

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table provides information as of December 31, 2003 with respect to shares of our common stock that may be issued under our existing compensation plans:

EQUITY COMPENSATION PLAN INFORMATION

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (A)	Weighted-securities exercise price of outstanding options, warrants and rights (B)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (C)
Equity compensation plans approved by stockholders(1)	40,202	$ 184.66	35,756
Equity compensation plans not approved by stockholders	16,500(2)	$ 228.30(2)	1,487,611(3)
TOTAL	56,702	$ 197.36	1,507,807(4)

(1) Represents 37,450 shares for the Cadiz Inc. 1996 Stock Option Plan and 2,752 shares for the Cadiz Inc. 2000 Stock Award Plan.
(2) Represents the Cadiz Inc. 1998 Stock Option Plan
(3) Represents 15,560 shares for the 1998 Stock Option Plan and 1,472,051 shares for the Management Equity Incentive Plan
(4) There is a cumulative cap on the 1996 Stock Option Plan, the 1998 Stock Option Plan and the 2000 Stock Award Plan of

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160,000 shares.

STOCK OPTION AND AWARD PLANS IN GENERAL

The purpose of Cadiz' stock option and award plans is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of Cadiz and its subsidiaries and affiliates, by offering them an opportunity to participate in Cadiz future performance through awards of options, restricted stock grants and other similar stock awards.

1996 Stock Option Plan

In 1996, our board of directors and stockholders approved the adoption of the Cadiz Inc. 1996 Stock Option Plan (the "1996 Plan") to provide incentives to key employees of Cadiz and its subsidiaries. Under the 1996 Plan, stock options may be granted to directors, officers, employees, consultants, independent contractors and advisors of Cadiz or its subsidiaries or affiliates.

The 1996 Plan is administered by a committee of the Board or the Board acting as the committee. Grants under the Plan may consist of: (i) options intended to qualify as incentive

stock options ("ISOs") within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) so-called "non-qualified stock options" ("NQSOs") that are not intended to so qualify, or (iii) a combination thereof. Directors who are not employees of the Company will be entitled to receive only NQSOs under the Plan.

The 1996 Plan permits the governing committee to grant options either as ISOs or as NQSOs, and allows the committee to establish, as to any participant, the number of options, exercise price, exercise term (subject to a maximum of ten years), and other terms and conditions. Subject to the foregoing, the option exercise price may not be less than 85% of the fair market value of a share of Cadiz common stock on the date of grant of such option; however, in the case of an ISO, the price shall be no less than 100% of the fair market value of a share of Common Stock at the time such option is granted; and in the case of an ISO granted to a 10% stockholder, the exercise price will be no less than 110% of the fair market value of the common stock on the date of grant. Upon a "change in control" (as defined in the 1996 Plan), the Board has the right to accelerate vesting of all options so that they become exercisable within the 30-day period preceding the change in control.

The Board may amend or terminate the Plan at any time; provided, however, that the Board may not, without the approval of stockholders, amend the Plan in any manner that requires such stockholder approval pursuant to the Code or pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act") or Rule 16b-3 thereunder. According to its terms, the 1996 Plan will terminate 10 years from its effective date.

Originally, 120,000 shares of common stock were reserved and authorized for issuance under the 1996 Plan. An additional 40,000 shares (for an aggregate of 160,000 shares) were subsequently authorized for issuance, however, the reservation and authorization of 160,000 shares is cumulative of all three of Cadiz' stock option and award plans. Shares subject to a grant or award under the 1996 Plan which are not issued or delivered by reason of the failure to vest or the expiration, termination, cancellation or forfeiture are again available for future grants and awards. As of December 31, 2003, 35,756 shares remained available for grant under the 1996 Plan (subject to the cumulative cap for issuance under all three stock option and award plans).

1998 STOCK OPTION PLAN

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In 1998, the Board approved a Non-Qualified Stock Option Plan (the "1998 Plan") to provide grants of stock options to certain employees, consultants, independent contractors and advisors of Cadiz or its subsidiaries and affiliates, but excluding any directors or officers including those who would be required to file reports of beneficial ownership pursuant to the Exchange Act.

The 1998 Plan is administered by a committee of the Board or the Board acting as the committee. It permits the governing committee to establish, as to any participant, the number of options, exercise price, exercise term (subject to a maximum of ten years), and other terms and conditions, however, the Board's general intent with the plan is to grant options at an exercise price equal to the fair market value of Cadiz common stock at the time of grant, which options vest ratably over a five-year period subject to vesting acceleration for a change in control of the Company or the Board's determination of satisfaction of certain specified performance criteria.

The Board may amend or terminate the Plan at any time; provided, however, that the Board may not, with respect to any particular option grant, without the consent of the holder of that outstanding option, amend or terminate such option or materially adversely affect the rights of the holder under such option. According to its terms, the 1998 Plan will terminate 10 years from its effective date.

31,700 shares are reserved and authorized for issuance under the 1998 Plan, which amount may be decreased by the cumulative cap of 160,000 for issuance under all three stock option and award plans. Shares subject to a grant or award under the 1998 Plan which are not issued or delivered by reason of the failure to vest or the expiration, termination, cancellation or forfeiture are again available for future grants and awards. As of December 31, 2003, 15,560 shares remained available for grant under the 1998 Plan (subject to the cumulative cap for issuance under all three stock option and award plans).

2000 STOCK AWARD PLAN

In 2000, our board of directors and stockholders approved the adoption of the Cadiz Inc. 2000 Stock Award Plan (the "2000 Plan") to add additional forms of stock awards (i.e., restricted stock, deferred stock units, stock bonus and stock awards in lieu of cash) to the currently available stock option grants to provide incentives to key employees of Cadiz and its subsidiaries without as significant a dilutive effect on the stockholders. Under the 2000 Plan, stock options may be granted to certain directors, officers, employees, consultants, independent contractors and advisors of Cadiz or its subsidiaries and affiliates.

The 2000 Plan is administered by a committee of the Board or the Board acting as the committee. It permits the governing committee to establish, as to any participant, the number and type of options, stock awards, deferred stock units, stock bonuses or the like, exercise price, exercise term (subject to a maximum of ten years), and other terms and conditions. A change in control of the Company shall accelerate the vesting of outstanding, but unvested, stock awards under the 2000 Plan.

The Board may amend or terminate the Plan at any time; provided, however, that the Board may not, without the approval of stockholders, amend the Plan in any manner that requires such stockholder approval pursuant to the Code or pursuant to the Exchange Act or Rule 16b-3 thereunder. Further, the Board may not, with respect to any particular stock grant, without the consent of the holder of that outstanding grant, amend or terminate such grant or materially adversely affect the rights of the holder under such grant. According to its terms, the 2000 Plan will terminate 10 years from its effective date.

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40,000 shares are reserved and authorized for issuance under the 2000 Plan, which amount may be decreased by the cumulative cap of 160,000 for issuance under all three stock option and award plans. Shares subject to a grant or award under the 2000 Plan which are not issued or delivered by reason of the failure to vest or the expiration, termination, cancellation or forfeiture are again available for future grants and awards. As of December 31, 2003, 10,596 shares remained available for grant under the 2000 Plan (subject to the cumulative cap for issuance under all three stock option and award plans).

MANAGEMENT EQUITY INCENTIVE PLAN

In December 2003, concurrently with the completion of the restructuring of our financing arrangements with ING, our board of directors authorized the adoption of a Management Equity Incentive Plan (the "Incentive Plan"). Under the Incentive Plan, a total of 1,472,051 shares of our common stock may be granted to our key personnel. Our Board has formed an initial allocation committee to direct the initial allocation of 717,373 of these shares. This initial allocation committee consists of Mr. Hutchison (as Chairman of the Compensation Committee), Mr. Brackpool and Mr. Richard Stoddard (a consultant to Cadiz). The Board has authorized the initial allocation committee to award all or part of the initial allocation shares to key personnel (including members of such committee) without further approval of the Board. Any initial allocation shares so granted will be subject to vesting conditions. One-third of the shares granted will vest immediately on the date of the grant. The remaining two-thirds will vest in two equal installments on December 11, 2004 and December 11, 2005 (subject to continued status of the recipient as an employee or consultant to Cadiz as of the respective vesting date, but also subject to immediate vesting in full of any theretofore unvested shares upon any termination without cause).

The 754,678 shares covered by the Incentive Plan which are not part of the initial allocation are issuable pursuant to the direction of, and upon such vesting and other conditions as may be established by, the Compensation Committee.

As of September 30, 2004, no shares have been issued under the Incentive Plan.

BENEFICIAL OWNERSHIP

The following table sets forth, as of September 15, 2004, 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 above, 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.

CLASS OF COMMON STOCK

NAME AND ADDRESS	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS
ING Groep N.V. ING Capital LLC Amstelveenseweg 500 1081 KL Amsterdam	1,828,429(1)	21.9%
SACC Partners LP Riley Investment Management LLC B. Riley & Co. Inc. B. Riley & Co. Retirement Trust	634,699(2)	9.6%

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11100 Santa Monica Blvd., Suite 800 Los Angeles, CA 90025		
FMR Corp. 82 Devonshire Street Boston, MA 02109	602,806(8)	9.1%
Bedford Oak Partners, L.P. Bedford Oak Capital, L.P. Bedford Oak Offshore 100 South Bedford Road Mt. Kisco, NY 10549	601,500(4)	9.1%
Lloyd Miller MILGRAT I Lloyd I. Miller Fund C Lloyd Miller A4 Trust Lloyd Miller MILFAM II 4550 Gordon Drive Naples, FL 34102-7914	501,400(3)	7.6%
Morgan Stanley & Co. International Limited 1585 Broadway New York, NY 10036	339,603(5)	5.1%
Keith Brackpool c/o 777 S. Figueroa St., Suite 4250 Los Angeles, CA 90017	127,223(6)	1.9%
Timothy J. Shaheen c/o 777 S. Figueroa St., Suite 4250 Los Angeles, CA 90017	10,109	*
Murray Hutchison c/o 777 S. Figueroa St., Suite 4250 Los Angeles, CA 90017	6,490(7)	*
Geoffrey Arens c/o 777 S. Figueroa St., Suite 4250 Los Angeles, CA 90017	0	*
Gregory Ritchie c/o 777 S. Figueroa St., Suite 4250 Los Angeles, CA 90017	1,000	*
All directors and officers as a group (seven individuals)	144,822(6)(7)	

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* Represents less than one percent of the 6,612,665 outstanding shares of common stock of Cadiz as of March 31, 2004

CLASS OF SERIES F PREFERRED STOCK

NAME AND ADDRESS	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS
ING Groep N.V. ING Capital LLC Amstelveenseweg 500 1081 KL Amsterdam	100,000(1)	100%

(1) Based upon a Schedule 13D filed on February 2, 2004 with the SEC by ING Groep N.V. on behalf of its wholly-owned subsidiary ING Capital LLC, and based on Cadiz corporate records, the ING entities beneficially own 100,000 shares of Cadiz Series F

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Preferred Stock and have sole voting and dispositive power as to all of the shares. The preferred stock held by ING is initially convertible into 1,728,955 shares of Cadiz common stock. In addition to the preferred stock, ING holds 99,474 shares of Cadiz common stock, 94,000 of which were issued at the end of 2003 upon ING's exercise of warrants, and ING has sole voting and dispositive power as to the common stock. The principal office of ING Capital LLC is located at 1325 Avenue of the Americas, New York, NY 10019.

(2) Based upon a Schedule 13G filed on May 12, 2004 with the SEC by SACC Partners LP and its affiliated entities, Cadiz corporate records of stock issuances and correspondence with Mr. Riley, the listed affiliated entities beneficially own an aggregate of 634,699 shares of Cadiz common stock, and have sole voting and dispositive power of the stock.

(3) Based upon a Schedule 13G filed on May 17, 2004 with the SEC by Lloyd I. Miller, III, Cadiz corporate records of stock issuances and correspondence with Mr. Miller, the listed affiliated entities beneficially own an aggregate of 501,400 shares of Cadiz common stock. Mr. Miller has sole voting power of 300,000 of the shares, and sole dispositive power of 100,000 of the shares. The remaining shares beneficially owned by Mr. Miller are subject to shared voting and dispositive power.

(4) Based upon a Schedule 13G filed on September 8, 2004 with the SEC, Cadiz corporate records of stock issuances and correspondence with Bedford Oak, the listed related funds beneficially own an aggregate of 339,603 shares of Cadiz common stock.

(5) Based upon a Schedule 13G filed on February 18, 2004 with the SEC by Morgan Stanley & Co. International Limited and its affiliated entities, Cadiz corporate records of stock issuances and correspondence with Morgan Stanley, Morgan Stanley has shared voting rights and shared dispositive power over an aggregate of 339,603 shares of Cadiz common stock.

(6) Includes 2,000 shares owned by a foundation of which Mr. Brackpool is a trustee, but in which Mr. Brackpool has no economic interest and 2,000 shares owned by his separated spouse. Mr. Brackpool disclaims any beneficial ownership of the 4,000 shares owned by the foundation and his spouse.

(7) Includes 1,490 shares underlying presently exercisable options.

(8) Based upon a Schedule 13G files on October 14, 2004 with the SEC by FMR Corp. and its affiliated entities, Cadiz corporate records of stock issuances and correspondence with FMR Corp., the listed affiliated entities beneficially own an aggregate of 602,806 shares of Cadiz common stock, and have sole voting and dispositive power of the stock.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On July 5, 2002, we entered into an agreement with Keith Brackpool, our Chief Executive Officer, whereby we agreed to loan him up to $1 million. The loan had a term of one year and bore an interest rate of 6% per annum. As of December 31, 2002, the maximum $1 million amount of the loan was outstanding. The loan was repaid in full by Mr. Brackpool in 2003 at the expiration of the loan term.

Our loan with Mr. Brackpool was intended to be structured with terms no more favorable than those which Mr. Brackpool would have been able to obtain from unrelated third parties, and the loan agreement therefore provided for the loan to be secured by collateral with a value of at least 133% of the outstanding loan amount. Initially, the loan was secured by a portion of Mr. Brackpool's otherwise unencumbered equity holdings in our stock.

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In November 2002 Mr. Brackpool provided additional security for the loan in the form of a pledge of a portion of Mr. Brackpool's interests in a real estate limited partnership.

This loan was authorized by our Board in May 2002. We were then nearing final votes on the various approvals needed for the Cadiz Program, and both the company and our executives were the subject of intense media interest. At the same time, Mr. Brackpool required a source of funds to satisfy personal obligations incurred by him in 1999 in order to finance his purchase that year, for $5.25 million, of 750,000 of our shares upon the exercise of previously issued stock options. Our Board was concerned that the publicity accompanying a public sale of Cadiz stock by Mr. Brackpool, regardless of the reasons for the sale, at a time when the outcome of voting on the Cadiz Program was not certain would significantly impair our ability to obtain the approvals we needed. Given the importance to us of the Cadiz Program, the Board approved the loan so as to provide Mr. Brackpool with funds without selling any of his Cadiz shareholdings in the public markets.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

For the fiscal years ended December 31, 2003 and 2002, professional services were performed by PricewaterhouseCoopers LLC (PwC). Cadiz' audit committee annually approves the engagement of outside auditors for audit services in advance. The audit committee has also established complementary procedures to require pre-approval of all audit-related, tax and permitted non-audit services provided by PwC, and to consider whether the outside auditors' provision of non-audit services to Cadiz is compatible with maintaining the independence of the outside auditors. The audit committee may delegate pre-approval authority to one or more of its members. Any such fees pre-approved in this manner shall be reported to the audit committee at its next scheduled meeting. All services described below were pre-approved by the audit committee.

All fees for services rendered by PwC aggregated $296,050 and $307,726 for the fiscal years ended December 31, 2003 and 2002, respectively, and were composed of the following:

Audit Fees. The aggregate fees billed for the audit of the annual financial statements for the fiscal years ended December 31, 2003 and 2002, for reviews of the financial statements included in the Company's Quarterly Reports on Form 10Q, and for assistance with and review of documents filed with the SEC were $296,050 for 2003 and $246,500 for 2002.

Audit Related Fees. The aggregate fees billed for audit-related services for the fiscal years ended December 31, 2003 and 2002 were $0 and $48,976, respectively. These fees relate to assurance and related services performed by PwC that are reasonably related to the performance of the audit or review of the Company's financial statements. These services include attest services that are not required by statute or regulation, internal control reviews and consultations concerning financial accounting and reporting matters.

Tax Fees. Fees billed for tax services for the fiscal years ended December 31, 2003 and 2002 were $0 and $12,250, respectively.

All Other Fees. No other fees were billed The aggregate fees billed by PwC to Cadiz for services other than as discussed above for the fiscal years ended December 31, 2003 and 2002.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(A) 1. Financial Statements. See Index to Consolidated

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Financial Statements.

2. Financial Statement Schedules. See Index to Consolidated Financial Statements.

3. Exhibits.

The following exhibits are filed or incorporated by reference as part of this Form 10-K.

3.1 Cadiz Certificate of Incorporation, as amended(1)

3.2 Amendment to Cadiz Certificate of Incorporation dated November 8, 1996(2)

3.3 Amendment to Cadiz Certificate of Incorporation dated September 1, 1998(3)

3.4 Amendment to Cadiz Certificate of Incorporation dated December 15, 2003

3.5 Certificate of Elimination of Series D Preferred Stock, Series E-1 Preferred Stock and Series E-2 Preferred Stock of Cadiz Inc. dated December 15, 2003

3.6 Certificate of Elimination of Series A Junior Participating Preferred Stock of Cadiz Inc., dated March 25, 2004

3.7 Certificate of Designations of Series F Preferred Stock of Cadiz Inc. dated December 15, 2003

3.8 Cadiz Bylaws, as amended (4)

4.1 Indenture, dated as of April 16, 1997 among Sun World as issuer, Sun World and certain subsidiaries of Sun World as guarantors, and IBJ Whitehall Bank & Trust Company as trustee, for the benefit of holders of 11.25% First Mortgage Notes due 2004 (including as Exhibit A to the Indenture, the form of the Global Note and the form of each Guarantee)(5)

4.2 Amendment to Indenture dated as of October 9, 1997(6)

4.3 Amendment to Indenture dated as of January 23, 1998(7)

4.4 Preferred Stock Exchange Agreement, dated October 20, 2003, by and among Cadiz Inc., OZ Master Fund, Ltd. and OZF Credit Opportunities Master Fund, Ltd.

10.1 Cadiz Inc. 1996 Stock Option Plan(4)

10.2 Amendment to the Cadiz Inc. 1996 Stock Option Plan(10)

10.3 Amended and Restated Cadiz Inc. 1998 Non-Qualified Stock Option Plan(15)

10.4 Cadiz Inc. 2000 Stock Award Plan(8)

10.5 Security Agreement between Cadiz Inc. and Keith Brackpool dated July 5, 2002(9)

10.6 Pledge Agreement between Keith Brackpool and Cadiz Inc. dated November 2002(10)

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10.7 Agreement Regarding Employment Between Cadiz Inc. and Keith Brackpool dated July 5, 2003(11)

10.8 Agreement Regarding Satisfaction of Note Obligations Between Cadiz Inc. and Keith Brackpool dated July 5, 2003(11)

10.9 Employment Agreement dated September 13, 1996 between Sun World International, Inc., Cadiz Inc. and Timothy J. Shaheen(12)

10.10 Sixth Amended and Restated Credit Agreement, dated as of December 15, 2003, among Cadiz Inc., Cadiz Real Estate LLC, and ING Capital LLC, as Administrative Agent, and the lenders party thereto

10.11 Sixth Global Amendment Agreement, dated as of December 15, 2003, between Cadiz Inc., Cadiz Real Estate LLC, and ING Capital LLC

10.12 ING Capital LLC Amended and Restated Tranche A Note in principal amount of $25 million

10.13 ING Capital LLC Amended and Restated Tranche B Note in principal amount of $10 million

10.14 Limited Liability Company Agreement of Cadiz Real Estate LLC dated December 11, 2003

10.15 The Cadiz Groundwater Storage and Dry-Year Supply Program Definitive Economic Terms and Responsibilities between Metropolitan Water District of Southern California and Cadiz dated March 6, 2001(13)

10.16 Sun World-Bondholder-Cadiz Term Sheet and Agreement in Principle, dated as of October 13, 2003, by and among Cadiz, Sun World International, Inc. and its debtor affiliates, and Black Diamond Capital Management, L.L.C. and CFSC Wayland Advisers, Inc. and their respective affiliates

10.17 Sun World Noteholder Trust Agreement, dated December 15, 2003, by and among Cadiz Inc., Logan & Company, as Trustee, Black Diamond Capital Management, L.L.C. on behalf of its affiliates, and CFSC Wayland Advisers, Inc.

10.18 Assignment of Claims, dated December 15, 2003, by Cadiz Inc. and the Sun World Noteholder Trust

10.19 Pledge Agreement, dated as of December 12, 2003, by and between Cadiz Inc., as Pledgor, and Sun World Noteholder Trust, as Secured Party

10.20 Agreement re Closing of "Sun World-Bondholder-Cadiz Term Sheet and Agreement in Principle", dated as of November 24, 2003, by and between Cadiz Inc. and Black Diamond Capital Management, L.L.C. and CFSC Wayland Advisers, Inc. and their respective affiliates

10.21 Mutual General Release, dated December 15, 2003 by and between Cadiz Inc., and Sun World International, Inc., Sun Desert Inc., Coachella Growers and Sun World/Rayo

10.22 Resolution of the Directors of Cadiz Inc., authorizing the Management Equity Incentive Plan.

21.1 Subsidiaries of the Registrant

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31.1 Certification of Keith Brackpool, Chairman, Chief Executive Officer and Chief Financial Officer of Cadiz Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of Keith Brackpool, Chairman, Chief Executive Officer and Chief Financial Officer of Cadiz Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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(1) Previously filed as an Exhibit to our Registration Statement of Form S-1 (Registration No. 33-75642) declared effective May 16, 1994 filed on February 23, 1994
(2) Previously filed as an Exhibit to our Report on Form 10-Q for the quarter ended September 30, 1996 filed on November 14, 1996
(3) Previously filed as an Exhibit to our Quarterly Report on Form 10-Q for the quarter ended September 30, 1998 filed on November 13, 1998
(4) Previously filed as an Exhibit to our Quarterly Report on Form 10-Q for the quarter ended June 30, 1999 filed on August 13, 1999
(5) Previously filed as an Exhibit to Amendment No. 1 to our Form S-1 Registration Statement No. 333-19109 filed on April 29, 1997
(6) Previously filed as an Exhibit to Amendment No. 2 to Sun World's Form S-4 Registration Statement No. 333-31103 filed on October 14, 1997
(7) Previously filed as an Exhibit to our Annual Report on Form 10-K for the fiscal year ended December 31, 1997 filed on March 26, 1998
(8) Previously filed as Appendix A to our Proxy Statement dated April 5, 2000, filed on March 29, 2000
(9) Previously filed as an Exhibit to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2002 filed on November 14, 2002
(10) Previously filed as an Exhibit to our Annual Report on Form 10-K for the year ended December 31, 2002 filed concurrently with this Annual Report on Form 10-K
(11) Previously filed as an Exhibit to our Report on Form 10-Q for the quarter ended September 30, 2003 filed concurrently with this Annual Report on Form 10-K
(12) Previously filed as an Exhibit to our Transition Report on Form 10-K for

the nine months ended December 31, 1996 filed on April 14, 1997
(13) Previously filed as an Exhibit to our Annual Report on Form 10-K for the year ended December 31, 2001 filed on March 28, 2002.

(B) REPORTS ON FORM 8-K

We filed a report on Form 8-K dated December 17, 2003 reporting numerous transactions involved with the comprehensive refinancing of the Company, extension of the Company's senior debt, exchange of its pre-existing preferred stock into shares of common stock, divestiture of its agricultural subsidiary and the implementation of a one for 25 reverse stock split.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused

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this report to be signed on its behalf by the undersigned, thereto duly authorized.

CADIZ INC.

By: /s/ Keith Brackpool

Keith Brackpool,
Chairman and Chief Executive
and Financial Officer

Date: November 1, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities and on the dates indicated.

NAME AND POSITION	DATE
/s/ Keith Brackpool Keith Brackpool, Chairman and Chief Executive and Financial Officer (Principal Executive, Financial and Accounting Officer)	November 1, 2004
/s/ Murray H. Hutchison Murray H. Hutchison, Director	November 1, 2004
/s/ Timothy J. Shaheen Timothy J. Shaheen, Director	November 1, 2004
/s/ Geoffrey Arens Geoffrey Arens, Director	November 1, 2004
/s/ Gregory Ritchie Gregory Ritchie, Director	November 1, 2004

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CADIZ INC. FINANCIAL STATEMENT SCHEDULES

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(Schedules other than those listed above have been omitted since they are either not required, inapplicable, or the required information is included on the financial statements or notes thereto.)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Cadiz Inc.

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, cash flows and stockholders' equity present fairly, in all material respects, the financial position of Cadiz Inc. and its subsidiaries at December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the index appearing under Item 15(a)(2) present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedules are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2 to the accompanying financial statements, the Company incurred losses of approximately $11.5 million and $22.2 million in 2003 and 2002, respectively, and used cash for operating activities of $6.6 million and $10.1 million in 2003 and 2002, respectively. In addition, the Company's wholly-owned subsidiary, Sun World International, Inc., and certain of its subsidiaries ("Sun World") filed voluntary petitions for reorganization under Chapter 11 of the United

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States Bankruptcy Code on January 30, 2003. Management of Sun World continues to operate as debtor-in-possession until a Plan of Reorganization is approved by its creditors and confirmed by the Bankruptcy Court. The Company's and Sun World's objectives in regard to this matter are also discussed in Note 2. The accompanying consolidated financial statements have been prepared using accounting principles applicable to a going concern, which assumes realization of assets and settlement of liabilities in the normal course of business. The matters described above and the uncertainties inherent in the bankruptcy process raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Los Angeles, California
September 18, 2004

CADIZ INC.

CONSOLIDATED STATEMENT OF OPERATIONS

(In thousands, except per share data)	Three Year Ended December 31, 2003	2002	2001
Revenues	$ 3,162	$ 114,250	$ 92,402
Special litigation recovery	-	-	7,929
Total revenues and special litigation recovery	3,162	114,250	100,331
Costs and expenses:			
Cost of sales	2,965	86,356	79,108
General and administrative	5,235	16,953	12,913
Write off of investment in subsidiary	195	-	-
Reorganization costs	655	-	-
Non-recurring compensation expense	-	-	5,537
Removal of underperforming crops	-	4,514	736
Depreciation and amortization	743	7,480	8,151
Total costs and expenses	9,793	115,303	106,445
Operating loss	(6,631)	(1,053)	(6,114)
Interest expense, net	4,905	21,172	19,551
Net loss before income taxes	(11,536)	(22,225)	(25,665)
Income tax expense	-	-	57
Net loss	(11,536)	(22,225)	(25,722)
Less: Preferred stock dividends	918	1,125	591
Imputed dividend on preferred stock	1,600	984	441
Net loss applicable to common stock	$ (14,054)	$ (24,334)	$ (26,754)

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Basic and diluted net loss per share	$ (6.39)	$ (16.76)	$ (18.66)
Weighted-average shares outstanding	2,200	1,452	1,434

See accompanying notes to the consolidated financial statements.

CADIZ INC.

CONSOLIDATED BALANCE SHEET

($ in thousands)	December 31, 2003	December 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,422	$ 3,229
Accounts receivable, net	-	6,732
Note receivable from officer	-	1,022
Inventories	-	13,513
Prepaid expenses and other	248	1,166
Total current assets	3,670	25,662
Property, plant, equipment and water programs, net	39,514	154,928
Goodwill	3,813	3,813
Restricted cash	2,142	-
Other assets	387	7,480
	$ 49,526	$ 191,883
LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 857	$ 7,394
Accrued liabilities	1,545	6,816
Revolving credit facility	-	4,400
Long-term debt, current portion	-	41,019
Total current liabilities	2,402	59,629
Long-term debt	30,253	115,447
Deferred income taxes	-	5,447
Other liabilities	654	1,539
Contingencies (Note 16)		
Series D redeemable convertible preferred stock - $0.01 par value: 5,000 shares authorized; shares issued and outstanding - none at December 31, 2003 and 5,000 at December 31, 2002	-	4,536
Series E-1 and E-2 redeemable convertible preferred stock - $0.01 par value: 7,500 shares authorized; shares issued and outstanding - none at December 31, 2003 and 7,500 at December 31, 2002	-	6,406
Stockholders' equity:		
Series F convertible preferred stock - $.01 par value: 100,000 shares authorized; shares issued and outstanding - 100,000 at December 31, 2003	1	-

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Common stock - $0.01 par value: 70,000,000 shares authorized; shares issued and outstanding 6,471,385 at December 31, 2003 and 1,458,659 at December 31, 2002	65	15

Additional paid-in capital	184,974	156,151
Accumulated deficit	(168,823)	(157,287)
Total stockholders' equity	16,217	(1,121)
	$ 49,526	$ 191,883

See accompanying notes to the consolidated financial statements.

CADIZ INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31,		
($ in thousands)	2003	2002	2001
Cash flows from operating activities:			
Net loss	$ (11,536)	$ (22,225)	$ (25,722)
Adjustments to reconcile net loss to net cash used for operating activities:			
Depreciation and amortization	1,602	13,241	11,664
Write off of investment in subsidiary	195	-	-
Stock issued for services	550	-	-
Compensation paid through settlement of note receivable from officer	841	-	-
Interest paid in common stock	12	-	-
Loss (gain) on disposal of assets	43	346	(421)
Removal of underperforming crops	-	4,514	736
Land received in litigation recovery	-	-	(2,000)
Shares of KADCO stock earned for services	-	(1,250)	(1,250)
Compensation charge for deferred stock units	152	579	566
Non-recurring compensation expense	-	-	5,537
Accrued interest on note receivable from officer	-	(22)	-
Changes in operating assets and liabilities:			
Decrease (increase) in accounts receivable	1,488	(405)	1,557
Decrease (increase) in inventories	(3,043)	(1,116)	1,830
Increase in prepaid expenses and other	(112)	(378)	(157)
Increase (decrease) in accounts payable	1,393	(4,365)	3,858
(Decrease) increase in accrued liabilities	1,831	633	(551)
Increase in other liabilities	-	315	51
Net cash used for operating activities	(6,584)	(10,133)	(4,302)
Cash flows from investing activities:			
Deconsolidation of subsidiary	(1,019)	-	-
Additions to property, plant and equipment	(140)	(638)	(1,583)
Additions to water programs	-	(643)	(1,359)
Additions to developing crops	(231)	(2,176)	(3,124)

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Proceeds from disposal of property, plant and equipment	-	2,463	452
Loan to officer	181	(1,000)	-
Increase in restricted cash	(2,142)	-	-
Decrease (increase) in other assets	(104)	(95)	154
Net cash used for investing activities	(3,455)	(2,089)	(5,460)
Cash flows from financing activities:			
Net proceeds from issuance of stock	10,304	764	1,583
Proceeds from issuance of long-term debt	135	-	7,500
Financing costs	(400)	-	-
Proceeds from convertible note payable	200	-	-
Net proceeds from short-term borrowings	-	14,400	-
Principal payments on long-term debt	(7)	(761)	(1,564)
Bank overdraft	-	(410)	410
Net cash provided by financing activities	10,232	13,993	7,929
Net increase (decrease) in cash and cash equivalents	193	1,771	(1,833)
Cash and cash equivalents, beginning of period	3,229	1,458	3,291

Cash and cash equivalents, end of period	$ 3,422	$ 3,229	$ 1,458
Non-cash financing and investing activities:			
Settlement of note receivable from officer	$ 841	$ -	$ -
Common stock issued upon conversion of preferred stock	14,020	-	-
Issuance of preferred stock with loan extension	5,000	-	-
Issuance of common stock upon conversion of note payable	212	-	-
Exchange of deferred stock units for common stock	1,054	43	-
Payment of preferred stock dividends with common stock	-	908	245

See accompanying notes to the consolidated financial statements.

CADIZ INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For the Years Ended December 31, 2003, 2002 and 2001
($ in thousands)

	PREFERRED STOCK		COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL STOCKHOLDERS' EQUITY
	SHARES	AMOUNT	SHARES	AMOUNT			

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Balance as of December 31, 2000	-	-	1,426,987	$ 14	$ 143,049	$(109,340)	$ 33,723
Exercise of stock options and stock awards	-	-	13,247	-	1,583	-	1,583
Issuance of warrants to lenders	-	-	-	-	1,435	-	1,435
Payment of preferred stock dividends with common stock	-	-	999	-	245	-	245
Preferred stock dividend	-	-	-	-	(591)	-	(591)
Non-recurring compensation	-	-	-	-	5,537	-	5,537
Stock issued in connection with Series E-1 and E-2 convertible preferred stock	-	-	1,600	-	320	-	320
Issuance of warrants and beneficial conversion feature for Series E-1 and E-2 convertible preferred stock	-	-	-	-	1,614	-	1,614
Imputed dividend from warrants and deferred beneficial conversion feature	-	-	-	-	(441)	-	(441)
Net loss	-	-	-	-	-	(25,722)	(25,722)
Balance as of December 31, 2001	-	-	1,442,833	14	152,751	(135,062)	17,703
Exercise of stock options	-	-	5,741	1	763	-	764
Issuances of common stock to lender	-	-	1,000	-	208	-	208
Beneficial conversion feature for convertible notes payable	-	-	-	-	884	-	884
Exchange of deferred stock units for common stock	-	-	3,482	-	43	-	43
Issuance of warrants to lenders	-	-	-	-	2,703	-	2,703
Payment of preferred stock dividends with common stock	-	-	5,603	-	908	-	908
Preferred stock dividend	-	-	-	-	(1,125)	-	(1,125)
Imputed dividend from warrants and deferred beneficial conversion							

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feature	-	-	-	-	(984)	-	(984)
Net loss	-	-	-	-	-	(22,225)	(22,225)
Balance as of December 31, 2002	-	-	1,458,659	15	156,151	(157,287)	(1,121)

Exchange of deferred stock units for common stock	-	-	26,027	-	1,054	-	1,054
Issuance of common stock for cash	-	-	4,112,000	41	10,239	-	10,280
Issuance of stock to lenders	-	-	168,000	2	430	-	432
Issuance of common stock for services	-	-	128,000	1	279	-	280
Exercise of warrants	-	-	94,000	1	23	-	24
Conversion of Series D and E convertible preferred stock	-	-	400,000	4	14,016	-	14,020
Conversion of convertible note payable	-	-	84,699	1	211	-	212
Beneficial conversion feature of note payable	-	-	-	-	90	-	90
Preferred stock dividend	-	-	-	-	(918)	-	(918)
Imputed dividend from warrants and deferred beneficial conversion feature	-	-	-	-	(1,600)	-	(1,600)
Issuance of Series F convertible preferred stock	100,000	1	-	-	4,999	-	5,000
Net loss	-	-	-	-	-	(11,536)	(11,536)
Balance as of December 31, 2003	100,000	$ 1	6,471,385	$ 65	$ 184,974	$(168,823)	$ 16,217

See accompanying notes to the consolidated financial statements.

CADIZ INC.

NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF BUSINESS

The Company had agricultural operations through its wholly-owned subsidiary, Sun World International, Inc. and its subsidiaries, collectively referred to as "Sun World," and is

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developing the water resource segment of its business. With Sun World's filing of voluntary petitions for relief under Chapter 11 of the Bankruptcy code as further described below, the primary business of the Company is to acquire and develop water resources. The Company has created a complementary portfolio of assets encompassing undeveloped land with high-quality groundwater resources and/or storage potential, located throughout central and southern California with valuable water rights, and other contractual water rights. Management believes that, with both the increasing scarcity of water supplies in California and an increasing population, the Company's access to water could provide it with a competitive advantage as a supplier of water.

The Company's primary asset consists of three blocks of largely contiguous land in eastern San Bernardino County, California. This land position totals approximately 45,000 acres. Virtually all of this land is underlain by high-quality groundwater resources with demonstrated potential for various applications, including water storage and supply programs, and agricultural, municipal, recreational and industrial development. Two of the three blocks of land are located in proximity to the Colorado River Aqueduct, the major source of imported water for southern California. The third block of land is located near the Colorado River.

The value of this asset arises from a combination of considerable population increases and limited water supplies throughout southern California. In addition, most of the population centers in southern California are not located where significant precipitation occurs requiring the importation of water from other parts of the state. The Company therefore believes that a competitive advantage exists for those companies that possess or can provide high quality, reliable and affordable water to major population centers.

Therefore, notwithstanding certain actions taken in 2002 by the Metropolitan Water District of Southern California ("Metropolitan"), as described below, the Company continues to expect to be able to use its water resources to participate in a broad variety of water storage and supply, transfer, exchange and conservation programs with public agencies and other parties.

In 1997, the Company commenced discussions with Metropolitan in order to develop principles and terms for a long-term agreement for a joint venture water storage and supply program on and under its desert properties, sometimes referred to as the "Cadiz Program". Following extensive negotiations with the Company, in April 2001 Metropolitan's Board of Directors approved definitive economic terms and responsibilities, which were to serve as the basis for a final agreement to be executed between the Company and Metropolitan, subject to the then-ongoing environmental review process.

The Cadiz Program would have provided Metropolitan with a valuable increase in water supply during periods of drought or other emergencies, as well as greater reliability and flexibility in operation of its Colorado River Aqueduct. During wet years, surplus water from the Colorado River would be stored in the aquifer system underlying Cadiz' land. When needed,

the stored water, together with indigenous groundwater, would be returned to the Colorado River Aqueduct for distribution to Metropolitan's member agencies throughout six southern California counties.

On August 29, 2002, the U.S. Department of Interior approved the Final Environmental Impact Statement for the Cadiz Program and issued its Record of Decision, the final step in the federal environmental review process for the Cadiz Program. The Record of Decision amends the California Desert Conservation Area Plan for an exception to the utility corridor element and offered to Metropolitan a right-of-way grant necessary for the construction

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and operation of the Cadiz Program.

On October 8, 2002, Metropolitan's Board considered acceptance of the Record of Decision and the terms and conditions of the right-of-way grant. The Board voted not to adopt Metropolitan staff's recommendation to approve the terms and conditions of the right-of-way grant issued by the Department of the Interior for the Cadiz Program by a vote of 47.11% in favor and 47.36% against the recommendation. Instead, the Board voted for an alternative motion to reject the terms and conditions of the right-of-way grant and to not proceed with the Cadiz Program by a vote of 50.25% in favor and 44.22% against.

Irrespective of Metropolitan's actions, Southern California's need for water storage and supply programs has not abated. The Company believes there are several different scenarios to maximize the value of this water resource, all of which are under current evaluation.

The Company believes there are a variety of scenarios under which the value of the Cadiz Program may be realized. Exploratory discussions have been initiated with representatives of governmental organizations, water agencies, and private water users with regard to their expressed interest in implementation of the Cadiz Program. Several such discussions have been held with water agencies that are independently seeking reliability of supply. Other discussions have focused on the possibility of exchanging water stored at the Cadiz Program with water contractors in other regions in California. In addition, the current drought within the Colorado River watershed has served as an impetus to cooperative discussions between states, with the goal that interstate exchanges and transfers may also become feasible in the future.

Because of the Company's long-term relationship with Metropolitan, the Company also intends to pursue discussions with the agency in an effort to determine whether there are terms acceptable to both parties under which the Cadiz Program could be implemented. With the recent finalization of the Quantification Settlement Agreement (QSA), an agreement between the Secretary of the Interior, the State of California, Metropolitan and three other southern California water agencies quantifying the amount of water California's Colorado River users could expect on an annual basis, Metropolitan's Colorado River supplies are now specified and limited only by the variable volume of flow on the river. To meet the growing needs of its service area, Metropolitan must take advantage of all opportunities to store available Colorado River water during periods of surplus. With virtually all environmental permits and approvals in place for the Cadiz Program, except for those dependent upon Metropolitan's certification of the Environmental Impact Report (EIR), the Company believes a partnership with Metropolitan could be renewed in a timely manner if terms acceptable to both parties were to be negotiated.

Sun World is a large vertically integrated agricultural company that owns more than 18,000 acres of land, primarily located in two major growing areas of California: the San Joaquin Valley and the Coachella Valley. Fresh produce, including table grapes, stonefruit, citrus, peppers and watermelons, is marketed and shipped to food wholesalers and retailers throughout the United States and to more than 30 foreign countries. Sun World owns three cold storage and/or packing facilities in California, of which two are operated and one is leased to a third party.

On January 30, 2003, Sun World and certain of its subsidiaries (Sun Desert Inc., Coachella Growers, and Sun World/Rayo) filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. The filing was made in the United States Bankruptcy Court, Central District of California, Riverside Division. Sun World sought bankruptcy protection in order to access a seasonal financing package of up to $40 million to provide working capital through the 2003-2004 growing seasons.

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Under the protection of Chapter 11, the Company is managing its affairs and operating its business as a debtor-in-possession while it develops its Plan of Reorganization. Liabilities subject to compromise at December 31, 2003 are summarized as follows (dollars in thousands):

Accounts payable	$ 4,311
Interest payable	3,795
Due to parent company	13,500
Unsecured notes payable	5,000
Secured notes payable	115,000
Total	$ 141,606

As a debtor-in-possession, Sun World is authorized to continue to operate as an ongoing business, but may not engage in transactions outside the ordinary course of business without the approval of the Bankruptcy Court. Under the Bankruptcy Code, actions to collect pre-petition indebtedness, as well as most other pending litigation, are stayed and other contractual obligations against Sun World may not be enforced. In addition, under the Bankruptcy Code, Sun World may assume or reject executory contracts, including lease obligations. Parties affected by these rejections may file claims with the Court in accordance with the reorganization process. Absent an order of the Court, substantially all pre-petition liabilities are subject to settlement under a plan of reorganization to be voted upon by creditors and equity holders and approved by the Bankruptcy Court.

The four Sun World entities are the joint proponents of the Debtors' Joint Plan of Reorganization Dated November 24, 2003 (the "Plan"). Under the Plan, which is subject to amendment and modification, the Reorganized Sun World will continue to operate as a going concern on and after the Plan's effective date. The Plan provides for the restructuring of Sun World's balance sheet by providing for Sun World to issue equity interests in the Reorganized Company to the holders of its First Mortgage Notes in full satisfaction of their mortgage note claims; for the payment in full of convenience claims and trade claims; and for Sun World to issue equity interests in the reorganized company to entities holding certain other unsecured claims in full satisfaction of those claims. Exit financing to be provided by an exit lender under

the Plan should meet the Company's need for seasonal financing following the effective date. The hearing to consider the adequacy of the disclosure statement accompanying the Plan, most recently scheduled for June 11, 2004, has been subject to several postponements and no hearing date is currently scheduled.

In Sun World's filings with the Bankruptcy Court, Sun World has reported that it believes that the Plan likely cannot be confirmed absent the acceptance of the holders of the First Mortgage Notes, in their capacity as secured creditors. Sun World has further reported to the Bankruptcy Court that the holders of the First Mortgage Notes have not reached a consensus with respect to certain corporate governance issues relating to the reorganized company, and that they have been unable to finalize a shareholder agreement term sheet. In the meantime, Sun World has, with Bankruptcy Court approval, expanded the scope of its engagement with Ernst & Young Corporate Finance LLC to include services related to (i) a sale of substantially all of its assets pursuant to a motion or a plan or reorganization, and (ii) obtaining an equity investor and financing under a plan of reorganization and is actively pursuing the sales/investment process. Sun World has chosen to delay the preparation of an amended Plan and disclosure statement and the scheduling of a disclosure statement hearing date pending the outcome of these most recent developments. Sun World's exclusivity period (i.e. the period during which only Sun World may file a plan of reorganization) currently expires on December 31, 2004. The Company cannot predict at this time what changes,

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if any, will be made to the Plan as a result of the foregoing or whether or not the Plan, as amended, will be approved.

At January 30, 2003, due to the Company's loss of control over the operations of Sun World, the financial statements are no longer consolidated with those of Cadiz. Instead, Cadiz accounts for its investment in Sun World on the cost basis of accounting. As a result, the Company wrote off its net investment in Sun World of $195 thousand at the Chapter 11 filing date because it does not anticipate being able to recover its investment.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the Company have been prepared using accounting principles applicable to a going concern, which assumes realization of assets and settlement of liabilities in the normal course of business. The Company incurred losses of $11.5 million and $22.2 million in 2003 and 2002, respectively, had working capital of $1.3 million at December 31, 2003, and used cash in operations of $6.6 million and $10.1 million in 2003 and 2002, respectively. In addition, Sun World filed for reorganization under Chapter 11 of the Bankruptcy Code. The financial statements of the Company do not purport to reflect or to provide for all of the consequences of an ongoing Chapter 11 reorganization. Specifically, but not all-inclusive, the financial statements of the Company do not present: (a) the realizable value of assets on a liquidation basis or the availability of such assets to satisfy liabilities, (b) the amount which will ultimately be paid to settle liabilities and contingencies which may be allowed in the Chapter 11 reorganization, or (c) the effect of changes which may be made resulting from a Plan of Reorganization. The appropriateness of using the going-concern basis is dependent upon,

among other things, confirmation of a Plan of Reorganization, future profitable operations, the ability to comply with provisions of financing agreements and the ability to generate sufficient cash from operations to meet obligations.

During the quarter ended June 30, 2003, the Company raised $1.7 million cash and during the quarter ended December 31, 2003, $8.6 million in cash through private sales of common stock. Based on current forecasts, the Company believes it has sufficient resources to fund normal operations until May 2005. There is no assurance that additional financing (public or private) will be available on acceptable terms or at all. If the Company issues additional equity securities to raise funds, the ownership percentage of the Company's existing stockholders would be reduced. New investors may demand rights, preferences or privileges senior to those of existing holders of common stock. If the Company cannot raise needed funds, it might be forced to make further substantial reductions in its operating expenses, which could adversely affect its ability to implement its current business plan and ultimately its viability as a company. These financial statements do not include any adjustments that might result from these uncertainties.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and those of Sun World until January 30, 2003, at which date Sun World and certain of its subsidiaries (Sun Desert Inc., Coachella Growers, and Sun World/Rayo) filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. As of that date, due to the Company's loss of control over the operations of Sun World, the financial statements of Sun World are no longer consolidated with those of Cadiz, but instead, Cadiz accounts for its investment in Sun World on the cost basis of accounting. As a result of changing to the cost basis of

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accounting on January 31, 2003, the Company had a net investment in Sun World of $195,000 consisting of loans and other amounts due from Sun World of $13,500,000 less losses in excess of investment in Sun World of $13,305,000. The Company wrote off its net investment in Sun World during the quarter ended March 31, 2003 because it does not anticipate being able to recover its investment.

ONE-FOR-25 REVERSE STOCK SPLIT

In December 2003, the Company effected a one-for-25 reverse stock split. All share and per share information in the accompanying financial statements have been retroactively restated to reflect the effect of this stock split.

RECLASSIFICATIONS

These financial statements reflect certain reclassifications made to the prior period balances to conform to the current year presentation.

USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported

amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In preparing these financial statements, management has made estimates with regard to revenue recognition and the valuation of inventory, goodwill and other long-lived assets, and deferred tax assets. Actual results could differ from those estimates.

REVENUE RECOGNITION

Sun World recognizes crop sale revenue upon shipment and transfer of title to customers. Packing revenues and marketing commissions from third party growers are recognized when the related services are provided. Proprietary product development revenues are recognized based upon product sales by licensees. Project development and management fees are recorded when earned under the terms of the related agreement.

Revenues attributable to one national retailer totaled $0.1 million (2.2%) in 2003, $9.6 million (8.4%) in 2002 and $7.9 million (8.5%) in 2001. Revenues attributable to another national retailer totaled $.05 million (16.6%) in 2003. Export sales accounted for approximately 6.1%, 12.1% and 8.4% of the Company's revenues for the years ended December 31, 2003, 2002 and 2001, respectively. Services and license revenues were less than 10% of total revenues for each of the years in the three-year period ended December 31, 2003.

RESEARCH AND DEVELOPMENT

Sun World incurs costs to research and develop new varieties of proprietary products. Research and development costs are expensed as incurred. Such costs were approximately $183,000 for the month ended January 31, 2003, $2,424,000 for the year ended December 31, 2002, and $2,023,000 for the year ended December 31, 2001.

NET LOSS PER COMMON SHARE

Basic Earnings Per Share (EPS) is computed by dividing the net loss, after deduction for preferred dividends either accrued or imputed, if any, by the weighted-average common shares outstanding. Options, deferred stock units, warrants, and participating and redeemable preferred stock convertible into or exercisable for certain shares of the Company's common stock,

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were not considered in the computation of diluted EPS because their inclusion would have been antidilutive. Had these instruments been included, the fully diluted weighted average shares outstanding would have increased by approximately 125,000 shares (including the effect of the convertible Series F preferred stock issued December 15, 2003), 333,000 shares, and 92,000 shares for the years ended December 31, 2003, 2002 and 2001, respectively.

STOCK-BASED COMPENSATION

As permitted under Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation", the Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" in accounting for its stock options and other stock-based employee awards. Pro forma information regarding net loss and loss per share, as calculated under the provisions of SFAS 123, are disclosed in the

table below. The Company accounts for equity securities issued to non-employees in accordance with the provision of SFAS 123 and Emerging Issues Task Force 96-18.

Had compensation cost for these plans been determined using fair value the Company's net loss and net loss per common share would have increased to the following pro forma amounts (dollars in thousands except per share amounts):

		YEAR ENDED DECEMBER 31,		
		2003	2002	2001
Net loss applicable to common stock:	As reported	$ (14,054)	$ (24,334)	$ (26,754)
	Expense under SFAS 123	(150)	(648)	(949)
	Pro forma	$ (14,204)	$ (24,982)	$ (27,703)
Net loss per common share:	As reported	$ (6.39)	$ (16.76)	$ (18.66)
	Expense under SFAS 123	(0.07)	(0.45)	(0.66)
	Pro forma	$ (6.46)	$ (17.21)	$ (19.32)

CASH AND CASH EQUIVALENTS

The Company considers all short-term deposits with an original maturity of three months or less to be cash equivalents. The Company invests its excess cash in deposits with major international banks and short-term commercial paper and, therefore, bears minimal risk. Such investments are stated at cost, which approximates fair value, and are considered cash equivalents for purposes of reporting cash flows.

RESTRICTED CASH

At the closing of the secured term lending, the Company deposited into the lender's cash collateral account the sum of $2,142,000. The deposit represented collateral for future interest payments on the Company's credit facility accruing at the rate of 4% per annum from October 1, 2003 until March 31, 2005. This amount is shown on the balance sheet as Restricted Cash.

INVENTORIES

Growing crops, harvested crops, and materials and supplies are stated at the lower of cost or market, on a first-in, first-out (FIFO) basis. Growing and harvested crop inventory includes

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direct costs and an allocation of indirect costs.

PROPERTY, PLANT, EQUIPMENT AND WATER PROGRAMS

Property, plant, equipment and water programs are stated at cost.

The Company capitalizes direct and certain indirect costs of planting and developing orchards and vineyards during the development period, which varies by crop and generally

ranges from three to seven years. Depreciation commences in the year commercial production is achieved.

Permanent land development costs, such as acquisition costs, clearing, initial leveling and other costs required to bring the land into a suitable condition for general agricultural use, are capitalized and not depreciated since these costs have an indefinite useful life.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally ten to forty-five years for land improvements and buildings, three to twenty-five years for machinery and equipment, and five to thirty years for permanent crops.

Water rights and water storage and supply programs are stated at cost. All costs directly attributable to the development of such programs are being capitalized by the Company. These costs, which are expected to be recovered through future revenues, consist of direct labor, drilling costs, consulting fees for various engineering, hydrological, environmental and feasibility studies, and other professional and legal fees.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company annually evaluates its long-lived assets, including intangibles, for potential impairment. When circumstances indicate that the carrying amount of the asset may not be recoverable, as demonstrated by estimated future cash flows, an impairment loss would be recorded based on estimated fair value. As a result of the actions taken by Metropolitan in the fourth quarter of 2002 as described in Note 1, the Company, with the assistance of an independent valuation firm, evaluated the carrying value of its water program and determined that the asset was not impaired and that the costs will be recovered through implementation of the Cadiz Program either with other government organizations, water agencies and private water users, or through implementation of the Cadiz Program on terms acceptable to both Cadiz and Metropolitan.

During the years ended December 31, 2002 and 2001, the Company incurred costs to remove certain underperforming crops, primarily stonefruit, citrus, and wine grapes. The Company recorded a charge of $4,514,000 and $736,000 in 2002 and 2001, respectively, in connection with the removal costs and write off of capitalized costs related to these crops which is shown under the heading "Removal of underperforming crops" on the Consolidated Statement of Operations.

GOODWILL AND OTHER ASSETS

As a result of a merger in May 1988 between two companies, which eventually became known as Cadiz Inc., goodwill in the amount of $7,006,000 was recorded. This amount was being amortized on a straight-line basis over thirty years. Accumulated amortization was $3,193,000 at December 31, 2001. In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 142, ("SFAS No. 142") "Goodwill and Other Intangible Assets". Under SFAS No. 142 goodwill and intangible assets deemed to have indefinite lives are no longer amortized but will be subject to annual impairment

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tests in accordance with the Statement. Upon adoption of SFAS No. 142, effective at the

beginning of fiscal 2002, the Company performed a transitional fair value based impairment test and determined that its goodwill was not impaired. In addition, cessation of amortization of goodwill upon adoption of SFAS No. 142 did not have a material impact upon the Company's financial position or results of operations. Goodwill is tested for impairment annually in the first quarter, or earlier if events occur which require an impairment analysis be performed. As a result of the actions taken by Metropolitan in the fourth quarter of 2002 as described in Note 1, the Company, with the assistance of an independent valuation firm, performed an impairment test of its goodwill and determined that its goodwill was not impaired. In addition, in the first quarter of 2003, the Company, with the assistance of an independent appraisal firm, performed its annual impairment test of goodwill and determined its goodwill was not impaired.

Amortization expense on goodwill was $234,000 for the year ended December 31, 2001. As required by SFAS No. 142, the results for the prior years have not been restated. Had the Company applied the non-amortization provisions related to goodwill under SFAS No. 142 for all periods presented, the Company's net loss and net loss per share would have been as follows (in thousands, except per share amounts):

	2003	2002	2001
Reported net loss applicable to common stock	$ (14,054)	$ (24,334)	$ (26,754)
Goodwill amortization, net of tax	-	-	234
Adjusted net loss	$ (14,054)	$ (24,334)	$ (26,520)
Basic and diluted net loss per share:			
As reported	$ (6.39)	$ (16.76)	$ (18.66)
Goodwill amortization	-	-	0.16
Adjusted basic and diluted net loss per share	(6.39)	$ (16.76)	$ (18.50)

Capitalized loan fees represent costs incurred to obtain debt financing. Such costs are amortized over the life of the related loan. At December 31, 2003, the majority of capitalized loan fees relate to costs incurred in connection with the extension of the debt with ING described in Note 10. At December 31, 2002, the majority of capitalized loan fees relate to the issuance of the First Mortgage Notes described in Note 10.

Trademark development costs represent legal costs incurred to obtain and defend patents and trademarks related to the Company's proprietary products throughout the world. Such costs are capitalized and amortized over their estimated useful life, which range from 10 to 20 years.

In October 1999, Sun World entered into a management agreement with Kingdom Agricultural Development Company (KADCO) to develop and manage up to 100,000 acres of agricultural land in southern Egypt called the Tushka project. KADCO is controlled by His Royal Highness Prince Alwaleed Bin Talal Bin Abdulaziz Alsuad. As compensation for project development and management, Sun World earns a quarterly fee of $312,500 based upon meeting developmental milestones to be paid through an equity interest in KADCO. The

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management agreement expired on September 30, 2003.
Sun World will receive licensing revenues from KADCO in the future based upon planting of proprietary varieties at the Tushka project. KADCO is currently engaged in a private placement to raise the required funds to develop the project. Sun World anticipated receiving shares in KADCO for payment of its project development and management fee in connection with the completion of the private placement. The amount of shares to be received will be the current per share price used for the private placement divided into the total amount of management fee earned which is shown under the heading, "Receivable from KADCO to be paid in common shares" in Note 7.

INCOME TAXES

Income taxes are provided for using an asset and liability approach which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement and tax bases of assets and liabilities at the applicable enacted tax rates. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest during the years ended December 31, 2003, 2002 and 2001 was $3,913,000, $15,262,000, and $16,020,000, respectively. Cash paid for income taxes during the years ended December 31, 2003, 2002 and 2001 was $0, $71,000 and $57,000, respectively.

NEW ACCOUNTING PRONOUNCEMENTS

In April 2002, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 145, which rescinds FASB Statement No. 4, Reporting Gains and Losses from Extinguishment of Debt, FASB Statement No. 44, Accounting for Intangible Assets of Motor Carriers, and FASB Statement No. 64, Extinguishments of Debt Made to Satisfy Sinking Fund Requirements as well as amends FASB No. 13, to make various technical various corrections. The Statement is effective for financial statements issued after May 15, 2002. The adoption of this standard did not have a material impact on the Company's financial position or results of operations.

In June 2002, the FASB issued Statement of Financial Accounting Standards No. 146, Accounting for Costs Associated with Exit or Disposal Activities ("SFAS 146"), which addresses financial accounting and reporting for costs associated with exit or disposal activities and supersedes Emerging Issues Task Force ("EITF") Issue 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF Issue 94-3, a liability for an exit cost as defined in EITF Issue 94-3 was recognized at the date of an entity s commitment to an exit plan. SFAS 146 also establishes that the liability should initially be measured and recorded at fair value. The Company adopted the provisions of SFAS 146 effective January 1, 2003 and such adoption did not have a material impact on the consolidated financial statements.

In November 2002, the FASB issued Interpretation No. 45, Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees and Indebtedness of Others ("FIN 45"). FIN 45 elaborates on the disclosures to be made by the guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also requires that a guarantor recognize, at the inception of a guarantee, a liability for the fair value of the

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obligation undertaken in issuing the guarantee. The Company adopted the disclosure provisions of FIN 45 during the fourth quarter of 2002 and the recognition provisions of FIN 45 effective January 1, 2003. Such adoption did not have a material impact on the consolidated financial statements.

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation-Transition and Disclosure-an amendment of SFAS No. 123. This Statement amends FASB Statement No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The amendments to Statement 123 in paragraphs 2(a)-2(e) of this Statement shall be effective for financial statements for fiscal years ending after December 15, 2002. Earlier application of the transition provisions in paragraphs 2(a)-2(d) is permitted for entities with a fiscal year ending prior to December 15, 2002, provided that financial statements for the 2002 fiscal year have not been issued as of the date this Statement is issued. Early application of the disclosure provisions in paragraph 2(e) is encouraged. The amendment to Statement 123 in paragraph 2(f) of this Statement and the amendment to Opinion 28 in paragraph 3 shall be effective for financial reports containing condensed financial statements for interim periods beginning after December 15, 2002. The adoption of SFAS No. 148 did not have a material impact on its financial position or results of its operations.

In January 2003, FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN 46"). In general, a variable interest entity is a corporation, partnership, trust or any other legal structure used for business purposes that either (a) does not have equity investors with voting rights or (b) has equity investors that do not provide sufficient financial resources for the entity to support its activities. FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The Company adopted the provisions of FIN 46 effective February 1, 2003 and such adoption did not have an impact on its consolidated financial statements since it currently has no variable interest entities. In December 2003, the FASB issued FIN 46R with respect to variable interest entities created before January 31, 2003, which among other things, revised the implementation date to the first year or interim period ending after March 15, 2004, with the exception of Special Purpose Entities (SPE). The consolidation requirements apply to all SPE s in the first year or interim period ending after December 15, 2003. The Company's adoption of the provisions of FIN 46R is not expected to have a material impact on its consolidated financial statements.

In April 2003, FASB issued Statement of Financial Accounting Standards No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities ("SFAS 149"). SFAS 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS 133. SFAS 149 is effective for contracts and hedging relationships entered into or modified after June 30, 2003. The Company adopted the provisions of SFAS 149 effective June 30, 2003 and such adoption did not have an impact on its consolidated financial statements since the Company has not entered into any derivative or hedging transactions.

In May 2003, FASB issued Statement of Financial Accounting

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Standards No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity ("SFAS 150"). SFAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both debt and equity and requires an issuer to classify the following instruments as liabilities in its balance sheet:

* a financial instrument issued in the form of shares that is mandatorily redeemable and embodies an unconditional obligation that requires the issuer to redeem it by transferring its assets at a specified or determinable date or upon an event that is certain to occur;

* a financial instrument, other than an outstanding share, that embodies an obligation to repurchase the issuer s equity shares, or is indexed to such an obligation, and requires the issuer to settle the obligation by transferring assets; and

* a financial instrument that embodies an unconditional obligation that the issuer must settle by issuing a variable number of its equity shares if the monetary value of the obligation is based solely or predominantly on (1) a fixed monetary amount, (2) variations in something other than the fair value of the issuer s equity shares, or (3) variations inversely related to changes in the fair value of the issuer's equity shares.

In November 2003, FASB issued FASB Staff Position No. 150-3 which deferred the effective dates for applying certain provisions of SFAS 150 related to mandatorily redeemable financial instruments of certain non-public entities and certain mandatorily redeemable non-controlling interests for public and non-public companies. For public entities, SFAS 150 is effective for mandatorily redeemable financial instruments entered into or modified after May 31, 2003 and is effective for all other financial instruments as of the first interim period beginning after June 15, 2003. For mandatorily redeemable non-controlling interests that would not have to be classified as liabilities by a subsidiary under the exception in paragraph 9 of SFAS 150, but would be classified as liabilities by the parent, the classification and measurement provisions of SFAS 150 are deferred indefinitely. The measurement provisions of SFAS 150 are also deferred indefinitely for other mandatorily redeemable non-controlling interests that were issued before November 4, 2003. For those instruments, the measurement guidance for redeemable shares and non-controlling interests in other literature shall apply during the deferral period. The Company adopted the provisions of SFAS 150 effective June 30, 2003, and such adoption did not have an impact on our consolidated financial statements.

In March 2004, the consensus of Emerging Issues Task Force (EITF) Issue No. 03-06, Participating Securities and the Two-Class Method under FASB Statement 128, was published. EITF Issue No. 03-06 addresses the computations of earnings per share by companies that have issued securities other than common stock that contractually entitle the holder to participate in dividends and earnings of the company. Further guidance on the application and allocations of the two-class method of calculating earnings per share is also included. The provisions of EITF Issue No. 03-06 will be effective for reporting periods beginning after March 31, 2004. The adoption of this guidance is not expected to have significant impact on the Company's financial results of operations and financial position.

NOTE 3 - NOTE RECEIVABLE FROM OFFICER

On July 5, 2002, the chief executive officer ("CEO") of the Company issued a promissory note to the Company for a loan of up to $1,000,000 to be made by the Company to the CEO. Under the terms of the promissory note, the principal and unpaid interest, at 6% per annum, was due and payable on July 5, 2003. The note was collateralized by a pledge of shares of common stock,

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restricted stock and deferred stock units so that the aggregate fair market value of the pledged collateral was equal to or greater than 133% of the outstanding principal and accrued interest due on the note.

On July 5, 2003, the Company and CEO entered into an "Agreement Regarding Satisfaction of Note Obligation" (the "Agreement"). Under the terms of the Agreement, the Company determined that it was obligated to pay the CEO effective February 1, 2003, $800,000 as a termination payment under a previously existing employment agreement. This overall settlement with Mr. Brackpool was made effective July 5, 2003, by way of a corresponding reduction in Mr. Brackpool's obligations to Cadiz under the loan. This reduction, along with cash payments by Mr. Brackpool in the amount of $181,013 and an application of $50,000 of accrued but unpaid compensation owed by Cadiz to Mr. Brackpool under his post February 1, 2003 employment arrangements with Cadiz, resulted in the settlement in full by Mr. Brackpool of his obligations under this loan.

The Agreement of Employment dated July 5, 2003, has an initial term of February 1, 2003, through September 30, 2003; provides for a fixed amount of monthly compensation; and allows for a new employment agreement to be negotiated, if mutually agreeable, upon expiration of the term of the agreement. Although the initial term of the agreement has expired, the CEO continues to provide services to the Company under the terms of the agreement.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2002, consisted of the following (dollars in thousands):

	DECEMBER 31, 2002
Trade receivables	$ 4,303
Due from unaffiliated growers	24
Other	2,952
	7,279
Less allowance for doubtful accounts	(547)
	$ 6,732

Substantially all trade receivables in 2002 are from large domestic national and regional supermarket chain stores and produce brokers and are unsecured. Amounts due from unaffiliated growers represent receivables for harvest advances and for services (harvest, haul and pack) provided on behalf of growers under agreement with Sun World and are recovered from proceeds of product sales. Other receivables primarily include wine grape and raisin sales, proceeds due from third party marketers, receivables for international licensing, and other miscellaneous receivables.

NOTE 5 - INVENTORIES

Inventories at December 31, 2002, consisted of the following (dollars in thousands):

	DECEMBER 31, 2002
Growing crops	$ 10,702

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Materials and supplies	2,525
Harvested product	286
	$ 13,513

NOTE 6 - PROPERTY, PLANT, EQUIPMENT AND WATER PROGRAMS

Property, plant, equipment and water programs consist of the following (dollars in thousands):

	DECEMBER 31, 2003	DECEMBER 31, 2002
Land and land improvements	$ 22,010	$ 66,372
Permanent crops	6,494	61,994
Developing crops	192	11,624
Water programs	14,274	16,859
Buildings	1,408	22,620
Machinery and equipment	3,590	20,818
	47,968	200,287
Less accumulated depreciation	(8,454)	(45,359)
	$ 39,514	$ 154,928

Depreciation expense during the years ended December 31, 2003, 2002 and 2001 was $683,000, $7,178,000 and $7,699,000 respectively.

Permanent crops and developing crops shown as Cadiz assets are leased to Sun World and an unaffiliated third party as Cadiz does not conduct agricultural operations.

NOTE 7 - OTHER ASSETS

Other assets consist of the following (dollars in thousands):

	DECEMBER 31, 2003	DECEMBER 31, 2002
Deferred loan costs, net	$ 387	$ 1,156
Long-term receivables	-	327
Capitalized trademark development, net	-	1,934
Receivable from KADCO to be paid in common shares	-	4,063
	$ 387	$ 7,480

Amortization expense of deferred loan costs was $641,000, $5,761,000 and $3,748,000 in 2003, 2002, and 2001, respectively, and is included in interest expense in the statement of operations. Amortization expense for capitalized trademark development was $60,000, $302,000, and $219,000 in 2003, 2002, and 2001, respectively.

NOTE 8 - ACCRUED LIABILITIES

Accrued liabilities consist of the following (dollars in

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thousands):

	DECEMBER 31, 2003	2002
Interest	$ 1,073	$ 2,934
Payroll, bonus, and benefits	248	2,731
Consulting fee	150	-
Preferred stock dividends	-	561
Other	74	590
	$ 1,545	$ 6,816

NOTE 9 - REVOLVING CREDIT FACILITY

In November 2002, Sun World was notified by its seasonal revolving lender that it would not renew Sun World's revolving Credit Facility for the 2003 growing season. The seasonal revolver expired on November 30, 2002. Sun World sought and obtained extensions from its lender through January 31, 2003. During the extension period, Sun World sought to obtain seasonal financing from several different lenders. Each of these lenders wanted to have a first position on all of Sun World's assets in order to lend outside of a Chapter 11 proceeding. This required the holders of the First Mortgage Notes to modify their agreement with Sun World. As outlined in Note 1, Sun World was unable to procure the financing with the consent of all parties. On January 30, 2003, Sun World and certain of its subsidiaries filed a voluntary petition for Chapter 11. On January 31, 2003, the Bankruptcy Court approved an interim $15 million dollar debtor-in-possession ("DIP") financing facility. On March 3, 2003, the Bankruptcy Court approved an additional $25 million with the same lender for a final approved DIP financing facility of $40 million. The DIP financing expires on November 30, 2004, bears interest at the greater of Prime plus 4% or 8.25% , and is secured by substantially all of Sun World's assets. Borrowing availability is determined based on the lesser of (1) eligible percentages of inventory and accounts receivable plus a specified amount starting at $15 million and reduced by $150,000 per month; (2) certain multiples of trailing 12 months EBITDA as defined in the credit agreement; or (3) eligible percentage of the current value of all real property. Sun World is required to meet certain financial covenants.

At December 31, 2002, $4.4 million was outstanding under Sun World's Revolving Credit Facility that was subsequently paid off with proceeds from the DIP financing on January 30, 2003.

NOTE 10 - LONG-TERM DEBT

At December 31, 2003 and December 31, 2002, the carrying amount of the Company's outstanding debt is summarized as follows (dollars in thousands):

	DECEMBER 31, 2003	2002
Cadiz obligations:		
Senior term bank loan, interest payable semi-annually, interest per annum at 4% in cash and 8% paid in kind, due March 31, 2005.	$ 35,000	$ -
Senior term bank loan, interest payable quarterly, variable interest rate based upon LIBOR plus 3% (4.35% at December 31,		

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2002), due January 31, 2003	-	10,095
$25 million revolving line of credit, interest payable quarterly, variable interest rate based upon LIBOR plus 3% (4.35% at December 31, 2002), due January 31, 2003	-	25,000
Debt discount	(4,747)	(326)
	30,253	34,769
Sun World obligations:		
Series B First Mortgage Notes, interest payable semi-annually with principal due in April 2004, interest at 11.25%	-	115,000
Senior unsecured term loan, interest payable quarterly, due December 31, 2002, interest at (LIBOR plus 5% - 6.35% at December 31, 2002 and LIBOR plus 3% - 5.60% at December 31, 2001)	-	5,000
Note payable to bank, quarterly principal installments of $72 plus interest payable monthly, due December 31, 2003, interest at prime(4.25% at December 31, 2002 and 4.75% at December 31, 2001)	-	856
Note payable to insurance company, quarterly installments of $120 (including interest), due January 1, 2005, interest at 7.75%	-	654
Other	-	187
	-	121,697
	30,253	156,466
Less current portion	-	(41,019)
	$ 30,253	$ 115,447

Pursuant to the Company's loan agreement, annual maturity of long-term debt outstanding (in thousands), excluding $4,747,000 representing the unamortized portion of debt

discount, on December 31, 2003 is as follows: 2005 - $35,000.

CADIZ OBLIGATIONS

The senior term bank loan is secured by substantially all of the Company's non-Sun World related property. During 2001, pursuant to the loan agreement, the Company repriced certain warrants previously issued. In February 2002, the Company completed an amendment to the loan that extended the maturity date of the obligation to January 31, 2003. The interest rate is LIBOR plus 300 basis points, payable quarterly.

The revolving credit facility was fully drawn at December 31, 2002 and 2001, and was secured by a second lien on substantially all of the non-Sun World assets of the Company.

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During 2001, pursuant to the loan agreement, the Company repriced certain warrants previously issued. In February 2002, the Company completed an amendment to the facility that extended the maturity date of the obligation to January 31, 2003. The interest rate can either be LIBOR plus 300 basis points if paid in cash or LIBOR plus 700 basis points if paid in common stock. In March 2002, the revolving credit facility was increased from $15 million to $25 million, with $10 million of the $25 million revolver convertible into 1,250,000 of the Company's common stock any time prior to January 2003 at the election of the lender. In connection with obtaining the extension of the term loan and revolver and the increase in the revolver, the Company repriced certain warrants previously issued and issued certain additional warrants to purchase shares of the Company's common stock. The estimated fair value of the warrants issued and repriced was calculated using the Black Scholes option pricing model and was recorded as a debt discount and is being amortized over the remaining term of the loan.

On February 13, 2003, the lender of both the Company's senior term loan and $25 million revolving credit facility delivered to the Company a Notice of Default and Demand for Payment.

On December 15, 2003, the Company entered into an amendment of its senior term loan and revolving credit facility to extend the maturity date through March 31, 2005 and can obtain further extensions through September 30, 2006, by maintaining sufficient balances, among other conditions, in a cash collateral account with the lender. The maximum aggregate amount to be outstanding under the amended credit facilities is $35 million. The amendment of these credit facilities did not constitute a troubled debt restructuring and was accounted for as a debt modification under EITF 96-19. In connection with this amendment, the Company;

* paid the lender $2,425,034 representing; (i) accrued interest through September 30, 2003 of $1,412,457 at the non default interest rate; (ii) accrued interest through September 30, 2003 of $612,577 at the default rate of interest; and (iii) $400,000 in fees;

* issued to the lender 100,000 shares of series F Preferred stock initially convertible into 1,728,955 shares of common stock; and

* deposited $2,142,280 in the cash collateral account with the lender representing prepaid interest through March 31, 2005.

The estimated value of the Series F preferred stock of $5 million was recorded as a debt discount and is being amortized over the initial term of the note through March 31, 2005.

Interest under the amended credit facilities is payable semiannually at the Company's option in either cash at 8% per annum, or in cash and paid in kind ("PIK"), at 4% per annum for the cash portion and 8% per annum for the PIK portion. The PIK portion will be added to the outstanding principal balance.

The terms of the amended loan facilities also require certain mandatory prepayments from the cash proceeds of future equity issuances by the Company.

SUN WORLD OBLIGATIONS

In April 1997, Sun World issued $115 million of Series A First Mortgage Notes through a private placement. The notes have subsequently been exchanged for Series B First Mortgage Notes, which are registered under the Securities Act of 1933 and are publicly traded. The First Mortgage Notes are secured by a first lien (subject to certain permitted liens) on substantially all of the assets of Sun World and its subsidiaries other than growing

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crops, crop inventories and accounts receivable and proceeds thereof, which secure the Revolving Credit Facility. With the entering into the DIP Facility as described in Note 9, the note holders now have a second position on substantially all of the Company's assets for so long as the DIP Facility is outstanding. The First Mortgage Notes mature April 15, 2004, but are redeemable at the option of Sun World, in whole or in part, at any time prior to the maturity date. The First Mortgage Notes include covenants that do not allow for the payment of dividends by the Company other than out of cumulative net income. As a result of Sun World's Chapter 11 filing discussed in Note 2, principal payment on the First Mortgage Notes was suspended until a final plan of reorganization is approved.

The First Mortgage Notes are also secured by the guarantees of Coachella Growers, Inc., Sun Desert, Inc., Sun World/Rayo, and Sun World International de Mexico S.A. de C.V. (collectively, the "Sun World Subsidiary Guarantors") and by Cadiz. Cadiz also pledged all of the stock of Sun World as collateral for its guarantee. The guarantees by the Sun World Subsidiary Guarantors are full, unconditional, and joint and several. Sun World and the Sun World Subsidiary Guarantors comprise all of the direct and indirect subsidiaries of the Company other than inconsequential subsidiaries. Additionally, management believes that the direct and indirect non-guarantor subsidiaries of Cadiz and Sun World Subsidiary Guarantors are inconsequential, both individually and in the aggregate, to the financial statements of the Company for all periods presented.

In December 2000, Sun World entered into a two-year $5 million senior unsecured term loan. In connection with obtaining the loan, the Company issued 2,000 shares of the Cadiz' common stock as well as certain warrants to purchase shares of the Cadiz common stock were issued. The fair value of the stock and the warrants were recorded as a debt discount and were fully amortized over the life of the loan through December 31, 2002. At December 31, 2002, Sun World did not repay the loan and thus, Sun World was in default. With the default, pursuant to the terms of the agreement, the interest rate was increased by 2%. In connection with Sun

World's Chapter 11 filing, all principal and interest on this obligation have been suspended.

CONDENSED CONSOLIDATING FINANCIAL INFORMATION

Condensed consolidating financial information as of December 31, 2003 and 2002 and for the three years ended December 31, 2003 for the Company is as follows (in thousands):

CONSOLIDATING STATEMENT
OF OPERATIONS INFORMATION
YEAR ENDED DECEMBER 31, 2003

	CADIZ	SUN WORLD	ELIMINATIONS	CONSOLIDATED
Revenues	$ 303	$ 3,005	$ (146)	$ 3,162
Costs and expenses:				
Cost of sales	333	2,653	(21)	2,965
General and administrative	4,653	707	(125)	5,235
Write off of investment in subsidiary	195	-	-	195
Reorganization costs	-	655	-	655
Depreciation and amortization	553	190	-	743
Total costs and				

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expenses	5,734	4,205	(146)	9,793
Operating loss	(5,431)	(1,200)	-	(6,631)
Loss from subsidiary	(2,469)	-	2,469	-
Interest expense, net	3,636	1,269	-	4,905
Loss before income taxes	(11,536)	(2,469)	2,469	(11,536)
Income tax expense	-	-	-	-
Net loss	(11,536)	(2,469)	2,469	(11,536)
Less: Preferred stock dividends	(918)	-	-	(918)
Imputed dividend on preferred stock	(1,600)	-	-	(1,600)
Net loss applicable to common stock	$ (14,054)	$ (2,469)	$ 2,469	$ (14,054)

CONSOLIDATING BALANCE SHEET INFORMATION
DECEMBER 31, 2003

	CADIZ	SUN WORLD	ELIMINATIONS	CONSOLIDATED
ASSETS				
Current assets:				
Cash and cash equivalents	$ 3,422	$ -	$ -	$ 3,422
Accounts receivable, net	-	-	-	-
Prepaid expenses and other	248	-	-	248
Total current assets	3,670	-	-	3,670
Property, plant, equipment and water programs, net	39,514	-	-	39,514
Goodwill	3,813	-	-	3,813
Restricted cash	2,142	-	-	2,142
Other assets	387	-	-	387
	$ 49,526	$ -	$ -	$ 49,526

LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY

Current liabilities:				
Accounts payable	$ 857	$ -	$ -	$ 857
Accrued liabilities	1,545	-	-	1,545

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Total current liabilities	2,402	-	-	2,402
Long-term debt	30,253	-	-	30,253
Other liabilities	654	-	-	654
Stockholders' equity:				
Series F convertible preferred stock	1	-	-	1
Common stock	65	-	-	65
Additional paid-in capital	184,974	-	-	184,974
Accumulated deficit	(168,823)	-	-	(168,823)
Total stockholders' equity	16,217	-	-	16,217
	$ 49,526	$ -	$ -	$ 49,526

CONSOLIDATING STATEMENT OF
CASH FLOW INFORMATION
YEAR ENDED DECEMBER 31, 2003

	CADIZ	SUN WORLD	ELIMINATIONS	CONSOLIDATED
Net cash used for operating activities	$ (4,881)	$ (1,703)	$ -	$ (6,584)
Cash flows from investing activities:				
Disposal of subsidiary	-	(1,019)	-	(1,019)
Additions to property, plant and equipment	-	(140)	-	(140)
Additions to developing crops	(34)	(197)	-	(231)
Payment of loan to officer	181	-	-	181
Increase in restricted cash	(2,142)	-	-	(2,142)
(Increase) decrease in other assets	5	(109)	-	(104)
Net cash (used for) provided by investing activities	(1,990)	(1,465)	-	(3,455)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt	-	135	-	135
Net proceeds from issuance of stock	10,304	-	-	10,304

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Financing costs	(400)	-	-	(400)
Proceeds from convertible note payable	200	-	-	200
Principal payments on long-term debt	-	(7)	-	(7)
Net cash provided by financing activities	10,104	128	-	10,232
Net increase (decrease) in cash and cash equivalents	3,233	(3,040)	-	193
Cash and cash equivalents, beginning of period	189	3,040	-	3,229
Cash and cash equivalents, end of period	$ 3,422	$ -	$ -	$ 3,422

CONSOLIDATING STATEMENT
OF OPERATIONS INFORMATION
YEAR ENDED DECEMBER 31, 2002

	CADIZ	SUN WORLD	ELIMINATIONS	CONSOLIDATED
Revenues	$ 2,067	$ 114,234	$ (2,051)	$ 114,250
Costs and expenses:				
Cost of sales	103	86,880	(627)	86,356
General and administrative	7,500	10,953	(1,500)	16,953
Removal of underperforming crops	1,017	3,497	-	4,514
Depreciation and amortization	1,022	6,458	-	7,480
Total costs and expenses	9,642	107,788	(2,127)	115,303
Operating profit (loss)	(7,575)	6,446	76	(1,053)
Loss from subsidiary	(9,540)	-	9,540	-
Interest expense, net	5,108	16,299	(235)	21,172
Loss before income taxes	(22,223)	(9,853)	9,851	(22,225)
Income tax expense	2	(2)	-	-
Net loss	(22,225)	(9,851)	9,851	(22,225)
Less: Preferred				

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stock dividends	(1,125)	-	-	(1,125)
Imputed dividend on preferred stock	(984)	-	-	(984)
Net loss applicable to common stock	$ (24,334)	$ (9,851)	$ 9,851	$ (24,334)

CONSOLIDATING BALANCE SHEET INFORMATION
DECEMBER 31, 2002

	CADIZ	SUN WORLD	ELIMINATIONS	CONSOLIDATED
ASSETS				
Current assets:				
Cash and cash equivalents	$ 189	$ 3,040	$ -	$ 3,229
Accounts receivable, net	-	6,732	-	6,732
Net investment in and advances and loans to subsidiary	1,739	-	(1,739)	-
Note receivable from officer	1,022	-	-	1,022
Inventories	-	13,638	(125)	13,513
Prepaid expenses and other	323	843	-	1,166
Total current assets	3,273	24,253	(1,864)	25,662
Property, plant, equipment and water programs, net	40,076	114,852	-	154,928
Other assets	3,981	7,312	-	11,293
	$ 47,330	$ 146,417	$ (1,864)	$ 191,883

LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY

	CADIZ	SUN WORLD	ELIMINATIONS	CONSOLIDATED
Current liabilities:				
Accounts payable	$ 1,142	$ 6,252	$ -	$ 7,394
Accrued liabilities	987	5,829	-	6,816
Due to parent company	-	13,546	(13,546)	-
Revolving credit facility	-	4,400	-	4,400
Long-term debt, current portion	34,769	6,250	-	41,019
Total current liabilities	36,898	36,277	(13,546)	59,629
Long-term debt	-	115,447	-	115,447
Deferred income taxes	-	5,447	-	5,447

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Other liabilities	611	928	-	1,539
Series D redeemable preferred stock	4,536	-	-	4,536
Series E-1 and E-2 redeemable preferred stock	6,406	-	-	6,406
Stockholders' equity:				
Common stock	15	-	-	15
Additional paid-in capital	156,151	38,508	(38,508)	156,151
Accumulated deficit	(157,287)	(50,190)	50,190	(157,287)
Total stockholders' equity	(1,121)	(11,682)	11,682	(1,121)
	$ 47,330	$ 146,417	$ (1,864)	$ 191,883

CONSOLIDATING STATEMENT OF
CASH FLOW INFORMATION
YEAR ENDED DECEMBER 31, 2002

	CADIZ	SUN WORLD	ELIMINATIONS	CONSOLIDATED
Net cash provided by (used for) operating activities	$ (7,910)	$ (4,205)	$ 1,982	$ (10,133)
Cash flows from investing activities:				
Additions to property, plant and equipment	(138)	(500)	-	(638)
Additions to water programs	(643)	-	-	(643)
Additions to developing crops	(24)	(2,152)	-	(2,176)
Proceeds from disposal of property, plant and equipment	3	2,460	-	2,463
Loan to officer	(1,000)	-	-	(1,000)
(Increase) decrease in other assets	124	(219)	-	(95)
Net cash (used for) provided by investing activities	(1,678)	(411)	-	(2,089)
Cash flows from financing activities:				
Net proceeds from issuance of stock	764	-	-	764
Net proceeds from short-term borrowings	10,000	4,400	-	14,400
Borrowings from intercompany				

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revolver	(977)	2,959	(1,982)	-
Principal payments on long-term debt	-	(761)	-	(761)
Bank overdraft	(410)	-	-	(410)
Net cash (used for) provided by financing activities	9,377	6,598	(1,982)	13,993
Net (decrease) increase in cash and cash equivalents	(211)	1,982	-	1,771
Cash and cash equivalents, beginning of period	400	1,058	-	1,458
Cash and cash equivalents, end of period	$ 189	$ 3,040	$ -	$ 3,229

CONSOLIDATING STATEMENT
OF OPERATIONS INFORMATION
YEAR ENDED DECEMBER 31, 2001

	CADIZ	SUN WORLD	ELIMINATIONS	CONSOLIDATED
Revenues	$ 1,903	$ 92,399	$ (1,900)	$ 92,402
Special litigation recovery	7,929	-	-	7,929
Total revenues and special litigation recovery	9,832	92,399	(1,900)	100,331
Costs and expenses:				
Cost of sales	118	79,390	(400)	79,108
General and administrative	5,433	8,980	(1,500)	12,913
Non-recurring compensation	2,584	2,953	-	5,537
Removal of underperforming crops	222	514	-	736
Depreciation and amortization	1,137	7,014	-	8,151
Total costs and expenses	9,494	98,851	(1,900)	106,445
Operating profit (loss)	338	(6,452)	-	(6,114)
Loss from subsidiary	(22,342)	-	22,342	-
Interest expense, net	3,718	15,598	235	19,551

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Loss before income taxes	(25,722)	(22,050)	22,107	(25,665)
Income tax expense	-	57	-	57
Net loss	(25,722)	(22,107)	22,107	(25,722)
Less: Preferred stock dividends	591	-	-	591
Imputed dividend on preferred stock	441	-	-	441
Net loss applicable to common stock	$ (26,754)	$ (22,107)	$ 22,107	$ (26,754)

CONSOLIDATING STATEMENT OF
CASH FLOW INFORMATION
YEAR ENDED DECEMBER 31, 2001

	CADIZ	SUN WORLD	ELIMINATIONS	CONSOLIDATED
Net cash provided by (used for) operating activities	$ 1,442	$ (5,509)	$ (235)	$ (4,302)
Cash flows from investing activities:				
Additions to property, plant and equipment	(88)	(1,495)	-	(1,583)
Additions to water programs	(1,359)	-	-	(1,359)
Additions to developing crops	(109)	(3,015)	-	(3,124)
Proceeds from disposal of property, plant and equipment	2	450	-	452
(Increase) decrease in other assets	(575)	494	235	154
Net cash (used for) provided by investing activities	(2,129)	(3,566)	235	(5,460)
Cash flows from financing activities:				
Net proceeds from issuance of stock	1,583	-	-	1,583
Proceeds from issuance of preferred stock	7,500	-	-	7,500
Borrowings from intercompany				

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revolver	(11,254)	11,254	-	-
Principal payments on long-term debt	(251)	(1,313)	-	(1,564)
Bank overdraft	410	-	-	410
Net cash (used for) provided by financing activities	(2,012)	9,941	-	7,929
Net (decrease) increase in cash and cash equivalents	(2,699)	866	-	(1,833)
Cash and cash equivalents, beginning of period	3,099	192	-	3,291
Cash and cash equivalents, end of period	$ 400	$ 1,058	$ -	$ 1,458

NOTE 11 - INCOME TAXES

Deferred taxes are recorded based upon differences between the financial statement and tax bases of assets and liabilities and available carryforwards. Temporary differences and carryforwards which gave rise to a significant portion of deferred tax assets and liabilities as of December 31, 2003 and 2002 are as follows (in thousands):

	DECEMBER 31, 2003	2002
Deferred tax liabilities:		
Fixed asset basis difference	$ -	$ 8,792
Other	-	48
Total deferred tax liabilities	-	8,840
Deferred tax assets:		
Net operating losses	36,663	56,840
Fixed asset basis difference	6,759	6,849
State taxes	-	1,855
Reserves and accruals	35	1,508
Other	303	1,359
Total deferred tax assets	43,760	(68,411)
Valuation allowance for deferred tax assets	(43,760)	(65,018)
Net deferred tax liability	$ -	$ 5,447

The valuation allowance increased (decreased) by $(21,258,000) in 2003 primarily due to the deconsolidation of Sun World, and $5,613,000, and $11,756,000 in 2002 and 2001, respectively.

As of December 31, 2003, the Company had net operating loss

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(NOL) carryforwards of approximately $109.0 million for federal income tax purposes. Such carryforwards expire in varying amounts through the year 2023. At December 31, 2003, the Company has state NOL carryforwards of $5.0 million. These NOL carryforwards expire in varying amounts through the year 2013.

Due to the fact that it is more likely than not that the Company will not realize its net deferred tax assets, it has recorded a full valuation allowance against these assets. Accordingly, no deferred tax asset has been recorded in the accompanying balance sheet.

Section 382 of the Internal Revenue Code imposes an annual limitation on the utilization of net operating loss carryforwards based on a statutory rate of return (usually the "applicable federal funds rate", as defined in the Internal Revenue Code) and the value of the corporation at the time of a "change of ownership" as defined by Section 382. Due to past equity issuances and equity issuances in 2003, and due to the Chapter 11 filing by Sun World, the Company's ability to utilize net operating loss carryforwards may be limited.

A reconciliation of the income tax benefit to the statutory federal income tax rate is as follows (dollars in thousands):

	YEAR ENDED DECEMBER 31,		
	2003	2002	2001
Expected federal income tax benefit at 34%	$ (3,922)	$ (7,557)	$ (8,726)
Loss with no tax benefit provided	3,900	7,440	8,541
Feberal AMT refund	-	(73)	-
State income tax	2	5	6
Foreign withholding taxes	-	68	51
Amortization	-	-	79
Other non-deductible expenses	20	117	106
Income tax expense (benefit)	$ -	$ -	$ 57

NOTE 12 - EMPLOYEE BENEFIT PLANS

The Company has a 401(k) Plan for its salaried employees. Employees must work 1,000 hours and have completed one year of service to be eligible to participate in this plan. The Company matches 75% of the first four percent deferred by an employee up to $1,600 per year. In addition, Sun World maintains a defined contribution pension plan covering its employees who (i) are not covered by a collective bargaining agreement, (ii) have at least one year of service and (iii) have worked at least 1,000 hours per year. Contributions are 2% of each covered employee's salary. For those hourly employees covered under a collective bargaining agreement, contributions are made to a multi-employer pension plan in accordance with negotiated labor contracts and are generally based on the number of hours worked. The Company contributed $12,000, $322,000 and $300,000 to the plans for fiscal years 2003, 2002 and 2001, respectively.

NOTE 13 - PREFERRED AND COMMON STOCK

SERIES F CONVERTIBLE PREFERRED STOCK

The Company has an authorized class of 100,000 shares of $0.01 par value Series F Convertible Preferred Stock ("Series F Preferred Stock"). On December 15, 2003, the Company issued 100,000 shares of Series F Preferred Stock in conjunction with the extension of the Company's senior term loan's maturity date. The 100,000 preferred shares are initially convertible into

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1,728,955 shares of Common Stock of the Company. The number of common shares received upon conversion may adjust if additional common shares are used by the Company. The holders of the Preferred Stock are entitled to receive dividends as if the shares had been converted to Common Stock if dividends are paid on the Company's common stock. The Series F Preferred Stock may not be redeemed by the Company. The estimated value of the Series F Preferred Stock was recorded as a debt discount and is being amortized over the initial term of the senior term loans through March 31, 2005.

SERIES D CONVERTIBLE PREFERRED STOCK

The Company has an authorized class of 100,000 shares of preferred stock. On December 29, 2000, the Company issued 5,000 shares of Series D Convertible Preferred Stock ("Series D Preferred Stock") for $5,000,000. The holders of the Preferred Stock were entitled to receive dividends, payable semi-annually, at a rate of 7% if paid in cash or 9% if paid in the Company's common stock. The Series D Preferred Stock was initially convertible into 25,000 shares of the Company's common stock any time prior to July 2004 at the election of the holder. The Company also had the right to convert the Series D Preferred Stock, but only when the closing price of the Company's common stock had exceeded $300 per share for 30 consecutive trading days. Holders were entitled to a liquidation preference equal to the initial purchase of $1,000 per share plus any accrued and unpaid dividends. The Series D Preferred Stock would be redeemable in July 2004 if still outstanding. In 2003, all outstanding shares of Series D preferred stock were exchanged for common stock as further described below.

The Company issued certain warrants to purchase shares of the Company's common stock in connection with the issuance of the Series D Preferred Stock. The fair market value of the Company's common stock at the time of issuance was above the accounting conversion price resulting in an imputed dividend (beneficial conversion feature). The estimated fair value of the warrants issued (calculated using the Black Scholes option pricing model) and the imputed dividend totaled $1,050,000 which was recorded as a discount to the Series D Preferred Stock. The discount is being amortized through the redemption date of the stock and treated as a reduction to earnings for earnings per share calculations. Upon exchange of the Series D Preferred Stock for common stock in October 2003, the unamortized beneficial conversion feature was charged against paid in capital.

SERIES E-1 AND E-2 CONVERTIBLE PREFERRED STOCK

During the fourth quarter of 2001, the Company issued 3,750 shares of Series E-1 Convertible Preferred Stock and 3,750 shares of Series E-2 Convertible Preferred Stock (the "Series E Preferred Stock") for an aggregate of $7,500,000. The holders of the Series E Preferred Stock are entitled to receive dividends, payable semi-annually, at a rate of 7% if paid in cash or 9% if paid in the Company's common stock. The Series E Preferred Stock was convertible into 40,000 shares of the Company's common stock any time prior to July 2004 at the election of the holder. The Company also had the right to convert the Series E Preferred Stock, but only when the closing price of the Company's common stock had exceeded $262 per share for 30 consecutive trading days. Holders were entitled to a liquidation preference equal to the initial purchase of $1,000 per share plus any accrued and unpaid dividends. The Series E Preferred Stock would be redeemable in July 2004 if still outstanding. In 2003, all outstanding shares of Series E preferred stock were exchanged for common stock as further described below.

The Company issued 1,600 shares of the Company's common stock and certain warrants to purchase shares of the Company's common stock in connection with the issuance of the Series E Preferred Stock. The fair market value of the Company's common stock at the

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time of issuance was above the accounting conversion price resulting in an imputed dividend (beneficial conversion feature). The estimated fair value of the warrants issued (calculated using the Black Scholes option pricing model) and the imputed dividend totaled $1,614,000 which was recorded as a discount to the Series E-1 and Series E-2 Preferred Stock. The discount is being amortized through the redemption date of the stock and treated as a reduction to earnings for earnings per share calculations. Upon exchange of the Series E Preferred Stock for common stock in October 2003, the unamortized beneficial conversion feature was charged against paid in capital.

On October 15, 2002, the Company and preferred stockholders agreed to amend the Certificates of Designations of Series D, Series E-1 and Series E-2 Preferred Stock to (i) reduce the conversion price from $200 per share for the Series D Preferred Stock and from $187.50 per share for Series E Preferred Stock to $131.25 per share for both Series D and Series E Preferred Stock; and (ii) extend the redemption date to July 16, 2006. With the assistance of an independent valuation firm, the Company determined that the additional value associated with the reduction in the conversion price was offset by the extension of the redemption date and that there was no loss or gain attributable to the amendment to the Certificates of Designations.

On October 20, 2003, the Company and the preferred stockholders entered into an agreement to (i) exchange all outstanding shares of Series D Preferred Stock, plus accrued and unpaid dividends, for an aggregate of 320,000 shares of common stock; and (ii) exchange all outstanding shares of series E Preferred Stock, plus accrued and unpaid dividends, for an aggregate of 80,000 shares of common stock. In connection with this conversion, the Company recorded a charge of $42,000 against paid in capital as an inducement to convert. At this time the Company also recorded the unamortized beneficial conversion feature of the Series D and Series E Preferred Stock as a charge against paid in capital.

NOTE 14 - STOCK-BASED COMPENSATION PLANS AND WARRANTS

STOCK OPTIONS AND WARRANTS

The Company issues options pursuant to its 1996 Stock Option Plan (the "1996 Plan") and the 1998 Non-Qualified Stock Option Plan (the "1998 Plan") approved by the Board of Directors in February 1998. The Company also grants stock awards pursuant to its 2000 Stock Award Plan described below. Collectively, the plans provide for the granting of up to 160,000 shares. At December 31, 2003, the Company has approximately 35,756 shares remaining that can be granted under the plans. All options are granted at a price approximating fair market value at the date of grant, have vesting periods ranging from issuance date to five years, have maximum terms ranging from five to seven years and are issued to directors, officers, consultants and employees of the Company.

Compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock.

The Company has adopted the disclosure-only provisions of Statement of Financial

Accounting Standards No. 123, ("SFAS 123"), "Accounting for Stock-Based Compensation." Accordingly, no compensation cost has been recognized for the stock-based compensation other than

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for non-employees.

The fair value of each option granted during the periods reported was estimated on the date of grant using the Black Scholes option pricing model based on the weighted-average assumptions of: risk-free interest rate of 4.08% for 2002, and 4.54% for 2001; expected volatility of 57.2% for 2002, and 40.0% for 2001; expected life of three years for 2002 and 2001; and an expected dividend yield of zero for both years. No options were granted in 2003.

The following table summarizes stock option activity for the periods noted. All options listed below were issued to officers, directors, employees and consultants.

	AMOUNT	WEIGHTED-AVERAGE EXERCISE PRICE
Outstanding at December 31, 2000	120,424	$ 161.25
Granted	10,650	$ 240.50
Expired or canceled	(43,840)	$ 119.00
Exercised	(13,204)	$ 119.50
Outstanding at December 31, 2001	74,030	$ 201.25
Granted	3,700	$ 183.75
Expired or canceled	(10,280)	$ 189.25
Exercised	(5,740)	$ 132.75
Outstanding at December 31, 2002	61,710	$ 207.43
Granted	-	-
Expired or canceled	(7,760)	$ 207.43
Exercised	-	-
Outstanding at December 31, 2003	53,950(a)	$ 207.43
Options exercisable at December 31, 2001	57,870	$ 198.50
Options exercisable at December 31, 2002	54,690	$ 196.50
Options exercisable at December 31, 2003	53,150	$ 115.80
Weighted-average years of remaining contractual life of options outstanding at December 31, 2003	0.95	

(a) Exercise prices vary from $165.75 to $292.50 and expiration dates vary from January 2004 to February 2007.

The weighted-average fair value of options granted during the years 2002 and 2001

were $83.22, and $86.00, respectively.

The Company accounts for equity securities issued to non-employees in accordance with the provisions of SFAS 123 and Emerging Issues Task Force 96-18. During the years ended December 31, 2002 and 2001, the Company issued 64,000, and 8,600 warrants with weighted-average exercise prices of $50.75, and $189.75, respectively. No warrants expired or were canceled during any of the three periods discussed. During 2002, in connection with the loan amendments for the Cadiz obligations described in Note 10, the Company repriced certain warrants previously issued resulting in a reduction in the weighted-average exercise price. At December 31, 2002, there were 113,600

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warrants outstanding with a weighted-average exercise price of $58.50 per share, which expire through 2006.

In connection with the Company's default in February 2003 on its senior term loan and $25 million revolving credit facility, as described in Note 10; (i) warrants held by the lender to purchase 40,000 shares of the Company's common stock vested at an exercise price of $0.25 per share; and (ii) the exercise price on warrants held by the lender to purchase 57,000 shares of the Company's common stock was automatically reset to $0.25 per share.

In December 2003, warrants to purchase 94,000 shares of common stock were exercised for $23,500 in total cash proceeds. At December 31, 2003, warrants to purchase 8,600 shares of common stock of the Company at a weighted average exercise price of $190.00 per share remained outstanding.

2000 STOCK AWARD PLAN

The Cadiz Inc. 2000 Stock Award Plan ("Stock Award Plan") was approved by the Company's shareholders in May 2000. Under the Stock Award Plan, the Company may issue various forms of stock awards including restricted stock and deferred stock units to attract, retain and motivate key employees or other eligible persons. As of December 31, 2003, the Company had outstanding 2,752 deferred stock units granted under the Stock Award Plan. Each of the units entitle the holder to receive one share of the Company's common stock for each deferred stock unit three years from the date of grant. During the year ended December 31, 2003, 26,027 stock units were exchanged for shares of the Company's common stock. The Company charged $152,000, $579,000 and $566,000 to expense during the years ended December 31, 2003, 2002 and 2001, respectively, in connection with the Stock Award Plan.

MANAGEMENT EQUITY INCENTIVE PLAN

In December 2003, concurrently with the completion of the restructuring of our financing arrangements with ING, the Company's board of directors authorized the adoption of a Management Equity Incentive Plan (the "Incentive Plan"). Under the Incentive Plan, a total of 1,472,051 shares of common stock may be granted to key personnel. The Board has formed an initial allocation committee to direct the initial allocation of 717,373 of these shares. The Board has authorized the initial allocation committee to award all or part of the initial allocation shares to key personnel (including members of such committee) without further approval of the Board. Any initial allocation of shares so granted will be subject to vesting conditions. One-third of the shares granted will vest

on the date of the grant. The remaining two-thirds will vest in two equal installments on December 11, 2004 and December 11, 2005 (subject to continued status of the recipient as an employee or consultant to Cadiz as of the respective vesting date, but also subject to immediate vesting in full of any theretofore unvested shares upon any termination without cause).

The 754,678 shares covered by the Incentive Plan which are not part of the initial allocation are issuable pursuant to the direction of, and upon such vesting and other conditions as may be established by, the Compensation Committee.

No shares have been granted or issued under the Incentive Plan.

NON-RECURRING COMPENSATION EXPENSE

In 2001, the Company issued 22,567 deferred stock units to certain senior managers of Cadiz and Sun World. These deferred stock units were issued in exchange for the cancellation of 42,200 fully vested options to purchase the Company's common stock held by senior managers. In accordance with the terms of

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Stock Option Exchange Agreements, the number of the deferred stock units issued was calculated based on the average closing price for the 10 business days following the filing of the Company's Annual Report on Form 10-K for the year ended December 31, 2000 on March 29, 2001. Each deferred stock unit is exchangeable for one share of the Company's common stock at the end of the deferral period elected by the holder. The Company recorded a one-time charge of $5,537,000 in 2001 and no cash was expended in connection with the issuance of the deferred stock units.

NOTE 15 - SEGMENT INFORMATION

With Sun World's filing of voluntary petitions for relief under Chapter 11 of the Bankruptcy code as further described in Note 1, the primary business of the Company is to acquire and develop water resources.

The Company had two reportable segments; water resources (Cadiz) and agriculture (Sun World). The accounting policies of the segments are the same as those described in the summary of significant accounting polices. The Company's operations are reported in the following business segments:

Financial information by reportable business segment is reported in the following tables:

	2003	2002	2001
	($ in thousands)		
External sales:			
Water Resources	$ 157	$ 16	$ 3
Agricultural	3,005	114,234	92,399
Consolidated	$ 3,162	$ 114,250	$ 92,402

	2003	2002	2001
Inter-segment sales:			
Water Resources	$ 146	$ 2,051	$ 1,900
Agricultural	(146)	(2,051)	(1,900)
Consolidated	$ -	$ -	$ -
Total sales:			
Water Resources	$ 303	$ 2,067	$ 1,903
Agricultural	3,005	114,234	92,399
Other	(146)	(2,051)	(1,900)
Consolidated	$ 3,162	$ 114,250	$ 92,402
Profit (loss) before income taxes:			
Water Resources	$ (5,236)	$ (7,575)	$ 338
Agricultural	(1,200)	6,446	(6,452)
Other	(195)	76	-
Interest expense	(4,905)	(21,172)	(19,551)
Consolidated	$ (11,536)	$ (22,225)	$ (25,665)
Assets:			
Water Resources	$ 49,526	$ 45,591	$ 46,309
Agricultural	-	146,417	152,168
Other	-	(125)	(202)
Consolidated	$ 49,526	$ 191,883	$ 198,275

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Capital expenditures:			
Water Resources	$ 34	$ 805	$ 1,556
Agricultural	337	2,652	4,510
Consolidated	$ 371	$ 3,457	$ 6,066
Depreciation and amortization:			
Water Resources	$ 553	$ 1,022	$ 1,137
Agricultural	190	6,458	7,014
Consolidated	$ 743	$ 7,480	$ 8,151
Interest expense, net:			
Water Resources	$ 3,636	$ 5,108	$ 3,718
Agricultural	1,269	16,299	15,598
Other	-	(235)	235
Consolidated	$ 4,905	$ 21,172	$ 19,551

NOTE 16 - CONTINGENCIES

In December 1995, the Company filed an action relative to the proposed construction and operation of a landfill (the "Rail-Cycle Project") which was to be located adjacent to the Company's Cadiz property with the Superior Court in San Bernardino County, California. The action challenged the various decisions by the County of San Bernardino relative to the proposed Rail-Cycle Project and sought compensatory damages. In September 1998, the Court granted defendants' motion for summary judgment. The Company appealed this decision and in August 2000, the California Court of Appeals granted, in part, the Company's appeal. The Court's decision revoked all environmental and land-use approvals, and thus effectively terminated the Rail-Cycle Project, as proposed.

The Company filed other civil actions against Waste Management, Inc., which asserted claims arising from alleged criminal and fraudulent conduct against the Company engaged in by Waste Management in connection with the Rail-Cycle Project.

In March 2001, the Company and Waste Management executed a settlement agreement intended to fully and finally compromise and settle the claims asserted by the Company against Waste Management in all of the outstanding civil actions. Pursuant to the Settlement Agreement, Waste Management paid the Company $6 million in cash and granted to the Company an exclusive option to receive, at no cost to the Company, up to approximately 7,000 acres of real property in eastern San Bernardino County primarily adjacent to the Cadiz Program property. In April 2001, the Company exercised the option and has acquired the subject property. Net proceeds from the settlement are included in the Company's statement of operations under the caption "Special Litigation Recovery".

In the normal course of its agricultural operations, the Company handles, stores, transports and dispenses products identified as hazardous materials. Regulatory agencies periodically conduct inspections and, currently, there are no pending claims with respect to hazardous materials.

The Company is involved in other legal and administrative proceedings and claims. In the opinion of management, the ultimate outcome of each proceeding or all such proceedings combined will not have a material adverse impact on the Company's

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financial statements.

NOTE 17 - QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

(In thousands except per share data)

	Quarter Ended			
	March 31, 2003	June 30, 2003	September 30, 2003	December 31, 2003
Revenues	$ 3,046	$ 97	$ 19	$ -
Gross profit (loss)	367	47	(154)	(63)
Net loss applicable to common stock	(5,171)	(1,951)	(3,013)	(3,919)
Net loss per common share	$ (3.53)	$ (0.92)	$ (1.32)	$ (1.17)

	Quarter Ended			
	March 31, 2002	June 30, 2002	September 30, 2002	December 31, 2002
Revenues	$ 7,750	$ 23,063	$ 64,280	$ 19,157
Gross profit (loss)	1,497	6,215	16,820	3,362
Net loss applicable to common stock	(7,800)	(5,962)	(950)	(9,622)
Net loss per common share	$ (5.40)	$ (4.11)	$ (0.65)	$ (6.60)

CADIZ INC.

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT

BALANCE SHEET ($ in thousands):	December 31, 2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,422	$ 189
Net investment in and advances to subsidiary	-	1,739
Note receivable from officer	-	1,022
Prepaid expenses and other	248	323
Total current assets	3,670	3,273
Property, plant, equipment and water programs, net	39,514	40,076
Goodwill	3,813	3,813
Restricted cash	2,142	-
Other assets	387	168
	$ 49,526	$ 47,330
LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 857	$ 1,142
Accrued liabilities	1,545	987
Long-term debt, current portion	-	34,769

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Total current liabilities	2,402	36,898
Long-term debt	30,253	-
Other liabilities	654	611
Contingencies		
Series D redeemable convertible preferred stock - $0.01 par value: 5,000 shares authorized; shares issued and outstanding - none at December 31, 2003 and 5,000 at December 31, 2002	-	4,536
Series E-1 and E-2 redeemable convertible preferred stock - $0.01 par value: 7,500 shares authorized; shares issued and outstanding - none at December 31, 2003 and 7,500 at December 31, 2002	-	6,406
Stockholders' equity:		
Series F convertible preferred stock - $.01 par value: 100,000 shares authorized, shares issued and outstanding - 100,000 at December 31, 2003	1	-
Common stock - $0.01 par value; 70,000,000 shares authorized; shares issued and outstanding 6,471,384 at December 31, 2003 and 1,458,659 at December 31, 2002	65	15
Additional paid-in capital	184,974	156,151
Accumulated deficit	(168,823)	(157,287)
Total stockholders' equity	16,217	(1,121)
	$ 49,526	$ 47,330

CADIZ INC.

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT

STATEMENT OF OPERATIONS ($ in thousands)	Year Ended December 31, 2003	2002	2001
Revenues	$ 303	$ 2,067	$ 1,903
Special litigation recovery	-	-	7,929
Total revenues and special litigation recovery	303	2,067	9,832
Costs and expenses:			
Cost of sales	333	103	118
General and administrative	4,653	7,500	5,433
Non-recurring compensation expense	-	-	2,584
Removal of underperforming crops	-	1,017	222
Write off of investment in subsidiary	195	-	-
Depreciation and amortization	553	1,022	1,137

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Total costs and expenses	5,734	9,642	9,494
Operating profit (loss)	(5,431)	(7,575)	338
Loss from subsidiary	(2,469)	(9,540)	(22,342)
Interest expense, net	3,636	5,108	3,718
Net loss before income taxes	(11,536)	(22,223)	(25,722)
Income taxes	-	2	-
Net loss	(11,536)	(22,225)	(25,722)
Less: Preferred stock dividends	918	1,125	591
Imputed dividend on preferred stock	1,600	984	441
Net loss applicable to common stock	$ (14,054)	$ (24,334)	$ (26,754)

CADIZ INC.

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT

STATEMENT OF CASH FLOWS ($ in thousands)	Year Ended December 31, 2003	2002	2001
Cash flows from operating activities:			
Net loss	$ (11,536)	$ (22,225)	$ (25,722)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:			
Depreciation and amortization	1,336	5,181	3,521
Write off of investment in subsidiary	195	-	-
Stock issued for services	550	-	-
Compensation paid through settlement of note receivable from officer	841	-	-
Interest paid in common stock	12	-	-
Loss from subsidiary	2,470	9,540	22,342
(Gain) loss on disposal of assets	43	(3)	5
Removal of underperforming crops	-	1,017	222
Land received from litigation settlement	-	-	(2,000)
Compensation charge for deferred stock units	126	272	271
Non-recurring compensation expense	-	-	2,584
Accrued interest on note receivable from officer	-	(22)	-
Changes in operating assets and liabilities:			
Increase in due to subsidiary	-	(1,360)	-
Decrease (increase) in prepaid expenses and other	75	(112)	8
Increase in accounts payable	(155)	(189)	121
Increase (decrease) in accrued liabilities	1,117	(9)	97
Increase (decrease) in due to affiliate	45	-	-
Decrease in other liabilities	-	-	(7)
Net cash provided by (used for) operating activities	(4,881)	(7,910)	1,442

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Cash flows from investing activities:			
Additions to property, plant and equipment	-	(138)	(88)
Additions to developing crops	-	(24)	(109)
Additions to water programs	(34)	(643)	(1,359)
Proceeds from disposal of property, plant and equipment	-	3	2
Loan to officer	181	(1,000)	-
Increase in restricted cash	(2,142)	-	-
Increase in other assets	5	124	(575)
Net cash used for investing activities	(1,990)	(1,678)	(2,129)
Cash flows from financing activities:			
Net proceeds from issuance of stock	10,304	764	1,583
Financing costs	(400)	-	-
Proceeds from convertible note payable	200	-	-
Net proceeds from short-term borrowings	-	10,000	-
Proceeds from issuance of preferred stock	-	-	7,500
Intercompany revolver with subsidiary	-	(977)	(11,254)
Principal payments on long-term debt	-	-	(251)
Bank overdraft	-	(410)	410

Net cash (used for) provided by financing activities	10,104	9,377	(2,012)
Net decrease in cash and cash equivalents	3,233	(211)	(2,699)
Cash and cash equivalents, beginning of period	189	400	3,099
Cash and cash equivalents, end of period	$ 3,422	$ 189	$ 400

CADIZ INC.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

For the years ended December 31, 2003, 2002 and 2001 ($ in thousands)

YEAR ENEDED DECEMBER 31, 2003	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	OTHER ACCOUNTS	DEDUCTIONS	BALANCE AT END OF PERIOD
Allowance for doubtful accounts	$ 547	$ -	$ 547	$ -	$ -
Tax valuation allowance	$ 65,018	$ -	$ (21,258)	$ -	$ (43,760)
YEAR ENDED DECEMBER 31, 2002					
Allowance for doubtful accounts	$ 506	$ 200	$ -	$ 159	$ 547

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Tax valuation allowance	$ 59,405	$ -	$ 5,613	$ -	$ 65,018

YEAR ENDED
DECEMBER 31, 2001

Allowance for doubtful accounts	$ 522	$ -	$ -	$ 16	$ 506
Tax valuation allowance	$ 47,649	$ -	$ 11,756	$ -	$ 59,405

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of
Sun World International, Inc.

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, cash flows and stockholder's deficit present fairly, in all material respects, the financial position of Sun World International, Inc., a wholly-owned subsidiary of Cadiz Inc., and its subsidiaries at December 31, 2003 and 2002 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the accompanying financial statements, Sun World International, Inc. and certain of its subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code on January 30, 2003. Management continues to operate the Company as a debtor-in-possession until a Plan of Reorganization is approved by its creditors and confirmed by the Bankruptcy Court. The Company's objectives in regard to this matter are also discussed in Note 1. The accompanying financial statements have been prepared using accounting principles applicable to a going concern, which assumes realization of assets and settlement of liabilities in the normal course of business. The uncertainties inherent in the bankruptcy process raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ PricewaterhouseCoopers LLP

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Los Angeles, California
March 5, 2004, except for Note 17 for which the date is September 17, 2004

SUN WORLD INTERNATIONAL, INC.
(DEBTOR-IN-POSSESSION)
(A WHOLLY-OWNED SUBSIDIARY OF CADIZ INC.)

CONSOLIDATED STATEMENT OF OPERATIONS

($ in thousands)	Year Ended December 31, 2003	2002	2001
Revenues	$ 100,938	$ 114,583	$ 91,973
Costs and expenses:			
Cost of sales	86,989	86,880	79,390
General and administrative	8,889	9,243	8,980
Non-recurring compensation expense	-	-	2,953
Unusual items (Note 15)	-	1,710	-
Removal of underperforming crops	926	3,497	514
Depreciation and amortization	6,873	6,458	7,014
	103,677	107,788	98,851
Operating income (loss)	(2,739)	6,795	(6,878)
(Gain) loss on sale of property	(387)	349	(426)
Interest expense, net (contractual interest for fiscal year 2003 was $17,041)	2,932	16,299	15,598
Loss before reorganization items and income taxes	(5,284)	(9,853)	(22,050)
Reorganization items:			
Debt issuance costs	912	-	-
Professional fees	3,770	-	-
Total reorganization items	4,682	-	-
Net loss before income taxes	(9,966)	(9,853)	(22,050)
Income tax (benefit) expense	102	(2)	57
Net loss	$ (10,068)	$ (9,851)	$ (22,107)

See accompanying notes to the consolidated financial statements.

SUN WORLD INTERNATIONAL, INC.
(DEBTOR-IN-POSSESSION)
(A WHOLLY-OWNED SUBSIDIARY OF CADIZ INC.)

CONSOLIDATED BALANCE SHEET

December 31,

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($ in thousands)	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,548	$ 3,040
Accounts receivable, net	7,031	6,732
Inventories	12,851	13,638
Prepaid expenses and other	1,817	843
Total current assets	23,247	24,253
Property, plant, and equipment, net	107,812	112,293
Intangible assets	1,903	1,934
Other assets	6,568	7,937
Total assets	$ 139,530	$ 146,417
LIABILITIES AND STOCKHOLDER'S DEFICIT		
Current liabilities:		
Accounts payable	$ 5,689	$ 6,252
Accrued liabilities	2,280	5,829
Due to parent company	-	13,546
Revolving credit facility	4,423	4,400
Long-term debt, current portion	125	6,250
Total current liabilities	12,517	36,277
Long-term debt	730	115,447
Deferred income taxes	5,447	5,447
Other liabilities	365	928
Total liabilities not subject to compromise	19,059	158,099
Liabilities subject to compromise under reorganization proceedings	141,606	-
Contingencies (Note 16)		
Stockholder's deficit:		
Common stock, $0.01 par value, 300,000 shares authorized; 42,000 shares issued and outstanding	-	-
Additional paid-in capital	39,123	38,508
Accumulated deficit	(60,258)	(50,190)
Total stockholder's deficit	(21,135)	(11,682)
Total liabilities and stockholder's deficit	$ 139,530	$ 146,417

See accompanying notes to the consolidated financial statements.

SUN WORLD INTERNATIONAL, INC.
(DEBTOR-IN-POSSESSION)
(A WHOLLY-OWNED SUBSIDIARY OF CADIZ INC.)

CONSOLIDATED STATEMENT OF CASH FLOWS

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($ in thousands)	Year Ended December 31, 2003	2002	2001
Cash flows from operating activities:			
Net loss	$ (10,068)	$ (9,851)	$ (22,107)
Adjustments to reconcile net loss to net cash used for operating activities:			
Depreciation and amortization	6,987	8,295	8,143
Write off of debt issuance costs	912	-	-
Valuation allowance	1,500	-	-
Loss (gain) on disposal of assets	(387)	349	(426)
Removal of underperforming crops	926	3,497	514
Shares of KADCO stock earned for services	(938)	(1,250)	(1,250)
Compensation charge for deferred stock units	211	307	296
Non-recurring compensation expense	-	-	2,953
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(299)	(406)	1,553
Decrease (increase) in inventories	246	(1,039)	1,830
Increase in prepaid expenses and other	(974)	(265)	(160)
Increase (decrease) in accounts payable	3,143	(4,176)	3,734
Increase (decrease) in accrued liabilities	247	687	(647)
(Decrease) increase in due to parent	-	(668)	1,983
(Decrease) increase in other liabilities	(159)	315	58
Net cash provided by (used for) operating activities before reorganization items	1,347	(4,205)	(3,526)
Increase in liabilities subject to compromise under reorganization proceedings	559	-	-
Net cash provided by (used for) operating activities	1,906	(4,205)	(3,526)
Cash flows from investing activities:			
Additions to property, plant, and equipment	(2,831)	(500)	(1,495)
Additions to developing crops	(1,963)	(2,152)	(3,015)
Proceeds from disposal of property, plant and equipment	2,754	2,460	450
(Increase) decrease in other assets	(539)	(219)	494
Net cash used for investing activities	(2,579)	(411)	(3,566)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	136	-	-
Principal payments on long-term debt	(978)	(762)	(1,313)
Net proceeds from short-term borrowings	23	4,400	-
Intercompany revolver with parent	-	2,960	9,271
Net cash (used for) provided by financing activities	(819)	6,598	7,958
Net increase (decrease) in cash and cash equivalents	(1,492)	1,982	866
Cash and cash equivalents at beginning of period	3,040	1,058	192

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Cash and cash equivalents at end of period	$ 1,548	$ 3,040	$ 1,058

See accompanying notes to the consolidated financial statements.

SUN WORLD INTERNATIONAL, INC.
(DEBTOR-IN-POSSESSION)
(A WHOLLY-OWNED SUBSIDIARY OF CADIZ INC.)

CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY (DEFICIT)

($ in thousands)

	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL STOCKHOLDER'S EQUITY (DEFICIT)
Balance as of December 31, 2000	42,000	$ -	$ 35,325	$ (18,232)	$ 17,093
Capital contribution from parent for the value of the non-recurring compensation	-	-	2,953	-	2,953
Revaluation of derivative for warrants issued by parent	-	-	(235)	-	(235)
Capital contribution from parent for warrants issued relating to senior unsecured term loan	-	-	230	-	230
Net loss	-	-	-	(22,107)	(22,107)
Balance as of December 31, 2001	42,000	-	38,273	(40,339)	(2,066)
Revaluation of derivative for warrants issued by parent	-	-	235	-	235
Net loss	-	-	-	(9,851)	(9,851)
Balance as of December 31, 2002	42,000	-	38,508	(50,190)	(11,682)
Exchange of deferred stock units for parent's common stock	-	-	615	-	615
Net loss	-	-	-	(10,068)	(10,068)
Balance as of					

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December 31, 2003	42,000	-	$ 39,123	$ (60,258)	$ (21,135)

See accompanying notes to the consolidated financial statements.

SUN WORLD INTERNATIONAL, INC.
(DEBTOR-IN-POSSESSION)
(A WHOLLY-OWNED SUBSIDIARY OF CADIZ INC.)

NOTES OF CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS AND REORGANIZATION UNDER CHAPTER 11

Founded in 1975, Sun World International, Inc. ("SWII" or "Sun World") and its subsidiaries (collectively, the "Company") operate as the agricultural segment of Cadiz Inc. ("Cadiz"). The Company is an integrated agricultural operation that owns approximately 17,100 acres of land, primarily located in two major growing areas of California: the San Joaquin Valley and the Coachella Valley. Fresh produce, including table grapes, stonefruit, citrus, peppers and watermelons is marketed, packed and shipped to food wholesalers and retailers located throughout the United States and to more than 30 foreign countries. The Company owns and operates three cold storage and/or packing facilities located in California, of which two are operated and one is leased to a third party.

On January 30, 2003 (the "Petition Date"), SWII and certain of its subsidiaries (Sun Desert Inc., Coachella Growers, and Sun World/Rayo) filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. The filing was made in the United States Bankruptcy Court, Central District of California, Riverside Division ("Bankruptcy Court"). Included in the Consolidated Financial Statements are subsidiaries operated outside the United States, which have not commenced Chapter 11 cases or other similar proceedings elsewhere, and are not debtors. The assets and liabilities of such non-filing subsidiaries are not considered material to the Consolidated Financial Statements. SWII sought bankruptcy protection in order to access a seasonal financing package of up to $40 million to provide working capital through the 2003-2004 growing seasons.

As a debtor-in-possession, Sun World is authorized to continue to operate as an ongoing business, but may not engage in transactions outside the ordinary course of business without the approval of the Bankruptcy Court. Under the Bankruptcy Code, actions to collect pre-petition indebtedness, as well as most other pending litigation, are stayed and other contractual obligations against Sun World may not be enforced. In addition, under the Bankruptcy Code, Sun World may assume or reject executory contracts, including lease obligations. Parties affected by these rejections may file claims with the Court in accordance with the reorganization process. Absent an order of the Court, substantially all pre-petition liabilities are subject to settlement under a plan of reorganization to be voted upon by creditors and equity holders and approved by the Bankruptcy Court.

The four Sun World entities are the joint proponents of the Debtors' Joint Plan of Reorganization Dated November 24, 2003 (the "Plan"). Under the Plan, which is subject to amendment and modification, the Reorganized Sun World will continue to operate as a going concern on and after the Plan's effective date. The Plan provides for the restructuring of Sun World's balance sheet by providing for Sun World to issue equity interests in the Reorganized Company to the holders of its First Mortgage Notes in full satisfaction of their mortgage note claims; for the payment in full of convenience claims and trade claims; and for Sun World to issue equity interests in the Reorganized Company to entities

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holding certain other unsecured claims in full satisfaction of those claims. Exit financing to be provided by an exit lender under the Plan should meet the Company's need for seasonal financing following the effective date. The hearing to consider the adequacy of the disclosure statement accompanying the Plan and to approve solicitation procedures for the voting by creditors on the Plan is scheduled for May 7,

2004, but may be continued. See Note 16, Subsequent Events.

The financial statements of the Company have been prepared using accounting principles applicable to a going concern, which assumes realization of assets and settlement of liabilities in the normal course of business and in accordance with Statement of Position 90-7, "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code". Accordingly, all pre-petition liabilities subject to compromise have been segregated in the Consolidated Balance Sheet and classified as "Liabilities subject to compromise under reorganization proceedings", at the estimated amount of allowable claims. The financial statements of the Company do not purport to reflect or to provide for all of the consequences of an ongoing Chapter 11 reorganization. Specifically, but not all-inclusive, the financial statements of the Company do not present: (a) the realizable value of assets on a liquidation basis or the availability of such assets to satisfy liabilities, (b) the amount which will ultimately be paid to settle liabilities and contingencies which may be allowed in the Chapter 11 reorganization, or (c) the effect of changes which may be made resulting from a Plan of Reorganization. The appropriateness of using the going-concern basis is dependent upon, among other things, confirmation of a Plan of Reorganization, future profitable operations, the ability to comply with debtor-in-possession financing agreements and the ability to generate sufficient cash from operations to meet obligations.

Inherent in a successful Plan of Reorganization is a capital structure that permits the Company to generate cash flows after reorganization to meet its restructured obligations and fund the current operations of the Company. The Company's objective in the Chapter 11 proceeding is to achieve the highest possible recovery for all creditors and shareholders consistent with the Company's ability to pay and the continuation of its business. There can be no assurance that the Company will be able to attain these objectives or reorganize successfully. Because of the ongoing nature of the reorganization case, the financial statements contained herein are subject to material uncertainties.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of SWII and its subsidiaries, all of which are wholly-owned. All significant intercompany transactions have been eliminated.

BANKRUPTCY ACCOUNTING

Since the Chapter 11 bankruptcy filing, the Company has applied the provisions of SOP 90-7, which does not significantly change the application of accounting principles generally accepted in the United States of America; however, it does require that the financial statements for periods including and subsequent to filing the Chapter 11 petition distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. As disclosed in the Consolidated Statement of Operations, reorganization items consist of the write off of unamortized debt issuance costs as of the Petition Date of

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$912,000 and professional fees directly associated with the reorganization of $3,770,000. Of the professional fees incurred, approximately $3,139,000 had been paid as of December 31, 2003.

RECLASSIFICATIONS

These financial statements reflect certain reclassifications made to the prior period balances to conform to the current year presentation.

USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In preparing these financial statements, management has made estimates with regard to revenue recognition and valuation of inventory, long-lived assets, and deferred tax assets. Actual results could differ from those estimates.

REVENUE RECOGNITION

The Company recognizes crop sale revenue upon shipment and transfer of title and risk of loss to customers. Packing revenues and marketing commissions from third party growers are recognized when the related services are provided. Proprietary product development revenues are recognized based upon product sales by licensees. Project development and management fees are recorded when earned under the terms of the related agreement.

Revenues attributable to one national retailer totaled $11.1 million in 2003, $9.6 million in 2002 and $7.9 million in 2001. Revenue for another national retailer totaled $11.6 million in 2003. Export sales accounted for approximately 12.4%, 12.1% and 8.4%, of the Company's revenues for the years ended December 31, 2003, 2002 and 2001, respectively. Service revenues and license revenues were less than 10% of total revenues for each of the years in the three-year period ended December 31, 2003.

RESEARCH AND DEVELOPMENT

The Company incurs costs to research and develop new varieties of proprietary products. Research and development costs are expensed as incurred. Such costs were approximately $2,791,000 for the year ended December 31, 2003, $2,424,000 for the year ended December 31, 2002 and $2,023,000 for the year ended December 31, 2001 and are included in general and administrative expenses in the Consolidated Statement of Operations.

CASH AND CASH EQUIVALENTS

The Company considers all short-term deposits with an original maturity of three months or less to be cash equivalents. The Company invests its excess cash in deposits with major international banks and short-term commercial paper and, therefore, bears minimal risk.

At times these deposits exceed federally insured limits. Such investments are stated at cost, which approximates fair value, and are considered cash equivalents for purposes of reporting cash flows.

INVENTORIES

Growing crops, harvested crops, and materials and supplies are stated at the lower of cost or market, on a first-in, first-out (FIFO) basis. Growing and harvested crops inventory includes

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direct costs and an allocation of indirect costs.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment are stated at cost.

The Company capitalizes direct and certain indirect costs of planting and developing orchards and vineyards during the development period, which varies by crop and usually ranges from three to seven years. Depreciation commences in the year commercial production is achieved.

Permanent land development costs, such as acquisition costs, clearing, initial leveling and other costs required to bring the land into a suitable condition for general agricultural use, are capitalized and not depreciated since these costs have an indefinite useful life.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally ten to forty-five years for land improvements and buildings, three to twenty-five years for machinery and equipment, and five to thirty years for permanent crops.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company annually evaluates its long-lived assets, including intangibles, for potential impairment. When circumstances indicate that the carrying amount of the asset may not be recoverable, as demonstrated by estimated future cash flows, an impairment loss would be recorded based on fair value.

During the year ended December 2003, 2002 and 2001, the Company incurred costs to remove certain underperforming crops, primarily stonefruit, citrus, and wine grapes. The Company recorded charges of $926,000, $3,497,000 and $514,000 in 2003, 2002 and 2001, respectively, in connection with the removal of these crops which is shown under the heading "Removal of underperforming crops" on the Consolidated Statement of Operations.

INTANGIBLE AND OTHER ASSETS

Water programs are stated at cost. All costs directly attributable to the development of such programs are being capitalized by the Company.

Capitalized loan fees represent costs incurred to obtain debt financing. Such costs

are amortized over the life of the related loan.

Trademark development costs represent legal costs incurred to obtain and defend patents and trademarks related to the Company's proprietary products throughout the world. Such costs are capitalized and amortized over their estimated useful life, which ranges from 10 to 20 years.

In October 1999, the Company entered into a management agreement with Kingdom Agricultural Development Company (KADCO) to develop and manage up to 100,000 acres of agricultural land in southern Egypt called the Tushka project. KADCO is controlled by His Royal Highness Prince Alwaleed Bin Talal Bin Abdulaziz Alsaud. As compensation for project development and management, the Company earns a quarterly fee of $312,500 based upon meeting developmental milestones to be paid through an equity interest in KADCO. The management agreement expired on September 30, 2003. The Company will receive licensing revenues from KADCO in the future based upon plantings of proprietary varieties at the Tushka project. KADCO is currently engaged in a private placement to raise the required funds to develop the project. The Company anticipates receiving shares in KADCO for payment of its project development and management fee in connection with the

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completion of the private placement. The amount of shares to be received will be the current per share price used for the private placement divided into the total amount of management fee earned which is shown under the heading, "Receivable from KADCO to be paid in common shares" in Note 6.

INCOME TAXES

The Company is included in the consolidated federal and combined state tax returns of Cadiz. The Company's current tax liability is determined as though the Company filed its own returns. Income taxes are provided for using an asset and liability approach which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement and tax bases of assets and liabilities at the applicable enacted tax rates. A valuation allowance is provided when it is considered more likely than not that some portion or all of the deferred tax assets will not be realized.

SUPPLEMENTAL CASH FLOW INFORMATION

Cash payments for interest for the years ended December 31, 2003, 2002 and 2001 were $1,748,000, $14,484,000 and $14,660,000, respectively.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2002, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 146, Accounting for Costs Associated with Exit or Disposal Activities. This Statement addresses financial reporting for costs associated with exits or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs in a Restructuring). The provisions of this Statement are effective for exit or disposal activities initiated after December 31, 2002. The adoption of this standard did not have a material impact on the Company's financial position or results of operations.

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation-Transition and Disclosure - an amendment of SFAS No. 123. This Statement amends FASB Statement No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosure in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Statement is effective for fiscal years ending after December 15, 2002. The adoption of this standard did not have a material impact on the Company's financial position or results of operations.

In November 2002, the FASB issued FASB Interpretation Number 45, or FIN 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others (an interpretation of SFAS No. 5, 57, and 107 and recission of FIN 34). FIN 45 clarifies the requirements of SFAS No. 5, Accounting for Contingencies, relating to a guarantor's accounting for, and disclosure of, the issuance of certain types of guarantees. FIN 45 is effective January 1, 2003 and its adoption did not have a material impact on the Company's financial position or results of operations.

In January 2003, the FASB issued FIN 46, Consolidation of Variable Interest Entities, and Interpretation of ARB 51. The primary objectives of FIN 46 are to provide guidance on the identification of variable interest entities (VIE) for which

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control is achieved through means other than through voting rights and to determine when and which business enterprise should consolidate the VIE. The consolidated requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The Company adopted the provisions of FIN 46 effective February 1, 2003 and such adoption did not have a material impact on the Company's financial position or results of operations. In December 2003, the FASB issued FIN 46R with respect to VIE's created before January 31, 2003, which among other things, revised the implementation date to the first fiscal year or interim period ending after March 15, 2004, with the exception of Special Purpose Entities (SPE). The consolidation requirements apply to all SPE's in the first fiscal year or interim period beginning after December 15, 2003. The adoption of the provisions of FIN 46R is not expected to have a material impact on the Company's financial position or results of operations since it currently has no SPE's.

In April 2003, the FASB issued SFAS 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. SFAS 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS 133. SFAS 149 is effective for contracts and hedging relationships entered into or modified after June 30, 2003. The adoption of this standard did not have a material impact on the Company's financial position or results of operations.

In May 2003, the FASB issued SFAS 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity. SFAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both debt and equity and requires an issuer to classify certain instruments as liabilities in its balance sheet. For public entities, SFAS 150 is effective for mandatorily redeemable financial instruments entered into or modified after May 31, 2003 and is effective for all other financial instruments as of the first interim period beginning after June 15, 2003. The adoption of this standard did not have a material impact on the Company's financial position or results of operations.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following (dollars in thousands):

	December 31, 2003	December 31, 2002
Trade receivables	$ 4,054	$ 4,303
Other	3,447	2,976
	7,501	7,279
Less allowance for doubtful accounts	(470)	(547)
	$ 7,031	$ 6,732

Substantially all trade receivables are from large domestic national and regional supermarket chain stores and produce brokers and are unsecured. Other receivables primarily include juice grape and raisin sales, proceeds due from third party marketers, receivables for international licensing, and other miscellaneous receivables.

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NOTE 4 - INVENTORIES

Inventories consist of the following (dollars in thousands):

	December 31, 2003	December 31, 2002
Growing crops	$ 10,427	$ 10,702
Materials and supplies	2,235	2,525
Harvested product	189	411
	$ 12,851	$ 13,638

Depreciation related to permanent crops and related farming equipment included in growing crop inventory totaled $1,833, $2,131 and $1,848 at December 31, 2003, 2002 and 2001, respectively.

NOTE 5 - PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following (dollars in thousands):

	December 31, 2003	December 31, 2002
Land	$ 44,325	$ 46,482
Permanent crops	56,218	55,500
Developing crops	9,413	11,466
Buildings	21,780	21,212
Machinery and equipment	16,531	14,927
	148,267	149,587
Less accumulated depreciation	(40,455)	(37,294)
	$ 107,812	$ 112,293

Depreciation expense for 2003, 2002 and 2001 was $6,521, $6,156 and $6,795, respectively.

NOTE 6 - INTANGIBLE AND OTHER ASSETS

Intangible and other assets consist of the following (dollars in thousands):

	December 31, 2003	December 31, 2002
Water programs	$ 2,559	$ 2,559
Deferred loan costs, net	7	988
Long-term receivables	502	327
Capitalized trademark development, net	1,903	1,934
Receivable from KADCO to be paid in common shares	5,000	4,063
	9,971	9,871
Valuation allowance	(1,500)	-

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	$ 8,471	$ 9,871

Amortization expense of deferred loan costs was $113, $802 and $793 in 2003, 2002 and 2001, respectively, and is included in interest expense in the statement of operations. Amortization expense for capitalized trademark development was $352, $302 and $219 in 2003, 2002, and 2001, respectively. Future amortization of capitalized trademark development is as follows (in thousands): $285 - 2004; $285 - 2005; $286 - 2006; $278 - 2007; $769 - 2008 and thereafter.

NOTE 7 - ACCRUED LIABILITIES

Accrued liabilities consist of the following (dollars in thousands):

	December 31, 2003	December 31, 2002
Interest	$ 35	$ 2,695
Payroll and benefits	1,931	2,587
Other	314	547
	$ 2,280	$ 5,829

NOTE 8 - REVOLVING CREDIT FACILITIES

Pre-petition financing:

In November 2002, Sun World was notified by its seasonal revolving lender that it would not renew the Revolving Credit Facility for the 2003 growing season. The seasonal revolver expired on November 30, 2002. The Company sought and obtained extensions from its lender through January 31, 2003. During the extension period, the Company sought to obtain seasonal financing from several different lenders. Each of these lenders wanted to have a first position on all of the Company's assets in order to lend outside of a Chapter 11 proceeding. This required the holders of the First Mortgage Notes to modify their agreement with the Company. As outlined in Note 1, the Company was unable to procure the financing with the consent of all parties. On January 30, 2003, Sun World and certain of its subsidiaries filed a voluntary petition for Chapter 11.

At December 31, 2002, $4.4 million was outstanding under the Revolving Credit Facility that was subsequently paid off with proceeds from the DIP financing on January 31, 2003.

Debtor-In-Possession (DIP) financing:

On January 31, 2003, the Bankruptcy Court approved an interim $15 million dollar DIP financing facility. On March 3, 2003, the Bankruptcy Court approved a final DIP financing facility agreement with the same lender. The DIP financing, as amended, provides for varying commitment levels based upon the Company's seasonal borrowing requirements with a peak commitment level of $35 million during the June through August time frame. The DIP financing expires on November 30, 2004, bears interest at the greater of Prime plus 4% or 8.25%, and is secured by substantially all of the Company's assets. Borrowing availability is determined based on the lesser of: (1) eligible percentages of inventory and accounts receivable plus a specified amount starting at $15 million in March 2003 and reduced by

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$150,000 per month thereafter; (2) certain multiples of trailing 12 months EBITDA as defined in the credit agreement; or (3) eligible percentage of the current value of all real property. The Company is required to meet certain financial and other customary covenants.

Approximately $4.4 million was outstanding under the DIP financing facility at December 31, 2003.

NOTE 9 - LONG-TERM DEBT

At December 31, 2003 and December 31, 2002, the carrying amount of the Company's outstanding debt is summarized as follows based upon the original contractual maturities (dollars in thousands):

	December 31, 2003	December 31, 2002
Amounts classified under Long-term debt:		
Series B First Mortgage Notes, interest payable semi-annually, with principal due in April 2004, interest at 11.25% (default interest at 12.25%)	$ 115,000	$ 115,000
Unsecured term loan, interest payable quarterly, due December 31, 2002, default interest at LIBOR plus 5%	5,000	5,000
Note payable to bank, quarterly principal installments of $72 plus interest payable monthly, due December 31, 2003, interest at prime	-	856
Note payable to insurance company, quarterly installments of $120 (including interest), due January 1, 2005, interest at 7.75%	654	654
Other	201	187
	120,855	121,697
Less: Current portion	(125)	(6,250)
Amounts subject to compromise under reorganization proceedings	(120,000)	-
	$ 730	$ 115,447

Pursuant to the Company's various loan agreements, the contractual maturities of long-term debt outstanding (in thousands) at December 31, 2003 are as follows: 2004 - $120,778, 2005 - $73, and 2006 - $4. Included in these amounts are significant pre-petition obligations for which payments have been suspended as a result of the Chapter 11. Therefore, the commitments shown above will not reflect actual cash outlays in the future period.

As a result of the Chapter 11, all required principal payments on pre-petition debt were suspended other than for obligations classified as "Other" above. For the period subsequent to the Petition Date, interest on the debt classified

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under "Liabilities subject to compromise under reorganization proceedings" was not paid or accrued in accordance with SOP 90-7. Contractual interest on these debt instruments at the default rate for the year ending December 31, 2003 was $13.2 million in excess of recorded interest of $1.1 million included in the Consolidated Income Statement for these debt instruments.

In April 1997, the Company issued $115 million of Series A First Mortgage Notes through a private placement. The notes have subsequently been exchanged for Series B First Mortgage Notes, which are registered under the Securities Act of 1933 and are publicly traded. Prior to the Chapter 11, the First Mortgage Notes were secured by a first lien (subject to certain permitted liens) on substantially all of the assets of the Company and its subsidiaries other than growing crops, crop inventories and accounts receivable and proceeds thereof, which secured the Revolving Credit Facility. With the entering into the DIP Facility as described in Note 8, the note holders now have a second position on substantially all of the Company's assets for so long as the DIP Facility is outstanding.

The First Mortgage Notes are also secured by the guarantees of Coachella Growers, Inc., Sun Desert, Inc., Sun World/Rayo, and Sun World International de Mexico S.A. de C.V. (collectively, the "Sun World Subsidiary Guarantors") and by Cadiz. Cadiz also pledged all of the stock of Sun World as collateral for its guarantee. See Note 13 for additional discussion of Cadiz guarantee.

In December 2000, Sun World entered into a two-year $5 million senior unsecured term loan. In connection with obtaining the loan, 50,000 shares of Cadiz' common stock as well as certain warrants to purchase shares of Cadiz' common stock were issued. The fair value of the stock and the warrants were recorded as a debt discount and were fully amortized over the life of the loan through December 31, 2002. At December 31, 2002, the Company did not repay the loan and thus, the Company was in default. With the default, pursuant to the terms of the agreement, the interest rate was increased by 2%. In connection with the Company's Chapter 11 filing, all principal and interest payments on this obligation have been suspended.

NOTE 10 - LIABILITIES SUBJECT TO COMPROMISE UNDER REORGANIZATION PROCEEDINGS

Under bankruptcy law, actions by creditors to collect indebtedness Sun World owed prior to the Petition Date are stayed and certain other pre-petition contractual obligations may not be enforced against the Company. The Company has received approval from the Bankruptcy Court to pay certain pre-petition liabilities including employee salaries and wages, benefits, other employee obligations, and certain grower liabilities entitled to trust protection under the Perishable Agricultural Commodities Act (PACA). Except for certain secured debt obligations, all pre-petition liabilities have been classified as "Liabilities subject to compromise under reorganization proceedings" in the Consolidated Balance Sheet. Adjustments to the claims may result from negotiations, payments authorized by Bankruptcy Court order, rejection of executory

contracts including leases, or other events.

Pursuant to an order of the Bankruptcy Court, Sun World mailed notices to all known creditors that the deadline for filing proofs of claim with the Court was August 29, 2003. An estimated 340 claims were filed as of August 29, 2003. Amounts that Sun World has recorded are in many instances different from amounts filed by our creditors. Differences between amounts scheduled by Sun World and claims by creditors are being investigated and resolved in connection with our claims resolution process. Until the process is complete, the ultimate

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number and amount of allowable claims cannot be ascertained. The ultimate resolution of these claims will be based upon the final plan of reorganization.

Liabilities subject to compromise under reorganization proceedings are summarized as follows (dollars in thousands):

	December 31, 2003
Accounts payable	$ 4,311
Interest payable	3,795
Due to parent company (see note 13)	13,500
Long-term debt (see note 9)	120,000
Total	$ 141,606

NOTE 11 - INCOME TAXES

Significant components of the Company's deferred income tax assets and liabilities as of December 31, 2003 and 2002 are as follows (dollars in thousands):

	December 31, 2003	2002
Deferred tax liabilities:		
Net fixed assets basis difference	$ 9,111	$ 8,792
Other	48	48
Total deferred tax liabilities	9,159	8,840
Deferred tax assets:		
Net operating losses	28,079	23,551
State taxes	1,853	1,854
Reserves and accruals	748	1,473
Other	989	943
Total deferred tax assets	31,669	27,821
Valuation allowance for deferred tax assets	(27,957)	(24,428)
Net deferred tax liability	$ 5,447	$ 5,447

As of December 31, 2003, the Company has net operating loss (NOL) carryforwards of approximately $71.2 million for federal income tax purposes. Such carryforwards expire in varying amounts through the year 2023. As of December 31, 2003, the Company has state NOL carryforwards of approximately $43.9 million. These NOL carryforwards expire in varying amounts through the year 2014.

A reconciliation of the income tax (benefit) expense to the statutory federal income tax rate is as follows (dollars in thousands):

	Year Ended December 31, 2003	2002	2001
Expected federal income tax benefit at 34%	$ (3,388)	$ (3,350)	$ (7,497)
Loss with no tax benefit provided	2,696	3,322	7,531

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Federal AMT refund	-	(73)	-
State income tax	2	3	6
Foreign withholding taxes	100	68	51
Restructuring costs	661	-	-
Other non-deductible expenses	31	28	(34)
Income tax (benefit) expense	$ 102	$ (2)	$ 57

NOTE 12 - EMPLOYEE BENEFIT PLANS

The Company participates in the Cadiz Inc. 401(k) Plan for its employees. Employees must work 1,000 hours annually and have completed one year of service to be eligible to participate in this plan. The Company matches 100% of the first three percent deferred by an employee and 50% of the next two percent deferred. For those hourly employees covered under a collective bargaining agreement, contributions are made to a multi-employer pension plan in accordance with negotiated labor contracts and are generally based on the number of hours worked. Total Company contributions to these plans (in thousands) totaled $296,000 in 2003, $266,000 in 2002 and $243,000 in 2001.

NOTE 13 - RELATED PARTY TRANSACTIONS

In September 1996, the Company and Cadiz entered into a 10-year services agreement which had three separate components: (1) the services agreement itself under which Cadiz provided management and financial services to the Company in exchange for an annual management fee of $1.5 million and reimbursement of certain other expenses incurred on behalf of the Company; (2) an agricultural lease of Cadiz-owned irrigated farmland in San Bernardino County consisting primarily of citrus and grapes for which the Company paid annual land rent of $250,000; and (3) a tax sharing agreement which provided for Cadiz and Sun World to file a consolidated tax return with Sun World paying to Cadiz an amount equal to its current tax liability as though Sun World filed its own returns. Additionally, the Company had an intercompany revolving credit agreement whereby the Company could borrow from Cadiz as

needed. As of December 31, 2002, $12.2 million was owed to Cadiz under the intercompany revolving credit agreement and $1.3 million was payable to Cadiz under the services agreement.

Effective July 1, 2003, the Company and Cadiz agreed to an amended agricultural lease approved by the Bankruptcy Court whereby the Company would lease approximately 370 acres of lemons and table grapes for the 2004 harvest season with rent equal to 50% of the net farming profit from the sale of the crops.

In November 2003, the Company, Cadiz and holders of the majority of the First Mortgage Notes entered into a settlement agreement with respect to the various claims between the parties which was approved by the Bankruptcy Court. The settlement agreement provided for the following: (1) Cadiz would be allowed a general unsecured claim of $13.5 million in full and final settlement of all of its claims against the Company; (2) the Company and Cadiz consented to the termination of all contracts and agreement to which Cadiz and the Company are parties including the services agreement described above but excluding the agricultural lease; (3) Cadiz waived any contention that it was entitled to a recovery on account of its equity interest in Sun World.

In addition, pursuant to the settlement agreement, Cadiz agreed to assign its $13.5 million claim to a trust for the benefit of those holders of First Mortgage Notes who elect to receive their prorata share of this trust. Further, Cadiz agreed

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to pledge its equity ownership in the Company to the trust. The $13.5 million claim is classified under the caption "Liabilities subject to compromise under reorganization proceedings" on the Consolidated Balance Sheet at December 31, 2003.

The Company made payments to Cadiz of $0.3 million for 2003, $1.9 million for 2002, and $0 for 2001, pursuant to the services agreement (including the agricultural lease) described above.

NOTE 14 - NON-RECURRING COMPENSATION EXPENSE

In 2001, Cadiz issued 12,034 deferred stock units to certain senior managers of Sun World. These deferred stock units were issued in exchange for the cancellation of 22,600 fully vested options to purchase the Cadiz common stock held by senior managers. In accordance with the terms of the Stock Option Exchange Agreements, the number of the deferred stock units issued was calculated based on the average closing price for the 10 business days following the filing of the Cadiz Annual Report on Form 10-K for the year ended December 31, 2000 on March 29, 2001. Each deferred stock unit is exchangeable for one share of Cadiz common stock at the end of the deferral period elected by the holder. The Company recorded a one-time charge of $2,953,000 in 2001 and no cash was expended in connection with the issuance of the deferred stock units.

NOTE 15 - UNUSUAL ITEMS

The Company is involved with various litigation proceedings both domestically and internationally to protect its proprietary fruit varieties from unauthorized use. The Company is currently involved in proceedings with domestic growers to enjoin their unauthorized production of one of the Company's proprietary grapevines, the Sugraone table grape. During 2002, a California state court issued a ruling adverse to Sun World in one of these proceedings. In March 2003, the appeals court upheld the decision reached by the California state court. The Company wrote off capitalized legal costs related to defending its intellectual property rights to this variety as of December 31, 2002 resulting in a charge of $1,097,000. The unfavorable outcome in this matter could have an adverse impact on the Company's future financial performance.

As described in Note 1, the Company tried unsuccessfully to restructure its debt and ultimately filed for Chapter 11 on January 30, 2003. In connection with these efforts, the Company incurred $614,000 of professional fees. As a result of the unsuccessful debt restructuring, these costs have been written off as of December 31, 2002.

NOTE 16 - CONTINGENCIES

In the normal course of its agricultural operations, the Company handles, stores, transports and dispenses products identified as hazardous materials. Regulatory agencies periodically conduct inspections and, currently, there are no pending claims with respect to hazardous materials.

The Company is involved in various other legal and administrative proceedings and claims. In the opinion of management, the ultimate outcome of each proceeding or all such proceedings combined will not have a material adverse impact on the Company's financial statements.

NOTE 17 - SUBSEQUENT EVENTS

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A hearing to consider the adequacy of the disclosure statement accompanying the Plan, most recently scheduled for June 11, 2004, has been subject to several postponements and no hearing date is currently scheduled. In Sun World's filings with the Bankruptcy Court, Sun World has reported that it believes that the Plan likely cannot be confirmed absent the acceptance of the holders of the First Mortgage Notes, in their capacity as secured creditors. Sun World has further reported to the Bankruptcy Court that the holders of the First Mortgage Notes have not reached a consensus with respect to certain corporate governance issues relating to the reorganized company, and that they have been unable to finalize a shareholder agreement term sheet. In the meantime, Sun World has, with Bankruptcy Court approval, expanded the scope of its engagement with Ernst & Young Corporate Finance LLC to include services related to (i) a sale of substantially all of its assets pursuant to a motion or a plan of reorganization, and (ii) obtaining an equity investor and financing under a plan of reorganization

and is actively pursuing the sales/investment process. Sun World has chosen to delay the preparation of an amended Plan and disclosure statement and the scheduling of a disclosure statement hearing date pending the outcome of these most recent developments. Sun World's exclusivity period (i.e. the period during which only Sun World may file a plan of reorganization) currently expires on December 31, 2004. Sun World cannot predict at this time what changes, if any, will be made to the Plan as a result of the foregoing or whether or not the Plan, as amended, will be approved.

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STATEMENT PURSUANT TO SECTION 906 THE SARBANES-OXLEY ACT OF 2002
BY PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER

I, Keith Brackpool, herby certify that, to my knowledge, that:

1. the accompanying Annual Report on Form 10-K of Cadiz Inc. for the year ended December 31, 2003 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities and Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Cadiz Inc.

IN WITNESS WHEREOF, the undersigned has executed this Statement as of the date first written above.

Dated: November 1, 2004

/s/ Keith Brackpool

Keith Brackpool
Chairman, Chief Executive Officer
and Chief Financial Officer

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EXHIBIT 3.4

CERTIFICATE OF AMENDMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
CADIZ INC.

Adopted in accordance with the provisions
of Section 242 of the General Corporation Law
of the State of Delaware

Cadiz Inc. (the "Corporation"), a corporation organized and existing by virtue of the General Corporation Law of the State of Delaware, as amended (the "DGCL"), by its duly authorized officers, hereby certifies as follows:

FIRST: That the Board of Directors of the Corporation has duly adopted a resolution authorizing the Corporation to reclassify and change each 25 outstanding shares of the Corporation's Common Stock, par value one cent ($0.01) per share, into one (1) share of Common Stock, par value one cent ($0.01) per share.

SECOND: That, pursuant to authorization by the affirmative vote, in accordance with the provisions of the DGCL, of the holders of a majority of the outstanding voting shares of Common Stock and Preferred Stock of the Corporation entitled to vote thereon at a special meeting of stockholders of the Corporation held on August 21, 2003, the Certificate of Incorporation of the Corporation be amended by adding a new paragraph to Article FOURTH to read as follows:

> "C. Each 25 shares of the Common Stock, par value one cent ($0.01) per share, of the Corporation issued and outstanding or held in treasury as of 12:01 a.m. Los Angeles time on December 15, 2003 (the "Effective Time") shall be reclassified as and changed into one share of Common Stock, par value one cent ($0.01) per share, of the Corporation, without any action by the holders thereof. Each stockholder who, immediately prior to the Effective Time, owns a number of shares of Common Stock which is not evenly divisible by 25 shall, with respect to such fractional interest, be entitled to receive from the Corporation cash in an amount equal to such fractional interest multiplied by the average of the high and low sales prices (as adjusted to reflect the reverse stock split) of the Common Stock as last reported in the OTC U.S. Market immediately prior to the Effective Time."

THIRD: That the amendment to the Corporation's Certificate of Incorporation set forth herein has been duly adopted in accordance with the provisions of Section 242 of the DGCL.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be executed on its behalf by Keith Brackpool, its Chairman and Chief Executive Officer, on this 15th day of December, 2003.

By: /s/ Keith Brackpool
Chief Executive Officer

ATTEST:

By: /s/ Jennifer Hankes Painter
Secretary

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EXHIBIT 3.5

CERTIFICATE OF ELIMINATION OF SERIES D PREFERRED STOCK, SERIES E-1 PREFERRED STOCK AND SERIES E-2 PREFERRED STOCK OF CADIZ INC.

(PURSUANT TO SECTION 151(G) OF THE DELAWARE GENERAL CORPORATION LAW)

Cadiz Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation") does hereby certify that the following resolutions respecting the Corporation's Series D Preferred Stock, Series E-1 Preferred Stock and Series E-2 Preferred Stock were duly adopted by the Corporation's Board of Directors:

> WHEREAS, no shares of the Corporation's Series D Preferred Stock are outstanding and no shares of Series D Preferred Stock will be issued subject to the certificate of designations previously filed with respect to the Series D Preferred Stock; and
>
> WHEREAS, no shares of the Series E-1 Preferred Stock are outstanding and no shares of Series E-1 Preferred Stock will be issued subject to the certificate of designations previously filed with respect to the Series E-1 Preferred Stock; and
>
> WHEREAS, no shares of the Corporation's Series E-2 Preferred Stock are outstanding and no shares of Series E-2 Preferred Stock will be issued subject to the certificate of designations previously filed with respect to the Series E-2 Preferred Stock.
>
> NOW, THEREFORE, IT IS HEREBY RESOLVED, that the officers of the Corporation be, and each of them is hereby, authorized, empowered and directed to cause a certificate of elimination with respect to the Corporation's Series D Preferred Stock, Series E-1 Preferred Stock and Series E-2 Preferred Stock to be executed and filed with the Secretary of the State of Delaware pursuant to Section 151(g) of the Delaware General Corporation Law in order to eliminate from the Corporation's certificate of incorporation all matters set forth in the certificate of designations with respect to each of the Series D Preferred Stock, the Series E-1 Preferred Stock, and the Series E-2 Preferred Stock, respectively.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by its duly authorized officer this 15th day of December, 2003.

CADIZ INC.

By: /s/Jennifer Hainkes Painter

Secretary

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CERTIFICATE OF ELIMINATION
OF
SERIES A JUNIOR PARTICIPATING PREFERRED STOCK,
OF
CADIZ INC.

(PURSUANT TO SECTION 151(G) OF THE DELAWARE GENERAL CORPORATION LAW)

Cadiz Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation") does hereby certify that the following resolutions respecting the Corporation's Series A Junior Participating Preferred Stock were duly adopted by the Corporation's Board of Directors:

> WHEREAS, no shares of the Corporation's Series A Junior Participating Preferred Stock are outstanding and no shares of Series A Junior Participating Preferred Stock will be issued subject to the certificate of designations previously filed with respect to the Series A Junior Participating Preferred Stock;
>
> NOW, THEREFORE, IT IS HEREBY RESOLVED, that the officers of the Corporation be, and each of them is hereby, authorized, empowered and directed to cause a certificate of elimination with respect to the Corporation's Series A Junior Participating Preferred Stock to be executed and filed with the Secretary of the State of Delaware pursuant to Section 151(g) of the Delaware General Corporation Law in order to eliminate from the Corporation's certificate of incorporation all matters set forth in the certificate of designations with respect to the Series A Junior Participating Preferred Stock.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by its duly authorized officer this day of March, 2004.

CADIZ INC.

By: ------------------------------

Jennifer Hankes Painter
Secretary

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EXHIBIT 3.7

CERTIFICATE OF DESIGNATIONS OF
SERIES F PREFERRED STOCK
OF
CADIZ INC.

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

CADIZ INC., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "CORPORATION"), hereby certifies that, pursuant to (i) the authority conferred upon the Board of Directors by the Certificate of Incorporation of the Corporation and (ii) the provisions of Section 151 of said General Corporation Law, the Board of Directors duly adopted a resolution on December 11, 2003, which resolution is as follows:

RESOLVED, that pursuant to the authority vested in the Board of Directors of the Corporation by the Certificate of Incorporation, the Board of Directors does authorize for issuance One Hundred Thousand (100,000) shares of Preferred Stock, par value $.01 per share, of the Corporation, to be designated "SERIES F PREFERRED STOCK" of the presently authorized shares of Preferred Stock. The voting powers, designations, preferences, and other rights of the Series F Preferred Stock authorized hereunder and the qualifications, limitations and restrictions of such preferences and rights are as follows:

1. RANKING. The Series F Preferred Stock shall, with respect to the payment of dividends and upon liquidation, dissolution, or winding up, rank senior and prior to all other capital stock issued by the Corporation. No other class of capital stock of the Corporation, preferred or otherwise, shall at any time rank pari passu with the Series F Preferred Stock.

2. DIVIDENDS.

(a) In the event any dividends are declared or paid or any other distribution is made on or with respect to the common stock, par value $.01 per share ("COMMON STOCK") of the Corporation, the holders of the Series F Preferred Stock as of the record date established by the Board of Directors for such dividend or distribution on the Common Stock shall be entitled to receive as additional dividends (the "ADDITIONAL DIVIDENDS") an amount (whether in the form of cash, securities or other property) equal to the amount (and in the form) of the dividends or distribution that such holders would have received had the Series F Preferred Stock been converted into Common Stock as of the date immediately prior to the record date of such dividend or distribution on the Common Stock, such Additional Dividends to be payable on the same payment date as the payment date for the dividend on the Common Stock established by the Board of Directors; provided, however, that if the Corporation declares and pays a dividend or makes a distribution on the Common Stock consisting in whole or in part of Common Stock, then no such dividend or distribution shall be payable in respect of the Series F Preferred Stock on account of the portion of such dividend or distribution on the Common Stock payable in Common Stock and in lieu thereof the anti-dilution adjustment in Section 5(c)(ii) below shall apply. The record date for any such Additional Dividends shall be the record date for the applicable dividend or distribution on the Common Stock, and any such Additional Dividends shall be payable to the individual, entity or group (a "PERSON") in whose name the Series F Preferred Stock is registered at the close of business on the applicable record date.

(b) No dividend shall be paid or declared on any share of Common Stock (other than dividends payable in Common Stock for which an adjustment is made pursuant to Section 5(c)(ii) hereof), unless a dividend, payable in the same consideration and manner, is simultaneously paid or declared, as the case may be, on each share of Series F Preferred Stock in an amount determined as set forth in paragraph (a) above. For purposes hereof, the term "DIVIDENDS" shall include any pro rata distribution by the Corporation, out of funds of the Corporation legally available therefor, of cash, property, securities (including, but not limited to, rights, warrants or options) or other property or assets to the holders of the Common Stock, whether or not paid out of capital, surplus or earnings.

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(c) Upon the conversion of any shares of Series F Preferred Stock to shares of Common Stock pursuant to Section 5, the Corporation will immediately pay such holder who converted shares of Series F Preferred Stock into shares of Common stock all dividends which the holder of such shares as of the record date for such dividends would have received had that holder held the Common Stock for the applicable period to the extent not already received by that holder.

3. LIQUIDATION PREFERENCE.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary, the holders of Series F Preferred Stock shall be entitled to receive (x) prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of the Common Stock or to any other series or class of capital stock of the Corporation, all accrued or declared but unpaid dividends on such shares and (y) after the payment referred to in the foregoing clause (x) has been received, such assets in amount equal to the amount (and in the form) of the assets that such holders would have received had the Series F Preferred Stock been converted into Common Stock as of the date immediately prior to the distribution of assets of the Corporation pursuant to the liquidation, dissolution of winding up of the Corporation sharing parri passu (on a pro rata basis) with all holders of Common Stock.

4. VOTING.

(a) Except as otherwise provided by applicable law and in addition to any voting rights provided by law, for so long as the Series F Preferred Stock is outstanding, the holders of outstanding shares of the Series F Preferred Stock:

(i) shall be entitled to vote together with the holders of the Common Stock as a single class on all matters submitted for a vote of holders of Common Stock, including, without limitation, the election of directors;

(ii) shall have such other voting rights as are specified in the Certificate of Incorporation or as otherwise provided by Delaware law; and

(iii) shall be entitled to receive notice of any stockholders' meeting in accordance with the Certificate of Incorporation and By-laws of the Corporation.

For purposes of the voting rights set forth in this Section 4(a), each share of Series F Preferred Stock shall entitle the holder thereof to cast one vote for each whole vote that such holder would be entitled to cast had such holder converted its Series F Preferred Stock into shares of Common Stock as of the date immediately prior to the record date for determining the stockholders of the Corporation eligible to vote on any such matter.

(b) From the date this certificate is filed until the third anniversary thereof, the holders of the Series F Preferred Stock shall have the exclusive right, voting separately as a single class, to elect two (2) members of the Board of Directors of the Corporation (each such member elected by the holders of Series F Preferred Stock, a "SERIES F PREFERRED DIRECTOR"). Following the third anniversary of the filing of this certificate, the holders of the Series F Preferred Stock will be entitled to the following number of Series F Directors (all to be elected pursuant to the terms of the previous sentence): If the then outstanding Series F Preferred Stock is convertible into greater than 10% of the common stock (on a Fully-Diluted Basis) there shall be 2 Series F Directors, if the outstanding Series F Preferred Stock is convertible into 5%-10% of the common stock on a Fully Diluted Basis, there will be one Series F Director and, if the outstanding Series F Preferred Stock is convertible into less than 5% of the common stock on a Fully-Diluted Basis, there shall be no Series F Directors. The initial Series F Preferred Directors shall be as designated by written notice to the Corporation from a majority-in-interest of the Series F Preferred Stock and they shall be elected to serve for so long as the shares of Series F Preferred Stock are outstanding. The Series F Preferred

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Directors shall have the right to nominate their successors upon their resignation from the Board of Directors of the Corporation. A Series F Preferred Director may only be removed by the written consent or affirmative vote of at least a majority-in-interest of the Series F Preferred Stock. The holders of at least a majority-in-interest of the Series F Preferred Stock shall have the right to appoint the successor to any Series F Preferred Director who is removed from the Board of Directors of the Corporation. At the option of at least a majority-in-interest of the Series F Preferred Stock, the Series F Preferred Directors shall be seated on any and/or all of the audit, nominating and/or compensation committees of the Corporation, subject to any restrictions under applicable law or the rules and requirements of any securities exchange upon which any of the Corporation's securities may be listed; provided, however, that the Corporation shall not list its securities on any securities exchange without the consent of at least one of the Series F Preferred Directors. Any Series F Preferred Director seated on any committee pursuant to the terms of this Section 4(b) may not be removed from any such committee without the consent or affirmative vote of at least a majority-in-interest of the Series F Preferred Stock.

(c) For so long as the Series F Preferred Stock is outstanding, the Board of Directors of the Corporation shall not take any action to increase or decrease the number of directors of the Corporation (or the number of members of any committee of the Board of Directors of the Corporation) without the consent or affirmative vote of at least a majority-in-interest of the Series F Preferred Stock; provided, however, that immediately upon full repayment of the New Note, the number of directors of the Corporation may be increased to not more than seven (7) without the consent or affirmative vote of the holders of the Series F Preferred Stock; provided further that such increase shall not result in the removal of either of the

Series F Preferred Directors from the Board of Directors of the Corporation or any committee thereof.

(d) For so long as the Series F Preferred Stock is outstanding, the Corporation shall not, without the written consent or affirmative vote of at least one of the Series F Preferred Directors, create, authorize or issue any class, series or shares of Preferred Stock or any other class of capital stock.

5. CONVERSION. The holders of Series F Preferred Stock shall have conversion rights as follows:

(a) The shares of Series F Preferred Stock shall, immediately after issuance, be convertible into 1,728,955 shares of Common Stock of the Corporation which represents, as of the date of filing of this Certificate, 25% of the Common Stock of the Corporation, on a Fully-Diluted Basis.

(b) The outstanding shares of Series F Preferred Stock shall thereafter be convertible from time to time, on a pro-rata basis, into such number of shares of Common Stock of the Corporation as is calculated as of the date of any such conversion by:

(i) First, calculating the number of shares of Common Stock of the Corporation which, at the applicable time of conversion, represents 25% of the Common Stock of the Corporation on a Fully-Diluted Basis, and

(ii) Second, multiplying the number obtained under subsection (i) above by a fraction, the numerator of which is the number of shares of Series F Preferred Stock outstanding as of the date of such calculation and the denominator of which is the sum of (x) the number of shares of Series F Preferred Stock outstanding as of the date of such calculation plus (y) number of shares of Series F Preferred Stock which had previously been issued by the Corporation but converted into shares of Common Stock prior to the date of such calculation (the result so calculated, the "Conversion Number"); provided, however, that at such time that is three years after the payment in full of the New Note, the shares of Series F Preferred Stock outstanding as of such date shall not be adjusted pursuant to this Section 5(b) but shall continue to be adjusted pursuant to Section 5(c) below.

(c) Reorganization, Reclassification, Consolidation, Merger or

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Sale, etc.

(i) If the Corporation at any time subdivides (by any stock split, stock dividend (other than stock dividends as to which a dividend is simultaneously paid or declared with respect to Series F Preferred Stock pursuant to Section 2(b) hereof) recapitalization or otherwise) its outstanding shares of its Common Stock into a greater number of shares, the Conversion Number in effect immediately prior to such subdivision will be proportionately increased, and if the Corporation at any time combines (by reverse stock split or otherwise) one or more classes of its outstanding shares of its Common Stock, the Conversion Number in effect immediately prior to such combination will be proportionately decreased concurrently with the effectiveness of such event.

(ii) In case the Corporation shall declare a dividend or make any other distribution upon any stock of the Corporation payable in Common Stock or options to purchase shares of Commons Stock or securities convertible into shares of Common Stock for no consideration without making a ratable distribution thereof to holders of Series F Preferred Stock (based upon the number of shares of Common Stock into which such Series F Preferred Stock would be convertible, assuming conversion of the Series F Preferred Stock), then the Conversion Number in effect immediately prior to the declaration of such dividend or distribution shall be proportionately increased, concurrently with the effectiveness of such declaration.

(iii) Any capital reorganization, reclassification, consolidation, merger or sale of all or substantially all of the Corporation's assets to another Person which is effected in such a way that holders of Common Stock are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock is referred to herein as an "Organic Change." Prior to the consummation of any Organic Change, the Corporation will make appropriate provisions to insure that each of the holders of Series F Preferred Stock will thereafter have the right to acquire and receive such shares of stock, securities or assets as such holder would have received in connection with such Organic Change if such holder had converted its Series F Preferred Stock into shares of Common Stock immediately prior to such Organic Change. The Corporation will not effect any such consolidation, merger or sale, unless prior to the consummation thereof, the successor corporation (if other than the Corporation) resulting from consolidation or merger or the Corporation purchasing such assets assumes by written instrument the obligation to deliver to each such holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to acquire.

(d) No fractional shares of Common Stock shall be issued upon conversion of the shares of Series F Preferred Stock. In lieu of any fractional shares to which the holder of Series F Preferred Stock would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the then effective fair market value of the Common Stock (which shall be determined in good faith by the Board of Directors if there is then no current market for the Common Stock). Conversion of the shares of Series F Preferred Stock shall be effected by delivery, to the office of the Corporation or to any transfer agent for such shares, of duly endorsed certificates for the shares being converted and of written notice to the Corporation that the holder elects to convert such shares. Conversion of the shares of Series F Preferred Stock shall be deemed to occur immediately prior to the close of business on the date the latter of the shares and the notice are delivered. Holders of Series F Preferred Stock entitled to receive Common Stock upon conversion of the Series F Preferred Stock shall be treated for all purposes as the record holders of such shares of Common Stock on the date conversion is deemed to occur. The Corporation shall not be obligated to issue certificates evidencing shares of Common Stock issuable upon conversion of the Series F Preferred Stock unless the certificates evidencing such shares of Series F Preferred Stock being converted are either delivered to the Corporation or its transfer agent as provided above, or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement, and

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at the Corporation's election provides a surety bond or other security, satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. The

Corporation shall, as soon as practicable after such delivery, or such agreement and indemnification in the case of a lost certificate, issue and deliver at such office a certificate or certificates for the number of shares of Common Stock to which the holder of Series F Preferred Stock is entitled and a check payable to the holder of Series F Preferred Stock for any cash due with respect to fractional shares.

(e) The issuance of certificates for shares of Common Stock upon conversion of the Series F Preferred Stock shall be made without charge to the holders thereof for any issuance tax in respect thereof, provided that the Corporation shall not be required to pay any income or similar taxes of a holder arising in connection with a conversion or any tax that may be payable in respect of any transfer involved in the issuance and delivery of any certificates in a name other than that of the holder of the Series F Preferred Stock which is being converted.

(f) The Corporation will not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation but will at all times in good faith assist in the carrying out of all the provisions of this Section 5 and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Series F Preferred Stock against impairment.

(g) In the event of any taking by the Corporation of a record of the holders of any class of securities of the Corporation for the purpose of determining the holders thereof who are entitled to receive any dividend or distribution, the Corporation shall mail to each holder of Series F Preferred Stock at least ten (10) days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

(h) The Corporation shall reserve and keep available out of its authorized but unissued Common Stock such number of shares of Common Stock as shall from time to time be sufficient to effect conversion of the Series F Preferred Stock and the issuance of Common Stock to the holders of the Series F Preferred Stock.

(i) No shares of the Series F Preferred Stock acquired by the Corporation by reason of purchase, conversion or otherwise shall be reissued, and all such shares shall be cancelled, retired and eliminated from the shares of capital stock which the Corporation shall be authorized to issue.

6. NO RIGHT OF REDEMPTION. The Corporation shall have no right whatsoever to redeem all or any number of the outstanding shares of the Series F Preferred Stock at any time.

7. PREEMPTIVE RIGHTS.

(a) Subject to paragraphs (c) and (d), for so long as any shares of the Series F Preferred Stock are outstanding, the Corporation shall not, subsequent to the completion of the New Equity Financing (as defined in Section 8(f)), issue, sell, or exchange, or agree to issue, sell,

or exchange, to any Person or entity, whether from treasury shares, from the issuance of authorized but unissued shares, or otherwise, any equity securities (or any securities convertible into or excercisable or exchangeable therefor) (any of which, the "CORPORATION EQUITY SECURITIES"), unless the Corporation shall have first offered to sell (the "CORPORATION OFFER") to holders of Series

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F Preferred Stock such number of securities at the same price and on the same terms (the "CORPORATION OFFER SALE PRICE") and in such quantity as will enable holders of Series F Preferred Stock to maintain their percentage ownership of Common Stock of the Corporation on a Fully-Diluted Basis. The Corporation Offer by its terms shall remain open and irrevocable for a period of thirty (30) days from the date it is delivered by the Corporation to holders of Series F Preferred Stock (the "PREEMPTIVE RIGHTS OFFER PERIOD").

(b) Notice of the intention of the holders of the Series F Preferred Stock to accept a Corporation Offer made pursuant to this Section 7 shall be evidenced by a writing signed by holders of Series F Preferred Stock and delivered to the Corporation prior to the end of the Preemptive Rights Offer Period, setting forth the portion of the Corporation Equity Securities which the holders of Series F Preferred Stock elect to purchase (the "NOTICE OF ACCEPTANCE").

(c) In the event that a Notice of Acceptance is not given by holders of Series F Preferred Stock in respect of all or any part of the Corporation Equity Securities, the Corporation shall have sixty (60) days from the expiration of the Preemptive Rights Offer Period to sell or enter into an agreement to sell all or the part of the Corporation Equity Securities set forth in the Corporation Offer not purchased by the holders of Series F Preferred Stock, as the case may be, to any other person or persons, on terms and conditions, including, without limitation, price, which are no more favorable to such other person or persons or less favorable to the Corporation or the holders of Series F Preferred Stock than the Corporation Offer Sale Price. Upon the earlier of (i) sixty (60) days from delivery of a Notice of Acceptance or (ii) the closing of the sale of the securities not accepted in the Notice of Acceptance, the Corporation shall sell to the holders of Series F Preferred Stock the Corporation Equity Securities in respect of which a Notice of Acceptance was delivered to the Corporation by the holders of Series F Preferred Stock, and which were not sold to any other person, on the terms specified in the Notice of Acceptance.

(d) Any Corporation Equity Securities not purchased by the holders of Series F Preferred Stock or other person or persons in accordance with paragraph (c) above may not be sold or otherwise disposed of until they are again offered to the holders of Series F Preferred Stock under the procedures specified in paragraphs (a), (b) and (c).

(e) The rights of holders of Series F Preferred Stock under paragraphs (a), (b), (c) and (d) shall not apply to the following securities:

(i) Corporation Equity Securities issued in any transaction described in Section 5(c);

(ii) Corporation Equity Securities issued by the Corporation upon the conversion of any securities which are convertible or exchangeable into capital stock of the Corporation and which are outstanding as of the date hereof;

(iii) Corporation Equity Securities issued by the Corporation upon the conversion of any securities which (x) are convertible or exchangeable into capital stock of the Corporation and (y) were issued under the procedures specified in paragraphs (a), (b) and (c);

(iv) Corporation Equity Securities issued by the Corporation under the Management Incentive Plan;

(v) Corporation Equity Securities issued by the Corporation to any officer, director or employee of the Corporation as remuneration for services rendered to the Corporation; provided, however, that at least one of the Series F Preferred Directors voted to authorize such issuance;

(vi) Corporation Equity Securities issued by the Corporation to any consultant pursuant to compensation procedures approved by the Board of Directors of the Corporation including the consent of at least one of the Series F Preferred Directors;

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(vii) Corporation Equity Securities issued in connection with the acquisition of all or part of another entity or in connection with a joint venture or such other strategic investment, which transaction is approved by at least one of the Series F Preferred Directors;

(viii) Corporation Equity Securities issued pursuant to the conversion of the Series F Preferred Stock pursuant to the terms hereof; and

(ix) Corporation Equity Securities to the extent that such Corporation Equity Securities (and/or any Common Stock issued or issuable with respect to such Corporation Equity Securities) are included within the calculation of "Fully-Diluted Basis" as defined in Section 8(d) hereof (i.e., do not meet the requirements for exclusion from such calculation as set forth in the final paragraph of Section 8(d)).

(f) Without limitation of the foregoing, if the Corporation sells any Corporation Equity Securities to any person or persons and if, after giving effect to such transaction and after giving effect to any election by the holders of the Series F Preferred Stock to exercise the preemptive rights granted herein, the Conversion Number would be less than such number of shares of Common Stock of the Corporation as is calculated as of the applicable date by:

(i) First, calculating the number of shares of Common Stock of the Corporation which, at the applicable date represents 12.5% of the Common Stock of the Corporation on a Fully-Diluted Basis, and

(ii) Second, multiplying the number obtained under subsection (i) above by a fraction, the numerator of which is the number of shares of Series F Preferred Stock outstanding as of the date of such calculation and the denominator of which is the sum of (x) the number of shares of Series F Preferred Stock outstanding as of the date of such calculation plus (y) number of shares of Series F Preferred Stock which had previously

been issued by the Corporation but converted into shares of Common Stock prior to the date of such calculation (the number so calculated, the "MINIMUM CONVERSION NUMBER");

then the Conversion Number shall automatically be adjusted as of the applicable date so that it is equal to the Minimum Conversion Number.

8. DEFINITIONS:

(a) "BANK" means ING Capital, LLC, a Delaware limited liability company.

(b) "CASH COLLATERAL ACCOUNT" means an interest-bearing cash collateral account established under the terms of the New Note.

(c) "CRE" means Cadiz Real Estate LLC, a Delaware limited liability Corporation.

(d) "FULLY-DILUTED BASIS" means, with respect to the calculation of the number of shares of Common Stock into which the Series F Preferred Stock is convertible, the sum of (i) all Common Stock outstanding at the time of such determination (including all Common Stock issued pursuant to the first $4 million of New Equity Financing), (ii) all Common Stock issuable upon the exchange, exercise or conversion of all warrants, options, convertible securities or other such instruments then outstanding (whether or not such instruments are then exercisable) including, but not limited to, the equity securities issued under the Management Equity Incentive Plan, but excluding (x) 16,600 shares of Common Stock issuable upon exercise of outstanding warrants with an exercise price in excess of $25, (y) shares of Common Stock issuable 55,550 outstanding stock options with an exercise price in excess of $25, and (z) 20,000 shares of Common Stock conditionally issuable to a consultant to the Company upon achievement of certain financial targets, and (iii) all other Common Stock issuable as a result of any anti-dilution adjustments and

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pre-emptive or similar rights granted to any other holder of the Corporation's Common Stock; provided, however, that such calculation shall not include:

(A) the issuance by the Corporation of the next $4.6 million in Corporation Equity Securities after the issuance by the Corporation of the first $4 million of Corporation Equity Securities pursuant to its New Equity Financing; provided further that the $4.6 million of Corporation Equity Securities shall be issued on terms no less favorable to the Corporation than the first $4 million of New Equity Financing; and

(B) the issuance by the Corporation of any Corporation Equity Securities subsequent to the consummation of the New Equity Financing;

(C) the issuance by the Corporation of any Corporation Equity Securities pursuant to the conversion of the Series F Preferred Stock pursuant to the terms hereof; or

(D) the issuance by the Corporation of any Corporation Equity Securities concurrently with the New Equity Financing in settlement of third party claims; and

provided that in each issuance of Corporation Equity Securities referred to in (B) above, cash in the amount of at least 35% of the net proceeds from such issuance of Corporation Equity Securities shall have been either paid directly to the Bank on account of the New Note or deposited into the Cash Collateral Account, which cash may be used by the Corporation or CRE to pay interest payments next due on the New Note in their order of maturity or to prepay principal outstanding under the New Note, provided further that the Corporation shall not deposit cash into the Cash Collateral Account if, as a result of such deposit, the amount on deposit would exceed 8% of the then-outstanding principal balance on the New Note times the number of years from the date of such deposit through September 30, 2006.

(e) "MANAGEMENT EQUITY INCENTIVE PLAN" means that certain plan pursuant to which continuing employees of the Corporation shall be issued Common Stock and/or granted securities convertible into Common Stock in an aggregate amount of up to 15% of the outstanding capital of the Corporation, on a fully-diluted basis, after giving effect to the issuance of the Series F Preferred Stock and after the issuance by the Corporation of $8.6 million in Common Stock in the New Equity Financing.

(f) "NEW EQUITY FINANCING" means at least $8.6 million equity financing raised by the Corporation concurrently with or immediately prior to the issuance of the New Note.

(g) "NEW NOTE" means that certain new note or new notes in the principal amount of (i) $35 million, plus (ii) any remaining balance not fully paid of the Bank' out-of-pocket expenses (including reasonable attorneys' fees) incurred in connection with the restructuring of the Corporation's debt obligations owed to the Bank.

9. TRANSFERABILITY. All outstanding shares of the Series F Preferred Stock may be transferred to any one person or entity at any time and it shall be the obligation of the Company to recognize and effectuate such transfer. In the event that any holder of Series F Preferred Stock desires to transfer less than 100% of the then outstanding Series F Preferred Stock, such holder may only do so by first converting such shares of Series F Preferred Stock to be sold into common stock pursuant to Section 5 hereof.

IN WITNESS WHEREOF, CADIZ INC. has caused this Certificate to be signed by Keith Brackpool, its Chief Executive Officer, and attested by Jennifer Hankes Painter, its Secretary, this __ day of December, 2003.

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CADIZ INC.

By: /s/ Keith Brackpool

Name: Keith Brackpool
Title: Chief Executive Officer

ATTEST:

By: /s/ Jennifer Hankes Painter

Name: Jennifer Hankes Painter
Title: Secretary

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EXHIBIT 4.4

PREFERRED STOCK EXCHANGE AGREEMENT

This Preferred Stock Exchange Agreement ("Agreement") is made and entered into effective as of the 20th day of October 2003, by and among Cadiz Inc., a Delaware corporation ("Cadiz"), OZ Master Fund, Ltd. ("OZ Master Fund") and OZF Credit Opportunities Master Fund, Ltd. ("OZF") and is made with reference to the following facts:

RECITALS

A. WHEREAS, OZ Master Fund is the record and beneficial holder of (i) 4,500 shares of the issued and outstanding Series D Preferred Stock of Cadiz, (ii) 2,500 shares of the issued and outstanding Series E-1 Preferred Stock of Cadiz, (iii) 2,500 shares of the issued and outstanding Series E-2 Preferred Stock of Cadiz and (iv) warrants to purchase 340,834 of the authorized but unissued shares of common stock, par value $.01 per share (the "Common Stock") of Cadiz, as described on Appendix A hereto (the "OZ Warrants");

B. WHEREAS, OZF is the record and beneficial holder of (i) 500 shares of the issued and outstanding Series D Preferred Stock of Cadiz, (ii) 1,250 shares of the issued and outstanding Series E-1 Preferred Stock of Cadiz, and (iii) 1,250 shares of the issued and outstanding Series E-2 Preferred Stock of Cadiz and (iv) warrants to purchase 74,166 shares of the Common Stock of Cadiz, as described on Appendix A hereto (the "OZF Warrants");

C. WHEREAS, the parties wish to provide for the exchange of all of the shares of Series D Preferred Stock currently owned by OZ Master Fund and OZF for an aggregate of 8,000,000 shares of heretofore authorized but unissued shares of the Common Stock of Cadiz, all upon the terms and conditions set forth herein;

D. WHEREAS, the parties wish to provide for the exchange of all of the shares of Series E-1 Preferred Stock and Series E-2 Preferred Stock currently owned by OZ Master Fund and OZF (collectively, the "Series E Preferred Stock") for an aggregate of 2,000,000 shares of heretofore authorized but unissued shares of the Common Stock of Cadiz, all upon the terms and conditions set forth herein;

AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits to be derived herefrom and of the mutual agreements hereinafter set forth, the parties hereto agree as follows:

ARTICLE I

THE PREFERRED STOCK EXCHANGE

1.1. EXCHANGE OF STOCK. Upon the terms and subject to the conditions contained herein, each of OZ Master Fund and OZF (individually, a "Preferred Stockholder" and collectively, the "Preferred Stockholders") will contribute, convey, transfer, assign and deliver to Cadiz at the Closing (as defined below), and Cadiz will accept from each Preferred Stockholder all of its Preferred Stock, and in exchange therefore (the "Exchange"), Cadiz shall issue and

deliver to the Preferred Stockholders (i) a total of 8,000,000 shares of duly authorized, validly issued, fully paid and nonassessable shares of Common Stock in exchange for the Series D Preferred Stock (the "Series D Exchange Shares"), with such Series D Exchange Shares to be divided between the Preferred Stockholders on the basis of One Thousand, Six Hundred (1,600) Series D Exchange Shares for each share of Series D Preferred Stock exchanged (the "Series D Exchange Ratio"), (ii) a total of 1,000,000 shares of duly authorized, validly issued, fully paid and nonassessable shares of Common Stock in exchange for the Series E-1 Preferred Stock (the "Series E-1 Exchange Shares"), with such Series E-1 Exchange Shares to be divided between the Preferred Stockholders on the basis of Two Hundred and Sixty Six and two-thirds (266 2/3) Series E-1 Exchange Shares for each share of Series E-1 Preferred Stock exchanged (the "Series E-1 Exchange Ratio"), and (iii) a total of 1,000,000 shares of duly authorized,

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validly issued, fully paid and nonassessable shares of Common Stock in exchange for the Series E-2 Preferred Stock (the "Series E-2 Exchange Shares"), with such Series E-2 Exchange Shares to be divided between the Preferred Stockholders on the basis of Two Hundred and Sixty Six and two-thirds (266 2/3) Series E-2 Exchange Shares for each share of Series E-2 Preferred Stock exchanged (the "Series E-2 Exchange Ratio"). The Series D Exchange Shares, Series E-1 Exchange Shares and Series E-2 Exchange Shares shall be referred to collectively herein as the "Exchange Shares". Upon consummation of the Exchange, the Exchange Shares shall be deemed to have been issued in full satisfaction of any and all rights (whether or not accrued) of the Preferred Stockholders pertaining to the Preferred Stock, including, without limitation, any rights of the Preferred Stockholders to accrued but unpaid dividends as of the Closing Date.

1.2. CLOSING. Subject to acceleration upon transfer of the Preferred Stock pursuant to Section 4.3 hereof, the closing of the Exchange (the "Closing") shall take place on the ninetieth (90th) day following the date hereof. The date on which the Exchange is effected is hereinafter referred to as the "Closing Date". At the Closing, Cadiz will execute and deliver to each Preferred Stockholder, or its respective representative, a stock certificate or certificates dated as of the Closing Date, registered in the name of such Preferred Stockholder, representing the Exchange Shares being issued to such Preferred Stockholder pursuant to the Exchange, and (ii) each Preferred Stockholder shall deliver to Cadiz a stock certificate or certificates registered in the name of such Preferred Stockholder (or duly endorsed for transfer to such Preferred Stockholder), representing the Preferred Stock owned by such Preferred Stockholder (which certificates shall be duly endorsed for transfer to Cadiz). To the extent that (i) the Series D Exchange Shares, Series E-1 Exchange Shares and/or Series E-2 Exchange Shares may be issued without restrictive legend in reliance upon Rule 144(k) promulgated under the Securities Act of 1933, as amended, and (ii) Cadiz receives from such Preferred Stockholder (or its assignee) representations as to such Series of Exchange Shares as set forth in Appendix B hereto, then stock certificate(s) representing the Exchange Shares being issued to such Preferred Stockholders with respect to such Series shall be issued without restrictive legend. Otherwise, such stock certificates(s) shall bear an investment legend as set forth in Section 3.5 below.

1.3. ADJUSTMENT FOR STOCK SPLIT, RECAPITALIZATION, ETC. In the event that, subsequent to the effective date of this Agreement but prior to the Closing Date, Cadiz shall (A) pay a dividend or make a distribution on its shares of Common Stock in shares of Common Stock, (B) subdivide or reclassify its outstanding Common Stock into a greater number of shares, (C) combine or reclassify its outstanding Common Stock into a smaller number of shares, or (D) issue by capital reorganization or reclassification of its shares of Common Stock or otherwise (other than a subdivision or combination of its shares provided for above) any shares of capital stock of Cadiz,

then the total number of Exchange Shares issuable pursuant to this Agreement and the Series D Exchange Ratio, Series E-1 Exchange Ratio and/or Series E-2 Exchange Ratio, as applicable, in effect immediately prior to such action shall be adjusted so that each Preferred Stockholder shall be entitled to receive, upon consummation of the Exchange, the number of shares of capital stock of Cadiz which such Preferred Stockholder would have received immediately following such action had the Exchange been consummated immediately prior thereto. An adjustment made pursuant to this subparagraph shall become effective retroactively immediately after the record date in the case of a dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification. If, as a result of an adjustment made pursuant to this subparagraph, any Preferred Stockholder shall become entitled to receive shares of two or more classes of capital stock of Cadiz in the Exchange, the Board of Directors of Cadiz shall determine in good faith the allocation of the adjusted Series D Exchange Ratio, Series E-1 Exchange Ratio or Series E-2 Exchange Ratio between or among shares of such classes of capital stock, which allocation must be reasonably acceptable to the Preferred Stockholder. Such adjustment shall be made successively whenever any event listed above shall occur.

1.4 TERMINATION OF EXCHANGE. Notwithstanding anything in this Agreement to the contrary, the Exchange may be terminated, and the transactions contemplated thereby may be abandoned at any time prior to 5:00 P.M. Pacific

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Standard Time on the fourth business day following the effective date of this Agreement (the "OZ Optional Termination Date") by the Preferred Stockholders in their sole discretion upon written notification. If the Exchange is so terminated by the Preferred Stockholders, the Exchange will forthwith become null and void and there will be no liability or obligation on the part of the Preferred Stockholders (or any of their respective representatives or affiliates) with respect to such Exchange.

1.5 TEMPORARY WAIVER OF EXERCISABILITY OF WARRANTS. In order that Cadiz shall have sufficient authorized but unissued shares of Common Stock available to issue all of the Exchange Shares pursuant to the Exchange, each of OZ Master Fund and OZF hereby waives, for a period commencing as of the date of this Agreement and ending 91 days from the date of this Agreement, any affirmative obligation of Cadiz to reserve for issuance a sufficient quantity of Common Stock as may be required for issuance and delivery upon any exercise by OZ Master Fund or OZF of the OZ Warrants or the OZF Warrants.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF CADIZ

Cadiz represents and warrants to each Preferred Stockholder that as of the date hereof and again as of the Closing Date:

2.1. ORGANIZATION, GOOD STANDING. Cadiz is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified and authorized to do business and in good standing in each other jurisdiction in which it is required to be qualified or where it owns any material property or conducts any material operations. Cadiz has all requisite corporate power and authority to own, lease, and operate its assets and to carry on its business as now being conducted.

2.2 AUTHORIZATION. Cadiz has the corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. All actions on the part of Cadiz necessary for the authorization, execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been or will be taken prior to the Closing Date, and this Agreement constitutes the legal, valid and binding obligation of Cadiz, enforceable against it in accordance with its terms, except as enforceability may be restricted, limited or delayed by applicable bankruptcy, insolvency, fraudulent conveyance, or other laws affecting creditor's rights generally, and except as enforceability is subject to general principles of equity.

2.3 NO VIOLATION OF OTHER AGREEMENTS; NO CONFLICTS.

(a) Neither this Agreement nor any of the transactions contemplated hereunder violates, conflicts with or results in a breach of, or shall violate, conflict with or result in a breach of any lease, contract, document or agreement to which Cadiz is a party or by which it may be bound.

(b) Neither the execution and delivery of this Agreement nor the consummation or performance of the transactions contemplated herein, will, directly or indirectly (with or without the giving of notice, or lapse of time, or both):

(i) contravene, conflict with, or result in a violation of any provision of the organizational documents of Cadiz;

(ii) contravene, conflict with, or result in a violation of any order, judgment or decree to which Cadiz may be subject; or

(iii) contravene, conflict with or result in a violation of any of the terms or requirements, or give any governmental body the right to revoke, withdraw, suspend, cancel, terminate or modify, any governmental authorization that is held by Cadiz.

2.4 CADIZ CAPITAL STRUCTURE. The authorized capital stock of Cadiz consists of 70,000,000 shares of common stock, $.01 par value per share, of

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which 57,316,939 shares are issued and outstanding as of the date hereof, and 100,000 shares of preferred stock, $.01 par value per share. Of the 100,000 authorized shares of preferred stock, 5,000 have been designated as Series D Preferred Stock, 3,750 have been designated as Series E-1 Preferred Stock, and 3,750 have been designated as Series E-1 Preferred Stock. As of the date hereof, 5,000 shares of Series D Preferred Stock, 3,750 shares of Series E-1 Preferred Stock, and 3,750 shares of Series E-1 Preferred Stock have been issued and are outstanding. Pursuant to a Stockholders Rights Plan adopted by the Company on May 10, 1999 (the "Plan"), each holder of Common Stock also holds one preferred share purchase right, as defined in the Plan. Upon issuance and delivery in the manner herein described, the Exchange Shares will be duly authorized and validly issued, fully paid and nonassessable and free of preemptive rights.

2.5 LEGAL PROCEEDINGS. There is no pending legal or administrative proceeding ("Proceeding"), and, to the knowledge of Cadiz, no person has threatened to commence any

Proceeding, that challenges, or that may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the transactions contemplated hereby.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PREFERRED STOCKHOLDERS

Each Preferred Stockholder represents and warrants severally, and not jointly, to Cadiz that as of the date hereof and again as of the Closing Date:

3.1 AUTHORIZATION. The Preferred Stockholder has the corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. All actions on the part of the Preferred Stockholder necessary for the authorization, execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been or will be taken prior to the Closing Date, and this Agreement constitutes the legal, valid and binding obligation of the Preferred Stockholder, enforceable against it in accordance with its terms, except as enforceability may be restricted, limited or delayed by applicable bankruptcy, insolvency, fraudulent conveyance, or other laws affecting creditor's rights generally, and except as enforceability is subject to general principles of equity.

3.2 NO VIOLATION OF OTHER AGREEMENTS; NO CONFLICTS.

(a) Neither this Agreement nor any of the transactions contemplated hereunder violates, conflicts with or results in a breach of, or shall violate, conflict with or result in a breach of any lease, contract, document or agreement to which the Preferred Stockholder is a party or by which it may be bound.

(b) Neither the execution and delivery of this Agreement nor the consummation or performance of the transactions contemplated herein, will, directly or indirectly (with or without the giving of notice, or lapse of time, or both):

(i) contravene, conflict with, or result in a violation of any provision of the organizational documents of the Preferred Stockholder;

(ii) contravene, conflict with, or result in a violation of any order, judgment or decree to which the Preferred Stockholder may be subject; or

(iii) contravene, conflict with or result in a violation of any of the terms or requirements, or give any governmental body the right to revoke, withdraw, suspend, cancel, terminate or modify, any governmental authorization that is held by the Preferred Stockholder.

3.3 LEGAL PROCEEDINGS. There is no pending legal or administrative proceeding ("Proceeding"), and, to the knowledge of such Preferred Stockholder,

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no person has threatened to commence any Proceeding, that challenges, or that may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the transactions contemplated hereby.

3.4 TITLE TO PREFERRED STOCK AND WARRANTS. Such Preferred Stockholder is the record and beneficial holder of all the Preferred Stock which is subject to the Exchange and all of the Warrants which are subject to the temporary waiver set forth in Section 1.5, in each case free and clear of all pledges, security interests, liens, charges, encumbrances, equities, claims and options of whatever nature. No Preferred Stockholder nor any individual, corporation, entity or person having or claiming any interest in, or with respect to, any of the Preferred Stock owned by such Preferred Stockholder will, at or after the Closing Date, have any such claim or interest, or have any right to claim or receive any other payment or consideration with respect to such Preferred Stock against or from Cadiz at or after the Closing Date.

3.5 RESTRICTIONS ON TRANSFER. Each Preferred Stockholder has been advised that:

(a) the offer and sale of the Exchange Shares to such Preferred Stockholder has not been, and will not be, registered under the Securities Act of 1933, as amended, and the rules and regulations thereunder (the "Act"), and such Preferred Stockholder may not sell or otherwise transfer the Exchange Shares unless the transfer is registered under the Act and under applicable state laws or an exemption from such registration, such as Rule 144(k), is available;

(b) the Exchange Shares that such Preferred Stockholder is acquiring are "restricted securities," as that term is defined in Rule 144 promulgated under the Act, unless and until the requirements of Rule 144 have been met with respect to such shares; and

(c) any and all certificates representing Exchange Shares shall bear an investment legend restricting the transfer of such Exchange Shares unless or until the requirements of Rule 144 have been met as to such shares to the reasonable satisfaction of Cadiz and its counsel.

3.6 DISCLOSURE. Each Preferred Stockholder has heretofore received and reviewed Cadiz' press releases, public filings with the Securities and Exchange Commission (the "SEC") through July 22, 2003, and exhibits attached thereto (the "Disclosure Documents"). In addition to the foregoing, each Preferred Stockholder has had the opportunity to speak directly with officers of Cadiz concerning Cadiz' business plan and operations.

3.7 NO WARRANTY. Each Preferred Stockholder represents and warrants that it never has been represented, guaranteed, or warranted to them by any officer or director of Cadiz, their agents or employees or any other person in connection with Cadiz, expressly or by implication, any of the following:

(a) The approximate or exact length of time that the Preferred Stockholder will be required to remain as the owner of the Exchange Shares;

(b) The exact amount of profit and/or amount or type of consideration, profits or losses (including tax benefits) to be realized, if any, by Cadiz; and

(c) That the past performance or experience of the officers and directors of Cadiz, or any other person connected with Cadiz can predict the results of the ownership of the Exchange Shares or the overall success of Cadiz.

3.8 SIGNIFICANT RISKS. Each Preferred Stockholder understands the following:

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(a) There are a number of risks relating to an investment in Cadiz as set forth herein, as further described in the Disclosure Documents and in the Preferred Stockholder's direct communications with Cadiz.

(b) Each Preferred Stockholder may lose its entire investment in the Exchange Shares and Cadiz.

(c) No federal or state agency, or any other regulatory body, has passed upon the Exchange Shares, or an investment therein, or made any finding or determination as to the fairness of an investment in the Exchange Shares.

(d) If a bankruptcy petition is filed by or against Cadiz following the execution of this Agreement but prior to the Closing Date, the rights of the Preferred Stockholders under this Agreement may be subject to rejection and/or cancellation in accordance with applicable bankruptcy law.

3.9 RELIANCE. Each Preferred Stockholder has relied solely upon this Agreement, the Disclosure Documents and independent investigations made by the Preferred Stockholder or the Preferred Stockholder's representatives with respect to the Preferred Stockholder's investment in the Exchange Shares, and no oral or written representations inconsistent with the contents of the Disclosure Documents have been made to the Preferred Stockholder by Cadiz or any of its representatives.

3.10 NO REPRESENTATION REGARDING INDIVIDUAL SEC REPORTING REQUIREMENTS. Cadiz has made no representations to such Preferred Stockholder regarding its reporting requirements with the SEC related to its ownership in Cadiz, and such Preferred Stockholder acknowledges and agrees that it is the Preferred Stockholder's responsibility to ensure that it complies with any disclosure and reporting requirements of the SEC.

3.11 KNOWLEDGE OF LATE SEC REPORTING. Cadiz has informed such Preferred Stockholder that (i) Cadiz has not yet filed required periodic reports with the SEC after March 21, 2003, including its Annual Report on Form 10-K for the year ended December 31, 2002 and its Quarterly Reports for the quarters ended March 31, 2003 and June 30, 2003, and therefore the Disclosure Documents do not provide disclosure regarding developments concerning Cadiz for the periods that would be covered by those reports or any subsequent period, (ii) Cadiz is currently in default on its senior secured loan obligations, (iii) Cadiz is a guarantor of the $115 million 11 1/4% First Mortgage Bonds of its wholly-owned subsidiary, Sun World International, Inc., which filed a voluntary petition under Chapter 11 of the Bankruptcy Code on January 30, 2003 and is in default of its obligations under such bonds, and (iv) such Preferred Stockholder must rely upon its own independent investigations with respect to such Preferred Stockholder's investment in the Exchange Shares and on discussions with officers of Cadiz with respect to any developments subsequent to reports that Cadiz has filed with the SEC.

3.12 RELIANCE ON OWN COUNSEL AND ADVISERS. In evaluating the merits and risks of an investment in the Exchange Shares, such Preferred Stockholder has not relied upon Cadiz or

Cadiz' attorneys or advisers for legal or tax advice, and has, if desired, in all cases sought the advice of the undersigned's own personal legal counsel and tax advisers.

ARTICLE IV

ASSIGNMENT; THIRD PARTY BENEFICIARIES

4.1. ASSIGNMENT. This Agreement and all of the provisions hereof shall be binding upon and shall inure to the benefit of the parties and their respective heirs (as applicable), legal representatives, and permitted successors and assigns. Without limitation of the foregoing, the parties expressly agree that this Agreement and the rights, interests and obligations of the Preferred Stockholders hereunder shall immediately and automatically be assigned by any Preferred Stockholder to any purchaser or transferee of Preferred Stock from such Preferred Stockholder with respect to the shares of

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Preferred Stock so sold or transferred and such Preferred Stockholder shall have no further obligations hereunder with respect to such shares of Preferred Stock so sold or transferred; provided, however, that any such sale or transfer be in compliance with all applicable state and federal securities laws and/or the securities laws of any other applicable jurisdiction and provided further that the transferee explicitly acknowledge and assume the obligations of the transferor hereunder with respect to the shares of Preferred Stock so sold or transferred. Any assignment or delegation in contravention of this Section shall be null and void. Upon any such assignment or transfer, the term "Preferred Stockholder," as used herein, shall mean, when the context so requires, the assignee or transferee of such shares of Preferred Stock.

4.2. NOTICE OF TRANSFER. Not later than two (2) business days following the effectuation of any transfer of Preferred Stock, the transferor and the transferee of the Preferred Stock shall provide joint written notice to Cadiz of such transfer substantially in the form of Exhibit A hereto (the "Transfer Notice"), which notice shall specify (i) the identity of the transferor, (ii) the identity of the transferee, (iii) the number of shares of each Series of Preferred Stock transferred, (iv) the effective date of transfer, (iv) an acknowledgment by the transferee of applicability of this Exchange Agreement to the shares of Preferred Stock transferred, and (vi) if applicable as to any Series of Preferred Stock transferred, Rule 144(k) representations in the form of Exhibit B hereto. Such Transfer Notice shall be accompanied by a stock certificate or certificates duly endorsed for transfer to the transferee, representing the Preferred Stock so transferred (which certificates shall be duly endorsed for transfer to Cadiz), in accordance with the requirements of Section 1.2 above.

4.3. ACCELERATION OF CLOSING DATE. Upon any transfer or assignment of Preferred Stock satisfying the requirements of this Article IV, the Closing Date (with respect to the shares of Preferred Stock so transferred and to those shares of Preferred Stock only) shall automatically be accelerated to the effective date of such transfer. Not later than the later to occur of (i) the effective date of transfer or (ii) the seventh business day following receipt by Cadiz of the Transfer Notice and share certificates pursuant to Section 4.2 above, Cadiz will execute and deliver to the transferee, or its respective representative, a stock certificate or certificates, registered in the name of such transferee, representing the Exchange Shares being issued to such transferee pursuant to the Exchange.

4.4. THIRD PARTY BENEFICIARY AGREEMENT. Any person acquiring Preferred Stock from a Preferred Stockholder in a manner satisfying the requirements of this Article IV shall be deemed to be a third party beneficiary for purposes of this Agreement and shall be entitled to assert any right, claim or remedy provided under this Agreement with respect to the shares of Preferred Stock so acquired (including, without limitation, the obligation of Cadiz to issue Exchange Shares in exchange for such shares of Preferred Stock in accordance with the terms of this Agreement).

ARTICLE V

CLOSING CONDITIONS

5.1. CONDITIONS TO THE OBLIGATIONS OF THE PREFERRED STOCKHOLDERS. The obligations of each Preferred Stockholder to effect the transactions contemplated hereby shall be subject to the fulfillment at or prior to the Closing Date of the following conditions, which may be waived only by the approval of such Preferred Stockholder:

(a) Cadiz shall have performed and complied in all material respects with the covenants and agreements contained in this Agreement required to be performed and complied with by it at or prior to the Closing Date, and the representations and warranties of Cadiz set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made at and as of the Closing Date.

(b) Since the date of this Agreement, there must not have been commenced or threatened against Cadiz or the Preferred Stockholder any

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proceeding (i) involving any challenge to, or seeking damages or other relief in connection with, any of the transactions contemplated hereby, or (ii) that may have the effect of preventing, delaying, making illegal, or otherwise interfering with any of the transactions contemplated hereby.

5.2. CONDITIONS TO THE OBLIGATIONS OF CADIZ. The obligations of Cadiz to effect the transactions contemplated hereby, as to any Preferred Stockholder, shall be subject to the fulfillment at or prior to the Closing Date of the following conditions, which may be waived only by the approval of Cadiz:

(a) Such Preferred Stockholder shall have performed and complied in all material respects with the covenants and agreements contained in this Agreement required to be performed and complied with by it at or prior to the Closing Date, and the representations and warranties of such Preferred Stockholder set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made at and as of the Closing Date.

(b) Since the date of this Agreement, there must not have been commenced or threatened against Cadiz or the Preferred Stockholder any proceeding (i) involving any challenge to, or seeking damages or other relief in connection with, any of the transactions contemplated hereby, or (ii) that may have the effect of preventing, delaying, making illegal, or otherwise interfering with any of the transactions contemplated hereby.

ARTICLE VI

INJUNCTIVE RELIEF

6.1 INJUNCTIVE RELIEF. It is understood and agreed that the remedy at law for the breach of any provision of this Agreement will be inadequate and that any party hereto shall be entitled to injunctive relief without bond. Such injunctive relief shall not be exclusive, but shall be in addition to any other rights or remedies the non-breaching party may have for such breach, and the non-breaching party shall be entitled to recover all costs and expenses, including reasonable attorneys' fees incurred by reason of any breach.

ARTICLE VII

MISCELLANEOUS

7.1 ENTIRE AGREEMENT. This Agreement (with Exhibits) constitutes the entire agreement between the parties with respect to the subject matter hereof, supersedes all other and prior agreements on the same subject, whether written or oral, and contains all of the covenants and agreements between the parties with respect to the subject matter hereof.

7.2 COUNTERPARTS. This Agreement, and any amendments thereto, may be executed in counterparts, each of which shall constitute an original document, but which together shall constitute one and the same instrument. Facsimile signatures of the parties shall be as effective to bind the parties as original manual signatures.

7.3 HEADINGS. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

7.4 AMENDMENT. This Agreement may be amended at any time by agreement of the parties, provided that any amendment shall be in writing and executed by all parties.

7.5 NO WAIVER. No waiver of any term, provision or condition of this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or be construed as a further or continuing waiver of any such term, provision or condition or as a waiver of any other term, provision or condition of this Agreement.

7.6 NOTICES. Any notices required or permitted to be given hereunder by any party to the other shall be in writing and shall be deemed

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delivered upon personal delivery; twenty-four (24) hours following deposit with a courier for overnight delivery; or five (5) business days hours following deposit in the U.S. Mail, registered or certified mail, postage prepaid, return-receipt requested, addressed to the parties at the following addresses or to such other addresses as the parties may specify in writing:

If to Cadiz:	Cadiz Inc. 777 South Figueroa Street, Suite 4250 Los Angeles, California 90017 Attn: Keith Brackpool, Chief Executive Officer
With a copy to:	Miller & Holguin 1801 Century Park East, Seventh Floor Los Angeles, California 90067 Attn: Howard J. Unterberger, Esq.
If to OZ Master Fund:	OZ Master Fund, Ltd. c/o Och Ziff Capital Management 9 West 57th Street 39th Floor New York, New York 10019
With a copy to:	Milbank, Tweed, Hadley & McCloy LLP One Chase Manhattan Plaza New York, New York 10005 Attention: Roland Hlawaty, Esq. Facsimile: 212-822-5530
If to OZF:	OZF Credit Opportunities Master Fund Ltd. c/o Och Ziff Capital Management 9 West 57th Street 39th Floor New York, New York 10019
With a copy to:	Milbank, Tweed, Hadley & McCloy LLP One Chase Manhattan Plaza New York, New York 10005 Attention: Roland Hlawaty, Esq. Facsimile: 212-822-5530

7.7 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

7.8 SEVERABILITY. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions will nevertheless continue in full force and effect, unless such invalidity or unenforceability would defeat an essential business purpose of this Agreement.

7.9 FEES AND EXPENSES. Except as otherwise explicitly set forth herein, each party shall bear its own expenses including, without limitation, attorneys' and accountants' fees in connection with the preparation of this Agreement and the transactions contemplated hereby.

7.10 TIME OF ESSENCE. Time is expressly made of the essence of this Agreement and each and every provision hereof of which time of performance is a factor.

7.11 ATTORNEYS' FEES. Should any party institute any action or procedure to enforce this Agreement or any provision hereof, the prevailing party in any such action or proceeding shall be entitled to receive from the other party all costs and expenses, including without limitation reasonable attorneys' fees, incurred by the prevailing party in connection with such action or proceeding.

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7.12 FURTHER ASSURANCES. The parties shall take such actions and execute and deliver such further documentation as may reasonably be required in order to give effect to the transaction contemplated by this Agreement and the intentions of the parties hereto.

7.13 CONSTRUCTION. Whenever in this Agreement the context so

requires, references to the masculine shall be deemed to include the feminine and the neuter, reference to the neuter shall be deemed to include the masculine and feminine, references to the plural shall be deemed to include the singular and the singular to include the plural and references to the words "and" and "or" shall be deemed to include the inclusive usage "and/or."

[REST OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to become effective on the day and year first hereinabove written.

CADIZ INC.

By: /s/ Jennifer Hankes Painter

Name: Jennifer Hankes Painter
Title: VP, General Counsel

OZ MASTER FUND LTD.
OZ Management, LLC
as investment manager

By: /s/ Daniel S. Och

Daniel S. Och
Senior Managing Member

OZF CREDIT OPPORTUNITIES MASTER FUND, LTD.
OZ Management, LP as investment manager
OZ Managemer, LLC managing member

By: /s/ Daniel S. Och

Daniel S. Och
Senior Managing Member

EXHIBIT A
NOTICE OF TRANSFER

Cadiz Inc.
777 South Figueroa Street, Suite 4250
Los Angeles, California 90017

Attention: Chief Executive Officer

Ladies and Gentlemen:

Please be advised that _______________________ ("Transferor") has transferred:

(i) _________ shares of the Series D Preferred Stock of Cadiz Inc. (the "Company");
(ii) _________ shares of the Series E-1 Preferred Stock of the

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Company; and/or

(iii) _________ shares of the Series E-2 Preferred Stock of the Company;

(collectively, the "Securities") to _________________________________ ("Transferee") as of __________________________, 2003 (the "Effective Date").

In connection with such transfer, we hereby represent, warrant and certify as follows:

1. The offer of the Securities was made without any general solicitation or advertising;
2. The Transferee represents and warrants for the benefit of the Company that (a) the Transferee is an accredited investor and is acquiring the Securities solely for the Transferee's own account, for investment, and not with a view to distribution of the Securities, and (b) the Transferee is capable, by reason of knowledge and experience in financial and business matters in general, and investments in particular, of evaluating the merits and risks of an investment in the Securities;
3. The Transferee hereby acknowledges the applicability to the Transferee and to the Securities of that certain Preferred Stock Exchange Agreement dated as of October _____, 2003 by and among the Company, OZ Master Fund, Ltd. and OZF Credit Opportunities Master Fund, Ltd (the "Exchange Agreement"). In particular, the Transferee acknowledges that, as of the effective date of the transfer of the Securities, the Transferee (a) is subject to and bound by those certain representations and warranties set forth in Article III of the Exchange Agreement as though such representations and warranties had been made directly by the Transferee to the Company and (b) has assumed all obligations of the Transferor under the Exchange Agreement with respect to the Securities;
4. The Closing Date of the Exchange with respect to the Securities transferred, as calculated in accordance with Section 4.3 of the Exchange Agreement, shall be ____________________, 2003.

5. The undersigned are requesting that the shares of Common Stock to be issued in exchange for the [CHECK AS APPLICABLE]

   [____] Series D Preferred Stock
   [____] Series E-1 Preferred Stock
   [____] Series E-2 Preferred Stock

   (collectively, the "Rule 144(k) Preferred Stock") be issued without restrictive legend in reliance upon Rule 144(k) promulgated under the Securities Act of 1933, as amended. In order that such shares of Common Stock be issued without restrictive legend, the Transferor and Transferee represent that:

   (a) Neither Transferee nor Transferor is an affiliate of Cadiz and neither has been an affiliate of Cadiz in the last three months.

   (b) Transferor fully paid all consideration for, was the beneficial owner of and bore the full risk of ownership of all of the Rule 144(k) Preferred Stock at least two years prior to the date hereof.

   (c) Transferor and Transferee are familiar with Rule 144(k) and agree that in preparing a legal opinion with respect to the matters set forth above, Cadiz and its counsel may rely upon the representations set forth herein.

Dated: __________________ , 2003 Very truly yours,

"TRANSFEROR" "TRANSFEREE"

-------------------------------- ------------------------------

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(Name of Transferor) (Name of Transferee)

By: ____________________________ By: __________________________
(Authorized Signature) (Authorized Signature)

APPENDIX A

WARRANTS

OZ WARRANTS(1)

NAME OF WARRANT	NUMBER OF WARRANT SHARES	CANCELLATION OR EXPIRATION DATE
Series D Initial Warrant - A	45,000	12/29/03
Term Loan First Warrant - A	135,000	12/29/03
Term Loan Second Warrant - A	67,500	12/31/04
Series E Initial Warrant - A	46,667	12/22/04
Series E Commitment Exercise Warrant - A	46,667	11/28/04
Total:	340,834	

OZF WARRANTS(2)

NAME OF WARRANT	NUMBER OF WARRANT SHARES	CANCELLATION OR EXPIRATION DATE
Series D Initial Warrant - B	5,000	12/29/03
Term Loan First Warrant - B	15,000	12/29/03
Term Loan Second Warrant - B	7,500	12/31/04
Series E Initial Warrant - B	23,333	12/22/04
Series E Commitment Exercise Warrant - B	23,333	11/28/04
Total:	74,166	

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(1) Does not include 95,000 Warrants previously granted which have expired or been cancelled

(2) Does not include 30,000 Warrants previously granted which have expired or been cancelled

APPENDIX B

FORM OF RULE 144(K) REPRESENTATIONS

RULE 144(K) REPRESENTATIONS REGARDING SERIES [ ] PREFERRED STOCK In order that the Series [__] Exchange Shares be issued on the Closing Date without restrictive legend in reliance upon Rule 144(k) promulgated under the Securities Act of 1933, as amended, the Preferred Stockholder represents that:

(a) Such Preferred Shareholder is not an affiliate of Cadiz and has not been an affiliate of Cadiz in the last three months.

(b) Such Preferred Shareholders fully paid all consideration for, was the beneficial owner of and bore the full risk of ownership of all of the securities represented by the Series [__] Preferred Stock at least two years prior to the date hereof.

(c) Such Preferred Shareholder is familiar with Rule 144(k) and agrees that in preparing a legal opinion with respect to the matters set forth above, Cadiz and its counsel may rely upon the representations set forth herein.

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(d) Such Preferred Shareholder shall advise Cadiz immediately if any of the representations set forth herein ceases to be true and accurate prior to the Closing Date.

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SIXTH AMENDED AND RESTATED CREDIT AGREEMENT

dated as of

December 15, 2003

for Credit Agreement originally executed as of

November 25, 1997

among

CADIZ INC.,

and

CADIZ REAL ESTATE LLC,

as Borrowers

The Lenders Party Hereto, as Lenders

and

ING CAPITAL, LLC,
as Administrative Agent

==

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Exhibit B Cadiz Series F Preferred Stock Certificate
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Exhibit S Form of Opinion of Borrower's Counsel
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SIXTH AMENDED AND RESTATED CREDIT AGREEMENT dated as of December 15, 2003, among CADIZ INC. (f/k/a Cadiz Land Company, Inc.) and CADIZ REAL ESTATE LLC, as co-borrowers, the LENDERS party hereto, and ING CAPITAL, LLC (f/k/a ING Baring (U.S.) Capital LLC and ING Baring (U.S.) Capital Corporation), as Administrative Agent.

W I T N E S S E T H:

WHEREAS, pursuant to that certain Revolving Credit Agreement, dated as of November 25, 1997 (the "1997 Revolving Credit Agreement"), among Cadiz Borrower, the Lenders party thereto and the Administrative Agent, as agent for such Lenders, such Lenders agreed to provide a revolving credit facility to Cadiz Borrower;

WHEREAS, pursuant to that certain First Amendment to Credit Agreement, dated as of September 28, 1999, by and between Cadiz Borrower, Lenders and the Administrative Agent (the "First Amendment Agreement"), the parties agreed to amend certain terms of the 1997 Revolving Credit Agreement;

WHEREAS, pursuant to that certain Second Amendment to Credit Agreement, dated as of December 22, 1999, by and between Cadiz Borrower, Lenders and the Administrative Agent (the "Second Amendment Agreement"), and the other Second Amendment Documents, as defined in the Second Amendment Agreement (collectively, the "Second Amendment Documents"), the parties agreed to amend certain terms of the 1997 Revolving Credit Agreement, as amended and in effect at that time;

WHEREAS, pursuant to that certain Third Amendment to Credit Agreement, dated as of December 22, 2000, by and between Cadiz Borrower, Lenders and the

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Administrative Agent (the "Third Amendment Agreement"), as amended by that certain First Amendment to Third Amendment to Credit Agreement dated as of October 22, 2001 between Borrower, Lenders and the Administrative Agent, and the other Third Amendment Documents, as defined in the Third Amendment Agreement (collectively, the "Third Amendment Documents"), the parties agreed to amend certain terms of the 1997 Revolving Credit Agreement, as amended and in effect at that time;

WHEREAS, pursuant to that certain Fourth Amendment to Credit Agreement, dated as of January 31, 2002, by and between Cadiz Borrower, Lenders and the Administrative Agent (the "Fourth Amendment Agreement"), and the other Fourth Amendment Documents, as defined in the Fourth Amendment Agreement (collectively, the "Fourth Amendment Documents"), the parties agreed to amend certain terms of the 1997 Revolving Credit Agreement, as amended and in effect at that time;

WHEREAS, pursuant to that certain Fifth Amended and Restated Credit Agreement, dated as of March 7, 2002, by and between Cadiz Borrower, Lenders and the

Administrative Agent (the "Fifth Amendment Agreement"), and the other documents executed or delivered in connection therewith (collectively, the "Fifth Amendment Documents"), the parties agreed to amend certain terms of the 1997 Revolving Credit Agreement, as amended and in effect at that time;

WHEREAS, the Cadiz Borrower has requested that the 1997 Revolving Credit Agreement, as amended and in effect at this time, be amended and restated in its entirety to reflect the restructuring of the Loan Obligations on the terms set forth herein;

WHEREAS, the Lenders and the Administrative Agent are willing to amend and restate the 1997 Revolving Credit Agreement, as amended and in effect at this time, in its entirety on the terms and subject to the conditions and requirements set forth in this Agreement and the other documents executed or delivered in connection herewith to, among other things, (a) confirm the obligations of Cadiz Borrower in favor of Lenders and Administrative Agent under the 1997 Credit Agreement, as amended and in effect at this time; (b) consent to the creation of a new special purpose entity, the CRE Borrower, that is being assigned the assets of the Cadiz Borrower and is becoming a co-borrower with Cadiz Borrower hereunder, and (c) provide for the issuance of new preferred stock to ING; (d) amend the interest rate on the Loan Obligations to either (at the election of the Borrowers as provided herein): (i) 8% per annum in cash or (ii) 4% per annum in cash plus 8% per annum in kind; and (e) provide for the further extension of the Maturity Date of the Notes and other modifications thereof, all of the foregoing upon the terms and conditions set forth herein and in the other Loan Documents; and

WHEREAS, The parties acknowledge that the Borrowers have previously fully drawn on the Revolving Loans and availability provided hereunder and that there are no undrawn Commitments hereunder.

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein, the parties to this Agreement hereby agree to amend and restate the 1997 Revolving Credit Agreement, as amended and in effect at this time, in its entirety as follows: ARTICLE I

DEFINITIONS

SECTION 1.01. DEFINED TERMS. As used in this Agreement, the following terms have the meanings specified below:

"ADMINISTRATIVE AGENT" means ING Capital, LLC, in its capacity as administrative agent for the Lenders hereunder.

"ADMINISTRATIVE QUESTIONNAIRE" means an Administrative Questionnaire in

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a form supplied by the Administrative Agent.

"AFFILIATE" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"AGREEMENT" means this Sixth Amended and Restated Credit Agreement, dated as of the date set forth above, among Borrowers, the Lenders party hereto, and the Administrative Agent.

"APPLICABLE INTEREST RATE" means, with respect to any Borrowing for any Interest Period, either (a) if the Borrowers do not elect the PIK&Cash Payment Election, the Cash Payment Rate, or (b) if the Borrowers elect the PIK&Cash Payment Election, the PIK&Cash Payment Rate.

"APPLICABLE PERCENTAGE" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments.

"ASSIGNMENT AND ACCEPTANCE" means an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"AVAILABILITY PERIOD" means the period from and including the Restructuring Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

"BOARD" means the Board of Governors of the Federal Reserve System of the United States of America..

"BORROWERS" means, collectively, each of the Cadiz Borrower and the CRE Borrower, and each a "BORROWER".

"BORROWING" means Loans of a Lender made, converted or continued on the same date.

"BUSINESS DAY" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed.

"CADIZ BORROWER" means Cadiz Inc., a Delaware corporation, a borrower hereunder.

"CADIZ/CRE MANAGEMENT AGREEMENT" means the Management Agreement as defined in the CRE LLC Agreement.

"CADIZ REAFFIRMATION AGREEMENT" means the agreement evidencing Cadiz Borrower's assumption and reaffirmation of all liabilities and obligations of Cadiz Valley Development Corporation, dated as of November 25, 1997.

"CADIZ SERIES F PREFERRED STOCK CERTIFICATE" means the certificate of Series F Preferred Stock issued by Cadiz Borrower to the Lenders pursuant to the Transactions with the rights, privileges and preferences as set forth in the Preferred Stock Certificate of Designations in the form as attached hereto in Exhibit B.

"CADIZ/SUN WORLD SERVICES AGREEMENT" means that certain Services Agreement between Cadiz Borrower and Sun World, dated September 13, 1996, as amended by that certain Amendment dated as of April 16, 1997, as further amended from time to time.

"CAPITAL LEASE OBLIGATIONS" of any Person means the obligations of such

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Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"CASH COLLATERAL ACCOUNT" means that certain account established at ING Capital, LLC, not in its capacity as Lender hereunder, but in its capacity as the cash collateral bank under the Cash Collateral Account Agreement, which account is being assigned and pledged as of the Restructuring Effective Date for the benefit of the Lenders.

"CASH COLLATERAL ACCOUNT AGREEMENT" means that certain agreement between Cadiz Borrower and the financial institution party thereto, in form and substance consented to by the Administrative Agent evidencing Cadiz Borrower's establishment of a debt service account assigned and pledged for the benefit of the Lenders, in substantially the form as attached hereto in Exhibit E. This is the same agreement that is required to be delivered by the Cadiz Borrower under the Sixth Global Amendment Agreement.

"CASH EQUIVALENT" has the meaning assigned to such term in the Sun World Indenture.

"CASH PAYMENT AMOUNT" has the meaning set forth in Section 2.14 hereof.

"CASH PAYMENT ELECTION" has the meaning set forth in Section 2.14 hereof.

"CASH PAYMENT RATE" means eight percent (8%).

"CASH PORTION" has the meaning set forth in Section 2.14 hereof.

"CASH PORTION RATE" means four percent (4%).

"CHANGE IN CONTROL" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Commission thereunder as in effect on the date hereof), of shares representing more than 35% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of either Borrower; (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Cadiz Borrower by Persons who were neither (i) nominated by the board of directors of the Cadiz Borrower nor

(ii) appointed by directors so nominated; or (c) the acquisition of direct or indirect Control of the Borrowers by any Person or group.

"CHANGE IN LAW" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.15(b), by any lending office of such Lender or by such Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"CHARGES" has the meaning ascribed to such term in Section 9.16 hereof.

"CLOSING PRICE" means the last sale price per share of Common Stock regular way or, in the case no such reported sale takes place on such day, the average of the last reported bid and asked prices regular way, in either case on the principal national securities exchange on which the Common Stock is admitted to trading on such exchange, the average of the last reported bid and asked prices as reported by Nasdaq, or other similar organization if Nasdaq is no longer reporting such information, or if not so available, the fair market price, as determined in good faith by the Administrative Agent.

"CODE" means the Internal Revenue Code of 1986, as amended from time to time.

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"COMMISSION" means the Securities and Exchange Commission.

"COMMITMENT" means, with respect to each Lender, the sum of such Lenders' Tranche A Commitments and Tranche B Commitments, as such commitments may be modified in accordance with the terms hereof from time to time. The aggregate amount of all of the Lenders' Commitments on the Restructuring Effective Date will be $25,000,000.

"COMMON STOCK" means authorized common stock, $0.01 par value, of the Borrower.

"CONSENT TO CADIZ/SUN WORLD LEASE" means the consent by the Administrative Agent and the Lenders to the New Cadiz/Sun World Lease, in substantially the form annexed hereto as Exhibit C.

"CONSENT TO SUN WORLD SETTLEMENT" means that certain consent of the Administrative Agent and the Lenders to the Sun World Settlement.

"CONTROL" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "CONTROLLING" and "CONTROLLED" have meanings correlative thereto.

"CRE BORROWER" means Cadiz Real Estate LLC, a Delaware limited liability company, a borrower hereunder.

"CRE GRANT DEED" means that certain grant deed of trust conveying the real property ING Collateral held by the Cadiz Borrower to the CRE Borrower in substantially the form as attached hereto in Exhibit F.

"CRE LLC AGREEMENT" means that certain Limited Liability Company Agreement of CRE between the Cadiz Borrower and M. Solomon & Associates, Inc., as the independent member, in substantially the form as attached hereto in Exhibit G.

"DEFAULT" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"DISCLOSED MATTERS" means the actions, suits and proceedings and the environmental matters disclosed in any periodic and other reports, proxy statements and other materials filed by the Cadiz Borrower or any Subsidiary with the Commission that are publicly available.

"DOLLARS" or "$" refers to lawful money of the United States of America.

"EIGHTH WARRANT CERTIFICATE" means the Eight Warrant Certificate issued in connection with the Fourth Amendment Agreement.

"ELEVENTH WARRANT CERTIFICATE" means the Eleventh Warrant Certificate issued in connection with the Fourth Amendment Agreement.

"ENVIRONMENTAL LAWS" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

"ENVIRONMENTAL LIABILITY" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of either Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the

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foregoing.

"EQUITY ACQUISITION ASSET" has the meaning set forth in Section 5.10(c) hereof.

"EQUITY ACQUISITION THRESHOLD" has the meaning set forth in Section 5.10(c) hereof.

"EQUITY ISSUANCE" has the meaning set forth in Section 2.21 hereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA AFFILIATE" means any trade or business (whether or not incorporated) that, together with either Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA EVENT" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by either Borrower or any of their Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by either Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by either Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by either Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from either Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"EVENT OF DEFAULT" has the meaning assigned to such term in Article VII.

"EXCHANGE ACT" has the meaning set forth in Section 9.17 hereof.

"EXCLUDED ITEM" has the meaning set forth in Section 5.10(b) hereof.

"EXCLUDED ITEMS/ROLLING STOCK THRESHOLD" has the meaning set forth in Section 5.10(b) hereof.

"EXCLUDED TAXES" means, with respect to the Administrative Agent, any Lender, any other recipient of any payment to be made by or on account of any obligation of either Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which either Borrower is located and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the either Borrower under Section 2.19(b)), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Foreign Lender's failure to comply with Section 2.17(e), except to the extent that such Foreign Lender (or its assignor, if any) was

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entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrowers with respect to such withholding tax pursuant to Section 2.17(a).

"FEDERAL FUNDS EFFECTIVE RATE" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"FEE WARRANT CERTIFICATE" means the three-year warrants that vested on August 1, 2002 for the purchase up to 100,000 shares of Cadiz's common stock with an exercise price equal to the average closing price for all trading days in July 2002, that entitles the holder thereof to purchase up to 100,000 shares based upon the terms and conditions set forth therein.

"FIFTH AMENDMENT DOCUMENTS" has the meaning ascribed to such term in the recitals hereto.

"FINANCIAL OFFICER" means the chief financial officer, principal accounting officer, treasurer or controller of, as applicable, the Cadiz Borrower or the CRE Borrower.

"FIRST AMENDMENT AGREEMENT" has the meaning ascribed to such term in the recitals hereto.

"FIRST EXTENSION REQUIREMENTS" shall have the meaning ascribed to such term in Section 2.27(a) hereof.

"FIXED RATE" means, with respect to any Borrowing for any Interest Period, either (a) if the Borrowers do not elect the PIK&Cash Payment Election, the Cash Payment Rate or (b) if the Borrowers elect the PIK&Cash Payment Election, the PIK&Cash Payment Rate.

"FOREIGN LENDER" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrowers are located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"FOURTH AMENDMENT AGREEMENT" has the meaning ascribed to such term in the recitals hereto.

"FOURTH AMENDMENT DOCUMENTS" has the meaning ascribed to such term in the recitals hereto.

"GAAP" means generally accepted accounting principles in the United States of America.

"GOVERNMENTAL AUTHORITY" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"GUARANTEE" of or by any Person (the "GUARANTOR") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "PRIMARY OBLIGOR") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or

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liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"HAZARDOUS MATERIALS" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"HEDGING AGREEMENT" means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"INACTIVE SUBSIDIARIES" means all Subsidiaries of the Cadiz Borrower, excluding Sun World Entities, that (a) do not conduct any business activities and (b) hold no assets or properties (either tangible or intangible).

"INDEBTEDNESS" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an

account party in respect of letters of credit and letters of guaranty and (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"INDEMNIFIED TAXES" means Taxes other than Excluded Taxes.

"INDEMNITEE" has the meaning ascribed to such term in Section 9.03(b) hereof.

"ING" means ING Capital, LLC, a Delaware company.

"ING COLLATERAL" means the collateral security granted, pledged or hypothecated to the Administrative Agent or the Lenders under the Security Documents (but excluding the collateral specifically released under the Consent to Sun World Settlement) to secure the payment and satisfaction of the obligations hereunder and under the other Loan Documents, including the Revolving Loan Obligations.

"INTEREST PAYMENT DATE" means the last day of the Interest Period applicable to the Borrowing of which such Loan is a part.

"INTEREST PERIOD" means, from and after September 30, 2003, each semi-annual period ending on March 31 and September 30 thereafter through and including the Maturity Date, provided, that (i) except as provided in clauses (ii) and (iii) below, if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day, (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding

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day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period, and (iii) if any Interest Period would end after the Maturity Date, such Interest Period shall end on the Maturity Date.

"LENDERS" means the Person or Persons, as the case may be, listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance.

"LIEN" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"LOAN DOCUMENTS" means this Agreement, each Security Document, each Note, the First Amendment Agreement, the Second Amendment Documents, the Third Amendment Documents, the Fourth Amendment Documents, the Fifth Amendment Documents and the Sixth

Amendment Documents, and any other document, instrument or agreement delivered, executed or to be executed under or in connection with any of the foregoing.

"LOAN OBLIGATIONS" means collectively, the Revolving Loan Obligations and the Term Loan Obligations.

"LOANS" or "REVOLVING LOANS" means, collectively, the Tranche A Loans and the Tranche B Loans, each as made pursuant to Section 2.03 or 2.04 hereof.

"MANDATORY EQUITY PREPAYMENT" shall have the meaning ascribed to such term in Section 2.21(a) hereof

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (a) the business, assets, operations, prospects or condition, financial or otherwise, of either Borrower and their Subsidiaries taken as a whole, (b) the ability of either Borrower to perform any of its obligations under this Agreement or any other Loan Document, (c) the rights of or benefits available to the Lenders under this Agreement or any other Loan Document, or (d) the Transactions.

"MATERIAL INDEBTEDNESS" means Indebtedness (other than the Loans), or obligations in respect of one or more Hedging Agreements, of any one or more of the Borrower and its Subsidiaries, but excluding PSWRI, in an aggregate principal amount exceeding $500,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of the Borrower or any Subsidiary in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Subsidiary would be required to pay if such Hedging Agreement were terminated at such time.

"MATURITY DATE" means March 31, 2005, provided, however, that if the First Extension Requirements are satisfied, then the Maturity Date shall be extended to September 30, 2005; provided, further, that if the Second Extension Requirements are satisfied, then the Maturity Date shall be extended to March 31, 2006; provided, further, that if the Third Extension Requirements are satisfied, then the Maturity Date shall be extended to September 30, 2006.

"MAXIMUM CASH COLLATERAL AMOUNT" means, with respect to any Equity Issuance, the amount obtained by multiplying the amount of the outstanding Loan Obligations, by 8%, and multiplying the product thereof by the number of years (rounded upward to the nearest half year) between the date of such on which the proceeds of any Equity Issuance was received by either of the Borrowers and September 30, 2006 (computed on the basis of a year of 360 days).

"MAXIMUM RATE" has the meaning ascribed to such term in Section 9.16 hereof.

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"MOODY'S" means Moody's Investors Service, Inc.

"MORTGAGES" means, collectively, (a) any mortgage agreement or deed of trust dated as of either November 26, 1997 or the Restructuring Effective Date for the benefit of Mortgagee pursuant to Section 2.08 and (b) each other mortgage granted to Mortgagee pursuant to Sections 2.08, 5.10 and 5.11, each substantially in the form as annexed to the 1997 Revolving Credit Agreement.

"MORTGAGEE" means, with respect to any Mortgage, the Administrative Agent as mortgagee or beneficiary thereof, for itself and on behalf of the Lenders, under such Mortgage.

"MULTIEMPLOYER PLAN" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"NEW CADIZ/SUN WORLD LEASE" means that certain Agricultural Lease by and between Cadiz Borrower (OR CRE BORROWER AS ASSIGNEE OF CADIZ BORROWER), as lessor, and Sun World, as lessee, in substantially the form annexed hereto as Exhibit D.

"1997 REVOLVING CREDIT AGREEMENT" has the meaning ascribed to such term in the recitals hereto.

"NINTH WARRANT CERTIFICATE" means the Ninth Warrant Certificate issued in connection with the Fourth Amendment Agreement.

"NON-ADVERSE AMENDMENT" has the meaning set forth in Section 9.19 hereof.

"NOTES" means, collectively, the Tranche A Notes and the Tranche B Notes.

"OBLIGORS" has the meaning assigned to such term in the Pledge and Security Agreement.

"OTHER TAXES" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

"PARTICIPANTS" has the meaning ascribed to such term in Section 9.04(e) hereof.

"PARTICIPATING SUBSIDIARIES" means the Subsidiaries excluding (a) the Inactive Subsidiaries, and (b) the Sun World Entities.

"PAST DUE EXPENSE DEFICIENCY" means the amount of $20,000, corresponding to the amount that Lender's and Revolving Lenders' reasonable out-of-pocket expenses on and prior to the Restructuring Effective Date, including the reasonable fees, charges and disbursements of counsel, exceed $400,000.

"PAST DUE PAYMENT" means a Cash payment of $2,425,034.62 made by Cadiz to ING and/or its nominees that is comprised of (a) all accrued and unpaid interest due under the Term Loan Documents and the Loan Documents for the period through September 30, 2003 at the non-default rate in the amount of $1,412,457.21, (b) all accrued and unpaid interest due under the Term Loan Documents and the Loan Documents at the default rate for the period through September 30, 2003 in the amount of $612,577.40, and (c) $400,000 of Administrative Agent's and the Lenders' out-of-pocket expenses (including reasonable attorneys' fees) under the Term Loan Documents and the Loan Documents for the period through the Restructuring Effective Date, provided that the Past Due Expense Deficiency shall be capitalized and included as part of the principal outstanding under the Tranche A Notes.

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"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"PERMITTED ENCUMBRANCES" means:

(a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in compliance with Section 5.04;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Participating Subsidiary;

(f) Liens arising out of any judgment awarded against the Borrower which have been discharged, vacated, reversed or execution thereof stayed pending appeal;

(g) any other Lien with respect to which the Borrower or related lessee shall have provided a bond or other security in an amount and under terms reasonably satisfactory to the Required Lenders and which does not involve any material risk of the sale, forfeiture or loss of any interest in Borrower's real or personal property; and

(h) the Liens of the Security Documents;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"PERMITTED INVESTMENTS" means:

(a) Cash Equivalents; and

(b) transactions permitted pursuant to the provisions of Sections 5.10 and 5.11 hereof.

"PERSON" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"PIK PORTION" has the meaning set forth in Section 2.14 hereof.

"PIK PORTION RATE" means eight percent (8%).

"PIK&CASH PAYMENT ELECTION" has the meaning set forth in Section 2.14 hereof.

"PIK&CASH PAYMENT ELECTION DEADLINE" has the meaning set forth in Section 2.14 hereof.

"PIK&CASH PAYMENT ELECTION REQUEST" means a request by the Borrowers to make a payment of accrued interest for an Interest Period through the remittance of both (A) the Cash Portion plus (B) the PIK Portion

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"PIK&Cash Payment Rate" means twelve percent (12%), comprised of the sum of the PIK Portion Rate and the Cash Portion Rate.

"PLAN" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"PLEDGE AND SECURITY AGREEMENTS" means, collectively, (a) any security agreement dated as of the Restructuring Effective Date for the benefit of the Administrative Agent, for itself and on behalf of the Lenders, pursuant to Section 2.08, (b) any stock pledge agreement pursuant to which the shares of capital stock of each Participating Subsidiary are pledged to the Administrative Agent, and (c) each other security agreement executed pursuant to Sections 2.08, 5.10 and 5.11, each substantially (to the extent applicable) in the form as annexed to the 1997 Revolving Credit Agreement, as amended from time to time thereafter.

"PREPAYMENT DATE" has the meaning set forth in Section 2.11 hereof.

"PREFERRED STOCK CERTIFICATE OF DESIGNATIONS" means that certain Certificate of Designations of Series F Preferred Stock of the Cadiz Borrower, in form and substance acceptable to the Administrative Agent and the Lenders, in substantially the form as attached hereto in Exhibit H, that, inter alia, sets forth the rights, privileges and preferences of such preferred stock.

"PSWRI" means P.S.W.R.I. Limited, a Guernsey corporation.

"PURCHASER CERTIFICATE" means the Purchaser Certificate in the form as attached hereto in Exhibit I.

"REGISTER" has the meaning set forth in Section 9.04.

"REGISTRATION RIGHTS AGREEMENT" means the Registration Rights Agreement agreed to by Cadiz Borrower in favor of ING in the form attached hereto as Exhibit J.

"RELATED PARTIES" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"RELEASED PARTIES" has the meaning ascribed to such term in Section 9.19 hereof.

"REQUIRED LENDERS" means, at any time, Lenders having Revolving Credit Exposures and unused Commitments representing at least 66 2/3% of the sum of the total Revolving Credit Exposures and unused Commitments at such time.

"RESTRICTED PAYMENT" means any dividend or other distribution (whether in cash, securities or other property) with respect to any shares of any class of capital stock of either Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such shares of capital stock or equity interest of either Borrower or any option, warrant or other right to acquire any such shares of capital stock or equity interests of either Borrower, PROVIDED, HOWEVER, that transfers solely between the two Borrowers shall not be considered Restricted Payments if such transfers do not conflict with the organizational documents for both of the Borrowers.

"RESTRUCTURING EFFECTIVE DATE" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

"REVISED AND RESTATED ADDITIONAL DRAW WARRANT CERTIFICATE" means the Revised and Restated Additional Draw Certificate issued in connection with the Fourth Amendment Agreement.

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"REVISED AND RESTATED INITIAL DRAW CERTIFICATE" means the Revised and Restated Initial Draw Certificate issued in connection with the Fourth Amendment Agreement.

"REVOLVER DEED OF TRUST" means that certain Deed of Trust, Assignment of Rents, Security Agreement, Financing Statement and Fixture Filing, dated November 25, 1997, as amended from time to time, executed by Cadiz Borrower in favor of the Administrative Agent for the benefit of itself and the Lenders, which was recorded on November 26, 1997, as Instrument No. 19970434910 in the Official Records of San Bernardino County California.

"REVOLVER (PIUTE) DEED OF TRUST" means that certain Deed of Trust, Assignment of Rents, Security Agreement, Financing Statement and Fixture Filing, dated as of July 1, 1999, as amended from time to time, executed by Cadiz Borrower in favor of the Administrative Agent for the benefit of itself and the Lenders, which was recorded on December 23, 1999, as Instrument No. 524213 in the Official Records of San Bernardino County California.

"REVOLVER (SWFG) DEED OF TRUST" means that certain Deed of Trust, Assignment of Rents, Security Agreement, Financing Statement and Fixture Filing, dated October 30, 1998, as amended from time to time, executed by Cadiz Borrower in favor of the Administrative Agent

for the benefit of itself and the Lenders, which was recorded on November 4, 1998, as Instrument No. 19980473321 in the Official Records of San Bernardino County California.

"REVOLVER DEEDS OF TRUST" means, collectively, the Revolver Deed of Trust, the Revolver (Piute) Deed of Trust, the Revolver (SWFG) Deed of Trust and any and all mortgages and deeds of trust delivered pursuant to Sections 5.10 and 5.11 hereof.

"REVOLVING CREDIT EXPOSURE" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Tranche A Loans and Tranche B Loans.

"REVOLVING CREDIT AGREEMENT WARRANTS" collectively, the Revised and Restated Initial Draw Warrant Certificate, the Revised and Restated Additional Draw Warrant Certificate, the Eighth Warrant Certificate, the Ninth Warrant Certificate, the Tenth Warrant Certificate, the Eleventh Warrant Certificate and the Fee Warrant Certificate, each as revised, restated and in effect from time to time.

"REVOLVING LOAN OBLIGATIONS" means the obligations of Borrowers to the Administrative Agent and/or the Lenders under the Loan Documents, as amended and in effect from time to time.

"ROLLING STOCK": has the meaning assigned to such term in the Pledge and Security Agreement.

"S&P" means Standard & Poor's.

"SECOND AMENDMENT AGREEMENT" has the meaning ascribed to such term in the recitals hereto.

"SECOND AMENDMENT DOCUMENTS" has the meaning ascribed to such term in the recitals hereto.

"SECOND EXTENSION REQUIREMENTS" shall have the meaning ascribed to such term in Section 2.27(b) hereof.

"SECURITIES ACT" has the meaning set forth in Section 9.17 hereof.

"SECURITY DOCUMENTS" means, collectively, the Mortgages, the Pledge and Security Agreement and the Cash Collateral Account Agreement.

"SIXTH AMENDMENT DOCUMENTS" has the meaning ascribed to such term in the recitals hereto.

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"subsidiary" means, with respect to any Person (the "PARENT") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other

entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"SUBSIDIARY" means any subsidiary of either of the Borrowers, but shall exclude Sun World and its subsidiaries during the pendency of the bankruptcy case for Sun World pending as of the Restructuring Effective Date.

"SUN WORLD" means Sun World International, Inc., a Subsidiary of the Cadiz Borrower.

"SUN WORLD DOCUMENTS" has the meaning assigned to such term in the Term Sixth Global Amendment Agreement.

"SUN WORLD ENTITIES" means Sun World and its subsidiaries.

"SUN WORLD INDENTURE" means that certain Indenture, dated as of April 16, 1997, among Sun World, Cadiz Borrower, the Subsidiary Guarantors thereto, and the Sun World Trustee, as amended by that certain Amendment to Indenture, dated as of October 9, 1997, as further amended by any Non-Adverse Amendments.

"SUN WORLD SETTLEMENT" means the settlement relating to claims between the Cadiz Borrower and Sun World, and the related release of certain collateral relating to Sun World implementing the settlement described in the term sheet, as annexed hereto in Exhibit K, which documents evidencing the settlement are in form and substance reasonably satisfactory to the Cadiz Borrower, the Administrative Agent and the Lenders.

"SUN WORLD TRUSTEE" means The Bank of New York, in its capacity as the successor trustee under the Sun World Indenture and any successor trustee thereunder.

"TAXES" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"TENTH WARRANT CERTIFICATE" means the Tenth Warrant Certificate issued in connection

with the Fourth Amendment Agreement.

"TERM LOAN OBLIGATIONS" means the obligations of Borrowers to ING under the Term Loan Documents.

"TERM LOAN DOCUMENTS" means collectively, the Credit Documents (as defined in the Term Sixth Global Amendment Agreement), each as amended and modified from time to time.

"TERM FIFTH GLOBAL AMENDMENT AGREEMENT" means that certain Fifth Global Amendment Agreement, dated as of January 31, 2002, between Cadiz, as borrower, and ING, as lender, as amended and modified from time to time.

"TERM SIXTH GLOBAL AMENDMENT AGREEMENT" means that certain Sixth Global Amendment Agreement, dated as of December 15, 2003, between Cadiz and CRE, as

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borrowers, and ING, as lender, as amended and modified from time to time.

"THRESHOLD" has the meaning assigned to such term in Section 2.11(c).

"THIRD AMENDMENT AGREEMENT" has the meaning ascribed to such term in the recitals hereto.

"THIRD AMENDMENT DOCUMENTS" has the meaning ascribed to such term in the recitals hereto.

"THIRD EXTENSION REQUIREMENTS" shall have the meaning ascribed to such term in Section 2.27(c) hereof.

"TITLE POLICIES" has the meaning ascribed to such term in Section 4.01(r) hereof.

"TRANCHE A COMMITMENT" means, with respect to each Lender, the commitment of such Lender to make Tranche A Loans, expressed as an amount representing the maximum aggregate amount of such Lender's Tranche A Revolving Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.09 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender's Tranche A Commitment is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Tranche A Commitment, as applicable. The aggregate amount of the Tranche A Commitments on the Restructuring Effective Date will be $15,000,000, which amount has been fully drawn and is outstanding.

"TRANCHE A LENDERS" means the Lenders listed on Schedule 2.01 who have a Tranche A Commitment greater than zero set forth under their names, subject to the provisions of Section 9.04 hereof pertaining to Persons becoming or ceasing to be Lenders; "Tranche A Lender" shall mean any one of them.

"TRANCHE A LOANS" shall have the meaning ascribed to such term in Section 2.01(a) hereof.

"TRANCHE A NOTE" means each of the Fifth Amended and Restated Tranche A Revolver Notes issued by Borrowers and payable by the Borrowers to the order of the Lenders, as evidence of the joint and several obligation of the Borrowers to pay the aggregate unpaid principal amount, interest thereon, and related obligations of the Tranche A Loans made to them by the Lenders (and any promissory note or notes that may be issued from time to time in substitution, renewal, extension, replacement or exchange therefor), each in the form of Exhibit L hereto, and any extensions, renewals, modifications or replacements thereof or therefore, with all blanks properly completed, either as originally executed or as the same may from time to time be supplemented, modified, amended, renewed, extended or refinanced.

"TRANCHE A REVOLVING CREDIT EXPOSURE" means, with respect to any Tranche A Lender at any time, the sum of the outstanding principal amount of such Lender's Tranche A Loans.

"TRANCHE B COMMITMENT" means, with respect to each Lender, the commitment of such Lender to make Tranche B Loans, expressed as an amount representing the maximum aggregate amount of such Lender's Tranche B Revolving Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.09 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender's Tranche B Commitment is set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Tranche B Commitment, as applicable. The aggregate amount of the Tranche B Commitments on the Restructuring Effective Date will be $10,000,000.

"TRANCHE B LENDERS" means the Lenders listed on Schedule 2.01 who have a Tranche B Commitment greater than zero set forth opposite their names, subject to the provisions of Section 9.04 hereof pertaining to Persons becoming or ceasing to be Lenders; "Tranche B Lender" shall mean any one of them.

"TRANCHE B LOANS" shall have the meaning ascribed to such term in

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Section 2.01(b) hereof.

"TRANCHE B NOTES" means each of the Amended Revised and Restated Tranche B Notes issued by Borrowers and payable by the Borrowers to the order of the Lenders, as evidence of the joint and several obligation of the Borrowers to pay the aggregate unpaid principal amount, interest thereon, and related obligations of the Tranche B Loans made to them by the Lenders (and any promissory note or notes that may be issued from time to time in substitution, renewal, extension, replacement or exchange therefor), each in the form of Exhibit M hereto, and any extensions, renewals, modifications or replacements thereof or therefore, with all blanks properly completed, either as originally executed or as the same may from time to time be supplemented, modified, amended, renewed, extended or refinanced.

"TRANCHE B REVOLVING CREDIT EXPOSURE" means, with respect to any Tranche B Lender at any time, the sum of the outstanding principal amount of such Lender's Tranche B Loans.

"TRANSACTIONS" means the execution, delivery and performance by the Borrowers of this Agreement, the other Loan Documents, the transactions contemplated herein and therein, the borrowing of Loans, and the use of the proceeds thereof.

"WITHDRAWAL LIABILITY" means liability to a Multiemployer Plan as a result of a
complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"WHOLLY OWNED SUBSIDIARY" means, with respect to any Person, any corporation, partnership, or other entity of which all of the equity securities or other ownership interests (other than, in the case of a corporation, directors' qualifying shares) are directly or indirectly owned or controlled by such Person or one or more Wholly Owned Subsidiaries of such Person or by such Person and one or more Wholly Owned Subsidiaries of such Person.

SECTION 1.02. [INTENTIONALLY OMITTED]

SECTION 1.03. TERMS GENERALLY. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. ACCOUNTING TERMS; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; PROVIDED that, if either Borrower notifies the Administrative Agent that such Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrowers that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been

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withdrawn or such provision amended in accordance herewith.

ARTICLE II

THE CREDITS

SECTION 2.01. COMMITMENTS.

(a) TRANCHE A LOANS. The parties hereby acknowledge and agree that each Lender has made loans (the "Tranche A Loans") to the Borrowers from time to time during the Availability Period in an aggregate principal amount equal to each Lender's Tranche A Commitment. The parties hereby further acknowledge and agree that prior to the Restructuring Effective Date, the Borrowers have borrowed the principal amount of $15,000,000 of Tranche A Loans from the Lenders, which Tranche A Loans remain outstanding on the Restructuring

Effective Date. Each Lender's Tranche A Loans are the joint and several obligation of the Borrowers to repay such Tranche A Loans and are evidenced by a revised and restated Tranche A Loan Note payable to the order of such Lender, and, as of the Restructuring Effective Date, has been duly and validly executed and delivered by the Borrowers, payable to the order of such Lender, which Tranche A Loan Note shall replace the Tranche A Loan Note issued in connection with the Fifth Amendment Agreement. Each Revolving Loan Note shall be dated as of the Restructuring Effective Date (or the later date of any Assignment and Acceptance). The Borrowers acknowledge and agree that the principal amount of Tranche A Loans outstanding on the Restructuring Effect Date is equal to (a) $15,000,000 plus (b) the Past Due Deficiency Amount of $20,000. The parties further agree that the Tranche A Loan Note issued on the Restructuring Effective Date may be adjusted upon agreement of the parties, which agreement may not be unreasonably withheld, within sixty (60) days after the Restructuring Effective Date solely to reflect any adjustment of the Past Due Deficiency Amount, in which case the Borrowers shall re-issue a new Tranche A Note and the Administrative Agent shall mark the replaced Tranche A Note void.

(b) TRANCHE B LOANS. S The parties hereby acknowledge and agree that each Lender has made loans (the "Tranche B Loans") to the Borrowers from time to time during the Availability Period in an aggregate principal amount equal to each Lender's Tranche B Commitment. The parties hereby further acknowledge and agree that prior to the Restructuring Effective Date, the Borrowers have borrowed the principal amount of $10,000,000 of Tranche B Loans from the Lenders, which Tranche B Loans remain outstanding on the Restructuring Effective Date. Each Lender's Tranche B Loans are the joint and several obligation of the Borrowers to repay such Tranche B Loans and are evidenced by a revised and restated Tranche B Loan Note payable to the order of such Lender, and, as of the Restructuring Effective Date, has been duly and validly executed and delivered by the Borrowers, payable to the order of such Lender, which Tranche B Loan Note shall replace the Tranche B Loan Note issued in connection with the Fifth Amendment Agreement. Each Note shall be dated as of the Restructuring Effective Date (or the later date of any Assignment and Acceptance). The Borrowers acknowledge and agree that the principal amount of Tranche B Loans outstanding on the Restructuring Effect Date is equal to $10,000,000.

SECTION 2.02. LOANS AND BORROWINGS. (a) Each Tranche A Loan shall be made as part of a Borrowing consisting of Tranche A Loans made by the Lenders ratably in accordance with their respective Tranche A Commitments. The failure of any Lender to make any Tranche A Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; PROVIDED that the Tranche A Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Tranche A Loans as required.

(b) Each Tranche B Loan shall be made as part of a Borrowing consisting of Tranche B Loans made by the Lenders ratably in accordance with their respective Tranche B Commitments. The failure of any Lender to make any Tranche B Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Tranche B Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Tranche B Loans as required.

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SECTION 2.03. [INTENTIONALLY OMITTED]

SECTION 2.04. [INTENTIONALLY OMITTED]

SECTION 2.05. [INTENTIONALLY OMITTED]

SECTION 2.06. [INTENTIONALLY OMITTED]

SECTION 2.07. CONVERSION RIGHTS FOR HOLDERS OF TRANCHE B LOANS. The parties hereby agree that, from and after the Restructuring Effective Date, the Tranche B Loans shall no longer have conversion rights.

SECTION 2.08. SECURITY. The Borrowers's obligations under this Agreement shall be secured in accordance with and/or have the benefit of the Pledge and Security Agreement, the Mortgages, any other Security Document, and each other mortgage, security interest, pledge agreement or other document granted pursuant to Sections 5.09, 5.10 and 5.11.

SECTION 2.09. TERMINATION AND REDUCTION OF COMMITMENTS. (a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Borrowers may at any time terminate, or from time to time reduce, the Tranche A Commitments; provided that (i) each reduction of the Tranche A Commitments shall be in an amount that is an integral multiple of $500,000 and not less than $2,500,000 and (ii) the Borrowers shall not terminate or reduce the Tranche A Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.11, the sum of the Tranche A Revolving Credit Exposures would exceed the total Tranche A Commitments.

(c) The Borrowers may at any time terminate, or from time to time reduce, the Tranche B Commitments; provided that (i) each reduction of the Tranche B Commitments shall be in an amount that is an integral multiple of $500,000 and not less than $2,500,000, (ii) the Borrowers shall not terminate or reduce the Tranche B Commitments unless the Tranche A Commitments have been reduced to zero and all other Loan Obligations (excluding the principal of the Tranche B Loans) have been repaid in full, and (iii) the Borrower shall not terminate or reduce the Tranche B Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.11, the sum of the Tranche B Revolving Credit Exposures would exceed the total Tranche B Commitments.

(d) Except to the extent that the Past Due Expense Deficiency and any PIK Portion increases the aggregate outstanding principal amount of all of the outstanding Loans, if at any time the aggregate outstanding principal amount of all of the Loans made by any Lender shall exceed the amount of the Commitment of such Lender, the Borrowers shall immediately upon receipt of notice thereof from the Administrative Agent or such Lender, or immediately upon the Borrowers's acquiring actual knowledge thereof, prepay the Loans of such Lender to the extent necessary to eliminate such excess.

(e) Except to the extent that any PIK Portion increases the aggregate outstanding principal amount of all of the outstanding Loans, notwithstanding anything herein to the contrary, the sum of the aggregate outstanding principal balance of all Loans made by all

Lenders at any one time shall not exceed the aggregate amount of all Commitments as then in effect. If at any time the aggregate outstanding principal balance of the Loans exceeds the applicable limit stated in the immediately preceding sentence, the Borrowers shall immediately upon receipt of notice thereof from the Administrative Agent or such Lender, or immediately upon the Borrowers's acquiring actual knowledge thereof, prepay the Loans to the extent necessary to eliminate such excess.

(f) Any reduction of the Commitments under this Section 2.09 shall apply as a proportional and permanent reduction of the Commitments of each of

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the Lenders. If the aggregate outstanding principal balance of the Loans exceeds any applicable limit specified hereunder after giving effect to any such reduction of the Commitments, Borrowers shall immediately prepay such Loans to the extent necessary to eliminate such excess.

(g) In the event any reduction in the Commitments is made in accordance with this Section 2.09, the Administrative Agent will issue to the Borrowers and each Lender a revised Schedule 2.01 to this Agreement reflecting such reduction, which revised Schedule 2.01 shall supersede and replace the prior version thereof and shall be substituted by each party in lieu thereof.

SECTION 2.10. REPAYMENT OF LOANS; EVIDENCE OF DEBT. (a) Each Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrowers to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be PRIMA FACIE evidence of the existence and amounts of the obligations recorded therein; PROVIDED that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrowers to repay the Loans in accordance with the terms of this Agreement.

(e) To further evidence the existence and amounts of the Borrowers's obligations to pay principal and interest on each Loan made by a Lender hereunder, (i) with respect to each Tranche A Loan, the Borrowers shall execute and deliver to that Lender a Tranche A Note payable to the Lender, with all blanks therein appropriately filled, with the face amount equal to the principal amount of such Lender's Tranche A Commitment, and (ii) with respect to each Tranche B Loan, the Borrowers shall execute and deliver to that Lender a Tranche B Note payable to the Lender, with all blanks therein appropriately filled, with the face

amount equal to the principal amount of such Lender's Tranche B Commitment. The Borrowers shall prepare, execute and deliver each such Note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns). Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more Notes payable to the order of the payee named therein (or, if such Note is a registered note, to such payee and its registered assigns).

SECTION 2.11. PREPAYMENT OF LOANS; REBORROWINGS. (a) Subject to Section 2.11(d) hereof, the Borrowers shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section; PROVIDED that unless all outstanding amounts are being repaid or otherwise mandated under the terms of this Agreement or the other Loan Documents, each prepayment of Borrowing shall be in an amount that is an integral multiple of $100,000 and not less than $2,500,000.00.

(b) The Borrowers shall notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment hereunder not later than 1 p.m., New York City time, (the following date, as applicable, the "Prepayment Date") (i) with respect to Tranche A Loans, six Business Days before the date of prepayment or (ii) with respect to Tranche B Loans, ten (10) Business Days before the date of prepayment. Each such notice shall be irrevocable and shall

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specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; PROVIDED that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.09, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.09. Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing as provided in Section 2.02. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13 and Section 2.14.

(c) The Borrowers may not reborrow any principal amount of any Loans prepaid or repaid in any manner.

(d) Notwithstanding any other provision of this Agreement, any provision in any other Loan Documents or any provision of the Term Loan Documents, no prepayment or repayments of the Tranche B Loans may be made until all other Loan Obligations (excluding the outstanding principal of the Tranche B Loans) have been paid in full to the Lenders and the Administrative Agent. Mandatory or optional prepayments by Borrowers shall first apply to currently outstanding Tranche A Loans or the Term Loan Obligations (excluding the principal of the Tranche B Loans) (as allocated between such Loan Obligations within the sole discretion of the Administrative Agent).

SECTION 2.12. FEES. All fees payable hereunder shall be paid on the date due to the Administrative Agent for distribution to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.13. INTEREST. (a) The Loans comprising each Borrowing shall bear interest at a rate per annum equal to the Applicable Interest Rate for the Interest Period in effect for such Borrowing. On the first Interest Payment Date after the Restructuring Effective Date, the Borrowers shall be obligated to pay (or satisfy) interest accruing on the Loans from and after September 30, 2003 though such Interest Payment Date.

(b) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrowers hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraph of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to Loans as provided in paragraph (a) of this Section.

(c) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and upon termination of the Commitments; PROVIDED that (i) interest accrued pursuant to paragraph (b) of this Section shall be payable on demand and (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

(d) All interest hereunder shall be computed on the basis of a year of 360 days, and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

SECTION 2.14. INTEREST RATE ELECTION. (a) In its sole discretion, as provided in this section, Borrowers may elect to pay accrued interest on a Borrowing on an Interest Payment Date (or, in the case of a prepayment under Section 2.11, on the Prepayment Date) for such Borrowing either:

(i) at the PIK&Cash Payment Rate through the remittance of both (A) the Cash Portion, which is a payment in cash corresponding to an interest rate of 4% per annum plus (B) the PIK Portion corresponding to an interest rate of 8% per annum(such election, a "PIK&Cash Payment Election"); or

(ii) at the Cash Payment Rate through the remittance of

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the Cash Payment Amount, which is a payment on cash corresponding to an interest rate of 8% (such election, a "Cash Payment Election").

(b) To make a PIK&Cash Payment Election pursuant to this Section 2.14 with respect to any Borrowing for any Interest Period (or in the case of a prepayment under Section 2.11, the portion of an Interest Period ending on the Prepayment Date), the Borrowers shall notify the Administrative Agent of such election by facsimile or telephone not later than 1:00 p.m., New York time, six (6) Business Days before the Interest Payment Date (or, in the case of a prepayment under Section 2.11, six (6) Business Days before the Prepayment Date) for the current Interest Period for such Borrowing (the "PIK&CASH PAYMENT ELECTION DEADLINE"). Each telephonic PIK&Cash Payment Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written

PIK&Cash Payment Election Request in a form approved by the Administrative Agent and signed by the Borrowers. Promptly upon receipt of the written PIK&Cash Payment Election Request, the Administrative Agent shall give notice of such PIK&Cash Payment Election Request to the Lenders.

(c) Each telegraphic and written PIK&Cash Payment Election Request shall specify the Borrowing to which such PIK&Cash Payment Election Request applies;

(d) Following receipt of a PIK&Cash Payment Election Request, (i) the Administrative Agent shall advise each Lender and the Borrowers by 11 a.m., New York time, on the Interest Payment Date (or, in the case of a prepayment under Section 2.11, on the Prepayment Date) relating to such PIK&Cash Payment Election Request of the details thereof, including the Administrative Agent's determination of the Cash Payment Portion and the PIK Portion (including its calculation thereof) as determined pursuant to Subsection hereof, (2) within ten (10) Business Days after the PIK&Cash Payment Election Deadline, the Borrowers shall deliver to the Administrative Agent, for the benefit of the Lenders, a new note in substantially the form hereof for the PIK Portion relating to such PIK&Cash Payment Election Request, provided, however, that the failure to deliver any such PIK Portion note shall not affect the Borrowers' obligations relating to the PIK Portion (or interest thereon) from and after the Interest Payment Date giving rise thereto.

(e) Subject to Section 2.14(f) hereof, if the Borrowers fail to deliver a timely PIK&Cash Payment Election Request with respect to any Borrowing prior to the PIK&Cash Payment Election Deadline for an Interest Period and in accordance with requirements of this section, then (i) the Borrowers shall be deemed to have made the Cash Payment Election for that Borrowing for that Interest Period and (ii) the Applicable Interest Rate for that Borrowing for that Interest Period shall be the Cash Payment Rate.

(f) Notwithstanding any other provision of this Agreement, the Borrowers shall not be entitled to make the PIK&Cash Payment Election if a Default or an Event of Default has occurred and is continuing (unless this requirement is waived by the Required Lenders). If the Borrowers are not entitled to make the PIK&Cash Payment Election for any Interest Period with respect to a Borrowing, then the Interest Rate for that Interest Period for such Borrowing shall be the Cash Payment Rate.

(g) With respect to any Borrowing for which a PIK&Cash Payment

Election has been made (or deemed to have been made) in accordance with this Section 2.14, the PIK Portion shall mean the principal amount that has a value equal to the amount of accrued interest at the PIK Portion Rate for that Borrowing for the Interest Period (or, in the case of a prepayment under Section 2.11, the portion of an Interest Period ending on the Prepayment Date) for which the PIK&Cash Payment Election has been made (the "PIK Portion"). The PIK Portion shall not be paid in cash but shall automatically and without further action on the part of any party be added to the outstanding principal amount of the Revolving Loan Obligations on the Interest Payment Date for such Interest Period (or, in the case of a prepayment under Section 2.11, the portion of an Interest Period ending on the Prepayment Date) and shall be considered as outstanding principal under the Revolving Loans. Further, with respect to any Borrowing for

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which a PIK&Cash Payment Election has been made in accordance with this Section 2.14, (1)

interest shall accrue on the Revolving Loan Obligations with respect to such Borrowing for such Interest Period (or, in the case of a prepayment under Section 2.11, the portion of such Interest Period ending on the Prepayment Date) at the PIK&Cash Payment Rate, and (2) the Cash Portion shall mean the amount of accrued interest at the Cash Portion Rate for that Borrowing for the Interest Period (or, in the case of a prepayment under Section 2.11, the portion of an Interest Period ending on the Prepayment Date) for which the PIK&Cash Payment Election has been made (the "Cash Portion"). The Cash Portion shall be payable in immediately available funds on the Interest Payment Date for such Interest Period (or, in the case of a prepayment under Section 2.11, the portion of an Interest Period ending on the Prepayment Date) in accordance with section 2.18 hereof.

(h) With respect to any Borrowing for which a Cash Payment Election has been made in accordance with this Section 2.14, (1) interest shall accrue on the Revolving Loan Obligations with respect to such Borrowing for such Interest Period (or, in the case of a prepayment under Section 2.11, the portion of such Interest Period ending on the Prepayment Date) at the Cash Payment Rate, and (2) the Cash Payment Amount shall mean the amount of accrued interest at the Cash Payment Rate for that Borrowing for the Interest Period (or, in the case of a prepayment under Section 2.11, the portion of an Interest Period ending on the Prepayment Date) for which the Cash Payment Election has been made (the "Cash Payment Amount"). The Cash Payment Amount shall be payable in immediately available funds on the Interest Payment Date for such Interest Period (or, in the case of a prepayment under Section 2.11, the portion of an Interest Period ending on the Prepayment Date) in accordance with section 2.18 hereof

SECTION 2.15. INCREASED COSTS. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender; or

(ii) impose on any Lender any other condition affecting this Agreement or Applicable Interest Rate Loans made by such Lender or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Applicable Interest Rate Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then the Borrowers will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital

adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the

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Borrowers and shall be conclusive absent manifest error. The Borrowers shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section 2.15 shall not constitute a waiver of such Lender's right to demand such compensation; PROVIDED that the Borrowers shall not be required to compensate a Lender pursuant to this Section 2.15 for any increased costs or reductions incurred more than 270 days prior to the date that such Lender notifies the Borrowers of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; PROVIDED further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. CASH COLLATERAL ACCOUNT. In accordance with Section 4.01, the Cadiz Borrower has agreed to establish the Cash Collateral Account and to grant to Lenders perfected first priority security interests therein, all upon the terms and subject to the terms and conditions of the Cash Collateral Account Agreement. In connection therewith, the Cadiz Borrower shall deposit with $2,142,280 in the Cash Collateral Account, with the amounts in such account subject to the Cash Collateral Account Agreement. In accordance with the terms thereof, the Cadiz Borrower may utilize amounts held in the Cash Collateral Account solely to pay the interest payments (at the rate specified in (b)(iii) above elected by Cadiz) next due on the Loan Obligations, and, if all interest due and owing has been paid, then on the Maturity Date, Cadiz Borrower may utilize any remaining cash in the Cash Collateral Account to repay principal on the Loan Obligations.

SECTION 2.17. TAXES. (a) Any and all payments by or on account of any obligation of the Borrowers hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; PROVIDED that if the Borrowers shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrowers shall make such deductions and (iii) the Borrowers shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrowers shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrowers jointly and severally agree to protect, indemnify, pay and save the Administrative Agent and each Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrowers hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrowers by a Lender, or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrowers to a Governmental Authority, the Borrowers shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which either Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrowers (with a

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copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrowers as will permit such payments to be made without withholding or at a reduced rate.

SECTION 2.18. PAYMENTS GENERALLY; PRO RATA TREATMENT; SHARING OF SET-OFFS. (a) The Borrowers shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursements, or of amounts payable under Sections 2.15, 2.17 or 2.20, or otherwise) prior to 2:00 p.m., New York City time, on the date when due, in immediately available funds (or with respect to the PIK Portion for a Borrowing for which the Borrowers have made the PIK&Cash Payment Election in accordance with Section 2.14, additional Loan principal, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at c/o ING Capital, LLC, 135 East 57th Street, New York, New York 10022 Attention: Joan Chiappe, Vice President, except that payments pursuant to Sections 2.15, 2.17, 2.20 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) If at any time insufficient funds or property are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due

hereunder, such funds or property shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, (ii) second, towards payment of principal on the Tranche A Loans then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties, and (iii) third, towards payment of principal on the Tranche B Loans then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans; PROVIDED that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrowers pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrowers or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrowers prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrowers will not make such payment, the Administrative Agent may assume that the

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Borrowers have made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrowers have not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it to the Administrative Agent pursuant to the terms of this Agreement, then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.19. MITIGATION OBLIGATIONS; REPLACEMENT OF LENDERS. (a) If any Lender requests compensation under Section 2.15, or if the Borrowers are required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. Each Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15, or if the Borrowers are required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrowers may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); PROVIDED that (i) the Borrowers shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply.

SECTION 2.20. BREAK FUNDING PAYMENTS. In the event of (a) the payment of any principal of any Loan other than on the last day of an Interest Period therefor (including as a result of an Event of Default), or (b) the failure to borrow, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto, then, in such event, the Borrowers shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of any Loan, the loss to any Lender attributable to any such event shall be deemed to include an amount determined by such Lender to be equal to the excess, if any, of (i) the amount of interest that such Lender would pay for a deposit equal to the principal amount of such Loan for the period from the date of such payment to the last day of the then current Interest Period for such Loan if the interest rate payable on such deposit were equal to the Cash Payment Rate for such Interest Period, over (ii) the amount of interest that such Lender would earn on such principal amount for such period if such Lender were to invest such

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principal amount for such period at the interest rate that would be bid by such Lender (or an affiliate of such Lender) for deposits from other banks in the eurocurrency market at the commencement of such period. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive

pursuant to this Section shall be delivered to the Borrowers and shall be conclusive absent manifest error. The Borrowers shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.21. CERTAIN MANDATORY PREPAYMENTS. In addition to any other prepayments required under the Loan Documents, prepayments of the Loan Obligations shall be required as follows (any prepayment of the Revolver Loan Obligations set forth in (a) and (b) of this Subsection shall be effected in each case in the manner and to the extent specified in Subsection (c) of this Section 2.21).

(a) CERTAIN MANDATORY PREPAYMENTS FOR EQUITY CONTRIBUTION. Subject to Section 2.21(b) below, to the extent, if any, that either Borrower raises, collects, or receives, proceeds from any Equity Issuance in any manner after the Restructuring Effective Date, then the Borrowers shall prepay the Loan Obligations in an aggregate amount equal to 35% of such cumulative proceeds to prepay the Lender's outstanding Loan Obligations (such amount of proceeds, the "MANDATORY EQUITY PREPAYMENT") (as allocated between the Revolving Loan Obligations and the Term Loan Obligations as determined by Administrative Agent in its sole discretion); PROVIDED, HOWEVER, that if and to the extent that the amount of Cash in the Cash Collateral Account is less than the Maximum Cash Collateral Amount, then such Borrower may deposit all or a portion of the Mandatory Equity Prepayment in the Cash Collateral Account subject to the Cash Collateral Account Agreement.

(b) CASHLESS EQUITY ISSUANCES TO THIRD PARTIES. If there is an Equity Issuance after the Restructuring Effective Date involving Persons not affiliated with the Borrowers or their Affiliates and who are not "insiders" (as defined in section 101 of title 11 of the United States Code), employee or agent of any such entities under which there are no cash or other liquid proceeds thereof (a "CASHLESS EQUITY ISSUANCE"), then the Cadiz Borrower must provide all holders of the Cadiz Series F Preferred Stock with anti-dilution protections as provided in the Cadiz Series F Preferred Stock Certificate and the Preferred Stock Certificate of Designations.

(c) APPLICATION. Prepayments to the Revolving Loan Obligations described in the above subsections of Section 2.21 and allocated, in accordance with subsections 2.21(a) and (b) for the prepayment of Revolving Loan Obligations, shall be applied in the following order:

(i) the then due and payable interest under the Revolving Loan Documents

(ii) to the extent included in the Past Due Payment, the then due and payable interest and fees under the Revolving Loan Documents; and

(iii) then the principal amounts outstanding under the Tranche A Loans, and

(iv) then the principal amounts outstanding under the Tranche B Loans, and

(v) then all other Revolving Loan Obligations and other amounts due under the Revolving Loan Documents.

(d) For purposes of this Agreement, the following term shall have the following meaning:

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"EQUITY ISSUANCE" shall mean (a) any issuance or sale by either of the Borrowers or any of their respective Subsidiaries after the Restructuring Effective Date of (i) any capital stock, partnership (limited or general) or limited liability company membership interests (certificated or otherwise), (ii) any warrants or options exercisable in respect of capital stock (other than any warrants or options issued to directors, officers or employees of the Borrowers or any of their Subsidiaries pursuant to employee benefit plans established in the ordinary course of business and any capital stock of the Borrower issued upon the exercise of such warrants or options) or (iii) any other security or instrument representing an equity interest (including a limited or general partnership or limited liability company membership interest (certificated or otherwise) (or the right to obtain any equity interest upon exercise, exchange or conversion thereof), in either of the Borrowers or any of their respective Subsidiaries, or (b) the receipt by either Borrower or any of their respective Subsidiaries after the Restructuring Effective Date of any capital contribution (whether or not evidenced by any equity security issued by the recipient of such contribution); provided that Equity Issuance shall not include (x) any such issuance or sale by any Subsidiary of either Borrower to either of the Borrower or any Subsidiary of the Borrowers, or (y) any capital contribution by either Borrower or any Wholly Owned Subsidiary of either Borrower to any Subsidiary of either Borrower.

SECTION 2.22. REGISTRATION RIGHTS. As applicable, Cadiz Borrower hereby agrees that all Common Stock of such Borrower, each of the Revolving Credit Agreement Warrants and their respective underlying shares issued at any time, along with all Common Stock of the Cadiz Borrower issued at any time upon the conversion of the any Cadiz Series F Preferred Stock, in each case whether before or after the date hereof, under any of the Loan Documents, including stock issued hereunder, shall be accorded registration rights by Cadiz Borrower as set forth in the Registration Rights Agreement.

SECTION 2.23. JOINT AND SEVERAL LIABILITY.

(a) JOINT AND SEVERAL LIABILITY. The Loan Obligations. shall constitute one joint and several direct and general obligation of all of the Borrowers. Notwithstanding anything to the contrary contained herein, each of the Borrowers shall be jointly and severally, with each other Borrower, directly and unconditionally liable to the Administrative Agent and the Lenders for all Revolving Loan Obligations and shall have the obligations of co-maker with respect to the Loans, the Notes and the Loan Obligations, it being agreed that the advances to each Borrower inure to the benefit of all Borrowers, and that the Administrative Agent and the Lenders are relying on the joint and several liability of the Borrowers as co-makers in extending and continuing the extension of the Revolving Loans hereunder. Each Borrower hereby unconditionally and irrevocably agrees that upon default in the payment when due (whether at stated maturity, by acceleration or otherwise) of any principal of, or interest on, any Loan or other obligation payable to the Administrative Agent or any Lender, it will forthwith pay the same, without notice or demand.

(b) NO REDUCTION IN OBLIGATIONS. No payment or payments made by any of the Borrowers or any other Person or received or collected by the Administrative Agent or any Lender from any of the Borrowers or any other Person by virtue of any action or proceeding or any setoff or appropriation or application at any time or from time to time in reduction of or in

payment of the Loan Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of each Borrower under this Agreement, which shall remain liable for the Loan Obligations until the Loan Obligations are paid in full and the Commitments are terminated.

SECTION 2.24. OBLIGATIONS ABSOLUTE. Each Borrower agrees that the Loan Obligations will be paid strictly in accordance with the terms of the Loan Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Administrative Agent or any Lender with respect thereto. All Loan Obligations shall be conclusively presumed to have been created in reliance hereon. The liabilities under this Agreement shall be absolute and unconditional irrespective of: (a) any lack of validity or enforceability of any Loan Documents or any other agreement or instrument relating thereto; (b) any change in the time, manner or place of payments of, or in any other term of, all or any

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part of the Loan Obligations, or any other amendment or waiver thereof or any consent to departure therefrom, including any increase in the Loan Obligations resulting from the extension of additional credit to any Borrower or otherwise; (c) any taking, exchange, release or non-perfection of any ING Collateral, or any release or amendment or waiver of or consent to departure from any guaranty for all or any of the Loan Obligations; (d) any change, restructuring or termination of the corporate structure or existence of any Borrower; or (e) any other circumstance which might otherwise constitute a defense available to, or a discharge of, any Borrower. This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Loan Obligations is rescinded or must otherwise be returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy or reorganization of any Borrower otherwise, all as though such payment had not been made.

SECTION 2.25. WAIVER OF SURETYSHIP DEFENSES. Each Borrower agrees that the joint and several liability of the Borrowers provided for in Section 2.23 shall not be impaired or affected by any modification, supplement, extension or amendment of any contract or agreement to which the other Borrowers may hereafter agree (other than an agreement signed by the Administrative Agent and the Lenders specifically releasing such liability), nor by any delay, extension of time, renewal, compromise or other indulgence granted by the Administrative Agent or any Lender with respect to any of the Loan Obligations, nor by any other agreements or arrangements whatever with the other Borrowers or with anyone else, each Borrower hereby waiving all notice of such delay, extension, release, substitution, renewal, compromise or other indulgence, and hereby consenting to be bound thereby as fully and effectually as if it had expressly agreed thereto in advance. The liability of each Borrower is direct and unconditional as to all of the Loan Obligations, and may be enforced without requiring the Administrative Agent or any Lender first to resort to any other right, remedy or security. Each Borrower hereby expressly waives promptness, diligence, notice of acceptance and any other notice (except to the extent expressly provided for herein or in another Loan Document) with respect to any of the Loan Obligations, the Notes, this Agreement or any other Loan Document and any requirement that the Administrative Agent or any Lender protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against any Borrower or any other Person or any ING Collateral.

SECTION 2.26. PAYMENTS RECEIVED ON ACCOUNT OF ANY OF BORROWERS' ASSETS OR PROPERTY RIGHTS. In addition to any other prepayment requirements contained in the Term Loan Documents and the Loan Documents, each Borrower hereby covenants and agrees that it shall

remit directly to Lender all payments or proceeds that such Borrower receives (or obtains the benefit of) with respect to, on account of, or related to such Borrower's assets or rights to assets as a mandatory repayments of the Term Loan Obligations and the Revolving Loan Obligations, which repayments shall be applied in order, and subject to the limitations, contained in Section 7(N) of the Term Sixth Global Amendment Agreement.

SECTION 2.27. EXTENSION OF MATURITY DATE UPON SATISFACTION OF CERTAIN CONDITIONS. (a) THE FIRST EXTENSION. If each of the following conditions are satisfied (collectively, the "FIRST EXTENSION REQUIREMENTS"): (i) the Borrowers have paid and satisfied to the Administrative Agent and the Lenders all Loan Obligations, including all interest due on or before the Interest Payment Date that falls on the original Maturity Date, but excluding principal payments, (ii) no Defaults or Events of Default have occurred and are continuing as of the original Maturity Date (unless such Default or Event of Default has been waived in writing by the Administrative Agent), and (iii) after the payment of the interest due on the Interest Payment Date that falls on the Maturity Date, the amount in the Cash Collateral Account is at least equal to 4.0% of the outstanding Loan Obligations (including both the Revolving Loan Obligations and the Term Loan Obligations); then the Maturity Date shall be extended from March 31, 2005 to September 30, 2005.

(b) THE SECOND EXTENSION. If each of the following conditions are satisfied (collectively, the "SECOND EXTENSION REQUIREMENTS"): (i) the Maturity Date has been extended to September 30, 2006 pursuant to Section 2.27(a), (ii) the Borrowers have paid and satisfied to the Administrative Agent and the Lenders all Loan Obligations, including all interest due on or before the

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Interest Payment Date that falls on the Maturity Date as extended under Section 2.27(a), but excluding principal payments, (ii) no Defaults or Events of Default have occurred and are continuing as of such extended Maturity Date (unless such Default or Event of Default has been waived in writing by the Administrative Agent), and (iii) after the payment of the interest due on the Interest Payment Date that falls on such extended Maturity Date, the amount in the Cash Collateral Account is at least equal to 4.0% of the then outstanding principal amount of Loan Obligations (including both the Revolving Loan Obligations and the Term Loan Obligations); then the Maturity Date shall be further extended from September 30, 2005 to March 31, 2006.

(c) THE THIRD EXTENSION. If each of the following conditions are satisfied (collectively, the "THIRD EXTENSION REQUIREMENTS"): (i) the Maturity Date has been extended to March 31, 2006 pursuant to Section 2.27(b), (ii) the Borrowers have paid and satisfied to the Administrative Agent and the Lenders all Loan Obligations, including all interest due on or before the Interest Payment Date that falls on the Maturity Date as extended under Section 2.27(b) above, but excluding principal payments, (ii) no Defaults or Events of Default have occurred and are continuing as of such extended Maturity Date (unless such Default or Event of Default has been waived in writing by the Administrative Agent), and (iii) after the payment of the interest due on the Interest Payment Date that falls on the Maturity Date as extended under 2.27(b), the amount in the Cash Collateral Account is at least equal to 4.0% of the then outstanding principal amount of Loan Obligations (including both the Revolving Loan Obligations and the Term Loan Obligations) as of such date; then the Maturity Date shall be further extended from March 31, 2006 to September 30, 2006.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each Borrower represents and warrants to the Lenders that the following representations and warranties are true and correct on the date hereof as if made on the date hereof (except, to the extent any such representations and warranties specifically refer to an earlier date, in which case, such representations or warranties are represented and warranted to be true and correct as of such earlier specified date):

SECTION 3.01. ORGANIZATION; POWERS. Each Borrower and its Participating Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 3.02. AUTHORIZATION; ENFORCEABILITY. The Transactions are within the Borrower's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. This Agreement has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law. The Cadiz Borrower further represents and warrants that it has authorized, and holds sufficient reserves of Common Stock for the conversion of the Cadiz Series F Preferred Convertible Certificates and all other securities that are held by Lenders that are convertible to Cadiz Common Stock.

SECTION 3.03. GOVERNMENTAL APPROVALS; NO CONFLICTS. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of either Borrower or any of their respective Subsidiaries or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Borrower or any of its Subsidiaries or its assets, or give rise to a right thereunder to require any payment to be made by the Borrower or any of its Subsidiaries, and

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(d) will not result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries (except those imposed by the Loan Documents).

SECTION 3.04. PROPERTIES. (a) Each Borrower and its Participating Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for Permitted Encumbrances and minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes.

(b) Each Borrower and its Participating Subsidiaries owns, or is

licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its

business, and the use thereof by the Borrower and its Participating Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.05. LITIGATION AND ENVIRONMENTAL MATTERS. (a)There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of each Borrower, threatened against or affecting such Borrower or any of its Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters or matters specifically identified on Schedule 3.06 hereto) or (ii) that involve this Agreement or the Transactions. (b) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither the Borrower nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

SECTION 3.06. COMPLIANCE WITH LAWS AND AGREEMENTS. Each of the Borrower and the Participating Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. After giving effect to the transactions evidenced by this Agreement and the Sixth Global Amendment Agreement, no Default has occurred and is continuing.

SECTION 3.07. INVESTMENT AND HOLDING COMPANY STATUS. Neither the Borrower nor any of its Subsidiaries is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.08. TAXES. Except for taxes that will be paid on or before December 22, 2003 in accordance with Section 4.02 hereof, each Borrower and its Participating Subsidiaries has timely filed or caused to be filed all tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower or such Participating Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.09. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not,

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as of the date of the most recent financial statements reflecting such amounts, exceed by more than $500,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $500,000 the fair market value of the assets of all such underfunded Plans.

SECTION 3.10. DISCLOSURE. The Borrower has disclosed to the Administrative Agent all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports, financial statements, certificates or other information furnished by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; PROVIDED that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 3.11. SECURITY INTERESTS. Except for (a) the filing of UCC financing statements in respect of the ING Collateral covered by the Security Documents in the States of Delaware and California and such other applicable jurisdictions in the United States of America and (b) filing and recording of Mortgages in respect of the real property collateral in the county in which the real property is located, which filings shall have been made and be in effect on (or simultaneously with) the Restructuring Effective Date, the taking of possession by the Administrative Agent of the certificates representing the shares of capital stock of the Participating Subsidiaries and various instruments pledged to it pursuant to the Pledge and Security Agreement, and the delivery of notice of the security interests granted in the accounts covered by the Pledge and Security Agreement to the bank or banks whereat such accounts are maintained and receipt of acknowledgements of such notices by such banks (which actions shall be effected as of or promptly following the Restructuring Effective Date), no further filing or recording of any document and no other action is necessary or advisable in the States of Delaware or California or any other applicable jurisdiction in the United States of America in order to establish and perfect, under the laws of Delaware or California or such other applicable jurisdiction in the United States of America, the Administrative Agent's security interest in such ING Collateral, to the extent required by the applicable Security Documents, on behalf of the Lenders.

SECTION 3.12. PARTICIPATING SUBSIDIARIES. The Borrower has no Participating Subsidiaries except as set forth on Schedule 3.13 hereto.

SECTION 3.13. INACTIVE SUBSIDIARIES. The Borrower has no Inactive Subsidiaries except as set forth on Schedule 3.14 hereto. The Inactive Subsidiaries (a) do not conduct any business activities of any type or nature, and (b) do not own or have any interest in any assets or property of any type or nature.

SECTION 3.14. EXCLUDED ITEMS. The aggregate acquisition cost of (i) all Excluded Items plus (ii) all Rolling Stock (in existence as of November 25, 1997 thereafter acquired) for which the Borrower or other Obligor, as the case may be, has not granted Liens in favor of the Administrative Agent, for itself and on behalf of the Lenders, is not more than $2,000,000.

SECTION 3.15. EQUITY ACQUISITION ASSETS. The aggregate acquisition cost of all Equity Acquisition Assets for which the Borrower or other Obligor, as the case may be, has not granted Liens in favor of the Administrative Agent, for itself and on behalf of the Lenders, is not more than $2,000,000.

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SECTION 3.16. ROLLING STOCK. The aggregate acquisition cost of all Rolling Stock for which the Borrower, without the consent of the Administrative Agent, has not granted Liens in favor of the Administrative Agent, for itself and on behalf of the Lenders, is not more than $2,000,000.

SECTION 3.17. EQUITY ISSUANCES

Except for (a) Equity Issuances reflected on Exhibit T hereto, which chart is the same annex as attached to the term sheet setting forth the terms of the Transactions, dated as of November 1, 2003 and (b) Equity Issuances issued in connection with the settlement of litigation as decribed in that certain e-mail correspondence from Howard Unterberger, as counsel for Cadiz Borrower, to Michael Edelman, counsel for Administrative Agent, dated December 10, 2003, no Equity Issuances have occurred (or for which the terms have been agreed upon and are pending occurrence) during the three months prior to the Restructuring Effective Date.

SECTION 3.18. CERTAIN ACKNOWLEDGEMENTS. The Borrower hereby expressly acknowledges and agrees that as of the Restructuring Effective Date, the outstanding principal of the Revolving Loans is in the amount of $25,020,000.00, representing the full Tranche A Commitments, Tranche B Commitments and the Past Due Expense Deficiency. The foregoing amount does not include accrued and unpaid interest from and after September 30, 2003. Further, the Borrower hereby confirms that (a) the following documents remain valid and binding agreements and/or instruments, and (b) the Borrower and, as applicable, its Participating Subsidiaries remain bound by the terms and provisions of the following documents:

(i) the Pledge and Security Agreement (together with the share certificates representing all of the issued and outstanding shares of the Participating Subsidiaries, endorsed in blank), and the Mortgages, and/or any amendments to any such existing Loan Documents;

(ii) the Initial Draw Warrant Certificate;

(iii) the Additional Draw Warrant Certificate;

(iv) the Eighth Warrant Certificate;

(v) the Ninth Warrant Certificate;

(vi) the Tenth Warrant Certificate;

(vii) the Eleventh Warrant Certificate;

(viii) the Cadiz Reaffirmation Agreement; and

(ix) the other Loan Documents, as amended from time to time.

SECTION 3.19. NO SATISFACTION. The Borrower hereby expressly represents, warrants, acknowledges and agrees that nothing in this Agreement or in any document or instrument executed in connection with or pursuant to this Agreement shall constitute a satisfaction of or a novation as to all or any portion of Borrower's indebtedness under the Loan Documents. Borrower hereby unconditionally reaffirms, reconfirms and restates its obligation to pay in full the Revolving Loan Obligations arising under the Loan Documents and all other Loan Obligations to the Administrative Agent and/or the Lenders, as the case may be and such obligations constitute allowed, legal, valid, binding, enforceable and non-avoidable obligations of the Borrowers, and are not subject to any offset, defense, counterclaim, avoidance, or subordination pursuant to the Bankruptcy Code or any other applicable law; PROVIDED, HOWEVER, that, subject to the occurrence of the Restructuring Effective Date, ING has agreed to reduce the outstanding principal amount under the Term Loan Obligations by $95,068.21. Borrower hereby further acknowledges and agrees that it has no defenses to the enforcement of the Revolving Loan Obligations (or any portion thereof), or the other Loan Obligations, nor any counter-claims or claims of offset whatsoever and that neither this Agreement nor the consummation of the transactions contemplated herein will give rise to any such defenses, counter-claims or

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claims of offset.

ARTICLE IV

CONDITIONS

SECTION 4.01. RESTRUCTURING EFFECTIVE DATE. The obligations of the Lenders to make Loans hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) ING shall have received the Past Due Payment;

(b) The CRE Borrower has been duly formed and is validly existing by Cadiz in accordance with the CRE LLC Agreement;

(c) The Cadiz Borrower shall have transferred substantially all of its assets, rights and interests in Cadiz' property that constitutes ING Collateral for the Administrative Agent and the Lenders to its CRE Borrower Subsidiary, subject to the Liens and obligations arising under the Term Loan Documents and the Loan Documents in favor of the Administrative Agent and the Lenders;

(d) to the extent required in the CRE LLC Agreement, the Cadiz Borrower and the CRE Borrower shall have executed the Cadiz/CRE Management Agreement, which agreement shall be binding and in effect;

(e) The Administrative Agent shall have received budget and projections that are reasonably satisfactory to the Administrative Agent;

(f) The Administrative Agent shall have received the following original documents, each in form and substance satisfactory to the Administrative Agent , duly executed and delivered by all the parties thereto:

(i) this Agreement;

(ii) Each Borrower filed or registered certificate of incorporation or organization, as amended, modified, restated or supplemented to the date hereof and certified as of the Restructuring Effective Date as being a true and correct copy thereof by an officer or manager of such Borrower;

(iii) a copy, certified as of the Restructuring Effective Date of the resolutions of the board of directors or manager, as the case may be, of each Borrower duly authorizing the execution, delivery and performance by such Borrower of this Agreement and the other Loan Documents to which it is a party, and each other document required to be executed and delivered by such Borrower pursuant to this Agreement;

(iv) a certificate, dated the Restructuring Effective Date and signed by the President, a Vice President or a Financial Officer or Manager of each Borrower, confirming compliance with the conditions set forth in paragraphs (q) and (r) of this Section 4.01;

(v) Tranche A Note.

(vi) Tranche B Note.

(vii) Fifth Modification of the Pledge and Security Agreement, in the form as attached hereto in Exhibit N; (viii) Fifth Modification of the Revolver Deed of Trust, in the form as attached hereto in Exhibit O; (ix) Fifth Modification of the Revolver SWFG Deed of Trust, in the form as attached hereto in Exhibit P; (x) Fifth Modification of the Revolver Piute Deed of Trust, in the form as attached hereto in Exhibit Q;

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(xi) Pledge And Security Agreement For Joint Cadiz/CVDC 1995 Note, in the form as attached hereto in Exhibit R;

(xii) the Cash Collateral Account Agreement; (xiii) the Registration Rights Agreement; (xiv) the Purchaser Certificate; (xv) a copy of the CRE LLC Agreement;

(xvi) a copy of the Preferred Stock Certificate of Designations evidencing to the satisfaction of the Lenders that such document has been properly filed with the Secretary of State of the State of Delaware;

(xvii) the Cadiz Series F Preferred Stock Certificate;

(xviii) the certificate of cancellation with respect to series D, E-1 and E-2 preferred stock of the Cadiz Borrower;

(xix) the Consent to Cadiz/Sun World Settlement;

(xx) the Consent to New Cadiz/Sun World Lease;

(xxi) the certificate of formation for CRE;

(xxii) the CRE Assignment and Assumption Agreement;

(xxiii) the CRE Grant Deed;

(g) Each Borrowers, to the extent that it is a party thereto, shall have confirmed in writing that the following documents remain valid and binding agreements and/or instruments, which written confirmation is in form and substance satisfactory to the Administrative Agent, in its sole discretion, and that Borrowers and, as applicable, their Participating Subsidiaries remain bound by the terms and provisions of the following documents:

(i) the Pledge and Security Agreement (together with the share certificates representing all of the issued and outstanding shares of the Participating Subsidiaries, endorsed in blank), and the Mortgages, and/or any amendments to any such existing Loan Documents;

(ii) the Revised and Restated Initial Draw Warrant Certificate;

(iii) the Revised and Restated Additional Draw Warrant Certificate;

(iv) the Eighth Warrant Certificate;

(v) the Ninth Warrant Certificate;

(vi) the Tenth Warrant Certificate;

(vii) the Eleventh Warrant Certificate;

(viii) the Cadiz Reaffirmation Agreement; and

(ix) the other Loan Documents, as amended from time to time.

(h) The Administrative Agent shall have received an opinion, in substantially the form annexed hereto as Exhibit S, from each Borrower's counsel in form and substance satisfactory to the Administrative Agent (A) that such Borrower is in good standing in the States of Delaware and California, (B) as to

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the due authorization, execution and delivery of this Agreement and the other Loan Documents, (C) that this Agreement and the other Loan Documents constitute valid, binding and enforceable obligations of such Borrower, and (D) as to such other matters as the Administrative Agent shall reasonably request, which opinion is supported by a certification from each Borrower's restructuring counsel stating that such counsel knows of no error or inaccuracy in and knows of no reason why the Administrative Agent and the Lenders should not rely upon the opinion of Borrower's counsel, both in form and substance reasonably satisfactory to such Borrower, the Administrative Agent, and the Lender.

(i) The Administrative Agent shall have received certified copies of the resolutions (in form and content satisfactory to Administrative Agent) of the Board of Directors of Cadiz Borrower approving and authorizing this Agreement and the other documents executed and/or delivered in connection herewith (including each of the exhibits hereto), and the effectuation of the transactions contemplated herein and/or therein, as the case may be, and any and all actions to be taken by Cadiz Borrower in furtherance and in connection with this Agreement and/or the other documents executed and/or delivered in connection herewith.

(j) The Administrative Agent shall have received from the Delaware Secretary of State a Certificate of Good Standing with respect to Cadiz Borrower, a certificate evidencing the formation of the CRE Borrower as a limited liability company in the State of Delaware, and a certificate evidencing that each Borrower is qualified to do business in California, all of which certificates must be in form and content satisfactory to Administrative Agent.

(k) The Administrative Agent shall have received certificates (in form and content satisfactory to Administrative Agent) of the Secretary of each Borrower, certifying as to the names and signatures of the officers authorized to sign this Agreement and the other documents to be executed and delivered on its behalf pursuant to this Agreement.

(l) Except as provided in Section 3.09 (or as provided for under 4.02 hereof), to the best of each Borrower's knowledge, all real property taxes with respect to the property encumbered by any of the ING Collateral, as well as all real property taxes affecting the property encumbered by any and all deeds of trust pledged or assigned to Administrative Agent as security for the Revolving Loan Obligations (or any of them), shall have been paid prior to the date any fine, penalty, interest, late-charge or loss may be added to such taxes or charged against such real property or other ING Collateral for the non-payment or late-payment of such taxes.

(m) Each Borrower shall have caused appropriate officers of Borrower to execute and deliver to Administrative Agent such additional certificates with respect to matters relating to the transactions contemplated herein as Administrative Agent may reasonably require.

(n) Each Borrower shall have executed and delivered or caused the appropriate third parties to execute and/or deliver (in recordable form, where appropriate, and otherwise in form and content satisfactory to Administrative Agent) such other documents, instruments, agreements and writings as Administrative Agent may reasonably require in connection with the creation or continuation of any security interest(s) granted to Administrative Agent in furtherance of the transactions contemplated by this Agreement or as Administrative Agent may otherwise require in connection with the consummation of such transactions (including, without limitation, estoppel certificates, guaranty waivers, security agreements, pledges, assignments, subordination agreements, endorsements, certificates, certifications, reports, and studies).

(o) As of the date hereof, or as soon as practicable hereafter, but in no event later than ten (10) days hereafter (provided that Administrative Agent has made such a request within four (4) days hereafter), Uniform Commercial Code financing statements covering all the security interests created by or pursuant to the Pledge and Security Agreements in the ING Collateral pledged pursuant thereto, shall have been executed and delivered by each Borrower to the Administrative Agent and such financing statements, or other statements or documents to the same purposes, shall have been duly filed in all other applicable jurisdictions in the United States of America necessary or desirable to perfect said security interests and there shall have been taken all

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other action as the Administrative Agent or any Lender through the Administrative Agent may reasonably request or as shall be necessary to perfect such security interests to the extent required by the applicable Security Documents.

(p) [Intentionally omitted].

(q) The representations and warranties of each Borrower set forth in this Agreement and each other Loan Document shall be true and correct on and as of the Restructuring Effective Date of such Borrowing.

(r) No Default shall have occurred and be continuing after giving effect to the transactions set forth in this Agreement and the Sixth Global Amendment Agreement.

(s) After giving effect to the transactions set forth in this Agreement and the Sixth Global Amendment Agreement, each Borrower shall have performed or observed and be continuing to perform each term, covenant or agreement contained in any Loan Document.

(t) The Administrative Agent shall have received all fees, preferred stock and other amounts due and payable on or prior to the Restructuring Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrowers hereunder.

(u) All governmental and third party approvals necessary or, in the discretion of the Administrative Agent, advisable in connection with the Transaction, the financing contemplated hereby and the continuing operations of the Borrowers shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority which would restrain, prevent or otherwise impose adverse conditions on the Transactions or the financing thereof.

(v) The Lender shall have received confirmation, in form and substance satisfactory to the Lender, that (i) Borrowers have paid (a) all premiums for the endorsements to the Title Policies required pursuant to Section 4.02(a)(i) hereof, (b) all recording and filing fees relating to the recording of the CRE Grant Deed and the amendments to the Revolver Deeds of Trust required to be delivered pursuant to this Section 4.01 and 4.02 of this Agreement, and (c) amounts sufficient to satisfy all real property taxes with respect to the property encumbered by the Revolver Deeds of Trust and Mortgages, along with any fine, penalty, interest, late charge or similar fine or penalty with respect to the payment of such taxes, to Chicago Title Insurance Company with instructions to utilize such funds to pays such taxes, fines, penalties, interest, late charges or similar fines or penalties, and (ii) the CRE Grant Deed and all amendments to the Revolver Deeds of Trust and Mortgages required to be delivered pursuant to this Section 4.01 of this Agreement, each in form and substance satisfactory to Administrative Agent and as executed and ready for recordation, have been duly delivered to Chicago Title Insurance Company.

(w) The "Restructuring Effective Date" as defined in the Term Sixth Global Amendment Agreement shall have occurred.

(x) The Administrative Agent shall have received such other documents as the Administrative Agent may reasonably request.

The Administrative Agent shall notify the Borrowers and the Lenders of the Restructuring Effective Date, and such notice shall be conclusive and binding.

SECTION 4.02. CONDITIONS SUBSEQUENT. (a) Not later than the December 22, 2003, Borrowers shall cause the following conditions subsequent to be satisfied:

(i) the Lender shall have received a "date down and modification" endorsement to each of the mortgagee title insurance policies (collectively, the "TITLE POLICIES") issued for the benefit of the Lender with respect to the Cadiz Deeds of Trust, and the CVDC Deeds of Trust, which endorsements shall (i) be

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issued by the Chicago Title Insurance Company for the benefit of the Lender and its successors and assigns, (ii) insure the amendments to the Cadiz Deeds of Trust and the CVDC Deeds of Trust required to be delivered pursuant to Section 5 of this Agreement and the continued priority of the Cadiz Deeds of Trust and the CVDC Deeds of Trust granted to the Lender, (iii) confirm that all real property taxes with respect to the property encumbered by the

Cadiz Deeds of Trust and the CVDC Deeds of Trust have been paid prior to the date of the Title Policies, along with any fine, penalty, interest, late charge or similar fine or penalty with respect to the payment of such taxes, (iv) be otherwise in form and substance satisfactory to the Lender in its sole discretion;

(ii) all real property taxes with respect to the property encumbered by the Cadiz Deeds of Trust and the CVDC Deeds of Trust have been paid prior to the date of the Title Policies, along with any fine, penalty, interest, late charge or similar fine or penalty with respect to the payment of such taxes, and

(iii) the delivery to the Administrative Agent (or its counsel) by each Borrower of any Uniform Commercial Code financing statements covering all the security interests created by or pursuant to the Pledge and Security Agreements in the ING Collateral pledged pursuant thereto, as executed by each Borrower to the Lender, along with such financing statements, or other statements or documents to the same purposes, within the time period required under Section 4.01(o) hereof.

(b) Any failure to satisfy the conditions subsequent set forth in Section 4.02(a)(i) and (ii) on or before December 22, 2003, or the condition subsequent set forth in Section 4.02(a)(iii) by the date required therein, shall constitute an Event of Default.

ARTICLE V

AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full, each Borrower covenants and agrees with the Lenders that:

SECTION 5.01. FINANCIAL STATEMENTS AND OTHER INFORMATION. The Borrower will furnish to the Administrative Agent and each Lender:

(a) as applicable, within 15 days following Borrower's filing each Annual Report on Form 10-K with the Commission, its audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within 15 days following Borrower's filing each Quarterly Report on Form 10-Q with the Commission, its consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of

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the balance sheet, as of the end of) the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under Subsection (a) or (b) above, a certificate of a Financial Officer of the Borrower (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, and (ii) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) to the extent that the Cadiz Borrower or any Subsidiary either is not subject to, or is not in compliance with, the disclosure and reporting requirements with the Commission, the items and information that would be have been Disclosed Matters if Cadiz Borrower or any Subsidiary, were subject to, or in compliance with, the disclosure and reporting requirements with the Commission;

(e) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Borrower or any Subsidiary with the Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, or distributed by the Borrower to its shareholders generally, as the case may be;

(f) as soon as available, but in any event no later than thirty (30) days prior to the end of each fiscal quarter of Cadiz Borrower (or, in the case of the first such report, within thirty (30) days of the Restructuring Effective Date), an operating budget for Cadiz Borrower and its Subsidiaries for the following fiscal quarter (on a monthly basis), in the form customarily prepared by management of Cadiz Borrower and reasonably acceptable to the Administrative Agent (such budget, the "APPROVED BUDGET"), together with a projection of the outstanding balance of each Loan for each such period and a statement of the assumptions upon which such budget was prepared; which documents shall be complete and correct in all material respects, as certified by an officer of Cadiz Borrower;

(g) as soon as available, but in any event no later than thirty (30) days after the end of each calendar quarter commencing with the first calendar quarter in 2004, summary financial statements, as certified by an officer of Cadiz Borrower, that present fairly, and shall be complete and correct, in all material respects, the financial position and results of operations and cash flows of the Borrower and its consolidated Subsidiaries as of such dates and for such periods, which summary financial statements do not need to be certified or prepared in accordance with GAAP; and

(h) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower or any Subsidiary, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender may reasonably request.

SECTION 5.02. NOTICES OF MATERIAL EVENTS. The Borrower will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any Affiliate thereof that, if adversely determined, could

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reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect; and

(d) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section 5.02 shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. EXISTENCE; CONDUCT OF BUSINESS. The Borrower will, and will cause each of its Subsidiaries (but excluding Borrower's Inactive Subsidiaries) to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business; PROVIDED that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

SECTION 5.04. PAYMENT OF OBLIGATIONS. The Borrower will, and will cause each of its Subsidiaries to, pay its obligations, including tax liabilities, that, if not paid, could result in a Material Adverse Effect before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.05. MAINTENANCE OF PROPERTIES; INSURANCE. The Borrower will, and will cause each of its Participating Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations. Further, within ten

(10) Business Days after the Restructuring Effective Date, the Borrower shall provide evidence to the Administrative Agent of the insurance required to be carried pursuant to the foregoing sentence, which evidence shall be in form and substance satisfactory to, in form and substance satisfactory the Administrative Agent.

SECTION 5.06. BOOKS AND RECORDS; INSPECTION RIGHTS. The Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Borrower will, and will cause each of its Subsidiaries to, permit any representatives designated by the Administrative Agent or any Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested.

SECTION 5.07. COMPLIANCE WITH LAWS. The Borrower will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.08. LOANS TO AFFILIATES. To the extent that the Borrowers transfer any funds to any of its Affiliates, such transfer must be a loan evidenced by a note and as properly authorized unanimously by the Board of Directors of the Cadiz Borrower and the board of directors for such Affiliate; or, in the case of CRE, in accordance with the CRE LLC Agreement, which note shall be pledged to the Administrative Agent and constitute ING Collateral.

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SECTION 5.09. NEW SUBSIDIARIES. In the event that any Person shall become a Participating Subsidiary of Borrower after the date hereof, Borrower shall execute (or cause such other Participating Subsidiary as may be the direct parent company of the new Participating Subsidiary to execute) a Pledge and Security Agreement, as the case may be, sufficient to subject all of the capital stock of such new or additional Participating Subsidiary to a Lien in favor of the Administrative Agent, on behalf of the Lenders, and any other documents as the Administrative Agent may reasonably request from time to time in order to perfect or maintain the perfection of the Administrative Agent's Liens thereunder, each in form and substance reasonably satisfactory to the Administrative Agent.

SECTION 5.10. ACQUISITIONS BY BORROWER. (a) In the event that after the date of this Agreement the Borrower acquires ownership of any additional real or personal property of any type or nature (including, but not limited to, notes or other obligations from a Subsidiary or Affiliate to Borrower), the Borrower shall promptly give written notice of such acquisition to the Administrative Agent, and if requested by the Administrative Agent at the direction of the Required Lenders, Borrower shall execute and deliver any and all Security Documents or collateral assignments, security agreements, mortgages, deeds of trust, pledge agreements, financing statements, fixture filings, notice filings or other documents as the Administrative Agent may reasonably request from time to time in order for the Administrative Agent to acquire

a Lien on the property so acquired by Borrower as additional security for the obligations under this Agreement or to perfect or maintain the perfection of such Lien.

(b) Notwithstanding paragraph (a) of this Section 5.10, so long as no Event of Default is then in existence, Borrower shall not be required to deliver to the Administrative Agent any Security Documents or collateral assignments, security agreements, mortgages, deeds of trust, pledge agreements, financing statements, fixture filings, notice filings or other documents for any item of real or personal property acquired by Borrower on or after the March 25, 1997 if both (i) the acquisition cost of each such item of real or personal property (including, but not limited to, Rolling Stock) is less than $250,000 and (ii) the aggregate acquisition cost of (A) all such real or personal property (including, but not limited to, Rolling Stock) in which no Lien has been granted in favor of the Administrative Agent pursuant to this paragraph (b) of this Section (collectively, the "Excluded Items") plus (B) Rolling Stock in existence as of the March 25, 1997 is not more than $2,000,000. To the extent that the aggregate acquisition cost of (i) all Excluded Items plus (ii) Rolling Stock in existence as of March 25, 1997 is more than $2,000,000 (the "Excluded Items/Rolling Stock Threshold"), Borrower will, and will cause its Subsidiaries to, grant (and such Liens shall be deemed immediately to have been granted) Liens on such assets to the extent in excess of the Excluded Items/Rolling Stock Threshold in favor of the Administrative Agent, for itself and on behalf of the Lenders.

SECTION 5.11. ACQUISITIONS WITH PROCEEDS OF LOANS. In the event that after the date of this Agreement, a Subsidiary or Borrower's Affiliate acquires real or personal property of any type or nature, Borrower shall promptly give written notice of such acquisition to the Administrative Agent, and if requested by the Administrative Agent at the direction of the Required Lenders, Borrower shall cause such Subsidiary or Borrower's Affiliate to execute and deliver Security Documents or collateral assignments, security agreements, mortgages, deeds of trust, pledge agreements, financing statements, fixture filings, notice filings or other documents the Administrative Agent may reasonably request from time to time in order for the Administrative Agent to acquire a Lien on the property so acquired by the Subsidiary or Borrower's Affiliate as the case may be, as additional security for the obligations under this Agreement or to perfect or maintain the perfection of such Lien.

SECTION 5.12. CONVERSION SHARES FOR REVOLVING CREDIT AGREEMENT WARRANTS. The Cadiz Borrower shall keep available for issuance upon exercise of the Revolving Credit Agreement Warrants a sufficient quantity of Common Stock to satisfy the exercise in full of the Revolving Credit Agreement Warrants from time to time outstanding. The Cadiz Borrower will comply in all respects with its obligations under the Revolving Credit Agreement Warrants and shall take all

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steps as shall be necessary to insure that the Lenders and any subsequent holders of the Revolving Credit Agreement Warrants receive all of the benefits which they are intended to receive thereunder. All shares of Common Stock issued pursuant to the exercise of the Revolving Credit Agreement Warrants shall be duly authorized, validly issued, fully paid, non-assessable, and free and clear of all Liens and other encumbrances.

SECTION 5.13. CONVERSION SHARES FOR CADIZ SERIES F PREFERRED STOCK CERTIFICATE. On the date hereof, the Cadiz Borrower shall issue the Cadiz Series F Preferred Stock Certificate and the Purchaser Certificate. The Cadiz Series F Preferred Stock Certificate shall be duly executed and registered in such name as the Lenders shall have notified the

Borrower. The Cadiz Borrower shall keep available for issuance a sufficient quantity of Common Stock to satisfy, at all times, the exercise in full by any Lender of Lenders' conversion rights for its Cadiz Series F Preferred Stock. All shares of Common Stock issued pursuant to the exercise of conversion rights relating to the Cadiz Series F Preferred Stock shall be duly authorized, validly issued, fully paid, non-assessable, and free and clear of all Liens and other encumbrances. The Borrower will comply in all respects with its obligations under the Cadiz Series F Preferred Stock Certificate and the Preferred Stock Certificate of Designations and shall take all steps as shall be necessary to insure that the Lenders and any subsequent holders of the Cadiz Series F Preferred Stock Certificate receive all of the benefits which they are intended to receive under the Cadiz Series F Preferred Stock Certificate and the Preferred Stock Certificate of Designations.

SECTION 5.14. EXPRESSIONS OF INTEREST. Each Borrower shall promptly provide the Administrative Agent with written notification of any offers or written indications of interest concerning or relating to the purchase, directly or indirectly, of any of the ING Collateral or any of Borrowers' businesses as soon as practicable with all relevant information concerning any such offer or indication of interest.

ARTICLE VI

NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full, each Borrower covenants and agrees with the Lenders that: SECTION 6.01. INDEBTEDNESS. The Borrower will not, and will not permit any Participating Subsidiary to, create, incur, assume or permit to exist any Indebtedness of Borrower or the Participating Subsidiaries, except:

(a) Indebtedness created hereunder;

(b) Indebtedness existing on November 25, 1997 and set forth in Schedule 6.01 and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof;

(c) Indebtedness of the Borrower to any Subsidiary and of any Subsidiary to the Borrower or any other Subsidiary;

(d) Guarantees by the Borrower of Indebtedness of any Subsidiary (or guarantees of Sun World Indebtedness in existence as of November 25, 1997) and by any Subsidiary of Indebtedness of the Borrower or any other Subsidiary;

(e) Indebtedness of the Borrower or any Subsidiary incurred to finance the acquisition, construction or improvement of any assets, including Capital Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and

extensions, renewals and replacements of any such Indebtedness that do not

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increase the outstanding principal amount thereof; PROVIDED that (i) such Indebtedness is incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement and (ii) the aggregate principal amount of Indebtedness permitted by this Subsection (e) shall not exceed $135 million at any time outstanding;

(f) Indebtedness of the Borrower or any Subsidiary as an account party in respect of trade letters of credit;

(g) intercompany loans payable to the Borrower that evidences the intercompany transfer of the proceeds of the Loans to affiliates of the Borrower, PROVIDED, HOWEVER, that any such intercompany loan is evidenced by a note that is pledged by Borrower to and for the benefit of the Administrative Agent for account of the Lenders.

SECTION 6.02. LIENS. The Borrower will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) Permitted Encumbrances;

(b) any Lien on any property or asset of the Borrower or any Subsidiary existing on November 25, 1997 and set forth in Schedule 6.02; PROVIDED that (i) such Lien shall not apply to any other property or asset of the Borrower or any Subsidiary and (ii) such Lien shall secure only those obligations which it secured on November 25, 1997 and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(c) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; PROVIDED that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Borrower or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens on assets acquired, constructed or improved by the Borrower or any Subsidiary; PROVIDED that (i) such security interests secure Indebtedness permitted by Subsection (e) of Section 6.01, (ii) such security interests and the Indebtedness secured thereby are incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement, (iii) the Indebtedness secured thereby does not exceed 90% of the cost of acquiring, constructing or improving such assets and (iv) such security

interests shall not apply to any other property or assets of the Borrower or any Subsidiary;

(e) Liens on the Excluded Items or any portion thereof;

notwithstanding the foregoing, the Borrower will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any Equity Acquisition Asset now owned or hereafter acquired, or any proceeds thereof.

SECTION 6.03. FUNDAMENTAL CHANGES. (a) Except for the transfers from the Cadiz Borrower to the CRE Borrower being effected on the Restructuring Effective Date in accordance with the terms of this Agreement, the Borrower will not, and will not permit any Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) any substantial part of its assets, or all or substantially all of the stock of any of its Subsidiaries (in each case, whether now owned or hereafter acquired), or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall

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have occurred and be continuing (i) any Subsidiary/Person may merge into the Borrower in a transaction in which the Borrower is the surviving corporation, (ii) any Subsidiary/Person may merge into any Subsidiary in a transaction in which the surviving entity is a Subsidiary, (iii) any Subsidiary may sell, transfer, lease or otherwise dispose of its assets to the Borrower or to another Subsidiary and (iv) any Subsidiary may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders; PROVIDED that any such merger involving a Person that is not a wholly owned Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 6.04.

(b) The Borrower will not, and will not permit any of its Subsidiaries to, engage to any material extent in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the date of execution of this Agreement and businesses reasonably related thereto.

(c) The Borrowers may not change any of their organizational documents without the express written consent of the Administrative Agent;

(d) Unless an Inactive Subsidiary shall comply with each and every obligation that Participating Subsidiaries (either directly or indirectly) have hereunder or under any of the Loan Documents, (a) the Borrower will not permit such Inactive Subsidiary to engage in any business of any type or nature, (b) the Borrower will not permit the Inactive Subsidiaries, and will cause the Inactive Subsidiaries to refrain from, obtaining any assets or properties of any type or nature, (c) the Borrower will not permit any Inactive Subsidiary to, create, incur, assume or permit to exist any Indebtedness, and (d) the Borrower will not permit any Inactive Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues.

SECTION 6.04. INVESTMENTS, LOANS, ADVANCES, GUARANTEES AND ACQUISITIONS. Except for the transfers between the Borrowers as contemplated under the Loan Documents and

the Term Loan Documents that are permitted under the formation documents for the Borrowers, the Borrower will not, and will not permit any of its Subsidiaries to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a wholly owned Subsidiary prior to such merger) any capital stock, evidences of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit, except:

(a) Permitted Investments;

(b) investments by the Borrower existing on the date hereof in the capital stock, other securities or equity interests of its Subsidiaries;

(c) loans or advances made by the Borrower to any Subsidiary and made by any Subsidiary to the Borrower or any other Subsidiary;

(d) Guarantees constituting Indebtedness permitted by Section 6.01; and

(e) assets acquired by Borrower solely in exchange for the equity interests of the Borrower.

SECTION 6.05. HEDGING AGREEMENTS. The Borrower will not, and will not permit any of its Subsidiaries to, enter into any Hedging Agreement, other than Hedging Agreements entered into in the ordinary course of business to hedge or mitigate risks to which the Borrower or any Subsidiary is exposed in the conduct of its business or the management of its liabilities.

SECTION 6.06. RESTRICTED PAYMENTS. The Borrower will not, and will not permit any of its Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment.

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SECTION 6.07. TRANSACTIONS WITH AFFILIATES. Except for the transfers between the Borrowers as contemplated under the Loan Documents and the Term Loan Documents that are permitted under the formation documents for the Borrowers, the Borrower will not, and will not permit any of its Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) in the ordinary course of business at prices and on terms and conditions not less favorable to the Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Borrower and its Subsidiaries not involving any other Affiliate, and (c) any Restricted Payment permitted by Section 6.06.

SECTION 6.08. RESTRICTIVE AGREEMENTS. Except for the transactions between the Borrowers as contemplated under the Loan Documents and the Term Loan Documents that are permitted under the formation documents for the Borrowers, the Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability

of the Borrower or any Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Borrower or any other Subsidiary or to Guarantee Indebtedness of the Borrower or any other Subsidiary; PROVIDED that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by this Agreement or any other Loan Document, (ii) the foregoing shall not apply to restrictions and conditions existing on November 25, 1997 identified on Schedule 6.08 (but shall apply to any amendment or modification expanding the scope of any such restriction or condition), (iii) except as may be required pursuant to Section 5.10 hereof, the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) except as may be required pursuant to Section 5.10 hereof, Subsection (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness and (v) except as may be required pursuant to Section 5.10 hereof, Subsection (a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof.

SECTION 6.09. NO AMENDMENT TO CRE LLC AGREEMENT AND RELATED DOCUMENTS. Without the express written consent of the Administrative Agent and the Lenders The Borrowers shall not agree to or acquiesce in any modification or amendment to the CRE LLC Agreement except as permitted in the CRE LLC Agreement as such CRE LLC Agreement is in effect on the Restructuring Effective Date.

SECTION 6.10. LIMITATIONS ON MANAGEMENT INCENTIVE PLANS. Unless ING's equity interests are protected from dilution, no management or employee stock option plan of the Common Stock of Cadiz shall be put into place.

ARTICLE VII

EVENTS OF DEFAULT

If any of the following events ("Events of Default") shall occur:

(a) Borrowers shall fail to pay any principal of, or interest on, any Loan or any fee or any other amount payable under this Agreement or any other Loan Document when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) any representation or warranty made or deemed made by or on behalf of the either Borrower or any Subsidiary in or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or waiver hereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other

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Loan Document or any amendment or modification hereof or waiver hereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(c) either Borrower shall fail to observe or perform any covenant, condition or agreement contained in Sections 5.02 or 5.03 (with respect to the Borrower's existence) or in Article VI; provided, however, that with respect to any such default of the Cadiz Borrower, such default could reasonably be expected to result in a Material Adverse Effect;

(d) either Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clauses (a), (b) or (c) of this Article), and such failure shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender), provided, however, that with respect to any such default of the Cadiz Borrower, such default could reasonably be expected to result in a Material Adverse Effect;

(e) either Borrower or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable; provided, however, that with respect to any such default of the Cadiz Borrower, such default could reasonably be expected to result in a Material Adverse Effect;

(f) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; PROVIDED that this clause (f) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness; PROVIDED, FURTHER, that with respect to any such default of the Cadiz Borrower, such default could reasonably be expected to result in a Material Adverse Effect;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) either Borrower or any Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator,

conservator or similar official for the Borrower or any Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(i) either Borrower or any Subsidiary shall become unable, admit in writing or fail generally to pay its debts as they become due;

(j) either Borrower shall be in material breach of any of their

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organizational documents, bylaws, limited liability agreements, certificate of incorporation, as the case may be.

(k) one or more judgments for the payment of money in excess of insurance coverage in an aggregate amount in excess of $500,000 shall be rendered against the Borrowers, any Participating Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrowers or any Participating Subsidiary to enforce any such judgment; provided, however, that with respect to any such default of the Cadiz Borrower, such default could reasonably be expected to result in a Material Adverse Effect;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(m) a Change in Control shall occur aftert the Restructuring Effective Date;

(n) any of the Security Documents shall for any reason cease to be a valid perfected security interest in favor of the Administrative Agent, for itself and on behalf of the Lenders, in either Borrower's right, title and interest in and to the ING Collateral subject thereto (subject only to Permitted Encumbrances), to the extent required by such Security Document, and in the case of any Mortgage, such cessation continues unremedied for more than 10 days;

(o) an Event of Default that exists under the Term Loan Documents;

(p) an "Event of Default" shall have occurred and be continuing under any other Loan Document;

(q) the failure by either Borrower to obtain the financing contemplated under the Approved Budgets; or

(r) the failure to satisfy the conditions subsequent set forth in Section 4.02;

then, and in every such event (other than an event with respect to either Borrower described in clause (g) or (h) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrowers,

take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrowers accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers; and in case of any event with respect to the Borrowers described in clause (g) or (h) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrowers accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers. In addition to any other remedies available to the Administrative Agent and the Lenders hereunder or at law or otherwise, if an Event of Default shall have occurred and so long as the same shall be continuing unremedied, then and in every such case, the Administrative Agent and the Required Lenders may exercise any or all of the rights and powers and pursue any and all of the remedies set forth in any Security Document in accordance with terms thereof.

ARTICLE VIII

THE ADMINISTRATIVE AGENT

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SECTION 8.01. APPOINTMENT, POWERS AND IMMUNITIES. Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof and by the other Loan Documents, together with such actions and powers as are reasonably incidental thereto.

SECTION 8.02. ADMINISTRATIVE AGENT IN ITS INDIVIDUAL CAPACITY. The Lender serving as the Administrative Agent hereunder and under the other Loan Documents shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such Lender and its Affiliates may lend money to and generally engage in any kind of business with the Borrowers or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder. In that regard, the terms "Lenders", "Required Lenders", or any similar terms used herein shall, unless the context clearly otherwise indicates, include the Administrative Agent in its individual capacity. The Administrative Agent may lend money to, and generally engage in any kind of financial, financial advisory or other business with the Borrowers or any Affiliate of the Borrowers as if it were not performing the duties specified herein, and may accept fees and other consideration from the Borrowers for services in connection with this Agreement and otherwise without having to account for the same to the Lenders.

SECTION 8.03. NATURE OF DUTIES OF ADMINISTRATIVE AGENT. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a

Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02), and (c) except as expressly set forth herein or in any other Loan Document, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrowers or any of its Subsidiaries that is communicated to or obtained by the Lender serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrowers or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION 8.04. CERTAIN RIGHTS OF ADMINISTRATIVE AGENT. If the Administrative Agent shall request instructions from the Required Lenders with respect to any act or action (including the failure to act) in connection with this Agreement or any other Credit Document, the Administrative Agent shall be entitled to refrain from such act or taking such action unless and until the Administrative Agent shall have received instructions from the Required Lenders; and the Administrative Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, but subject to the terms of Section 9.02 hereof, no Lender shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting hereunder in accordance with the instructions of the Required Lenders.

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SECTION 8.05. RELIANCE BY ADMINISTRATIVE AGENT. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrowers), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes hereof unless and until a written notice of the assignment or transfer thereof shall have been filed with the Administrative Agent pursuant to Section 9.04 below. Any request, authority

or consent of any Person who, at the time of making such request or giving such authority or consent, is the holder of any Note shall be conclusive and binding on any subsequent holder, transferee or assignee of such Note or any Note issued in exchange therefor.

SECTION 8.06. SUB-AGENTS. The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

SECTION 8.07. RESIGNATION BY ADMINISTRATIVE AGENT. Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders and the Borrowers. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrowers, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents. The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

SECTION 8.08. NON-RELIANCE ON ADMINISTRATIVE AGENT AND OTHER LENDERS. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

SECTION 8.09. SECURITY DOCUMENTS. (a) Each Lender hereby authorizes the Administrative Agent to enter into each of the Security Documents and to take all actions contemplated thereby. All rights and remedies under the Security Documents may be exercised by the Administrative Agent for the benefit of the Lenders and the other beneficiaries thereof upon the terms thereof. With the

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consent of the Required Lenders, the Administrative Agent

may assign its rights and obligations as Administrative Agent under any of the Security Documents to any Affiliate of the Administrative Agent, and such Affiliate thereafter shall be entitled to (i) all the rights of the Administrative Agent under the applicable Security Document and (ii) all rights hereunder of the Administrative Agent with respect to the applicable Security Document.

(b) In each circumstance where, under any provision of any Security Document, the Administrative Agent shall have the right to grant or withhold any consent, exercise any remedy, make any determination or direct any action by the Administrative Agent under such Security Document, the Administrative Agent shall act in respect of such consent, exercise of remedies, determination or action, as the case may be, with the consent of and at the direction of the Required Lenders; PROVIDED, however, that no such consent of the Required Lenders shall be required with respect to any consent, determination or other matter that is, in the Administrative Agent's judgment, ministerial or administrative in nature. In each circumstance where any consent of or direction from the Required Lenders is required, the Administrative Agent shall send to the Lenders a written notice setting forth a description in reasonable detail of the matter as to which consent or direction is requested and the Administrative Agent's proposed course of action with respect thereto. In the event the Administrative Agent shall not have received a response from any Lender within five (5) Business Days after the giving of such notice, such Lender shall be deemed to have agreed to the course of action proposed by the Administrative Agent.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. NOTICES. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to the Borrowers, to it at:

Cadiz Inc.
Attn: Chief Financial Officer
777 S. Figueroa Street
Suite 4250
Los Angeles, California 90017
Telephone No.: 213-271-1600
Facsimile No.: 213 271-1614

with a copy to:

Howard Unterberger, Esq.
Miller & Holguin
1801 Century Park East
Seventh Floor
Los Angeles, CA 90067
Telephone No.: 310-556-1990
Facsimile No.: 310-557-2205

(b) if to the Administrative Agent, to it at:

ING Capital, LLC
1325 Avenue of the Americas
New York, New York 10019
Attention: Joan Chiappe, Vice President, Pam Kaye
and Annette Miller-Lewis and Norma Cruz

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Reference: Cadiz
Telephone No.: 646-424-6000
Facsimile No.: 646- 424 8260

with a copy to:

Cadwalader, Wickersham & Taft
100 Maiden Lane
New York, New York 10038
Attention: Michael J. Edelman, Esq.
Telephone No.: 212-504-6000
Facsimile No.: 212-504-6666

(c) if to ING, as a Lender, to it at:

ING Capital, LLC
1325 Avenue of the Americas
New York, New York 10019
Attention: Joan Chiappe, Vice President
Reference: Cadiz
Telephone No.: 646-424-6000
Facsimile No.: 646- 424 8260

with a copy to:

Cadwalader, Wickersham & Taft
100 Maiden Lane
New York, New York 10038
Attention: Michael J. Edelman, Esq.
Telephone No.: 212-504-6000
Facsimile No.: 212-504-6666

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 9.02. WAIVERS; AMENDMENTS. (a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrowers therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders or by the Borrowers and the Administrative Agent with the consent of the Required Lenders; PROVIDED that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.18(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section 9.02 or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of

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Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender, or (vi) release any security interest in any material ING Collateral for the obligations evidenced by the Loan Documents (except in accordance with the Loan Documents) without the written consent of each Lender; PROVIDED FURTHER that no such

agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent.

SECTION 9.03. EXPENSES; INDEMNITY; DAMAGE WAIVER. (a) The Borrowers shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Administrative Agent or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement or any other Loan Document, including its rights under this Section 9.03, or in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) The Borrowers jointly and severally agree to protect, indemnify, pay and save the Administrative Agent and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "INDEMNITEE") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated therein, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrowers or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrowers or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; PROVIDED that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) To the extent that the Borrowers fail to pay any amount required to be paid by it to the Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such.

(d) As an inducement for the Independent Member and Independent Manger to agree to serve in such capacities, each of the Borrowers, the Administrative Agent and the

Lenders have agreed to the provisions of this subsection, which provisions shall

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be for the express benefit of the Independent Member and the Independent Manger. The Borrowers hereby jointly and severally agree to protect, indemnify, pay and save the Independent Member and Independent Manger against, and hold each of the Independent Member and the Independent Manger harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for the Independent Member and the Independent Manger from and against any claims and demands arising from any acts or omissions or alleged acts or omissions in connection with the affairs of CRE, to the maximum extent permitted by applicable law (collectively, the "INDEPENDENT CRE INDEMNIFICATION"). Upon the terms and provisions of this subsection, the Independent CRE Indemnification shall be treated as additional Revolving Loan Obligations payable hereunder up to an amount not exceeding the Independent CRE Limitation. For purposes of this subsection, the "INDEPENDENT CRE LIMITATION" is defined as an amount not exceeding the lesser of: (1) at any applicable time, the amount by which the Independent CRE Indemnification has not been paid to the Independent Member or Independent Manger under any applicable director and officer insurance policy or similar insurance policy, regardless of whether such insurance policy has been obtained, or is for the benefit of, the Borrowers, their Affiliates, the Independent Member and Independent Manager, or otherwise, and (2) $500,000. Up to the Independent CRE Limitation, the Independent Member and Independent Manager shall share PARI PASSU with the rights of the Administrative Agent and the Lenders in and to the Collateral and other security interests granted to the Administrative Agent and the Lenders under the Security Documents. Each of the parties hereto further agree that the Independent CRE Indemnification is in addition to the other Revolving Loan Obligations and shall not reduce any other amounts or obligations owed by the Borrowers to the Administrative Agent or the Lenders hereunder or under the other Loan Documents are the right of the Administrative Agent, which shall remain protected by the Collateral and Security Interests provided by the Security Documents. In addition, the rights provided to the Independent Member and Independent Manager shall not affect any other rights to indemnification, contribution or otherwise applicable contract, equity or at law.

(e) To the extent permitted by applicable law, the Borrowers shall not assert, and hereby waives, any claim against any Indemnitee or Independent CRE Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or the use of the proceeds thereof.

(f) All amounts due under this Section 9.03 shall be payable promptly after written demand therefor.

SECTION 9.04. SUCCESSORS AND ASSIGNS. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrowers may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrowers without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent

and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); PROVIDED that (i) except in the case of an assignment to a Lender or an Affiliate of a Lender, each of the Borrowers and the Administrative Agent must give their prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $2,000,000 unless each of the Borrowers and the Administrative

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Agent otherwise consents, (iii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, (iv) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $1,000, and (v) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; PROVIDED further that any consent of the Borrowers otherwise required under this paragraph shall not be required if an Event of Default under clause (h) or (i) of Article VII has occurred and is continuing. Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the Restructuring Effective Date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.17 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) The Administrative Agent, acting for this purpose as an agent of the Borrowers, shall maintain at its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrowers, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative

Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of the Borrowers or the Administrative Agent, sell participations to one or more banks or other financial institutions (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); PROVIDED that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; PROVIDED that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. Subject to paragraph (f) of this Section, the Borrowers agree that each Participant shall be entitled to the benefits of Sections 2.15 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section.

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To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(c) as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with each Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless the Borrowers are notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrowers, to comply with Section 2.17(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section 9.04 shall not apply to any such pledge or assignment of a security interest; PROVIDED that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05. SURVIVAL. All covenants, agreements, representations and warranties made by the Borrowers herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its

behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.17 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 9.06. COUNTERPARTS; INTEGRATION; EFFECTIVENESS. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.07. SEVERABILITY. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08. RIGHT OF SETOFF. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or

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demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrowers against any of and all the obligations of the Borrowers now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section 9.08 are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.09. GOVERNING LAW; JURISDICTION; CONSENT TO SERVICE OF PROCESS. (a) This Agreement shall be construed in accordance with and governed by the law of the State of California.

(b) Each Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of (i) the Supreme Court of the State of New

York sitting in New York County, (ii) the United States District Court of the Southern District of New York, (iii) any United States federal court sitting in the Central District of California, or (iv) any other court of appropriate jurisdiction sitting in the County of Los Angeles, City of Los Angeles, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or California Court or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against each Borrower or its properties in the courts of any jurisdiction.

(c) Each Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.10.

SECTION 9.11. HEADINGS. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12. CONFIDENTIALITY. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such

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Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) with the consent of the Borrowers or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than the Borrowers; PROVIDED, HOWEVER, that such information, to the Administrative Agent's or Lender's knowledge, without any duty of inquiry, has not been provided in violation of any obligation owed by the source thereof to the Borrowers. For the purposes of this Section, "Information" means all information received from the Borrowers relating to the Borrowers or its business, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrowers; PROVIDED that, in the case of information received from the Borrowers after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13. FORECLOSURE OF CADIZ/SUN WORLD LEASE. If, in enforcing remedies hereunder, the Administrative Agent or a Lender forecloses on the property subject to that certain Cadiz/Sun World Lease, whether judicially or non-judicially, or obtains title to such property by deed in lieu of foreclosure, by purchase, or otherwise, then (a) so long as Sun World is not in default under the Cadiz/Sun World Lease: (i) Sun World and the Sun World Trustee under the Sun World Indenture shall be named or joined in any foreclosure, trustee's sale or other proceeding only if required by law; and (ii) the enforcement of any remedies hereunder that effects a transfer of title to the property subject to the Cadiz/Sun World Lease shall not terminate the Cadiz/Sun World Lease nor terminate nor affect in any manner the lien of the Sun World Trustee thereon, nor disturb Sun World in the possession and use of the property subject thereto.

SECTION 9.14. WAIVER OF ANTI-DEFICIENCY PROTECTION. Each Borrower hereby waives, as to this Agreement and any and all Loan Documents heretofore or hereafter executed in connection with the Transactions any defense, protection or right under:

(a) California Code of Civil Procedure ("CCP") Section 580(d) concerning the bar against rendition of a deficiency judgment after foreclosure under a power of sale;

(b) CCP Section 580(a) purporting to limit the amount of a deficiency judgment which may be obtained following exercise of a power of sale under a deed of trust; and

(c) CCP Section 726 concerning exhaustion of collateral, the form of foreclosure proceedings with respect to real property security located in California and otherwise limiting the amount of a deficiency judgment which may be recovered following completion of judicial foreclosure by reference to the "fair value" of the foreclosed collateral.

SECTION 9.15. COSTS BORNE BY NON-PREVAILING PARTY. In the event of any dispute with respect to this Agreement or any other Loan Document, the prevailing party shall be entitled to recover from the non-prevailing party all costs and attorneys' fees.

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SECTION 9.16. INTEREST RATE LIMITATION. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.17. STATUS OF ING. ING hereby represents to the Borrowers that it is not a Foreign Lender.

SECTION 9.18. GENERAL RELEASE. In consideration of the amendments, waivers, consents, and the other terms and provisions of this Agreement and the other Loan Documents, each Borrower, on behalf of itself, its agents, successors, assigns, subsidiaries, partners and Affiliates hereby fully release and forever discharge the Administrative Agent, the Lenders and each of their agents, consultants, heirs, successors, assigns, Affiliates, directors, officers, employees, shareholders, executives, servants, attorneys, accountants, representatives and other related persons (collectively, the "Released Parties") from any and all rights, claims, demands, actions, causes of action, costs, losses, suits, liens, debts, damages, judgments, executions and demands of every nature, kind and description whatsoever, whether now known or unknown, either at law, in equity or otherwise, which Borrower or any of its agents, successors, assigns, subsidiaries, partners and/or Affiliates ever had or may have against the Administrative Agent, the Lenders or the other Released Parties, including, without limitation, all claims arising under or in connection with the Loan Documents, and/or in connection with the dealings between the parties up to and including the closing of the transactions contemplated in this Agreement and all claims which have arisen or may arise in any other way whatsoever; provided that nothing herein shall be deemed to release the Administrative Agent, the Lenders or any other Released Party from any liability or obligations arising in connection with facts or circumstances which occur or arise for the first time after the Restructuring Effective Date.

It is further understood and agreed that the foregoing general release extends to all claims of every kind and nature whatsoever, known, suspected or unsuspected, liquidated or contingent, foreseen or unforeseen, and each Borrower and its agents, successors, assigns, subsidiaries, partners and Affiliates hereby waive all rights under Section 1542 of the California Civil Code. Section 1542 of the California Civil Code provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH DEBTOR."

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

CADIZ INC., a Borrower

By: /s/ Keith Brackpool

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Name: Keith Brackpool
Title: Chief Executive Officer

CADIZ REAL ESTATE LLC, a Borrower

By: /s/ Richard E. Stoddard

Name: Richard E. Stoddard
Title: Manager

By: /s/ Geoffrey W. Arens

Name: Geoffrey W. Arens
Title:

SCHEDULE 2.01

COMMITMENTS

1. Lender: ING Capital, LLC
135 E. 57th Street
New York, NY 10022-2101
Attention: Joan Chiappe, Vice President
Telephone No.: 212-409-1742
Facsimile No.: 212-371-9295

Tranche A Commitment:	$15,000,000.00
Tranche B Commitment:	$10,000,000.00

SCHEDULE 3.06

LITIGATION DISCLOSURE

NONE

SCHEDULE 3.13

BORROWER'S PARTICIPATING SUBSIDIARIES

CRE

SCHEDULE 3.14

BORROWER'S INACTIVE SUBSIDIARIES

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Rancho Cadiz Mutual Water Company, a California mutual water company.

SCHEDULE 6.01

SCHEDULE OF INDEBTEDNESS FOR BORROWER,
PARTICIPATING SUBSIDIARIES

The "Term Loan", as defined in the Pledge and Security Agreement; the Sun World Indenture, the Sun World Settlement.

SCHEDULE 6.02

SCHEDULE OF LIENS ON PROPERTY OF
BORROWER AND/OR SUBSIDIARIES

Liens granted to secure the "Term Obligations", as defined in the Pledge and Security Agreement.

Liens described in Title Policy No. 7222428 (the "Title Policy") issued by Chicago Title Insurance Company, insuring priority in the Mortgage, and showing Cadiz as owner in fee simple absolute and ING as insured.

Liens on Rolling Stock existing as of the Restructuring Effective Date.

Lien on telephone system at San Bernardino, CA office by Mellon First United Leasing (monthly payment $164.00).

Lien on Mita DC-6590 copier at Santa Monica, CA office by Mita Financial Services (monthly payment $580.00).

Lien on Minolta EP 3050 copier at Santa Monica, CA office by GE Capital (monthly payment $254.08).

Lien on Mita 4086 copier at San Bernardino, CA office by Capelco Capital, Inc. (monthly payment $240.00).

SCHEDULE 6.08

SCHEDULE OF RESTRICTIVE AGREEMENTS OF BORROWER
AND/OR SUBSIDIARIES (EXCLUDING THE SUN WORLD ENTITIES)

Restrictions and conditions arising under and pursuant to the Term Loan, as defined in the Pledge and Security Agreement.

Restrictions and conditions arising under and pursuant to the Sun World Documents.

EXHIBIT A

[FORM OF]

ASSIGNMENT AND ACCEPTANCE

Reference is made to the Sixth Amended and Restated Credit Agreement dated as of December 15, 2003 (as amended and in effect on the date hereof, the "Credit Agreement"), among Cadiz Inc., Cadiz Real Estate LLC, the

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Lenders named therein and ING Capital, LLC, as Administrative Agent for the Lenders. Terms defined in the Credit Agreement are used herein with the same meanings.

The Assignor named on the reverse hereof hereby sells and assigns, without recourse, to the Assignee named on the reverse hereof, and the Assignee hereby purchases and assumes, without recourse, from the Assignor, effective as of the Assignment Date set forth on the reverse hereof, the interests set forth on the reverse hereof (the "Assigned Interest") in the Assignor's rights and obligations under the Credit Agreement, including, without limitation, the interests set forth herein in the Commitment of the Assignor on the Assignment Date and Loans owing to the Assignor which are outstanding on the Assignment Date, held by the Assignor on the Assignment Date, but excluding accrued interest and fees to and excluding the Assignment Date. The Assignee hereby acknowledges receipt of a copy of the Credit Agreement. From and after the Assignment Date (i) the Assignee shall be a party to and be bound by the provisions of the Credit Agreement and, to the extent of the Assigned Interest, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent of the Assigned Interest, relinquish its rights and be released from its obligations under the Credit Agreement.

This Assignment and Acceptance is being delivered to the Administrative Agent together with (i) if the Assignee is a Foreign Lender, any documentation required to be delivered by the Assignee pursuant to Section 2.17(e) of the Credit Agreement, duly completed and executed by the Assignee, and (ii) if the Assignee is not already a Lender under the Credit Agreement, an Administrative Questionnaire in the form supplied by the Administrative Agent, duly completed by the Assignee. The [Assignee/Assignor] shall pay the fee payable to the Administrative Agent pursuant to Section 9.04(b) of the Credit Agreement.

This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of California.

Date of Assignment:

Legal Name of Assignor:

Legal Name of Assignee:

Assignee's Address for Notices:

Restructuring Effective Date of Assignment
("ASSIGNMENT DATE")1:

Facility	Principal Amount Assigned	Percentage Assigned of Commitment (set forth, to at least 8 decimals, as a percentage of the Commitments of all Lenders thereunder)
Commitment Assigned:		

The terms set forth above and on the reverse side hereof are hereby agreed to:

(a) [NAME OF ASSIGNOR] , as Assignor

(1) By: ----------------------------
Name:
Title:

(b) [NAME OF ASSIGNEE] , as Assignee

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(1) By: ----------------------------
Name:
Title:

1/ Must be at least five Business Days after execution hereof by all required parties.

The undersigned hereby consent to the within assignment:2

(c) CADIZ INC.,	(d) ING Capital, LLC, as Administrative Agent a Borrower
(1) By: -------------------------- Name: Title:	(2) By: -------------------------- Name: Title:
(e) Cadiz Real Estate LLC,	(f) a Borrower
(1) By: -------------------------- Name: Title:	(2) By: -------------------------- Name: Title:

2/ Consents to be included to the extent required by Section 9.04(b) of the Credit Agreement.

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EXHIBIT 10.11

SIXTH GLOBAL AMENDMENT AGREEMENT

DATED AS OF DECEMBER 15, 2003

BETWEEN

CADIZ INC.
AND
CADIZ REAL ESTATE LLC

AS BORROWERS,

AND

ING CAPITAL, LLC

AS LENDER

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SIXTH GLOBAL AMENDMENT AGREEMENT

SIXTH GLOBAL AMENDMENT AGREEMENT, DATED AS OF DECEMBER 15, 2003 (THE "AGREEMENT" OR THE "SIXTH GLOBAL AMENDMENT AGREEMENT"), BETWEEN Cadiz Inc. (f/k/a Cadiz Land Company, Inc.) and Cadiz Real Estate LLC, as borrowers, the LENDERS party hereto, and ING CAPITAL LLC (f/k/a ING Baring (U.S.) Capital LLC and ING Baring (U.S.) Capital Corporation).

R E C I T A L S

A. This Agreement refers to: (i) that certain Loan Agreement dated as of March 15, 1995 among Cadiz and its then wholly owned subsidiary, Cadiz Valley Development Corporation ("CVDC"), as borrowers, and Lender, as the assignee of Henry Ansbacher & Co. Limited ("ANSBACHER"), as lender (as amended, modified, or supplemented from time to time, the "1995 LOAN AGREEMENT", and together with all other documents executed in connection therewith or relating thereto and schedules and exhibits thereto, including the 1995 Note referred to below, the "1995 CREDIT DOCUMENTS"); (ii) that certain Third Agreement to Modify Loans dated as of January 11, 1994 among Cadiz and CVDC, as borrowers, and Lender, as lender (as amended, modified, or supplemented from time to time, the "1994 LOAN AGREEMENT", and together with all other documents executed in connection therewith or relating thereto and schedules and exhibits thereto, including the CVDC Note, the Cadiz Note, and the Reimbursement Agreement referred to below, the "1994 CREDIT DOCUMENTS"); (iii) that certain letter of consent dated September 13, 1996 from Cadiz and CVDC and acknowledged and agreed to by Lender (the "CONSENT LETTER"), (iv) that certain Ring Financing and Supplemental and Confirmatory Agreement Relating to Event of Default dated as of September 13, 1996 among the borrowers and Lender (the "RING FENCING AGREEMENT"), (v) that certain Global Amendment Agreement dated as of March 31, 1997 between Cadiz and CVDC, as borrowers, and ING, as lender (as amended, modified, or supplemented from time to time, the "FIRST GLOBAL AMENDMENT AGREEMENT", and together with all other documents executed in connection therewith or relating thereto and the schedules and exhibits thereto, including the First Global Amendment Agreement Documents as defined in the First Global Amendment Agreement, the "FIRST GLOBAL AGREEMENT DOCUMENTS"), (vi) that certain Second Global Amendment Agreement dated as of April 30, 1999 between Cadiz, as borrower, and ING, as Lender (as amended, modified or supplemented from time to time, the "SECOND GLOBAL AMENDMENT AGREEMENT", and together with all other documents executed in connection therewith or relating thereto and the schedules and exhibits thereto, including the Second Global Agreement Documents as defined in the Second Global Amendment Agreement, the "SECOND GLOBAL AGREEMENT DOCUMENTS"), (vii) that certain Third Global Amendment Agreement dated as of December 22, 1999 between Cadiz, as borrower, and ING, as Lender (as amended, modified or supplemented from time to time, the "THIRD GLOBAL AMENDMENT

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AGREEMENT", and together with all other documents executed in connection therewith or relating thereto and the schedules and exhibits thereto, including the Third Global Agreement Documents as defined in the Third Global Amendment Agreement, the "THIRD GLOBAL AGREEMENT DOCUMENTS"), (viii) that certain Fourth Global Amendment Agreement dated as of December 22, 2000 between Cadiz, as borrower, and ING, as Lender (as amended, modified or supplemented from time to time, including that certain First Amendment to Fourth Global Agreement dated as of October 22, 2001, the "FOURTH GLOBAL AMENDMENT Agreement",

and together with all other documents executed in connection therewith or relating thereto and the schedules and exhibits thereto, including the Fourth Global Agreement Documents as defined in the Fourth Global Amendment Agreement, the "FOURTH GLOBAL AGREEMENT DOCUMENTS"), and (ix) that certain Fifth Global Amendment Agreement dated as of January 31, 2002 between Cadiz, as borrower, and ING, as Lender (as amended, modified or supplemented from time to time, the "FIFTH GLOBAL AMENDMENT AGREEMENT", and together with all other documents executed in connection therewith or relating thereto and the schedules and exhibits thereto, including the Fifth Global Agreement Documents as defined in the Fifth Global Amendment Agreement, the "FIFTH GLOBAL AGREEMENT DOCUMENTS", and along with the 1994 Credit Documents, the 1995 Credit Documents, the Consent Letter, the First Global Agreement Documents, the Second Global Agreement Documents, the Third Global Agreement Documents, the Fourth Global Agreement Documents, the Fifth Global Agreement Documents and the Sixth Global Agreement Documents (as defined herein), each as amended and in effect, collectively, the "CREDIT DOCUMENTS"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Fifth Global Amendment Agreement.

B. Pursuant to the terms and conditions of the 1994 Loan Agreement, CVDC has heretofore executed that certain Secured Promissory Note dated January 11, 1994, in favor of Lender in the original principal sum of $2,546,783.06 (as amended and restated and in effect from time to time, the "CVDC NOTE"). The CVDC Note is secured by (collectively, the "CVDC LOAN SECURITY"), INTER ALIA, (i) that certain First Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated January 11, 1994 (as amended from time to time, the "FIRST CVDC DEED OF TRUST"), executed by CVDC in favor of Lender which was recorded on May 23, 1994, as Instrument No. 94233573 in the Official Records of San Bernardino County California (the "OFFICIAL RECORDS") and which encumbers the real property (the "CVDC LAND") described in Exhibit "A" attached to the 1995 Loan Agreement and incorporated herein by this reference; and (ii) that certain First Assignment, Pledge and Security Agreement dated January 11, 1994, executed by CVDC in favor of Lender (collectively, the "FIRST CVDC SECURITY AGREEMENT"). CVDC's obligations under the loan (the "CVDC LOAN") evidenced by the CVDC Note have been guarantied pursuant to that certain Amended and Restated Guarantee dated January 11, 1994 (the "GUARANTEE"), executed by Cadiz (in such capacity, the "GUARANTOR") in favor of Lender. The Guarantee is secured, INTER ALIA, by (x) that certain Second Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Homer/Piute/Hammack) dated January 11, 1994 (as amended from time to time, the "CADIZ SECOND DEED OF TRUST"), executed by Cadiz in favor of Lender which was recorded on February 11, 1994, as Instrument No. 94058717 in the Official Records and which encumbers the real property (the "CADIZ PROPERTY") described in Exhibit "B" attached to the 1995 Loan Agreement and incorporated herein by this reference; and (y) that certain First Assignment, Pledge and Security Agreement dated January 11, 1994 (the "CADIZ FIRST ASSIGNMENT"), executed by Cadiz in favor of Lender.

C. Also pursuant to the terms and provisions of the 1994 Loan Agreement, Cadiz has heretofore executed that certain Secured Promissory Note dated January 11, 1994 (as amended and restated and in effect from time to time, the "CADIZ NOTE"), in favor of Lender in the original principal amount of $2,397,424.08. The loan evidenced by the Cadiz Note is sometimes referred to in this Agreement as the "CADIZ LOAN." The Cadiz Note is secured by (collectively, the

"CADIZ LOAN SECURITY"), among other things, (i) that certain First Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Homer/Piute/Hammack) dated January 11, 1994 (as amended from time to time, the

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"CADIZ FIRST DEED OF TRUST"), executed by Cadiz in favor of Lender which was recorded on February 11, 1994, as Instrument No. 94058716 in the Official Records and which encumbers the Cadiz Property; (ii) that certain Second Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (CVDC) dated January 11, 1994 (as amended from time to time, the "SECOND CVDC DEED OF TRUST"), executed by CVDC in favor of Lender which was recorded on May 23, 1994, as Instrument No. 94233574 in the Official Records and which encumbers the CVDC Land; (iii) that certain Second Assignment, Pledge and Security Agreement dated January 11, 1994, executed by Cadiz in favor of Lender (the "CADIZ SECOND ASSIGNMENT"); and (iv) that certain Second Assignment, Pledge and Security Agreement dated January 11, 1994 (the "SECOND CVDC SECURITY AGREEMENT"), executed by CVDC in favor of Lender.

D. Pursuant to the terms of the 1994 Loan Agreement, Lender issued a letter of credit (the "LETTER OF Credit") in favor of Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland" ("RABOBANK") in the maximum amount of $853,000 with respect to certain interest payable under that certain promissory note dated January 12, 1994 (the "RABOBANK NOTE"), executed by Cadiz and CVDC in favor of Rabobank in the original principal amount of $8,681,474.03. In conjunction with Lender's issuance of the Letter of Credit, Cadiz executed that certain Reimbursement Agreement dated January 11, 1994 (as amended and restated and in effect from time to time, the "REIMBURSEMENT AGREEMENT"), in favor of Lender. The indebtedness evidenced by the Reimbursement Agreement is sometimes referred to in this Agreement as the "L/C LOAN." The performance of Cadiz' obligations under the Reimbursement Agreement is secured by (collectively, the "LETTER OF CREDIT SECURITY"), among other things, (i) that certain Third Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Homer/Piute/Hammack) dated January 11, 1994, which was recorded on February 11, 1994 (as amended from time to time, the "CADIZ THIRD DEED OF TRUST"), as Instrument No. 94058718 in the Official Records and which encumbers the Cadiz Property; (ii) that certain Third Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (CVDC) dated January 11, 1994 (as amended from time to time, the "THIRD CVDC DEED OF TRUST"), executed by CVDC in favor of Lender which was recorded on May 23, 1994, as Instrument No. 94233575 in the Official Records and which encumbers the CVDC Land; (iii) that certain Third Assignment, Pledge and Security Agreement dated January 11, 1994 (the "CADIZ THIRD ASSIGNMENT"), executed by Cadiz in favor of Lender; and (iv) that certain Third Assignment, Pledge and Security Agreement dated January 11, 1994 (the "THIRD CVDC SECURITY AGREEMENT"), executed by CVDC in favor of Lender. Rabobank has heretofore drawn down the Letter of Credit in full.

E. Pursuant to the terms and provisions of the 1995 Loan Agreement, Cadiz and CVDC jointly have heretofore executed that certain Secured Promissory Note dated March 29, 1995 (as amended and restated and in effect from time to time, the "1995 NOTE"), in favor of Lender in the original principal amount of $3,000,000.00. The loan evidenced by the 1995 Note is sometimes referred to in this Agreement as the "1995 LOAN." The 1995 Note is secured by (collectively, the "1995 SECURITY"), among other things, (i) that certain Fourth Assignment, Pledge and Security Agreement dated March 29, 1995 ("CADIZ FOURTH ASSIGNMENT"), between

Cadiz and Lender, pursuant to which Cadiz has granted Lender a fourth priority security interest in the SWFG Collateral, the Farming Collateral, and EVCO Collateral, as security for the 1995 Note; (ii) that certain Fourth Assignment, Pledge and Security Agreement dated March 29, 1995 (the "FOURTH CVDC SECURITY AGREEMENT"), between CVDC and Lender, pursuant to which CVDC has granted to Lender a fourth priority security interest in the PSWR Collateral and the Harweal Collateral as security for the 1995 Note; (iii) that certain Fourth Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated March 29, 1995 (the "CADIZ FOURTH DEED OF TRUST"), executed by Cadiz in favor of Lender as security for the 1995 Note, which was recorded on March 31, 1995 as Instrument No. 95-099301 in the Official Records; and (iv) that certain Fourth Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated March 29, 1995 (the "FOURTH CVDC DEED OF TRUST"), executed by CVDC in favor of Lender as security for the 1995 Note, which was recorded on March 31, 1995 as Instrument No. 95-099300 in the Official Records.

F. Pursuant to that certain Assignment Agreement dated as of March 31, 1997 by and between ING and Ansbacher (the "ING/ANSBACHER ASSIGNMENT AGREEMENT"), Ansbacher transferred and assigned to ING all of Ansbacher's

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rights, title and interests in, to and under the Credit Documents including, without limitation, the right to receive payment on the Lender's Loans and the Notes and the Reimbursement Agreement and all of the benefits of the Security Documents.

G. Pursuant to the First Global Amendment Agreement, Cadiz, CVDC and ING amended the Credit Documents.

H. Pursuant to the First Global Amendment Agreement, Lender consented to the merger of CVDC into Cadiz, PROVIDED, HOWEVER, that Cadiz: (a) expressly assumed all of CVDC's obligations to the Lender under the Credit Documents, as amended by the First Global Agreement Documents, and (b) executed a reaffirmation agreement relating to such assumption in form and substance satisfactory to Lender.

I. On or about April 14, 1997, Cadiz effected the upstream merger into it of CVDC and the assumption of the CVDC's indebtedness. In accordance with the First Global Amendment Agreement, Cadiz executed and delivered to Lender that certain Reaffirmation Agreement, dated as of April 10, 1997, reaffirming its assumption of all of CVDC's obligations to Lender.

J. Pursuant to that certain Deed of Trust, Assignment of Rents, Security Agreement, Financing Statement and Fixture Filing (Term Loan), between Cadiz, as borrower, Commonwealth Land Title Company, as Trustee, and ING, recorded on August 14, 1998 in the Official Records of Tulare County, as Instrument No. 1998-0057196, Cadiz pledged certain real and personal property to secure the Term Loan Obligations to ING. Pursuant to that certain Consent and Waiver of ING under Term Loan and Revolving Credit Agreement to Sale of Vista Verde Property and Application of Proceeds, dated January 19, 1999 executed by ING, and a Substitution of Trustee and Full Reconveyance dated January 19, 1999, the real and personal property granted as security by Cadiz to ING under such Deed of Trust was released.

K. Pursuant to that certain Deed of Trust, Assignment of Rents, Security Agreement, Financing Statement and Fixture Filing between Cadiz, as borrower, Chicago Title Company, as Trustee, and ING, recorded on November 26, 1997 in the Official Records of San Bernardino County, as Instrument No. 97-434909 (the "CADIZ PSWRI DEED OF Trust" or "CADIZ FIFTH DEED OF TRUST"), Cadiz pledged certain real and personal property to secure the Term Loan Obligations to ING. Concurrently therewith, the PSWRI Deed of Trust and PSWRI Note (collectively, the "PSWRI COLLATERAL") were extinguished by way of merger of estates.

L. Pursuant to that certain Collateral Substitution Agreement dated November 4, 1998 by and among Cadiz, ING and Southwest Fruit Growers, L.P. ("SWFG"), Cadiz granted to ING a security interest in certain property to secure the Lender's Term Loans as set forth in that certain Deed of Trust, Assignment of Rents, Security Agreement, Financing Statement and Fixture Filing (Term Loan), between Cadiz, Chicago Title Company and ING, recorded on November 4, 1998 in the Official Records of San Bernardino County, as Instrument No. 19980473320 (the "CADIZ SWFG DEED OF TRUST" or the "CADIZ SIXTH DEED OF TRUST"). Concurrently therewith, ING released its security interest in the SWFG Collateral and the Farming Collateral.

M. Pursuant to the Second Global Amendment Agreement, Cadiz and ING further amended the Credit Documents.

N. Pursuant to that certain Deed of Trust, Assignment of Rents, Security Agreement, Financing Statement and Fixture Filing between Cadiz, as borrower, Chicago Title Company, as Trustee, and ING, dated as of July 1, 1999 and recorded on December 23, 1999 in the Official Records of San Bernardino County (the "Official Records"), as Instrument No. 524212 (the "CADIZ SEVENTH DEED OF TRUST (PIUTE)"), Cadiz pledged certain additional real and personal property to secure Cadiz's obligations to ING under the Credit Documents.

O. Pursuant to the Third Global Amendment Agreement, Cadiz and ING further amended the Credit Documents.

P. Pursuant to the Fourth Global Amendment Agreement, Cadiz and ING further amended the Credit Documents.

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Q. Pursuant to the Fifth Global Amendment Agreement, Cadiz and ING further amended the Credit Documents.

R. The parties hereto wish to enter into this Agreement and all of the other documents executed in connection herewith or relating hereto and schedules and exhibits hereto (collectively, the "SIXTH GLOBAL AGREEMENT DOCUMENTS") to further amend the Credit Documents to, among other things, (a) confirm the obligations of Cadiz in favor of ING under the Credit Documents; (b) consent to the creation of a new special purpose entity, CRE, that is being assigned the assets of Cadiz and is becoming a co-borrower with Cadiz hereunder, and (c) provide for the issuance of new preferred stock to ING; (d) amend the interest rate on the Loan Obligations to either (at the election of the Borrowers as provided herein): (i) 8% per annum in cash or (ii) 4% per annum in cash plus 8% per annum in kind; and (e) provide for the

further extension of the Maturity Date of the Notes and other modifications thereof, all of the foregoing upon the terms and conditions set forth herein and in the other Sixth Global Agreement Documents.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, parties hereto hereby agrees as follows:

SECTION 1. DEFINITIONS.

The terms and provisions of section 1.03 of the Revolving Credit Agreement, as in effect on the Restructuring Effective Date, shall apply to this Agreement. The following terms shall have the following meanings when used herein (all terms defined in this Section 1 or in other provisions of this Agreement in the singular shall have the same meaning in the plural and VICE VERSA):

ADDITIONAL DRAW WARRANT CERTIFICATES: the Additional Initial Draw Warrant Certificates originally exercisable as of April 13, 1998 and May 8, 1998, to purchase, respectively, 112,500 and 37,500 shares of the Company's Common Stock, as revised and in effect.

AFFILIATE: With reference to any entity, any other entity that, within the meaning of Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended, "controls," is "controlled by" or is under "common control with" such entity.

AGREEMENT shall have the meaning ascribed to such term in the recitals hereto.

ANSBACHER shall have the meaning ascribed to such term in the recitals hereto.

APPLICABLE INTEREST RATE means, with respect to any Term Loan Obligations for any Interest Period, either (a) if the Borrowers do not elect the PIK&Cash Payment Election, the Cash Payment Rate, or (b) if the Borrowers elect the PIK&Cash Payment Election, the PIK&Cash Payment Rate.

BANKRUPTCY CODE: Title 11 of the United States Code, as amended, 11 U.S.C ss.ss. 101, ET SEQ.

BORROWERS means, collectively, each of Cadiz and CRE, and each a "Borrower".

BUSINESS DAY means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed.

CADIZ means Cadiz Inc., a Delaware corporation, a borrower hereunder.

"CADIZ/CRE MANAGEMENT AGREEMENT" means the Management Agreement as defined in the CRE LLC Agreement.

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CADIZ DEEDS OF TRUST: collectively, the Cadiz First Deed of Trust, the Cadiz Second Deed of Trust, the Cadiz Third Deed of Trust, the Cadiz Fourth Deed of Trust, the Cadiz PSWRI Deed of Trust, the Cadiz SWFG Deed of Trust and the Cadiz Seventh Deed of Trust (Piute), each as amended and modified from time to time.

CADIZ FIRST ASSIGNMENT shall have the meaning ascribed to such term in the recitals hereto.

CADIZ FIRST DEED OF TRUST shall have the meaning ascribed to such term in the recitals hereto.

CADIZ FOURTH ASSIGNMENT shall have the meaning ascribed to such term in the recitals hereto.

CADIZ FOURTH DEED OF TRUST shall have the meaning ascribed to such term in the recitals hereto.

CADIZ LOAN shall have the meaning ascribed to such term in the recitals hereto.

CADIZ LOAN SECURITY shall have the meaning ascribed to such term in the recitals hereto.

CADIZ NOTE shall have the meaning ascribed to such term in the recitals hereto.

CADIZ PROPERTY shall have the meaning ascribed to such term in the recitals hereto.

CADIZ PSWRI DEED OF TRUST or CADIZ FIFTH DEED OF TRUST shall have the meaning ascribed to such term in the recitals hereto.

"CADIZ REAFFIRMATION AGREEMENT" means the agreement evidencing Cadiz Borrower's assumption and reaffirmation of all liabilities and obligations of Cadiz Valley Development Corporation, dated as of November 25, 1997.

CADIZ SECOND ASSIGNMENT shall have the meaning ascribed to such term in the recitals hereto.

CADIZ SECOND DEED OF TRUST shall have the meaning ascribed to such term in the recitals hereto.

CADIZ SERIES F PREFERRED STOCK CERTIFICATE means the certificate of Series F Preferred Stock issued by Cadiz to the Lender pursuant to the Transactions with the rights, privileges and preferences as set forth in the Certificate of Designations in the form attached hereto in Exhibit A. This is the same certificate that is required to be delivered under the Revolving Credit Agreement.

CADIZ SEVENTH DEED OF TRUST (PIUTE) shall have the meaning ascribed to such term in the recitals hereto.

CADIZ SWFG DEED OF TRUST or CADIZ SIXTH DEED OF TRUST shall have the meaning ascribed to such term in the recitals hereto.

CADIZ THIRD ASSIGNMENT shall have the meaning ascribed to such term in the recitals hereto.

CADIZ THIRD DEED OF TRUST shall have the meaning ascribed to such term in the recitals hereto.

CASH means legal tender of the United States of America.

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"CASH COLLATERAL ACCOUNT" means that certain account established at ING Capital, LLC, not in its capacity as Lender hereunder, but in its capacity as the cash collateral bank under the Cash Collateral Account Agreement, which account is being assigned and pledged as of the Restructuring Effective Date for the benefit of the Lender.

CASH COLLATERAL ACCOUNT AGREEMENT means that certain agreement between Cadiz and the financial institution party thereto, in form and substance consented to by the Lender evidencing Cadiz' establishment of a debt service account assigned and pledged for the benefit of the Lender, in substantially the form as attached hereto in Exhibit B. This is the same agreement that is required to be delivered by the Cadiz Borrower under the Revolving Credit Agreement.

CASH PAYMENT AMOUNT has the meaning set forth in Section 7(D) hereof.

CASH PAYMENT ELECTION has the meaning set forth in Section 7(D) hereof.

CASH PAYMENT RATE means eight percent (8%).

CASH PORTION has the meaning set forth in Section 7(D) hereof.

CASH PORTION RATE means four percent (4%).

CONSENT LETTER shall have the meaning ascribed to such term in the recitals hereto.

CONSENT TO CADIZ/SUN WORLD LEASE means the consent by the Lender to the New Cadiz/Sun World Lease, in substantially the form annexed hereto as Exhibit C. This is the same consent that is required to be delivered under the Revolving Credit Agreement.

CONSENT TO SUN WORLD SETTLEMENT means that certain consent of the Lender to the Sun World Settlement in substantially the form annexed hereto as Exhibit D. This is the same consent that is required to be delivered under the Revolving Credit Agreement.

CRE means Cadiz Real Estate LLC, a Delaware limited liability company, a borrower hereunder.

CRE GRANT DEED means that certain grant deed of trust conveying the real property ING Collateral held by Cadiz to CRE in substantially the form as attached hereto in Exhibit E.

CRE LLC AGREEMENT means that certain Limited Liability Agreement of CRE between the Cadiz and M. Solomon & Associates, Inc., as the independent member, in substantially the form attached hereto in Exhibit F.

CREDIT DOCUMENTS shall have the meaning ascribed to such term in the recitals hereto.

CVDC shall have the meaning ascribed to such term in the recitals hereto.

CVDC DEEDS OF TRUST: collectively, the First CVDC Deed of Trust, the Second CVDC Deed of Trust, the Third CVDC Deed of Trust, and the Fourth CVDC Deed of Trust, each as amended and modified from time to time.

CVDC LAND shall have the meaning ascribed to such term in the recitals hereto.

CVDC LOAN shall have the meaning ascribed to such term in the recitals hereto.

CVDC LOAN SECURITY shall have the meaning ascribed to such term in the recitals hereto.

CVDC NOTE shall have the meaning ascribed to such term in the recitals hereto.

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"DEFAULT" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

EIGHTH WARRANT CERTIFICATE: the revised and restated Eighth Warrant Certificate (as defined in the Fifth Global Amendment Agreement) for the purchase up to 125,000 shares of Cadiz' common stock that vested on February 15, 2002, as revised and in effect.

ELEVENTH WARRANT CERTIFICATE: the revised and restated Eleventh Warrant Certificate (as defined in the Fifth Global Amendment Agreement) for the purchase up to 1,000,000 of Cadiz' common stock., as revised and in effect

EVENT OF DEFAULT: (a) with respect to this Agreement, such terms has the meaning assigned to such term in Section 7(L); and (b) with respect to any other Credit Document, an Event of Default as defined thereunder.

FEE WARRANT CERTIFICATE: the Fee Warrant Certificate, and originally exercisable as of August 1, 2002, to purchase 100,000 shares of the Company's Common Stock, as revised and in effect.

FIFTH WARRANT CERTIFICATE: the Fifth Warrant Certificate for 150,000 of Cadiz' common stock that vested as of October 29, 1999, that entitles the holder thereof to purchase 150,000 shares, as revised and in effect.

FIFTH GLOBAL AMENDMENT AGREEMENT shall have the meaning ascribed to such term in the recitals hereto.

FIFTH GLOBAL AGREEMENT DOCUMENTS shall have the meaning ascribed to such term in the recitals hereto.

FIRST CVDC DEED OF TRUST shall have the meaning ascribed to such term in the recitals hereto.

FIRST CVDC SECURITY AGREEMENT shall have the meaning ascribed to such term in the recitals hereto.

FIRST EXTENSION REQUIREMENTS shall have the meaning ascribed to such term in Section 7(J) hereof.

FIRST GLOBAL AGREEMENT DOCUMENTS shall have the meaning ascribed to such term in the recitals hereto.

FIRST GLOBAL AMENDMENT AGREEMENT shall have the meaning ascribed to such term in the recitals hereto.

FIXED RATE means, with respect to any Borrowing for any Interest Period, either (a) if the Borrowers do not elect the PIK&Cash Payment Election, the Cash Payment Rate or (b) if the Borrowers elect the PIK&Cash Payment Election, the PIK&Cash Payment Rate.

FOURTH CVDC DEED OF TRUST shall have the meaning ascribed to such term in the recitals hereto.

FOURTH CVDC SECURITY AGREEMENT shall have the meaning ascribed to such term in the recitals hereto.

FOURTH GLOBAL AMENDMENT AGREEMENT shall have the meaning ascribed to such term in the recitals hereto.

FOURTH GLOBAL AGREEMENT DOCUMENTS shall have the meaning ascribed to such term in the recitals hereto.

FOURTH WARRANT CERTIFICATE: the Fourth Warrant Certificate for 100,000 shares of Cadiz' common stock that vested as of April 3, 1999, that entitles the holder thereof to purchase 100,000, as revised and in effect.

GUARANTEE shall have the meaning ascribed to such term in the recitals hereto.

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GUARANTOR shall have the meaning ascribed to such term in the recitals hereto.

ING: ING Capital LLC, a Delaware limited liability company.

ING/ANSBACHER ASSIGNMENT AGREEMENT shall have the meaning ascribed to such term in the recitals hereto.

ING COLLATERAL: the collateral security granted, pledged or hypothecated by the Borrowers to Lender under the Security Documents (but excluding the collateral specifically released under the Consent to Sun World Settlement) to secure the payment and satisfaction of the Term Loan Obligations.

INITIAL DRAW WARRANT CERTIFICATE: the Initial Draw Warrant Certificate, and originally exercisable as of November 25, 1997, to purchase 200,000 shares of the Company's Common Stock.

INTEREST PAYMENT DATE means the last day of the Interest Period applicable to any Term Loan Obligation.

INTEREST PERIOD means, from and after September 30, 2003, each semi-annual period ending on March 31 and September 30 thereafter through and including the Maturity Date, provided, that (i) except as provided in clauses (ii) and (iii) below, if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day, (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period, and (iii) if any Interest Period would end after the Maturity Date, such Interest Period shall end on the Maturity Date.

L/C LOAN shall have the meaning ascribed to such term in the recitals hereto.

LENDER shall have the meaning ascribed to such term in the recitals hereto.

LENDER'S TERM LOANS: Collectively, the CVDC Loan, the Cadiz Loan, the L/C Loan, and the 1995 Loan of Lender to the Borrowers.

LETTER OF CREDIT shall have the meaning ascribed to such term in the recitals hereto.

LETTER OF CREDIT SECURITY shall have the meaning ascribed to such term in the recitals hereto.

LOAN OBLIGATIONS: collectively, the Revolving Loan Obligations and the Term Loan Obligations.

"MANDATORY EQUITY PREPAYMENT" shall have the meaning ascribed to such term in Section 7(A) hereof

MATURITY DATE means March 31, 2005, PROVIDED, HOWEVER, that if the First Extension Requirements are satisfied, then the Maturity Date shall be extended to September 30, 2005; provided, further, that if the Second Extension Requirements are satisfied, then the Maturity Date shall be extended to March 31, 2006; provided, further, that if the Third Extension Requirements are satisfied, then the Maturity Date shall be extended to September 30, 2006.

MAXIMUM CASH COLLATERAL AMOUNT means, with respect to any Equity Issuance, the amount obtained by multiplying the amount of the outstanding Loan Obligations, by 8%, and multiplying the product thereof by the number of years (rounded upward to the nearest half year) between the date of such on which the proceeds of any Equity Issuance was received by either of the Borrowers and

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September 30, 2006 (computed on the basis of a year of 360 days).

NEW CADIZ/SUN WORLD LEASE means that certain Agricultural Lease by and between Cadiz (or CRE as assignee of Cadiz), as lessor, and Sun World, as lessee, in substantially the form annexed hereto as Exhibit G.

1995 CREDIT DOCUMENTS shall have the meaning ascribed to such term in the recitals hereto.

1995 LOAN shall have the meaning ascribed to such term in the recitals hereto.

1995 LOAN AGREEMENT shall have the meaning ascribed to such term in the recitals hereto.

1995 NOTE shall have the meaning ascribed to such term in the recitals hereto.

1995 SECURITY shall have the meaning ascribed to such term in the recitals hereto.

1994 CREDIT DOCUMENTS shall have the meaning ascribed to such term in the recitals hereto.

1994 LOAN AGREEMENT shall have the meaning ascribed to such term in the recitals hereto.

NINTH WARRANT CERTIFICATE: the Ninth Warrant Certificate (as defined in the Fifth Global Amendment Agreement) for the purchase up to 125,000 shares of Cadiz' common stock that vested on April 1, 2002, as revised and in effect.

NOTES: Collectively, the CVDC Note, the Cadiz Note, the Reimbursement Agreement and the 1995 Note, each as amended, restated and in effect from time to time.

OFFICIAL RECORDS shall have the meaning ascribed to such term in the recitals hereto.

PAST DUE EXPENSE DEFICIENCY means the amount of $20,000, corresponding to the amount that Lender's and Revolving Lenders' reasonable out-of-pocket expenses on and prior to the Restructuring Effective Date, including the reasonable fees, charges and disbursements of counsel, exceed $400,000.

PAST DUE PAYMENT means a Cash payment of $2,425,034.62 made by Cadiz to ING that is comprised of (a) all accrued and unpaid interest due under the Credit Documents and the Revolving Loan Documents for the period through September 30, 2003 at the non-default rate in the amount of $1,412,457.21, (b) all accrued and unpaid interest due under the Revolving Loan Documents and the Credit Documents at the default rate for the period through September 30, 2003 in the amount of $612,577.40, and (c) $400,000 of Revolving Lenders' and the Lender's out-of-pocket expenses (including reasonable attorneys' fees) under the Revolving Loan

Documents and the Credit Documents for the period through the Restructuring Effective Date, provided that the Past Due Expense Deficiency shall be capitalized and included as part of the principal outstanding under the Tranche A Notes (as defined in the Revolving Credit Agreement).

PERSON: shall mean any individual, corporation, company, voluntary association, partnership, joint venture, trust, unincorporated organization or government (or any agency, instrumentality or political subdivision thereof).

PIK PORTION has the meaning set forth in Section 7(D) hereof.

PIK PORTION RATE means eight percent (8%).

PIK&CASH PAYMENT ELECTION has the meaning set forth in Section 7(D) hereof.

PIK&CASH PAYMENT ELECTION DEADLINE has the meaning set forth in Section

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7(D) hereof.

PIK&CASH PAYMENT ELECTION REQUEST means a request by the Borrowers to make a payment of accrued interest for an Interest Period through the remittance through the remittance of both (A) the Cash Portion plus (B) the PIK Portion.

PIK&CASH PAYMENT RATE means twelve percent (12%), comprised of the sum of the PIK Portion Rate and the Cash Portion Rate.

PREFERRED STOCK CERTIFICATE OF DESIGNATIONS means that certain Certificate of Designations of Series F Preferred Stock of Cadiz, in form and substance acceptable to Lenders, in substantially the form attached hereto in Exhibit H, that, inter alia, sets forth the rights, privileges and preferences of such preferred stock. This is the same document that is required to be delivered by the Cadiz under the Revolving Credit Agreement.

PSWRI COLLATERAL shall have the meaning ascribed to such term in the recitals hereto.

RABOBANK shall have the meaning ascribed to such term in the recitals hereto.

RABOBANK NOTE shall have the meaning ascribed to such term in the recitals hereto.

REGISTRATION RIGHTS AGREEMENT means the Registration Rights Agreement agreed to by Cadiz in favor of ING in the form attached hereto as Exhibit I. This is the same document that is required to be delivered by the Cadiz under the Revolving Credit Agreement.

REIMBURSEMENT AGREEMENT shall have the meaning ascribed to such term in the recitals hereto.

RESTRUCTURING EFFECTIVE DATE means the date on which the conditions specified in Section 5 are satisfied (or waived).

RESTATED REVOLVING CREDIT AGREEMENT: the Revolving Credit Agreement, as amended and restated by Cadiz and CRE, as co-borrowers, and ING, as administrative agent and lender thereunder, dated as of December 15, 2003.

REVOLVING CREDIT AGREEMENT: that certain Credit Agreement, dated as of November 25, 1997, among Cadiz, as borrower, and ING, as administrative agent and lender, as amended, restated and/or modified from time to time.

REVOLVING LENDERS: means, collectively, the Administrative Agent and the Lenders, each as defined in the Revolving Credit Agreement.

REVOLVING LOAN DOCUMENTS: means the Loan Documents, as defined in the Revolving Credit Agreement, as amended and modified from time to time.

REVOLVING LOAN OBLIGATIONS: means the obligations of Cadiz to Lender under the Revolving Loan Documents.

REVOLVING WARRANTS: means, collectively, the warrants issued under the Revolving Loan Documents, as amended concurrently herewith, comprised of (i) the Initial Draw Warrant Certificate, (ii) the Additional Draw Warrant Certificates, (iii) the Eighth Warrant Certificate, (iv) the Ninth Warrant Certificate, (v) the Tenth Warrant Certificate, (vi) the Eleventh Warrant Certificate, (vii) the Twelfth Warrant Certificate, and (viii) the Fee Warrant Certificate.

RING FENCING AGREEMENT shall have the meaning ascribed to such term in the recitals hereto.

SECOND CVDC DEED OF TRUST shall have the meaning ascribed to such term in the recitals hereto.

SECOND CVDC SECURITY AGREEMENT shall have the meaning ascribed to such term in the recitals hereto.

SECOND EXTENSION REQUIREMENTS shall have the meaning ascribed to such

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term in Section 7(J) hereof.

SECOND GLOBAL AGREEMENT DOCUMENTS shall have the meaning ascribed to such term in the recitals hereto.

SECOND GLOBAL AMENDMENT AGREEMENT shall have the meaning ascribed to such term in the recitals hereto.

SECOND WARRANT CERTIFICATE: the Second Warrant Certificate (as defined in the First Global Amendment Agreement) for 75,000 shares of Cadiz' common stock that vested as of April 30, 1998, amended to reflect a change in the strike price, that entitles the holder thereof to purchase 75,000 shares, as revised and in effect.

SECURITY DOCUMENTS: the CVDC Loan Security, the Cadiz Loan Security, the Letter of Credit Security, and the 1995 Security, the other Cadiz Deeds of Trust, and any other documents evidencing or securing the Notes and/or the L/C Loan, each as amended and modified from time to time.

SIXTH AMENDMENT DOCUMENTS has the meaning ascribed to such term in the Revolving Credit Agreement.

SIXTH GLOBAL AMENDMENT AGREEMENT shall have the meaning ascribed to such term in the recitals hereto.

SIXTH GLOBAL AGREEMENT DOCUMENTS shall have the meaning ascribed to such term in the recitals hereto.

SEVENTH WARRANT CERTIFICATE: the Seventh Warrant Certificate (as defined in the Third Global Amendment Agreement) for 100,000 shares of Cadiz' common stock that vested as of October 31, 2000, as revised and in effect.

SIXTH WARRANT CERTIFICATE: Second Warrant Certificate (as defined in the Second Global Amendment Agreement) for 50,000 shares of Cadiz' common stock that vested as of April 3, 2000, as revised and in effect.

SUBSIDIARY: with respect to any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person. With respect to the Borrowers, Subsidiary shall exclude Sun World and its subsidiaries during the pendency of the bankruptcy case for Sun World pending as of the Restructuring Effective Date.

SUN WORLD: Sun World International, Inc., a Wholly Owned Subsidiary of Cadiz.

SUN WORLD INDENTURE: that certain Indenture, dated as of April 16, 1997, among Sun World, Cadiz, the subsidiary guarantors thereto, and the Sun World Trustee, as amended by that certain Amendment to Indenture, dated as of October 9, 1997, and that certain Amendment to Indenture, dated as of January 23, 1998, as further amended from time to time.

SUN WORLD SETTLEMENT: the settlement relating to claims between Cadiz and Sun World, and the related release of certain collateral relating to Sun World implementing the settlement described in the term sheet, as annexed hereto in Exhibit J, which documents evidencing the settlement are in form and substance reasonably satisfactory to Cadiz and the Lender.

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SUN WORLD TRUSTEE: The Bank of New York, in its capacity as the successor trustee under the Sun World Indenture and any successor trustee thereunder.

SWFG shall have the meaning ascribed to such term in the recitals hereto.

TENTH WARRANT CERTIFICATE: the Tenth Warrant Certificate (as defined in the Fifth Global Amendment Agreement) for the purchase up to 250,000 shares of Cadiz' common stock that vested on August 1, 2002, as revised and in effect.

TERM LOAN OBLIGATIONS: the obligations of Cadiz to Lender under the Credit Documents, as amended by the Sixth Global Agreement Documents.

TERM NOTES: collectively, the following notes and agreements evidencing the Term Loan Obligations: the Cadiz Note, the CVDC Note, the Reimbursement Agreement and the 1995 Note

THIRD CVDC DEED OF TRUST shall have the meaning ascribed to such term in the recitals hereto.

THIRD CVDC SECURITY AGREEMENT shall have the meaning ascribed to such term in the recitals hereto.

THIRD EXTENSION REQUIREMENTS shall have the meaning ascribed to such term in Section 7(J) hereof.

THIRD GLOBAL AMENDMENT AGREEMENT shall have the meaning ascribed to such term in the recitals hereto.

THIRD GLOBAL AGREEMENT DOCUMENTS shall have the meaning ascribed to such term in the recitals hereto.

TRANSACTIONS means the execution, delivery and performance by the Borrowers of this Agreement, the other Credit Documents, the Revolving Loan Documents and the transactions contemplated herein and therein.

WARRANT CERTIFICATES: collectively, the Second Warrant Certificate, the Fourth Warrant Certificate, the Fifth Warrant Certificate, the Sixth Warrant Certificate, the Seventh Warrant Certificate, the Eighth Warrant Certificate, the Ninth Warrant Certificate, the Tenth Warrant Certificate and the Eleventh Warrant Certificate.

WHOLLY OWNED SUBSIDIARY: with respect to any Person, any corporation, partnership or other entity of which all of the equity securities or other ownership interests (other than, in the case of a corporation, directors' qualifying shares) are directly or indirectly owned or controlled by such Person or one or more Wholly Owned Subsidiaries of such Person or by such Person and one or more Wholly Owned Subsidiaries of such Person.

SECTION 2. CERTAIN ACKNOWLEDGEMENTS.

The parties hereby acknowledge and agree that prior to the Restructuring Effective Date, the Borrowers have borrowed the principal amount of $10,095,068.21 of Term Loan Obligations from the Lender. The Borrowers hereby further expressly acknowledge and agree that as of December 15, 2003, the outstanding Term Loan Obligations are in the principal amount (excluding accrued and unpaid interest) of $10,095,068.21, and, as summarized in schedule B hereto, comprise the following indebtedness owed to Lender: (a) the outstanding principal balance on Cadiz Loan is $3,103,860.02, (b) the outstanding principal balance on the CVDC Loan is $3,299,488.32, (c) the outstanding principal balance on the L/C Loan is $719,494.90, and (d) the outstanding principal balance on the 1995 Loan is $2,972,224.97. The foregoing amounts do not include (y) accrued and unpaid interest from and after September 30, 2003, which accrued interest Borrowers remain obligated to repay, or (z) the reduction of $95,068.21 to the principal amount of the L/C Loan as set forth in Section 7(E) hereof. Each of the Term Loan Obligations (including, but not limited to, the obligations under the CVDC Note, the Cadiz Note, the Reimbursement Agreement and the 1995 Note are the joint and several obligations of the Borrowers to repay such Term Loan Obligations to the Lender. Each of the CVDC Note, the Cadiz Note, the

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Reimbursement Agreement and the 1995 Note shall also be evidenced by amended and restated notes, which shall be duly and validly executed and delivered by the Borrowers, payable to the order of the Lender, which notes shall replace the existing CVDC Note, the Cadiz Note, the Reimbursement Agreement and the 1995 Note.

SECTION 3. NO SATISFACTION.

After taking into account the provisions of Section 7(E) hereof, the Borrowers hereby expressly acknowledge and agree that nothing in this Agreement or in any document or instrument executed in connection with or pursuant to this Agreement shall constitute a satisfaction of or a novation as to all or any portion of Cadiz' indebtedness under the CVDC Loan, the 1995 Loan, the Cadiz Loan, the Guarantee, the Reimbursement Agreement or the 1995 Loan or the other Loan Obligations. The Borrowers hereby unconditionally reaffirms, reconfirms and restates its obligation to pay in full the indebtedness arising under the Cadiz Loan, the Reimbursement Agreement, the Guarantee, the L/C Loan (as adjusted herein) and the 1995 Loan (collectively, the "CADIZ INDEBTEDNESS") to Lender and such obligations constitute allowed, legal, valid, binding, enforceable and non-avoidable obligations of the Borrowers, and are not subject to any offset, defense, counterclaim, avoidance, or subordination pursuant to the Bankruptcy Code or any other applicable law. Each Borrower hereby unconditionally reaffirms, reconfirms and restates its obligation to pay in full the indebtedness arising under the CVDC Loan and the 1995 Loan (the "CVDC INDEBTEDNESS") to Lender. Each Borrower as to both the Cadiz Indebtedness and CVDC Indebtedness hereby further acknowledges and agrees that (a) it has no defenses to the enforcement of such obligations (or any portion thereof) or any of the other Loan Obligations; and (b) it has no counter-claims or claims of offset whatsoever with respect to any of the Loan Obligations (or any portion thereof) and that neither this Agreement nor the consummation of the transactions contemplated herein will give rise to any such defenses, counter-claims or claims of offset.

SECTION 4. REPRESENTATIONS AND WARRANTIES; UNDERTAKINGS.

Each Borrower hereby represents and warrants to the Lender each of the representations and warranties that each such Borrower gave to the Revolving Lenders under the Restated Revolving Credit Agreement and the other Restated Loan Documents mutatis mutandi as if given to the Lender hereunder, all of which shall apply and be enforceable for the benefit of the Lender as if fully set forth herein and made on and as of the date hereof. Each Borrower further represents and warrants that (a) on the date hereof no Event of Default or Default (other than those that have been previously cured or will be cured on the Restructuring Effective Date) under any Credit Document has occurred, (b) the execution and delivery by it of this Agreement and the other Sixth Global Agreement Documents has been duly authorized by all requisite corporate action, and it has obtained or will obtain prior to the Effective Date any required approvals of third parties for the execution and delivery of such documents, (c) Lender has performed or complied with all material obligations required to be performed or complied with by it under the Credit Documents and, as of the date hereof, there are no amounts due and owing by Lender under the Credit Documents as amended and in effect on the Restructuring Effective Date, and (f) the Lender has no obligation to acquire additional notes or to make additional loans or extensions of credit to the Borrowers under the Credit Documents or hereunder, and (g) to such Borrower's knowledge, upon due inquiry, Lender has not engaged in any acts, conduct or omissions that could result in the Lender receiving a smaller distribution on account of the Term Loan Obligations or the Shares (as defined in the ING/Ansbacher Assignment Agreement) than would otherwise apply. Each of the parties hereto represents and warrants that such party has full authority and legal power to execute this Agreement and each of the other Sixth Global Agreement Documents that it has executed and that this Agreement and each of the Credit Documents (as amended by the Sixth Global Agreement Documents) constitute valid and binding obligations of such party. As set forth in the 1995 Loan Agreement, (x) each Borrower hereby reaffirms its undertaking to use its best efforts to substitute direct first, second, third and fourth lien deeds of trust for the security interests currently held by Lender in the EVCO Collateral and Harweal Collateral; and (y) each Borrower hereby reaffirms its undertaking to provide to Lender all such financial and other information as Lender may from time to time require concerning the Water Assets. In addition, each Borrower will provide to Lender any documents and information provided to the Revolving

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Lenders under any Revolving Credit Agreement and the other Revolving Loan Documents.

SECTION 5. CONDITIONS PRECEDENT.

A. RESTRUCTURING EFFECTIVE DATE. This Agreement shall become effective on the date (the "RESTRUCTURING EFFECTIVE DATE") on which the Lender shall notify the Borrowers that the following conditions have been satisfied (or waived in accordance with Section 16(E) hereof), in the Lender's sole discretion:

(1) ING shall have received the Past Due Payment (which is the same payment required under the Credit Agreement and should not be paid twice by the Borrowers).

(2) CRE has been duly formed and is validly existing by Cadiz in accordance with the CRE LLC Agreement.

(3) Cadiz shall have transferred substantially all of its assets, rights and interests in Cadiz' property that constitutes ING Collateral for the Lender to its CRE Subsidiary, subject to the Liens and obligations arising under the Revolving Loan Documents and the Term Loan Documents in favor of ING.

(4) to the extent required in the CRE LLC Agreement, Cadiz and CRE shall have executed the Cadiz/CRE Management Agreement, which agreement shall be binding and in effect.

(5) The Lender shall have received budget and projections that are reasonably satisfactory to the Lender.

(6) The Lender shall have received counterparts of this Agreement and the other Sixth Global Agreement Documents (in recordable form, where appropriate) duly executed and delivered by the Borrowers in form and substance satisfactory to Lender (in Lender's absolute discretion), including, but not limited to, the following:

(a) this Agreement;

(b) the following documents relating to the CVDC Loan:

(A) Sixth Amended and Restated CVDC Note, in the form attached hereto in Exhibit K;

(B) Sixth Modification of the First CVDC Deed of Trust, in the form attached hereto in Exhibit L;

(C) Sixth Modification of the Cadiz Second Deed of Trust, in the form attached hereto in Exhibit M

(D) Sixth Modification of the Cadiz First Assignment, in the form attached hereto in Exhibit N;

(c) the following documents relating to the Cadiz Loan:

(A) Sixth Amended and Restated Cadiz Note, in the form attached hereto in Exhibit O;

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(B) Sixth Modification of the Cadiz First Deed of Trust, in the form attached hereto in Exhibit P;

(C) Sixth Modification of the Second CVDC Deed of Trust, in the form attached hereto in Exhibit Q;

(d) the following documents relating to the L/C Loan:

(A) Sixth Amended and Restated Reimbursement Agreement duly executed by Cadiz and CRE, in the form attached hereto in Exhibit R;

(B) Sixth Modification of the Cadiz Third Deed of Trust, in the form attached hereto in Exhibit S;

(C) Sixth Modification of the Third CVDC Deed of Trust, in the form attached hereto in Exhibit T;

(D) Sixth Modification of Cadiz Third Assignment, in the form attached hereto in Exhibit U;

(E) Sixth Modification of Third CVDC Security Agreement, in the form attached hereto in Exhibit V;

(e) the following documents relating to the 1995 Loan:

(A) Sixth Amended and Restated 1995 Note, in the form attached hereto in Exhibit W;

(B) Sixth Modification of the Cadiz Fourth Deed of Trust, in the form attached hereto in Exhibit X;

(C) Sixth Modification of the Fourth CVDC Deed of Trust, in the form attached hereto in Exhibit Y;

(D) Pledge and Security Agreement for 1995 Note, in the form attached hereto in Exhibit Z;

(f) the Fifth Modification of the Cadiz Deed of Trust (PSWRI), in the form attached hereto in Exhibit AA;

(g) the Fifth Modification of the Cadiz Deed of Trust (SWFG), in the form attached hereto in Exhibit BB;

(h) the Fourth Modification of the Cadiz Seventh Deed of Trust (Piute), in the form attached hereto in Exhibit CC;

(i) the following documents:

(A) the Registration Rights Agreement;

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(B) the Purchaser Certificate in the form attached hereto in Exhibit DD;

(C) the Cash Collateral Account Agreement, which shall be opened in compliance with Section 2.16 of the Revolving Credit Agreement;

(D) a copy of the CRE LLC Agreement;

(E) a copy of the Certificate of Designations evidencing to the satisfaction of the Lenders that such document has been properly filed with the Secretary of State of the State of Delaware;

(F) the Cadiz Series F Preferred Stock Certificate;

(G) the certificate of cancellation with respect to series D, E-1 and E-2 preferred stock of Cadiz;

(H) the Consent to Cadiz/Sun World Settlement;

(I) the certificate of formation for CRE; and

(J) the CRE Assignment and Assumption Agreement.

(7) Each Borrower, to the extent that it is a party thereto, shall have confirmed in writing that the following documents remain valid and binding agreements and/or instruments, which written confirmation is in form and substance satisfactory to the Administrative Agent, in its sole discretion, and that Borrowers and, as applicable, their Participating Subsidiaries remain bound by the terms and provisions of the following documents:

(a) each of the Warrant Certificates;

(b) each of the Revolving Warrants;

(c) the other Credit Documents, as amended and in effect.

(8) the Lender shall have received an opinion from each Borrower's counsel, in substantially the form annexed hereto as Exhibit EE, in form and substance satisfactory to the Lender (A) that each Borrower is in good standing in the States of Delaware and California, (B) as to the due authorization, execution and delivery of this Agreement and the other Sixth Global Agreement Documents, (C) that this Agreement and the other Sixth Global Agreement Documents constitute valid, binding and enforceable obligations of Cadiz, and (D) as to such other matters as the Lender shall reasonably request, which opinion is supported by a

certification from each Borrower's restructuring counsel stating that such counsel knows of no error or inaccuracy in and knows of no reason why the Lender should not rely upon the opinion of such

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Borrower's counsel, both in form and substance reasonably satisfactory to such Borrower and the Lender.

(9) the Lender shall have received certified copies of the resolutions (in form and content satisfactory to Lender) of the Board of Directors of Cadiz approving and authorizing this Agreement and the other Sixth Global Agreement Documents, and the effectuation of the transactions contemplated herein and/or therein, as the case may be, and any and all actions to be taken by Cadiz in furtherance and in connection with this Agreement and/or the other Sixth Global Agreement Documents;

(10) the Lender shall have received from the Delaware Secretary of State a Certificate of Good Standing with respect to Cadiz, a certificate evidencing the formation of the CRE Borrower as a limited liability company in the State of Delaware, and a certificate evidencing that each Borrower is qualified to do business in California, all of which certificates must be in form and content satisfactory to Administrative Agent.

(11) the Lender shall have received certificates (in form and content satisfactory to Lender) of the Secretary of each Borrower, certifying as to the names and signatures of the officers authorized to sign this Agreement and the other documents to be executed and delivered on its behalf pursuant to this Agreement.

(12) Except as provided in Section 3.09 of the Revolving Creit Agreement (or as provided for under 5(B) hereof), to the best of each Borrower's knowledge, all real property taxes with respect to the property encumbered by any of the ING Collateral, as well as all real property taxes affecting the property encumbered by any and all deeds of trust pledged or assigned to Lender as security for the Term Loan Obligations (or any of them), shall have been paid prior to the date any fine, penalty, interest, late-charge or loss may be added to such taxes or charged against such real property or other ING Collateral for the non-payment or late-payment of such taxes.

(13) Each Borrower shall have caused appropriate officers of such Borrower to execute and deliver to Lender such additional certificates with respect to matters relating to the transactions contemplated herein as Lender may require.

(14) Each Borrower shall have executed and delivered or caused the appropriate third parties to execute and/or deliver (in recordable form, where appropriate, and otherwise in form and content satisfactory to

Lender) such other documents, instruments, agreements and writings as Lender may require in connection with the creation or continuation of any security interest(s) granted to Lender in furtherance of the transactions contemplated by this Agreement or as Lender may otherwise require in connection with the consummation of such transactions (including, without limitation, current estoppel certificates relating to the EVCO Collateral and the Harweal Collateral; guaranty waivers, security agreements; pledges; assignments; subordination agreements; endorsements;

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certificates; certifications; reports; and studies).

(15) The Lender shall have received such other documents as the Lender may reasonably request.

(16) The Lender shall have received confirmation, in form and substance satisfactory to the Lender, that (i) Borrowers have paid (a) all premiums for the endorsements to the Title Policies required pursuant to clause A above and (b) all recording and filing fees relating to the recording of the amendment to the Cadiz Deeds of Trust and the CVDC Deeds of Trust required to be delivered pursuant to Section 5 of this Agreement and (ii) all amendments to the Cadiz Deeds of Trust and the CVDC Deeds of Trust required to be delivered pursuant to Section 5(B) of this Agreement have been duly accepted for recording.

(17) As of the date hereof, or as soon as practicable hereafter, but in no event later than ten (10) days hereafter (provided that Lender has made such a request within four (4) days hereafter), Uniform Commercial Code financing statements covering all the security interests created by or pursuant to the Security Documents in the ING Collateral pledged pursuant thereto, shall have been executed and delivered by each Borrower to the Lender and such financing statements, or other statements or documents to the same purposes, shall have been duly filed in all other applicable jurisdictions in the United States of America necessary or desirable to perfect said security interests and there shall have been taken all other action as the Lender may reasonably request or as shall be necessary to perfect such security interests to the extent required by the applicable Security Documents.

(18) No Default shall have occurred and be continuing after giving effect to the transactions set forth in the Restated Revolving Credit Agreement and this Agreement.

(19) After giving effect to the transactions set forth in this Agreement and the Restated Revolving Credit Agreement, each Borrower shall have performed or observed and be continuing to perform each term, covenant or agreement contained in any Credit Document or Revolving Loan Document.

(20) The Administrative Agent shall have received all fees, preferred stock and other amounts due and payable on or prior to the Restructuring Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrowers hereunder.

(21) All governmental and third party approvals necessary or, in the discretion of the Lender, advisable in connection with the Transaction, the financing contemplated hereby and the continuing operations of the Borrowers shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority which would restrain, prevent or otherwise impose adverse conditions on the Transactions or the financing thereof.

(22) The Lender shall have received confirmation, in form

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and substance satisfactory to the Lender, that (i) Borrowers have paid (a) all premiums for the endorsements to the Title Policies required pursuant to Section 5(B)(1)(a) hereof, (b) all recording and filing fees relating to the recording of the CRE Grant Deed and the amendments to the Cadiz Deeds of Trust and CVDC Deeds of Trust required to be delivered pursuant to this Section 5(A) and 5(B) of this Agreement, and (c) amounts sufficient to satisfy all real property taxes with respect to the property encumbered by the Cadiz Deeds of Trust and the CVDC Deeds of Trust, along with any fine, penalty, interest, late charge or similar fine or penalty with respect to the payment of such taxes, to Chicago Title Insurance Company with instructions to utilize such funds to pays such taxes, fines, penalties, interest, late charges or similar fines or penalties, and (ii) the CRE Grant Deed and all amendments to the Cadiz Deeds of Trust and CVDC Deeds of Trust required to be delivered pursuant to this Section 5(A) of this Agreement, each in form and substance satisfactory to Lender and as executed and ready for recordation, have been duly delivered to Chicago Title Insurance Company.

(23) the "Restructuring Effective Date" as defined in the Restated Revolving Credit Agreement shall have occurred.

Each of the conditions set forth in this Section 5(A) shall be waivable by Lender in its sole and absolute discretion, it being understood and agreed that any such waiver shall only be valid if made in writing by Lender.

B. CONDITIONS SUBSEQUENT(1) Not later than the December 22, 2003, Borrowers shall cause the following conditions subsequent to be satisfied:

(a) the Lender shall have received a "date down and modification" endorsement to each of the mortgagee title insurance policies

(collectively, the "TITLE POLICIES") issued for the benefit of the Lender with respect to the Cadiz Deeds of Trust, and the CVDC Deeds of Trust, which endorsements shall (i) be issued by the Chicago Title Insurance Company for the benefit of the Lender and its successors and assigns, (ii) insure the amendments to the Cadiz Deeds of Trust and the CVDC Deeds of Trust required to be delivered pursuant to Section 5 of this Agreement and the continued priority of the Cadiz Deeds of Trust and the CVDC Deeds of Trust granted to the Lender, (iii) confirm that all real property taxes with respect to the property encumbered by the Cadiz Deeds of Trust and the CVDC Deeds of Trust have been paid prior to the date of the Title Policies, along with any fine, penalty, interest, late charge or similar fine or penalty with respect to the payment of such taxes, (iv) be otherwise in form and substance satisfactory to the Lender in its sole discretion;

(b) all real property taxes with respect to the property encumbered by the Cadiz Deeds of Trust and the CVDC Deeds of Trust have been paid prior to the date of the Title Policies, along with any fine, penalty, interest, late charge or similar fine or penalty with respect to the payment of such taxes, and

(c) the delivery to the Administrative Agent (or its counsel) by each Borrower of any Uniform Commercial

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Code financing statements covering all the security interests created by or pursuant to the Pledge and Security Agreements in the ING Collateral pledged pursuant thereto, as executed by each Borrower to the Lender, along with such financing statements, or other statements or documents to the same purposes, within the time period required under Section 5(A)(17) hereof.

(2) Any failure to satisfy the conditions subsequent set forth in Section 5(B)(1)(a) or (b) on or before December 22, 2003, or the condition subsequent set forth in Section 5(B)(1)(c) by the date required therein, shall constitute an Event of Default.

SECTION 6. COVENANTS

A. AFFIRMATIVE COVENANTS. Until the Term Loan Obligations shall have been paid in full, each Borrower covenants and agrees with the Lenders to each of the affirmative covenants agreed to by such Borrower set forth in Article V of the Restated Revolving Credit Agreement mutatis mutandi as if given to the Lender hereunder, all of which shall apply and be enforceable for the benefit of the Lender as if fully set forth herein and made a part hereof as if fully set forth herein.

B. NEGATIVE COVENANTS. Until the Term Loan Obligations shall have been paid in full, each Borrower covenants and agrees with the Lenders to each of the negative covenants agreed to by such Borrower set forth in Article VI of the Restated Revolving Credit Agreement mutatis mutandi as if given to the Lender hereunder, all of which shall apply and be enforceable for the benefit of the Lender as if fully set forth herein and made a part hereof as if fully set forth herein.

SECTION 7. AMENDMENTS. Subject to the satisfaction of the conditions precedent specified in Section 5 hereof, but effective as of the date hereof, the Credit Documents shall be amended as follows:

A. CERTAIN MANDATORY PREPAYMENTS RELATING TO, INTER ALIA, METROPOLITAN WATER DISTRICT PAYMENTS. The provisions and terms set forth in Section 6(C) of the Fourth Global Amendment Agreement shall cease to be in effect as of the Restructuring Effective Date. On and after the Restructuring Effective Date, in addition to any other prepayments required under the Credit Documents, prepayments of the Term Loan Obligations shall be required as follows (any prepayment of the Term Loan Obligations set forth in (a) and (b) of this Subsection shall be effected in each case in the manner and to the extent specified in Subsection (3) of this Section 7(A)).

(1) CERTAIN MANDATORY PREPAYMENTS FOR EQUITY CONTRIBUTION. Subject to Section 7(A)(2) below, to the extent, if any, that either Borrower raises, collects, or receives, proceeds from any Equity Issuance in any manner after the Restructuring Effective Date, then the Borrowers shall prepay the Loan Obligations in an aggregate amount equal to 35% of such cumulative proceeds to prepay the Lender's outstanding Loan Obligations (such amount of proceeds, the "MANDATORY EQUITY PREPAYMENT") (as allocated between the Revolving Loan Obligations and the Term Loan Obligations as determined by Lender in its sole discretion); PROVIDED, HOWEVER, that if and to the extent that the amount of Cash in the Cash Collateral Account is less than the Maximum Cash Collateral Amount, then such Borrower may deposit all or a portion of the Mandatory Equity Prepayment in the Cash Collateral Account subject to the Cash Collateral Account Agreement.

(2) CASHLESS EQUITY ISSUANCES TO THIRD PARTIES. If there is an Equity Issuance after the Restructuring Effective Date involving Persons not affiliated with

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the Borrowers or their Affiliates and who are not "insiders" (as defined in section 101 of title 11 of the United States Code), employee or agent of any such entities under which there are no cash or other liquid proceeds thereof (a "CASHLESS EQUITY ISSUANCE"), then the Cadiz Borrower must provide all holders of the Cadiz Series F Preferred Stock with anti-dilution protections as provided in the Cadiz Series F Preferred Stock Certificate and the Preferred Stock Certificate of Designations.

(3) APPLICATION. Prepayments to the Term Loan Loan Obligations described in the above subsections of Section 7(A) and allocated, in accordance with

subsections 7(A)(1) for the prepayment of Term Loan Obligations, shall be applied, subject to the allocation described in section 2.21 of the Revolving Credit Agreement, in the following order:

(a) then due and payable interest and fees under the Credit Documents; and

(b) then the principal amounts outstanding under the Notes (as applied to each of the Notes in the Lender's sole discretion); and

(c) then all other Term Loan Obligations and other amounts due under the Revolving Loan Documents.

(4) For purposes of this Agreement, the following term shall have the following meaning:

"Equity Issuance" shall mean (a) any issuance or sale by either of the Borrowers or any of their respective Subsidiaries after the Restructuring Effective Date of (i) any capital stock, partnership (limited or general) or limited liability company membership interests (certificated or otherwise), (ii) any warrants or options exercisable in respect of capital stock (other than any warrants or options issued to directors, officers or employees of the Borrowers or any of their Subsidiaries pursuant to employee benefit plans established in the ordinary course of business and any capital stock of the Borrower issued upon the exercise of such warrants or options) or (iii) any other security or instrument representing an equity interest (including a limited or general partnership or limited liability company membership interest (certificated or otherwise) (or the right to obtain any equity interest upon exercise, exchange or conversion thereof), in either of the Borrowers or any of their respective Subsidiaries, or (b) the receipt by either Borrower or any of their respective Subsidiaries after the Restructuring Effective Date of any capital contribution (whether or not evidenced by any equity security issued by the recipient of such contribution); provided that Equity Issuance shall not include (x) any such issuance or sale by any Subsidiary of either Borrower to either of the Borrower or any Subsidiary of the Borrowers, or (y) any capital contribution by either Borrower or any Wholly Owned Subsidiary of either Borrower to any Subsidiary of either Borrower.

B. JOINT AND SEVERAL LIABILITY. The Loan Obligations shall constitute one joint and several direct and general obligation of all of the Borrowers. Notwithstanding anything to the contrary contained herein, each of the Borrowers shall be jointly and severally, with each other Borrower, directly and unconditionally liable to the Lender for all Term Loan Obligations and

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shall have the obligations of co-maker with respect to the Loans, the Notes and the Loan Obligations, it being agreed that the advances to each Borrower inure to the benefit of all Borrowers, and that the Lender is relying on the joint and several liability of the Borrowers as co-makers in extending and continuing the extension of the Term Loan Obligations hereunder. Each Borrower hereby unconditionally and irrevocably agrees that upon default in the payment when due (whether at stated maturity, by acceleration or otherwise) of any principal of, or interest on, any Note or other Term Loan Obligation payable to the Lender, it will forthwith pay the same, without notice or demand.

C. AMENDED INTEREST RATE. Subject to the satisfaction of the conditions precedent specified in Section 5 hereof, but effective as of the date hereof, as set forth in the other Sixth Global Agreement Documents, the Lender and the Borrowers have agreed to modify the interest rate with respect to all of the Term Loan Obligations as follows:

(1) Each Term Loan Obligation shall bear interest at a rate per annum equal to the Applicable Interest Rate for the Interest Period in effect for such Term Loan Obligation. On the first Interest Payment Date after the Restructuring Effective Date, the Borrowers shall be obligated to pay (or satisfy) interest accruing on the Loans from and after September 30, 2003 though such Interest Payment Date.

(2) Notwithstanding the foregoing, if any principal of, interest on any Loan Obligation or other Loan Obligation payable by the Borrowers hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any of the Notes, 2% plus the rate otherwise applicable to such Notes as provided in the preceding paragraph of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to Notes as provided in subsection (1) of this Section.

(3) Accrued interest on each Term Loan Obligation shall be payable in arrears on each Interest Payment Date for such Term Loan Obligation; PROVIDED that (i) interest accrued pursuant to subsection (2) of this Section shall be payable on demand and (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

(4) All interest hereunder shall be computed on the basis of a year of 360 days, and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

D. INTEREST RATE ELECTION. In its sole discretion, as provided in this section, Borrowers may elect to pay accrued interest on any Note on an Interest Payment Date (or, in the case of a prepayment, on the date of such prepayment) for such Note either: (A) at the PIK&Cash Payment Rate through the remittance of both (i) the Cash Portion, which is a payment

in Cash corresponding to an interest rate of 4% per annum plus (ii) the PIK Portion corresponding to an interest rate of 8% per annum (such election, a "PIK&CASH PAYMENT ELECTION"); or (B) at the Cash Payment Rate through the remittance of the Cash Payment Amount, which is a payment on Cash corresponding

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to an interest rate of 8% (such election, a "CASH PAYMENT ELECTION").

(1) To make a PIK&Cash Payment Election pursuant to this Section 7(D) with respect to any Note for any Interest Period (or, in the case of a prepayment, on the date of such prepayment, the portion of an Interest Period ending on the prepayment date), the Borrowers shall notify the Lender of such election by facsimile or telephone not later than 1:00 p.m., New York time, six (6) Business Days before the Interest Payment Date (or, in the case of a prepayment, six (6) Business Days before the prepayment date) for the current Interest Period for such Borrowing (the "PIK&CASH PAYMENT ELECTION DEADLINE"). Each telephonic PIK&Cash Payment Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written PIK&Cash Payment Election Request in a form approved by the Administrative Agent and signed by the Borrowers.

(2) Each telegraphic and written PIK&Cash Payment Election Request shall specify the Term Loan Obligation to which such PIK&Cash Payment Election Request applies;

(3) Following receipt of a PIK&Cash Payment Election Request, (a) the Lender shall advise the Borrowers by 11 a.m., New York time, on the Interest Payment Date (or, in the case of a prepayment, on the prepayment date) relating to such PIK&Cash Payment Election Request of the details thereof, including the Lender's determination of the Cash Payment Portion and the PIK Portion (including its calculation thereof) as determined pursuant to Subsection (6) hereof, and (b) within ten (10) Business Days after the PIK&Cash Payment Election Deadline, the Borrowers shall deliver to the Lender a new note in substantially the form hereof for the PIK Portion relating to such PIK&Cash Payment Election Request, provided, however, that the failure to deliver any such PIK Portion note shall not affect the Borrowers' obligations relating to the PIK Portion (or interest thereon) from and after the Interest Payment Date giving rise thereto.

(4) Subject to Section 7(D)(6) below, if the Borrowers fail to deliver a timely PIK&Cash Payment Election Request with respect to any Note prior to the PIK&Cash Payment Election Deadline for an Interest Period and in accordance with requirements of this section, then (i) the Borrowers shall be deemed to have made the Cash Payment Election for that Note for that

Interest Period and (ii) the Applicable Interest Rate for that Note for that Interest Period shall be the Cash Payment Rate.

(5) Notwithstanding any other provision of this Agreement, the Borrowers shall not be entitled to make the PIK&Cash Payment Election if a Default or an Event of Default has occurred and is continuing (unless this requirement is waived by the Required Lenders). If the Borrowers are not entitled to make the PIK&Cash Payment Election for any Interest Period with respect to any Note or Term Loan Obligation, then the Interest Rate for that Interest Period for such Note or Term Loan Obligation shall be the Cash Payment Rate.

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(6) With respect to any Borrowing for which a PIK&Cash Payment Election has been made in accordance with this Section 7(D), the PIK Portion shall mean the principal amount that has a value equal to the amount of accrued interest at the PIK Portion Rate for that Term Loan Obligation for the Interest Period (or, in the case of a prepayment, the portion of an Interest Period ending on the prepayment date) for which the PIK&Cash Payment Election has been made (the "PIK PORTION"). The PIK Portion shall not be paid in cash but shall automatically and without further action on the part of any party be added to the outstanding principal amount of the Term Loan Obligations on the Interest Payment Date for such Interest Period (or, in the case of a prepayment, the portion of an Interest Period ending on the Prepayment Date) and shall be considered as outstanding principal under the Notes that shall accrue interest thereon from and after such Interest Payment Date at the Applicable Interest Rate.

(7) Further, with respect to any Borrowing for which a PIK&Cash Payment Election has been made in accordance with this Section 7(D), (1) interest shall accrue on the Term Loan Obligation with respect to such Note for such Interest Period (or, in the case of a prepayment, the portion of such Interest Period ending on the repayment date) at the PIK&Cash Payment Rate, and (2) the Cash Portion shall mean the amount of accrued interest at the Cash Portion Rate for that Obligation for the Interest Period (or, in the case of a prepayment, the portion of an Interest Period ending on the Prepayment Date) for which the PIK&Cash Payment Election has been made (the "CASH PORTION"). The Cash Portion shall be payable in immediately available funds on the Interest Payment Date for such Interest Period (or, in the case of a prepayment, the portion of an Interest Period ending on the Prepayment Date).

(8) With respect to any Term Loan Obligation for which a Cash Payment Election has been made in accordance with this Section 7(D), (1) interest shall accrue on the Term Loan Obligation with respect to such Term Loan Obligation for such Interest Period (or, in the case of a prepayment, the

portion of such Interest Period ending on the Prepayment Date) at the Cash Payment Rate, and (2) the Cash Payment Amount shall mean the amount of accrued interest at the Cash Payment Rate for that Borrowing for the Interest Period (or, in the case of a prepayment under Section 7(A), the portion of an Interest Period ending on the Prepayment Date) for which the Cash Payment Election has been made (the "CASH PAYMENT AMOUNT"). The Cash Payment Amount shall be payable in immediately available funds on the Interest Payment Date for such Interest Period (or, in the case of a prepayment under Section 7(A), the portion of an Interest Period ending on the Prepayment Date) in accordance with section 7(N) hereof.

E. REDUCTION IN PRINCIPAL AMOUNT OF THE L/C LOAN; ADJUSTMENTS. On the Restructuring Effective Date, the parties agree that principal amount outstanding on the L/C Loan shall be reduced by $95,068.21 (from $719,494.90 to $624,426.69. After giving effect to this cancellation of debt, the parties agree that the principal amount outstanding on the Term Notes shall be equal to the sum of $10,000,000. In addition, Borrowers covenant and agree that on the

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Restructuring Effective Date any Past Due Expense Deficiency shall be capitalized and included as part of the principal outstanding under the Tranche A Notes (as defined in the Revolving Credit Agreement).

F. NO REDUCTION IN OBLIGATIONS. Except to the extent specifically provided in 7(E) above, no payment or payments made by any of the Borrowers or any other Person or received or collected by the Administrative Agent or any Lender from any of the Borrowers or any other Person by virtue of any action or proceeding or any setoff or appropriation or application at any time or from time to time in reduction of or in payment of the Loan Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of each Borrower under this Agreement, which shall remain liable for the Loan Obligations until the Loan Obligations are paid in full and the Commitments are terminated.

G. OBLIGATIONS ABSOLUTE. Each Borrower agrees that the Loan Obligations will be paid strictly in accordance with the terms of the Credit Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Administrative Agent or any Lender with respect thereto. All Loan Obligations shall be conclusively presumed to have been created in reliance hereon. The liabilities under this Agreement shall be absolute and unconditional irrespective of: (a) any lack of validity or enforceability of any Credit Documents or any other agreement or instrument relating thereto; (b) any change in the time, manner or place of payments of, or in any other term of, all or any part of the Loan Obligations, or any other amendment or waiver thereof or any consent to departure therefrom, including any increase in the Loan Obligations resulting from the extension of additional credit to any Borrower or otherwise; (c) any taking, exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any guaranty for all or any of the Loan Obligations; (d) any change, restructuring or termination of the corporate structure or existence of any Borrower; or (e) any other circumstance which might otherwise constitute a defense available to, or a discharge of, any

Borrower. This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Loan Obligations is rescinded or must otherwise be returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy or reorganization of any Borrower otherwise, all as though such payment had not been made.

H. WAIVER OF SURETYSHIP DEFENSES. Each Borrower agrees that the joint and several liability of the Borrowers provided for in Section 7(B) shall not be impaired or affected by any modification, supplement, extension or amendment of any contract or agreement to which the other Borrowers may hereafter agree (other than an agreement signed by the Lender specifically releasing such liability), nor by any delay, extension of time, renewal, compromise or other indulgence granted by the Lender with respect to any of the Loan Obligations, nor by any other agreements or arrangements whatever with the other Borrowers or with anyone else, each Borrower hereby waiving all notice of such delay, extension, release, substitution, renewal, compromise or other indulgence, and hereby consenting to be bound thereby as fully and effectually as if it had expressly agreed thereto in advance. The liability of each Borrower is direct and unconditional as to all of the Loan Obligations, and may be enforced without requiring the Lender first to resort to any other right, remedy or security. Each Borrower hereby expressly waives promptness, diligence, notice of acceptance and any other notice (except to the extent expressly provided for herein or in another Loan Document) with respect to any of the Loan Obligations, the Notes, this Agreement or any other Loan Document and any requirement that the Lender protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against any Borrower or any other Person or any collateral.

I. PAYMENTS RECEIVED ON ACCOUNT OF ANY OF BORROWERS' ASSETS OR PROPERTY RIGHTS. In addition to any other prepayment requirements contained in the Credit Documents and the Revolving Loan Documents, each Borrower hereby covenants and agrees that it shall remit directly to Lender all payments or proceeds that such Borrower receives (or obtains the benefit of) with respect to, on account of, or related to such Borrower's assets or rights to assets as a

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mandatory repayments of the Term Loan Obligations and the Revolving Loan Obligations, which repayments shall be applied in order, and subject to the limitations, contained in Section 7(N) of the Term Sixth Global Amendment Agreement.

J. AMENDED MATURITY DATE. Subject to the satisfaction of the conditions precedent specified in Section 5 hereof, but effective as of the date hereof, as set forth in the other Sixth Global Agreement Documents, the Lender and the Borrowers have agreed to modify the Credit Documents to provide that all accrued and unpaid interest and all then unpaid principal on the Term Loan Obligations shall be due and payable on the Maturity Date.

Extension of Maturity Date upon Satisfaction of Certain Conditions:

(1) THE FIRST EXTENSION. If each of the following conditions are satisfied (collectively, the "FIRST EXTENSION REQUIREMENTS"): (i) the Borrowers have paid and satisfied to the Administrative Agent and the Lenders all Loan Obligations, including all interest due on or before the Interest Payment Date that falls on the original Maturity Date, but excluding principal payments, (ii) no Defaults or Events of Default have occurred and are

continuing as of the original Maturity Date (unless such Default or Event of Default has been waived in writing by the Administrative Agent), and (iii) after the payment of the interest due on the Interest Payment Date that falls on the Maturity Date, the amount in the Cash Collateral Account is at least equal to 4.0% of the then outstanding principal amount of Loan Obligations (including both the Revolving Loan Obligations and the Term Loan Obligations); then the Maturity Date shall be extended from March 31, 2005 to September 30, 2005.

(2) THE SECOND EXTENSION. If each of the following conditions are satisfied (collectively, the "SECOND EXTENSION REQUIREMENTS"): (i) the Maturity Date has been extended to September 30, 2005 pursuant to Section 7(J)(1), (ii) the Borrowers have paid and satisfied to the Administrative Agent and the Lenders all Loan Obligations, including all interest due on or before the Interest Payment Date that falls on the Maturity Date as extended under Section 7(J)(1), but excluding principal payments, (ii) no Defaults or Events of Default have occurred and are continuing as of such extended Maturity Date (unless such Default or Event of Default has been waived in writing by the Administrative Agent), and (iii) after the payment of the interest due on the Interest Payment Date that falls on such extended Maturity Date, the amount in the Cash Collateral Account is at least equal to 4.0% of the then outstanding principal amount of Loan Obligations (including both the Revolving Loan Obligations and the Term Loan Obligations); then the Maturity Date shall be further extended from September 30, 2005 to March 31, 2006.

(3) THE THIRD EXTENSION. If each of the following conditions are satisfied (collectively, the "THIRD EXTENSION REQUIREMENTS"): (i) the Maturity Date has been extended to March 31, 2006 pursuant to Section 7(J)(2)), (ii) the Borrowers have paid and satisfied to the Administrative Agent and the Lenders all Loan Obligations, including all interest due on or before the Interest Payment Date that falls on the Maturity Date as extended under Section 7(J)(b)(2) above, but excluding principal payments, (ii) no Defaults or

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Events of Default have occurred and are continuing as of such extended Maturity Date (unless such Default or Event of Default has been waived in writing by the Administrative Agent), and (iii) after the payment of the interest due on the Interest Payment Date that falls on the Maturity Date as extended under 7(J)(2), the amount in the Cash Collateral Account is at least equal to 4.0% of then outstanding principal amount of outstanding Loan Obligations (including both the Revolving Loan Obligations and the Term Loan Obligations) as of such date; then the Maturity Date shall be further extended from March 31, 2006 to September 30, 2006.

K. ASSIGNMENTS; PARTICIPATIONS. The Lender may assign or participate all or a portion of the Lender's Term Loans to any other person or entity in the same manner, and in accordance with the same terms and procedures, as set forth in the Revolving Credit Agreement.

L. EVENTS OF DEFAULT. If any of the following events ("EVENTS OF DEFAULT") shall occur:

(1) Any Event of Default that exists under the Revolving Loan Documents;

(2) Borrowers shall fail to pay any principal of, or interest on, any Term Loan Obligations or any fee or any other amount payable under this Agreement or any other Credit Document when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(3) any representation or warranty made or deemed made by or on behalf of the either Borrower or any Subsidiary in or in connection with this Agreement or any other Credit Document or any amendment or modification hereof or waiver hereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Credit Document or any amendment or modification hereof or waiver hereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(4) either Borrower shall fail to observe or perform any covenant, condition or agreement contained in Sections 5.02 or 5.03 of the Revolving Credit Credit (as made applicable to this Agreement by Section 6(A) hereof) (with respect to the Borrower's existence) or in Article VI of the Revolving Credit Credit (as made applicable to this Agreement by Section 6(A) hereof); PROVIDED, HOWEVER, that with respect to any such default of Cadiz, such default could reasonably be expected to result in a Material Adverse Effect;

(5) either Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in subclauses (L)((1), (2) or (3) above, and such failure shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender), provided, however, that with respect to any such default of the Cadiz Borrower, such default could reasonably be expected to result in a Material Adverse Effect;

(6) Any material default of the terms of Sixth Global Amendment Agreement or the other Sixth Global

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Amendment Documents.

M. RIGHTS AND REMEDIES FOR ANY EVENT OF DEFAULT. In addition to the rights and remedies set forth in the Credit Documents, upon the occurrence, and during the continuation, of an Event of Default, the Lender may do any one or more of the following:

(1) by notice to the Borrowers declare all of the Cadiz Indebtedness and CVDC Indebtedness to be immediately due and payable;

(2) settle or adjust disputes and claims directly with account debtors for amounts and upon terms which the Lender considers advisable, and in such cases, the Lender will credit Borrowers' account with only the net amounts received by the Lender in payment of such disputed accounts after deducting all amounts payable by or to the Lender hereunder or under any of the other Credit Documents in connection therewith;

(3) without notice to or demand upon either Borrower, make such payments and do such acts as the Lender considers necessary or reasonable in its reasonable discretion to protect its security interests in its collateral agrees to assemble the collateral (other than the real property) if the Lender so requires, and to make the collateral available to the Lender at a place that the Lender may designate which is reasonably convenient to both parties. Borrowers authorize the Lender to enter the premises where any of its collateral is located, to take and maintain possession of the collateral, or any part of it, and to pay, purchase, contest, or compromise any Lien that in the Lender's determination appears to conflict with the Lender's Liens as provided hereunder or under any of the Credit Documents and to pay all reasonable expenses incurred in connection therewith and to charge Borrowers' account therefor. With respect to any of each Borrower's owned or leased premises, each such Borrower hereby grants the Lender a license to enter into possession of such premises and to occupy the same, without charge, in order to exercise any of the Lender's rights or remedies provided herein, under any other Credit Document, at law, in equity, or otherwise;

(4) without notice to either of the Borrowers (such notice being expressly waived), and without constituting a retention of any collateral in satisfaction of an obligation (within the meaning of the Uniform Commericial Code), set off and apply to the Cadiz Indebtedness and CVDC Indebtedness any and all (a) balances and deposits of the Borrower held by the Lender (including any amounts received in any cash management account), or (b) any indebtedness at any time owing to or for the credit or the account of either of the Borrowers by the Lender;

(5) to the extent of the Cadiz Indebtedness and CVDC Indebtedness which have become due and payable, hold, as cash collateral, any and all balances and deposits of Borrowers held by the Lender, and any amounts

received in any cash management accounts, to secure the full and final repayment of all of the Cadiz

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Indebtedness and CVDC Indebtedness;

(6) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell (in the manner provided for herein) the collateral held by the Lender. The Lender is hereby granted a license or other right to use, without charge, each Borrower's labels, patents, copyrights, trade secrets, trade names, trademarks, service marks, and advertising matter, or any property of a similar nature, as it pertains to such collateral, in completing production of, advertising for sale, and selling any collateral and each Borrower's rights under all licenses and all franchise agreements shall inure to the Lender's benefit;

(7) sell any of the collateral at either a public or private sale, or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places (including any of either Borrower's premises) as the Lender determines is commercially reasonable. It is not necessary that any collateral be present at any such sale;

(8) the Lender shall give notice of the disposition of the collateral as follows: (A) Lender shall give Borrowers a notice in writing of the time and place of public sale, or, if the sale is a private sale or some other disposition other than a public sale is to be made of such collateral, the time on or after which the private sale or other disposition is to be made; and (B) the notice shall be personally delivered, or mailed, postage prepaid, to Borrowers as provided in Section 12 hereof, at least 10 days (or, in the case of a mailed notice, 13 days) before the earliest time of disposition set forth in the notice; no notice needs to be given prior to the disposition of any portion of the collateral that is perishable or threatens to decline speedily in value or that is of a type customarily sold on a recognized market;

(9) the Lender may credit bid and purchase at any public sale;

(10) the Lender may seek the appointment of a receiver or keeper to take possession of all or any portion of the collateral or to operate same and, to the maximum extent permitted by law, may seek the appointment of such a receiver without the requirement of a hearing upon five (5) business days written notice to Borrowers;

(11) the Lender shall have all other rights and remedies available at law or in equity or pursuant to any other Credit Document;

(12) any deficiency that exists after disposition of the collateral as provided above will be paid immediately by the Borrowers. Any excess will be

returned, without interest and subject to the rights of third Persons, by the Lender to Borrowers; and

(13) (a) the Lender shall have the right to receive any and all cash dividends paid in respect of any pledged equity interests and make application thereof to the obligations in such order as it may determine and (b) at the request of the Lender, all shares of the pledged collateral shall be registered in the name of

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the Lender or its nominee, and the Lender or its nominee may thereafter exercise (i) all voting, corporate or other rights pertaining to such shares of any pledged stock at any meeting of shareholders of any of the issuers or otherwise; and (ii) any and all rights of conversion, exchange, subscription and any other rights, privileges or options pertaining to such shares of any pledged equity interests as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the pledged equity interests upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate structure of any of such issuers, or upon the exercise by the Borrowers or the Lender of any right, privilege or option pertaining to such shares of the pledged equity interests, and in connection therewith, the right to deposit and deliver any and all of the pledged equity interests with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine), all without liability except to account for property actually received by it, but the Lender shall have no duty to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

The rights and remedies of the Lender under this Agreement, the other Credit Documents, and all other agreements shall be cumulative. The Lender shall have all other rights and remedies not inconsistent herewith as provided under the Uniform Commercial Code, by law, or in equity. No exercise by the Lender of one right or remedy shall be deemed an election, and no waiver by the Lender of any Event of Default or Additional Event of Default shall be deemed a continuing waiver. No delay by the Lender shall constitute a waiver, election, or acquiescence by it. Except as expressly provided above in this Section, presentment, demand, protest, notice of intent to accelerate the maturity of the Loan Obligations, notice of acceleration of the maturity of the Cadiz Indebtedness and CVDC Indebtedness and all other notices of any kind are hereby expressly waived. The rights of the Lender hereunder shall not be conditioned or contingent upon the pursuit by the Lender of any right or remedy against the Borrowers or against any other Person which may be or become liable in respect of all or any part of the Cadiz Indebtedness and CVDC Indebtedness or against any other collateral security therefor, guarantee thereof or right of offset with respect thereto. The Lender shall not be liable for any failure to demand, collect or realize upon all or any part of any collateral held on account of the Cadiz Indebtedness and CVDC Indebtedness or for any delay in doing so, nor shall it be under any obligation to sell or otherwise dispose of any such collateral upon the request of the Borrowers or any other Person or to take any other action whatsoever with regard to such collateral or any part thereof.

N. PAYMENTS RECEIVED ON ACCOUNT OF ANY OF EITHER BORROWER'S ASSETS OR PROPERTY RIGHTS. In addition to any other prepayment requirements contained in the Credit Documents and the Revolving Loan Documents, each Borrower hereby covenants and agrees that it shall remit directly to Lender all payments or proceeds that such Borrower receives (or obtains the benefit of) with respect to, on account of, or related to such Borrower's assets or rights to assets as a mandatory repayments of the of Term Loan Obligations and the Revolving Loan Obligations, which repayments shall be applied in the following order:

(A) then due and payable interest under, the Revolving Loan Obligations;

(B) the principal amounts outstanding under, the Revolving Loan Obligations;

(C) then due and payable interest in the following order, (i) the L/C Loan, (ii) the 1995 Loan, (iii) the CVDC Loan, and (iv) the

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Cadiz Loan;

(D) the principal amounts outstanding under, in the following order, (i) the L/C Loan, (ii) the 1995 Loan, (iii) the CVDC Loan, and (iv) the Cadiz Loan;

(E) then all other Revolving Loan Obligations and other amounts due under the Revolving Loan Documents; and

(F) then all other Term Loan Obligations and other amounts due under the Credit Documents.

Amounts so prepaid in respect of the Revolving Loans (as defined in the Revolving Loan Agreement) may not be reborrowed. Any such prepayment of the Revolving Loans shall permanently reduce the Commitments (as defined in the Revolving Loan Agreement).

O. CERTAIN COVENANTS REGARDING EXPRESSIONS OF INTEREST. Until all principal of and interest on each Loan Obligation and all fees payable hereunder shall have been paid in full, each Borrower covenants and agrees with the Lender that each Borrower shall promptly provide the Lender with written notification of any offers or written indications of interest concerning or relating to the purchase, directly or indirectly, of any of the Collateral or any of Borrowers' businesses as soon as practicable with all relevant information concerning any such offer or indication of interest.

SECTION 8. REGISTRATION AND INVESTOR RIGHTS.

Cadiz hereby agrees that all common stock of Cadiz, each of the Warrant Certificates and the Revolving Warrants, the Preferred Certificate of Designation and their respective underlying shares issued at any time, along with all Common Stock of the Cadiz Borrower issued at any time upon the conversion of the any Cadiz Series F Preferred Stock, in

each case, whether before or after the date hereof, under any of the Credit Documents, the Sixth Global Amendment Agreement, the Sixth Agreement Documents, the Revolving Loan Documents shall be accorded the registration rights by Cadiz as set forth in, as the case may be, the Registration Rights Agreement.

SECTION 9. GENERAL RELEASE.

In consideration of the amendments, waivers, consents, and the other terms and provisions of this Agreement and the other Sixth Global Agreement Documents, each Borrower, on behalf of itself, its agents, successors, assigns, subsidiaries, partners and Affiliates hereby fully release and forever discharge Lender and Lender's agents, consultants, heirs, successors, assigns, Affiliates, directors, officers, employees, shareholders, executives, servants, attorneys, accountants, representatives and other related persons (collectively, the "RELEASED PARTIES") from any and all rights, claims, demands, actions, causes of action, costs, losses, suits, liens, debts, damages, judgments, executions and demands of every nature, kind and description whatsoever, whether now known or unknown, either at law, in equity or otherwise, which Cadiz, in its own capacity and as successor by merger to CVDC, or any of their agents, successors, assigns, subsidiaries, partners and/or Affiliates ever had or may have against Lender or the other Released Parties, including, without limitation, all claims arising under or in connection with the Cadiz Loan, CVDC Loan, Reimbursement Agreement, 1995 Loan, the Security Documents, the Guarantee, and/or the other Credit Documents and/or in connection with the dealings between the parties up to and including the closing of the transactions contemplated in this Agreement and all claims which have arisen or may arise in any other way whatsoever; provided that nothing herein shall be deemed to release Lender or any other Released Party from any liability or obligations arising in connection with facts or circumstances which occur or arise for the first time after the Effective Date of the transaction contemplated by this Agreement.

It is further understood and agreed that the foregoing general release extends to all claims of every kind and nature whatsoever, known,

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suspected or unsuspected, liquidated or contingent, foreseen or unforeseen, and Cadiz, on behalf of itself and as successor by merger to CVDC, and their respective agents, successors, assigns, subsidiaries, partners and Affiliates hereby waive all rights under Section 1542 of the California Civil Code. Section 1542 of the California Civil Code provides as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH DEBTOR."

SECTION 10. WAIVER OF ANTI-DEFICIENCY PROTECTION.

Cadiz hereby waives, as to this Agreement and any and all Credit Documents heretofore executed in connection with the Cadiz Loan, the CVDC Loan, the Guarantee, the

Reimbursement Agreement, the 1995 Loan, and/or the Security Documents, and any and all the Sixth Global Agreement Documents, any defense, protection or right under:

(a) California Code of Civil Procedure ("CCP") Section 580(d) concerning the bar against rendition of a deficiency judgment after foreclosure under a power of sale;

(b) CCP Section 580(a) purporting to limit the amount of a deficiency judgment which may be obtained following exercise of a power of sale under a deed of trust; and

(c) CCP Section 726 concerning exhaustion of collateral, the form of foreclosure proceedings with respect to real property security located in California and otherwise limiting the amount of a deficiency judgment which may be recovered following completion of judicial foreclosure by reference to the "fair value" of the foreclosed collateral.

SECTION 11. ADVICE OF COUNSEL.

Each of the parties acknowledges that it has entered into this Agreement and the other Sixth Global Agreement Documents voluntarily and that it has had the full opportunity to obtain and consult with counsel of its own choice to advise it in the negotiations for, and in execution of, this Agreement and the documents to be executed pursuant hereto. Each of the parties further acknowledges that it has read this Agreement, that it is fully aware of the contents of this Agreement and the other Sixth Global Agreement Documents and their legal effect and that it has not relied upon any advice, representation or warranty of any kind whatsoever from the other party or its counsel.

SECTION 12. NOTICES.

All notices, elections, consents, approvals, demands, objections, requests or other communications which the parties may be required or desire to give pursuant to, under, or by virtue of this Agreement, the other Sixth Global Agreement Documents, or in the Credit Documents must be in writing and sent by (a) personal delivery, (b) overnight courier service, (c) certified mail, return receipt requested, postage prepaid, or (d) telecopy or other facsimile transmission (provided that if sent by telecopy or other facsimile transmission, such must also sent by express mail or courier (for next business day delivery)), addressed as follows:

if to either of the Borrowers, to it at:

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Cadiz Inc.
Attn: Chief Financial Officer
777 S. Figueroa Street
Suite 4250
Los Angeles, California 90017
Telephone No.: 213-271-1600
Facsimile No.: 213 271-1614

with a copy to:

Howard Unterberger, Esq.
Miller & Holguin
1801 Century Park East
Seventh Floor
Los Angeles, CA 90067
Telephone No.: 310-556-1990
Facsimile No.: 310-557-2205

if to the Lender, to it at:

ING Capital, LLC
1325 Avenue of the Americas
New York, New York 10019
Attention: Joan Chiappe, Vice President, Pam Kaye and
Annette Miller-Lewis and Norma Cruz
Reference: Cadiz
Telephone No.: 646-424-6000
Facsimile No.: 646- 424 8260

with a copy to:

Cadwalader, Wickersham & Taft
100 Maiden Lane
New York, New York 10038
Attention: Michael J. Edelman, Esq.
Telephone No.: 212-504-6000
Facsimile No.: 212-504-6666

The parties may designate another addressee or change its address for notices and other communications hereunder by a notice given to the other parties in the manner provided in this paragraph. A notice or other communication sent in compliance with the provisions of this paragraph shall be deemed given and received on the date it is delivered to the other party by telecopy, personal delivery, overnight courier service, or certified mail.

SECTION 13. CREDIT DOCUMENTS REMAIN BINDING EXCEPT AS EXPRESSLY AMENDED OR MODIFIED BY SIXTH GLOBAL AGREEMENT DOCUMENTS.

Except as specifically and expressly provided herein and/or in the other Sixth Global Agreement Documents, the Credit Documents shall remain unchanged and in full force and effect. Without limiting the obligations of the Borrowers under any of the Credit Documents, as amended by the Sixth Global Agreement Documents, each Borrower, jointly and severally, agrees to pay or reimburse the Lender on demand for all reasonable out-of-pocket costs and expenses of the Lender (including, without limitation, the reasonable fees and expenses of counsel to the Lender) in connection with the negotiation, preparation, execution and delivery of this Agreement and the Sixth Global Agreement Documents.

SECTION 14. GOVERNING LAW; DISPUTE RESOLUTION.

A. THIS AGREEMENT, THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT, AND ANY CLAIM OR CONTROVERSY DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, SHALL IN ALL RESPECTS BE GOVERNED BY AND INTERPRETED, CONSTRUED AND DETERMINED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA (WITHOUT REGARD TO ANY CONFLICTS OF LAW PROVISION THAT WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER

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JURISDICTION).

B. Each of the Borrowers and the Lender submit to and accept the exclusive jurisdiction of any United States federal court sitting in the Central District of California or any other court of appropriate jurisdiction sitting in the County of Los Angeles, City of Los Angeles with respect to any action, suit or proceeding arising out of or based upon this Agreement or any matter relating hereto and waives any objection it may have to the laying of venue in any such court or that such court is an inconvenient forum or does not have personal jurisdiction over it. Each of the Borrowers and the Lender agree that service of process in any such action, suit or proceeding may be validly made upon it by certified or registered U.S. Mail, postage prepaid, to the address set forth in Section 11. Each of the parties hereto waives any right it may have to trial by jury in any proceeding arising out of this Agreement. The Parties irrevocably agree that, should either Party institute any legal action or proceeding in any jurisdiction (whether for an injunction, specific performance, damages or otherwise) in relation to this Agreement, no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) from such action or proceeding shall be claimed by it or on its behalf, any such immunity being hereby irrevocably waived, and each Party irrevocably agrees that it and its assets are, and shall be, subject to such legal action or proceeding in respect of its obligations under this Agreement.

SECTION 15. METHOD OF PAYMENTS.

All payments made by either of the Borrowers to the Lender on account of the Term Loan Obligations shall be made in the lawful currency of the United States of America by wire transfer of immediately available funds to the Lender in accordance with the wire instructions set forth on SCHEDULE A hereto.

SECTION 16. MISCELLANEOUS.

A. SURVIVAL. All representations, warranties, covenants and other provisions made by the parties hereto shall be considered to have been relied upon by the parties hereto and shall survive the execution, performance and delivery of this Agreement.

B. SUCCESSORS AND ASSIGNS. This Agreement and the other Sixth Global Agreement Documents, including, without limitation, the representations, warranties, covenants and indemnities contained herein or in the other Sixth Global Agreement Documents, as the case may be, (i) shall inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns, and (ii) shall be binding upon and enforceable against the parties hereto and their respective successors and assigns.

C. FURTHER ASSURANCES. Each of the parties hereto agrees to execute and deliver, or to cause to be executed and delivered, all such instruments, and to take all such action, as the other party may reasonably request in order to consummate the transactions and transfers contemplated hereunder and to effectuate the intent and purposes of this Agreement.

D. COUNTERPART EXECUTION; TELECOPIES. This Agreement may be executed in one or more counterparts, each of which shall be an original but all of which, taken together, shall constitute one agreement binding all of the parties hereto. Transmission by telecopier of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart, and the parties hereto hereby agree to deliver to each other an original of such counterpart promptly after delivery of the facsimile.

E. AMENDMENTS; WAIVERS. (1) No amendment of any provision of this Agreement or any other Sixth Global Agreement Document shall be effective unless it is in writing and signed by the Lender and the Borrowers and no waiver of any provision of this Agreement or any other Sixth Global Agreement Document, nor consent to any departure by the Lender or the Borrowers therefrom, shall be effective unless it is in writing and signed by the party affected thereby, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(2) No failure on the part of any party to exercise, and no delay in exercising, any right hereunder or under any other Sixth Global

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Agreement Document shall operate as a waiver thereof by such party, nor shall any single or partial exercise of any right hereunder or thereunder, as the case may be, preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of each party provided herein or in the other Sixth Global Agreement Documents (x) are cumulative and are in addition to, and not exclusive of,

any rights or remedies provided by law (except as otherwise expressly set forth herein) and (y) are not conditional or contingent on any attempt by such party to exercise any of its rights under any other related document against the other party or any other entity.

F. INTEGRATION. This Agreement and the other Sixth Global Agreement Documents constitute the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede all prior agreements, understandings or representations pertaining to the subject matter hereof, whether oral or written.

G. SEVERABILITY. Any provision of this Agreement that is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining provisions of this Agreement or affecting the validity or enforceability of any provisions of this Agreement in any other jurisdiction.

H. CONFLICT. In the event that any of the terms and provisions of this Agreement conflicts with any of the terms and provisions of the other Sixth Global Agreement Documents, the terms and provisions of this Agreement shall, as between Lender and Borrowers, govern and control. In the event that any of the terms and provisions of the Sixth Global Agreement Documents conflicts with any of the terms and provisions of the other Credit Documents, the terms and provisions of the Sixth Global Agreement Documents shall, as between Lender and Borrowers, govern and control.

I. COSTS BORNE BY NON-PREVAILING PARTY. In the event of any dispute with respect to this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party all costs and attorneys' fees. J. CAPTIONS; PARAGRAPH HEADINGS. The captions and paragraph headings used herein are for convenience only and shall not be used to interpret any term hereof.

IN WITNESS WHEREOF, the Lender and the Borrowers have executed this Agreement by their duly authorized officers as of the date first set forth above.

CADIZ INC., as a Borrower

By: /s/ Keith Brackpool

Name: Keith Brackpool
Title: Chief Executive Officer

CADIZ REAL ESTATE LLC, as a Borrower

By: /s/ Richard E. Stoddard

Name: Richard E. Stoddard
Title: Manager

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ING CAPITAL, LLC, as Lender

By: /s/ Geoffrey W. Arens

Name:
Title:

SCHEDULE A: WIRE INSTRUCTIONS FOR ING AS THE LENDER

JPMorgan Chase Bank
New York, New York
ABA No.: 021 000 021
Account No.: 066297311
Account Name: ING Capital
Attention: J. Chiappe
Reference: Cadiz

SCHEDULE B: LENDER'S LOANS

Term Loan Obligations	Principal Balance on December 15, 2003(1)
Cadiz Loan	$ 3,103,860.02
CVDC Loan	$ 3,299,488.32
L/C Loan	$ 719,494.90
1995 Loan	$ 2,972,224.97
TOTALS	$10,095,068.21

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(1) This chart does not reflect the reduction, effective as of the Restructuring Effective Date, of $95,068.21 to the principal amount of the L/C Loan as set forth in Section 7(E) hereof. On the Restructuring Effective Date, after giving effect to such reduction, (a) the outstanding principal balance on the L/C Loan shall be $624,426.69 and (b) principal amount outstanding on the Term Notes shall be equal to the aggregate amount of $10,000,000.

TABLE OF EXHIBITS TO SIXTH GLOBAL AMENDMENT AGREEMENT

EXHIBIT A Cadiz Series F Preferred Stock Certificate
EXHIBIT B Cash Collateral Account Agreement"
EXHIBIT C Consent to Cadiz/Sun World Lease
EXHIBIT D Consent to Sun World Settlement
EXHIBIT E CRE Grant Deed
EXHIBIT F CRE LLC Agreement
EXHIBIT G New Cadiz/Sun World Lease
EXHIBIT H Preferred Stock Certificate of Designations
EXHIBIT I Registration Rights Agreement
EXHIBIT J Sun World Settlement
EXHIBIT K Sixth Amended and Restated CVDC Note
EXHIBIT L Sixth Modification of the First CVDC Deed of Trust
EXHIBIT M Sixth Modification of the Cadiz Second Deed of Trust
EXHIBIT N Sixth Modification of the Cadiz Second Deed of Trust
EXHIBIT O Sixth Amended and Restated Cadiz Note
EXHIBIT P Sixth Modification of the Cadiz First Deed of Trust
EXHIBIT Q Sixth Modification of the Second CVDC Deed of Trust

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EXHIBIT R	Sixth Amended and Restated Reimbursement Agreement
EXHIBIT S	Sixth Modification of the Cadiz Third Deed of Trust
EXHIBIT T	Sixth Modification of the Third CVDC Deed of Trust
EXHIBIT U	Sixth Modification of Cadiz Third Assignment
EXHIBIT V	Sixth Modification of Third CVDC Security Agreement
EXHIBIT W	Sixth Amended and Restated 1995 Note
EXHIBIT X	Sixth Modification of the Cadiz Fourth Deed of Trust
EXHIBIT Y	Sixth Modification of the Fourth CVDC Deed of Trust
EXHIBIT Z	Pledge and Security Agreement for 1995 Note
EXHIBIT AA	Fifth Modification of the Cadiz Deed of Trust (PSWRI)
EXHIBIT BB	Fifth Modification of the Cadiz Deed of Trust (SWFG)
EXHIBIT CC	Fourth Modification of the Cadiz Seventh Deed of Trust (Piute)
EXHIBIT DD	Purchaser Certificate
EXHIBIT EE	Borrowers' Counsel Opinions

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EXHIBIT 10.12

ING CAPITAL, LLC

AMENDED AND RESTATED TRANCHE A NOTE

$15,020,000.00 Dated as of September 30, 2003

FOR VALUE RECEIVED, each of (a) CADIZ INC. (f/k/a Cadiz Land Company, Inc.) ("CADIZ"), a Delaware corporation and (b) CADIZ REAL ESTATE LLC ("CRE", and along with Cadiz, collectively, the "BORROWERS", and each individually, a "BORROWER"), a Delaware limited liability company, promise to pay, jointly and severally, to the order of ING CAPITAL, LLC (the "TRANCHE A LENDER") (f/k/a ING Baring (U.S.) Capital LLC, a Delaware limited liability company), as agent for Middenbank Curacao N.V., at the place and in the currency and manner designated in the Credit Agreement referred to below, in immediately available funds, the principal sum of FIFTEEN MILLION AND TWENTY THOUSAND Dollars ($15,020,000.00), in lawful money of the United States of America, and to pay interest on the unpaid principal amount of such Tranche A Loans at the place and in the currency and manner designated in the Credit Agreement, for the period commencing on September 30, 2003 until such Tranche A Loan shall be paid in full, at the rates per annum and on the dates provided in the Credit Agreement.

The date, amount, prepayment, interest rate and maturity date of each Tranche A Loan made by the Tranche A Lender to the Borrowers, and each payment made on account of the principal thereof, shall be recorded by the Tranche A Lender on its books and, prior to any transfer of this Tranche A Note, endorsed by the Tranche A Lender on the schedule attached hereto or any continuation thereof, provided that the failure of the Tranche A Lender to make any such recordation or endorsement shall not affect the obligations of the Borrower to make a payment when due of any amount owing under the Credit Agreement or hereunder in respect of the Tranche A Loans made by the Tranche A Lender.

This Tranche A Note is one of the Tranche A Notes referred to in the Sixth Amended and Restated Credit Agreement dated as of December 15, 2003 (as modified, supplemented, amended and restated and in effect from time to time, the "CREDIT AGREEMENT") among Borrowers, the Lenders party thereto, and ING Capital, LLC, as Administrative Agent, and evidences Tranche A Loans made by the Tranche A Lender thereunder. Terms used but not defined in this Tranche A Note have the respective meanings assigned to them in the Credit Agreement.

Any holder of this Tranche A Note shall have all rights provided to a Tranche A Lender under the Credit Agreement.

The Credit Agreement provides for the acceleration of the maturity of this Tranche A Note upon the occurrence of certain events and for prepayments of Loans upon the terms and conditions specified therein.

Except as permitted by Section 9.04 of the Credit Agreement, this Tranche A Note may not be assigned by the Tranche A Lender to any other Person.

This Tranche A Note includes the indebtedness heretofore evidenced by that certain Tranche A Note dated November 25, 1997, as amended and in effect prior to the date hereof, made by Cadiz, as Borrower, in favor of Tranche A Lender in the principal amount of Fifteen Million and 00/100 Dollars (US $15,000,000.00) (the "PRIOR NOTE") and this Tranche A Note amends and restates the Prior Note in its entirety.

The obligations of the Borrowers under this Tranche A Note shall constitute one joint and several direct and general obligation of all of the Borrowers. Notwithstanding anything to the contrary contained herein, each of the Borrowers shall be jointly and severally, with the other Borrower, directly and unconditionally liable to the Tranche A Lender for all obligations hereunder and shall have the obligations of co-maker with respect to this ` Tranche A Note and the obligations hereunder, it being agreed that the advances to each Borrower inure to the benefit of all Borrowers, and that the Tranche A Lender is relying on the joint and several liability of the Borrowers as co-makers in extending and continuing the extension of the Tranche A Note as provided

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hereunder. Each Borrower hereby unconditionally and irrevocably agrees that upon default in the payment when due (whether at stated maturity, by acceleration or otherwise) of any principal of, or interest on, this Note payable to the Tranche A Lender, it will forthwith pay the same, without notice or demand.

This Tranche A Note shall be governed by, and construed in accordance with, the law of the State of California. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HERETO OR TO THE OR TO THE CREDIT AGREEMENT HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON OR PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO OR TO THE CREDIT AGREEMENT HAVE BEEN INDUCED TO ENTER INTO, AS APPLICABLE, THIS NOTE AND THE CREDIT AGREEMENT BY, AMONG OTHER THINGS, THE FOREGOING MUTUAL WAIVERS AND CERTIFICATIONS.

CADIZ INC., a Delaware corporation, as a Borrower

By: /s/ Keith Brackpool

Name: Keith Brackpool
Title: Chief Executive Officer

CADIZ REAL ESTATE LLC, a Delaware limited liability company, as a Borrower

By: /s/ Richard E. Stoddard

Name: Richard E. Stoddard
Title: Manager

SCHEDULE OF TRANCHE A LOANS

This Tranche A Note evidences Tranche A Loans made under the within-described Credit Agreement to the Borrowers, on the dates, in the principal amounts set forth below, subject to the payments and prepayments of principal set forth below:

DATE	PRINCIPAL AMOUNT OF LOAN	AMOUNT PAID OR PREPAID	UNPAID PRINCIPAL AMOUNT	NOTATION MADE BY
As of date hereof	$15,000,000.00	$0.00	$15,000,000.00	As agreed by all parties

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EXHIBIT 10.13

ING CAPITAL, LLC

AMENDED AND RESTATED TRANCHE B NOTE

$10,000,000.00 Dated as of September 30, 2003
New York, New York

FOR VALUE RECEIVED, each of (a) CADIZ INC. (f/k/a Cadiz Land Company, Inc.) ("CADIZ"), a Delaware corporation and (b) CADIZ REAL ESTATE LLC ("CRE", and along with Cadiz, collectively, the "BORROWERS", and each individually, a "BORROWER"), a Delaware limited liability company, promise to pay, jointly and severally, to the order of ING CAPITAL, LLC (the "TRANCHE B LENDER") (f/k/a ING Baring (U.S.) Capital LLC, a Delaware limited liability company), as agent for Middenbank Curacao N.V., at the place and in the currency and manner designated in the Credit Agreement referred to below, in immediately available funds, the principal sum of TEN MILLION Dollars ($10,000,000.00), in lawful money of the United States of America, and to pay interest on the unpaid principal amount of such Tranche B Loans at the place and in the currency and manner designated in the Credit Agreement, for the period commencing on September 30, 2003 until such Tranche B Loan shall be paid in full, at the rates per annum and on the dates provided in the Credit Agreement.

The date, amount, prepayment, interest rate and maturity date of each Tranche B Loan made by the Tranche B Lender to the Borrowers, and each payment made on account of the principal thereof, shall be recorded by the Tranche B Lender on its books and, prior to any transfer of this Tranche B Note, endorsed by the Tranche B Lender on the schedule attached hereto or any continuation thereof, provided that the failure of the Tranche B Lender to make any such recordation or endorsement shall not affect the obligations of the Borrower to make a payment when due of any amount owing under the Credit Agreement or hereunder in respect of the Tranche B Loans made by the Tranche B Lender.

This Tranche B Note is one of the Tranche B Notes referred to in the Sixth Amended and Restated Credit Agreement dated as of December 15, 2003 (as modified, supplemented, amended and restated and in effect from time to time, the "CREDIT AGREEMENT") among Borrowers, the Lenders party thereto, and ING Capital, LLC, as Administrative Agent, and evidences Tranche B Loans made by the Tranche B Lender thereunder. Terms used but not defined in this Tranche B Note have the respective meanings assigned to them in the Credit Agreement.

Any holder of this Tranche B Note shall have all rights provided to a Tranche B Lender under the Credit Agreement.

The Credit Agreement provides for the acceleration of the maturity of this Tranche B Note upon the occurrence of certain events and for prepayments of Loans upon the terms and conditions specified therein.

Except as permitted by Section 9.04 of the Credit Agreement, this Tranche B Note may not be assigned by the Tranche B Lender to any other Person.

This Tranche B Note includes the indebtedness heretofore evidenced by that certain Tranche B Note dated March 8, 2002, made by Cadiz, as Borrower, in favor of Tranche B Lender in the principal amount of Ten Million and 00/100 Dollars (US $10,000,000.00) (the "PRIOR NOTE") and this Tranche B Note amends and restates the Prior Note in its entirety.

The obligations of the Borrowers under this Tranche B Note shall constitute one joint and several direct and general obligation of all of the Borrowers. Notwithstanding anything to the contrary contained herein, each of the Borrowers shall be jointly and severally, with the other Borrower, directly and unconditionally liable to the Tranche B Lender for all obligations hereunder and shall have the obligations of co-maker with respect to this ` Tranche B Note and the obligations hereunder, it being agreed that the advances to each Borrower inure to the benefit of all Borrowers, and that the Tranche B Lender is relying on the joint and several liability of the Borrowers as co-makers in extending and continuing the extension of the Tranche B Note as provided hereunder. Each Borrower hereby unconditionally and irrevocably agrees that upon

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default in the payment when due (whether at stated maturity, by acceleration or otherwise) of any principal of, or interest on, this Note payable to the Tranche B Lender, it will forthwith pay the same, without notice or demand.

This Tranche B Note shall be governed by, and construed in accordance with, the law of the State of California. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HERETO OR TO THE OR TO THE CREDIT AGREEMENT HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON OR PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO OR TO THE CREDIT AGREEMENT HAVE BEEN INDUCED TO ENTER INTO, AS APPLICABLE, THIS NOTE AND THE CREDIT AGREEMENT BY, AMONG OTHER THINGS, THE FOREGOING MUTUAL WAIVERS AND CERTIFICATIONS.

CADIZ INC., a Delaware corporation, as a Borrower

By: /s/ Keith Brackpool

Name: Keith Brackpool
Title: Chief Executive Officer

CADIZ REAL ESTATE LLC, a Delaware limited liability company, as a Borrower

By: /s/ Richard E. Stoddard

Name: Richard E. Stoddard
Title: Manager

SCHEDULE OF TRANCHE B LOANS

This Tranche B Note evidences Tranche B Loans made under the within-described Credit Agreement to the Borrowers, on the dates, in the principal amounts set forth below, subject to the payments and prepayments of principal set forth below:

DATE	PRINCIPAL AMOUNT OF LOAN	AMOUNT PAID OR PREPAID	UNPAID PRINCIPAL AMOUNT	NOTATION MADE BY
As of date hereof	$10,000,000.00	$0.00	$10,000,000.00	As agreed by all parties

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LIMITED LIABILITY COMPANY AGREEMENT

OF

CADIZ REAL ESTATE LLC
(a Delaware Limited Liability Company)

THIS LIMITED LIABILITY COMPANY AGREEMENT is made as of December 11, 2003, by and among Cadiz Inc., a Delaware corporation and M. Solomon & Associates, Inc., an individual (the "Independent Member").

WHEREAS, the Company was formed as a Delaware limited liability company pursuant to a Certificate of Formation filed in the Office of the Secretary of the State of Delaware on November 14, 2003 (the "Formation Date"); and

WHEREAS, the Persons executing this Agreement desire to form a limited liability company and to establish their respective rights and obligations in connection therewith, pursuant to the Limited Liability Company Act of the State of Delaware.

NOW, THEREFORE, in consideration of the foregoing premises and of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties executing this Agreement hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 DEFINITIONS. In this Agreement, the following terms shall have the meanings set forth below:

(a) "Act" shall mean the Limited Liability Company Act of the State of Delaware, Title 6, Chapter 18, 101 et seq. of the Delaware Code, as the same may be amended from time to time.

(b) "Affiliate" of any Person shall mean any Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(c) "Agreement" shall mean this Limited Liability Company Agreement.

(d) "Bank" shall mean ING Capital, LLC.

(e) "Board of Managers" shall mean the Board of Managers of the Company.

(f) "Cadiz" shall mean Cadiz Inc., a Delaware corporation.

(g) "Cadiz Manager" shall mean each Manager appointed to the Board of Managers by Cadiz.

(h) "Capital Contribution" shall mean all contributions by a Member to the capital of the Company.

(i) "Certificate of Formation" shall mean the Certificate of Formation of the Company filed with the Secretary of State of the State of Delaware.

(j) "Company" shall mean Cadiz Real Estate LLC, a limited liability company formed under the laws of the State of Delaware.

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(k) "Distribution" shall mean any cash and other property paid to a Member from the Company in respect of such Member's Membership Interest in the Company.

(l) "Formation Date" shall have the meaning specified in the Recitals hereof.

(m) "Independent Member" shall mean M. Solomon Associates, Inc. and, thereafter, a Person that has not been any of the following within the past five years: (i) a direct or indirect legal or beneficial owner of Cadiz or any of its Affiliates; (ii) a creditor, supplier, employee, officer, director, family member, manager, or contractor of Cadiz or any of its Affiliates; or (iii) a person who controls (directly, indirectly, or otherwise) Cadiz or any of its Affiliates, or any creditor, supplier, employee, officer, director, manager, or contractor of Cadiz or its Affiliates.

(n) "Independent Manager" shall mean a Person appointed by the Independent Member to the Board of Managers that has not been any of the following within the past five years: (i) a direct or indirect legal or beneficial owner of Cadiz or any of its Affiliates; (ii) a creditor, supplier, employee, officer, director, family member, manager, or contractor of Cadiz or any of its Affiliates; or (iii) a person who controls (directly, indirectly, or otherwise) Cadiz or any of its Affiliates, or any creditor, supplier, employee, officer, director, manager, or contractor of Cadiz or its Affiliates.

(o) "Management Agreement" shall mean that certain Management Agreement, between the Company and Cadiz, as agreed to by the Independent Manager pursuant to the terms hereof and as amended thereafter with the consent of the Independent Manager.

(p) "Manager" shall mean, collectively, each Cadiz Manager and the Independent Manager.

(q) "Member" shall mean each Person executing this Agreement as a Member and each Person who or which may hereafter become a party to this Agreement as provided herein.

(r) "Membership Interests" shall mean, with respect to each Member, the percentage interest of such Member in Distributions by the Company. It is understood and agreed that, as of the date hereof, the Cadiz Member shall have a 100% Membership Interest in the Company which Cadiz is receiving in exchange for its capital contribution to the Company.

(s) "New Note" shall mean all obligations of any borrower evidenced by, or under, the Sixth Amended and Restated Agreement and the Sixth Global Amendment Agreement, and all documents relating thereto, as such obligations may be amended, modified and restated from time to time).

(t) "Person" shall mean any natural person or any corporation, company, governmental authority, limited liability company, partnership, trust, estate, association, unincorporated association, custodian, nominee, or any other individual entity or organization in its own or any representative capacity, or other entity.

(u) "Restructuring" shall mean the restructuring of the indebtedness of Cadiz owed to the Bank pursuant to that certain Fifth Amended and Restated Credit Agreement, dated as of March 7, 2002 and that certain Fifth Global Amendment Agreement, dated as of January 31, 2002, all as set forth pursuant to the Sixth Global Amendment Agreement and the Sixth Amended and Restated Credit Agreement.

(v) "Sixth Amended and Restated Credit Agreement" means that certain Sixth Amended and Restated Credit Agreement, dated

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as of December 15, 2003, among Cadiz and the Company, as co-borrowers, the lenders party thereto, and the Bank, as administrative agent.

(w) "Sixth Global Amendment Agreement" shall mean that certain Sixth Global Amendment Agreement, dated as of December 15, 2003, among Cadiz and the Company, as borrowers and ING Capital, LLC, as lender.

ARTICLE II

ORGANIZATION

2.1 NAME. The name of the Company shall be "Cadiz Real Estate LLC".

2.2 PRINCIPAL PLACE OF BUSINESS AND REGISTERED AGENT. The address of the principal place of business of the Company shall be 777 S. Figueroa Street, Suite 4250, Los Angeles, CA 90017, and the name and address of the Company's registered agent in the State of Delaware shall be c/o The Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

2.3 TERM. The term of the Company shall commence upon the date of filing of the Certificate of Formation pursuant to Section 18-206 of the Act, and shall continue in full force and effect until dissolution pursuant to Section 8.1 hereof.

2.4 PURPOSES. The Company is formed for the purpose of owning and commercially exploiting assets contributed to it and for such other actions as may be permitted hereby.

ARTICLE III

MEMBERS

3.1 MEMBER INTERESTS.

(a) Cadiz was admitted to the Company as the initial Member of the Company, effective as of the Formation Date. Cadiz agrees to be bound by all of the terms and provisions of this Agreement and is entitled to exercise all rights and powers conferred upon Members of the Company under this Agreement and the Act.

(b) The Company must, at all times, have an Independent Member; provided, however, that the Independent Member shall cease to be a Member at such time as all amounts due under the terms of the New Note are no longer outstanding. The Independent Member shall have no interest in the profits, losses and capital of the Company and shall have no right to receive any Distributions of Company assets. The Independent Member shall be admitted as a Member of the Company within the meaning of the Act upon execution and delivery of this Agreement or a counterpart signature page to this Agreement.

(c) The Independent Member may resign, but may not otherwise be removed (other than by the Bank which may remove such Independent Member at any time with or without cause) and shall have the right to name its successor; provided, however, that in the absence of such successor appointment, or in the event of removal by the Bank, the Bank may appoint such Independent Member.

3.2 ADDITIONAL MEMBERS. Any Person may be admitted as a Member after the date of this Agreement only upon the affirmative vote or consent of a majority in Membership Interests of the Members, which consent may be given or withheld in each Member's sole discretion, as the case may be; provided, however, that no Person may be admitted as a Member without the consent of the Independent Member.

3.3 LIMITATIONS OF LIABILITY. A Member or Manager shall not be

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personally liable for any indebtedness, liability or obligation of the Company, and shall not incur any other liability except as otherwise required by the Act, provided that each Member shall remain personally liable for the payment of its Capital Contribution; provided further that the Independent Member shall have no liability for Capital Contributions.

3.4 PRIORITY AND RETURN OF CAPITAL. No Member shall have priority over any other Member, whether for the return of a Capital Contribution or for a Distribution, except as herein provided. This Section 3.4 shall not apply to repayment of any loan or other indebtedness made by a Member to the Company.

3.5 MEETINGS OF MEMBERS.

(a) Meetings of Members shall be held at the request of any Member on such date and at such time and place, either within or without the State of Delaware, as agreed upon from time to time by the Members. All such meetings must take place at the principal place of business of the Company set forth in Section 2.2 unless otherwise agreed to by all Members. Written notice stating the place, date, and time of, and the general nature of the business to be transacted at, a meeting of Members, shall be given to each Member, including the Independent Member, in the manner prescribed by Section 9.6, not less than 10 days nor more than 60 days before the date of such meeting. The presence in person of Members holding a majority of the Membership Interests in the Company shall constitute a quorum for the transaction of business at any meeting of Members (assuming compliance with the notice provisions in the preceding sentence). Every matter submitted for a vote or consent of the Members shall be determined by a majority of Membership Interests except as otherwise provided herein or required by the Act; provided, however, that for so long as any amounts due under the terms of the New Note are outstanding, the Members may not take any of the following actions unless any such action has been approved by the Independent Member:

(i) institute proceedings to adjudicate the Company bankrupt or insolvent, admit in writing the inability of the Company to pay its debts as they become due, consent to the institution of bankruptcy or insolvency proceedings against the Company, or file or consent to a petition seeking reorganization or relief on behalf of the Company under any applicable federal or state law relating to bankruptcy or insolvency or take any action in furtherance of any such action;

(ii) consolidate, merge or combine the Company with, or convert the Company into, any Person;

(iii) sell, assign or otherwise dispose of or voluntarily part with (whether in one transaction or in a series of transactions), the control of any of the material assets of the Company to any Person (except for sales or other dispositions in the ordinary course of business);

(iv) authorize or incur any indebtedness of the Company; provided, however that the Company is expressly authorized to incur debt pursuant to the New Note and grant collateral as contemplated by the Restructuring;

(v) pledge the assets of the Company for the benefit of any Person; provided, however, that the Company is expressly authorized to pledge its assets to secure its obligations under the New Note; or

(vi) enter into or permit to exist any transaction (including, without limitation, the purchase, sale, lease, or exchange of any property or the rendering of any service) with or for the benefit of any Affiliate

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of the Company, other than pursuant to the Management Agreement.

(b) In lieu of holding a meeting, Members may vote or otherwise take action by a written instrument indicating the consent of Members holding not less than the percentage of Membership Interests that would be necessary to authorize or take such action at a meeting including, with respect to the actions enumerated in Section 3.5(a) hereof, the consent of the Independent Member. In exercising its rights and duties as Independent Member pursuant to this Article III, the Independent Member may consult with counsel of its choice and the reasonable fees and expenses of such counsel shall be the joint and several responsibility of Cadiz and the Company.

ARTICLE IV

MANAGEMENT

4.1 MANAGEMENT.

(a) The management of the Company shall be vested in a Board of Managers. The Board of Managers shall consist of three individuals, one of which shall be the Independent Manager and two of which shall each be Cadiz Managers; provided, however, that the Independent Manager shall cease to be a member of the Board of Managers at such time as all amounts due under the terms of the New Note are no longer outstanding. The Independent Manager may be removed at any time at the sole discretion of the Independent Membe or, if the Independent Member position is vacant, the Bank. In the event of the removal of the Independent Manager, a successor Independent Manager, who shall be any Person the Independent Member may desire, shall be appointed by the Independent Member or, if the Independent Member position is vacant, the Bank.

(b) Meetings of the Board of Managers. Meetings of the Board of Managers shall be held at the request of any Manager on such date and at such time and place, either within or without the State of Delaware, as agreed upon from time to time by the Board of Managers. Written notice stating the place, date, and time of, and the general nature of the business to be transacted at, a meeting of the Board of Managers, shall be given to each Manager, including the Independent Manager, in the manner prescribed by Section 9.6, not less than 10 days nor more than 60 days before the date of such meeting. The presence in person of a majority of the Board of Managers shall constitute a quorum for the transaction of business at any meeting of Board of Managers (assuming compliance with the notice provisions in the preceding sentence). All such meetings must take place at the principal place of business of the Company set forth in Section 2.2 unless otherwise agreed to by all Members.

(c) Authority of Board of Managers. The Board of Managers shall have full and exclusive right and control (a) over the business and affairs of the Company, (b) to make all decisions affecting the business and affairs of the Company, including, but not limited to, the exclusive right and control to enter into the Management Agreement; provided, however, that for so long as amounts due under the terms of the New Note are outstanding, the Board of Managers may not enter into the Management Agreement without the consent of the Independent Manager; provided further, that the Independent Manager shall be required to approve any amendment to the terms of the Management Agreement and (c) to act for the Company in every capacity under this Agreement and under the Act; provided, however, that for so long as amounts due under the terms of the New Note are outstanding, the Board of Managers may not take any of the actions specified in Section 3.5(a) on behalf of the Company without the consent of the Independent Member. Every matter submitted for a vote or consent of the Board of Managers shall be determined by a majority vote except as otherwise provided herein or required by the Act. In lieu of holding a meeting, the Board of Managers may vote or otherwise

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take action by a written instrument indicating the consent of the Managers that would be necessary to authorize or take such action at a meeting.

4.2 NO EXCLUSIVE DUTY TO COMPANY. The Managers shall not be required to manage the Company as their sole and exclusive function and each Manager may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right pursuant to this Agreement to share in or participate in such other business interests or activities or to the income or proceeds derived therefrom. No Member or Manager shall incur liability as a result of engaging in any other business interests or activities.

4.3 AFFIRMATIVE COVENANTS. The Company shall, until such time as all amounts due under the terms of the New Note are no longer outstanding, where applicable:

(a) consider the interests of its creditors in connection with any bankruptcy or insolvency actions;

(b) be qualified as a foreign business under the laws of the State of California;

(c) maintain books and records separate from any other Person;

(d) conduct its own business solely in its limited liability company name;

(e) maintain financial statements separate from any other Person;

(f) pay its own liabilities out of its own funds;

(g) observe all limited liability company formalities, including the maintenance of current minute books;

(h) to the extent the Company's office is located in the offices of any other Person, pay fair market rent for its offices space located in the offices of any other Person and a fair share of any overhead costs, and otherwise fairly and reasonably allocate any shared overhead expenses;

(i) use stationary, invoices, and checks separate from any other Person; and

(j) hold itself out to the public and all Persons as a legal entity separate from any other Person.

4.4 NEGATIVE COVENANTS. Notwithstanding any contrary provision of this Agreement, the Company shall not, until such time as all amounts due under the terms of the New Note are no longer outstanding:

(a) institute proceedings to be adjudicated bankrupt or insolvent, admit in writing that it is unable to pay its debts as they become due, consent to the institution of bankruptcy or insolvency proceedings against it, or file or consent to a petition seeking reorganization or relief under any applicable federal or state law relating to bankruptcy or insolvency or take any action in furtherance of any such action, without the unanimous consent of the Board of Managers (including the Independent Manager);

(b) consolidate, merge or combine with, or convert into, any Person without the prior written consent of the lenders holding at least 66% of the interests in the New Note or such higher supermajority as may be required pursuant to the terms of the New Note;

(c) sell, assign or otherwise dispose of or voluntarily part with (whether in one transaction or in a series of transactions), the control of any of its material assets to any Person (except for sales or other dispositions in the ordinary course of

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business) without the prior written consent of the lenders holding at least 66% of the interests in the New Note or such higher supermajority as may be required pursuant to the terms of the New Note;

(d) commingle assets with those of any other Person; and

(e) guarantee or becoming obligated for the debts of any Person or hold out its credit as being available to satisfy the obligations of any Person; provided, however that the Company is expressly authorized to guarantee or become obligated for the debts of any Person or hold out its credit as being available to satisfy the obligations of any Person as contemplated by the Restructuring.

4.5 LIMITATIONS OF LIABILITY. No Member or Manager of the Company nor any of the directors, officers, partners, members, employees, shareholders, assigns, representatives or agents of the foregoing shall be liable to the Company, the Members, or any third party in damages or otherwise (a) unless a judgment or other final adjudication adverse to him or her establishes that his or her acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of the law or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled, or (b) except as otherwise required by the Act.

4.6 INDEMNIFICATION. The Members, including the Independent Member, any Manager, including the Independent Manager, and each officer and employee of the Company shall be indemnified and held harmless by the Company from and against any claims and demands arising from any acts or omissions or alleged acts or omissions in connection with the affairs of the Company, to the maximum extent permitted by applicable law.

The Company and its Members, jointly and severally, release the Independent Member and Independent Manager (each an "Indemnitee") from, and will indemnify each Indemnitee from and against, all liability, claims, costs, and expenses (including reasonable attorney's fees, accounting fees, expert witness fees, costs and expenses) imposed upon, incurred by or asserted against any Indemnitee or arising out of or in any way relating to an Indemnitee's execution, performance or non-performance of this Agreement or as a result of or relating to any action, or failure or refusal to act on the part of an Indemnitee with respect to this Agreement.

It is the intention of the parties hereto that Indemnitees incur no liability, loss, or damage of any kind or nature whatsoever in performing pursuant to this Agreement or in any other way relating to this Agreement, except for the gross negligence or willful misconduct of such Indemnitee.

For so long as any Independent Member and/or Independent Manager is duly serving, or so long as the Bank has the right to appoint either or both pursuant to the terms of this Agreement, the Company shall maintain Director and Officer insurance, to the extent such insurance is available upon commercially reasonable terms, to cover (beginning from the Formation Date) Persons serving in each of and all such positions and such coverage shall include "runoff" and/or "tail" "coverage" and shall, at all times, be maintained in reasonable amounts and be subject to reasonable and customary terms and provisions. The foregoing requirement shall be the joint and several obligation of each of the Company and Cadiz.

4.7 COMPENSATION OF MANAGERS. Each Manager shall be entitled to receive, as compensation for services rendered to the Company as a member of the Board of Managers, (x) reasonable fees and out-of-pocket expenses incurred by each such Manager and (y) other compensation as agreed to by the Independent Member. It is expressly understood and agreed that the Independent Manager shall, so long as such Independent Manager is duly serving as such, be entitled to (i) an annual fee in the amount of $25,000, payable in cash quarterly in arrears (the "Annual Fee"), and

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(ii) reasonable fees and expenses of counsel of such Independent Manager's choice in considering any actions as to which such Independent Manager's Consent is required pursuant to Section 4.1 hereof ("Manager Legal Fees."). The Annual Fee and the Manager Legal Fees shall be the joint and several obligation of each of Cadiz and the Company.

ARTICLE V

CAPITAL CONTRIBUTIONS

5.1 Cadiz is admitted as a Member of the Company and shall hereby receive the Membership Interest. Cadiz shall be responsible for, on the date hereof, an equity contribution to the Company consisting of certain property as contemplated by Section 5 of the Sixth Global Amendment Agreement.

ARTICLE VI

DISTRIBUTIONS

6.1 DISTRIBUTIONS. The Board of Managers shall be solely responsible for making all determinations of amounts and timing of all Distributions to Members. All Distributions shall be made to the Members pro rata in proportion to their Membership Interests. In the sole discretion of the Board of Managers, securities, assets or other property in kind may be distributed to the Members in proportion to their Membership Interests.
6.2 INTEREST ON AND RETURN OF CAPITAL CONTRIBUTIONS. No Member shall be entitled to interest on its Capital Contributions or to a return of its Capital Contributions.

ARTICLE VII

TRANSFERABILITY

7.1 MEMBER TRANSFERS. Subject to (i) Sections 7.2 and 9.8 of this Agreement and (ii) for so long as any amounts due under the terms of the New Note are outstanding, any Member may, but only with the consent of the Independent Member, sell, assign, transfer, convey or dispose of all or any portion of his Membership Interest in the Company or any rights or benefits with respect thereto.

7.2 TRANSFEREE NOT A MEMBER. No Person acquiring an assignment or transfer of an interest in the Company other than a Member shall become a Member except pursuant to Sections 3.2 and 7.1 of this Agreement. If no such approval is obtained, such Person's interest in the Company shall only entitle such Person to receive the Distributions to which the Member from which such Person received such interest in the Company would be entitled. No Person may be admitted as a Member pursuant to this Article VII or Article III until such Person executes and delivers to the Company an agreement, in form and substance satisfactory to the Manager, binding such Person to the terms and conditions of this Agreement as if such Person had been named a Member herein.

ARTICLE VIII

DISSOLUTION

8.1 DISSOLUTION. For so long as any amounts due under the terms of the New Note are outstanding, the Company shall only be dissolved and its affairs wound up upon the unanimous vote or written consent of the Board of Managers (including the Independent Manager).

8.2 WINDING UP. Upon the dissolution of the Company, the Board of Managers may, in the name of and for and on behalf of the Company, prosecute and defend suits, whether civil, criminal or administrative, sell and close the Company's business, dispose of

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and convey and distribute to the Members any remaining assets of the Company, all without affecting the liability of Members. Upon winding up of the Company, the assets shall be distributed as follows:

(a) To creditors, including Members and Managers who are creditors, to the extent permitted by law, in satisfaction of liabilities of the Company, whether by payment or by making of reasonable provision for payment thereof, other than liabilities for which reasonable provision for payment has been made and liabilities to Members and former Members for Distributions under Section 18-601 or 18-604 of the Act;

(b) To Members and former Members in satisfaction of liabilities for Distributions under Section 18-601 or 18-604 of the Act; and

(c) To Members pro rata in proportion to their Membership Interests at the time of such Distribution.

8.3 NONRECOURSE TO OTHER MEMBERS. Except as provided by applicable law or as expressly provided in this Agreement, upon dissolution, each Member shall receive a return of its Capital Contribution solely from the assets of the Company. If the assets of the Company remaining after the payment or discharge of the debts and liabilities of the Company are insufficient to return any Capital Contribution of any Member, such Member shall have no recourse against any other Member.

8.4 TERMINATION. Upon completion of the dissolution, winding up, liquidation and distribution of the assets of the Company, the Company shall be deemed terminated.

ARTICLE IX

GENERAL PROVISIONS

9.1 MERGER AND AMENDMENTS. This Agreement contains the entire agreement among the Members with respect to the subject matter hereof, and supersedes all prior agreements and understandings, written or oral, between the parties with respect thereto, whether or not relied or acted upon. No course of conduct pursued or acquiesced in, and no oral agreement or representation subsequently made, by the Members, and no usage of trade, shall amend this Agreement or impair or otherwise affect any Member's obligations, rights and remedies pursuant to this Agreement. For so long as any amounts due under the terms of the New Note are outstanding, this Agreement may not be modified, amended or otherwise altered without the prior written consent of (i) the lenders holding at least 66% of the interests in the New Note or such higher supermajority as may be required pursuant to the terms of the New Note and (ii) the Independent Member.

9.2 HEADINGS. The headings in this Agreement are for convenience only and shall not be used to interpret or construe any provision of this Agreement.

9.3 WAIVER. No failure of a Member to exercise, and no delay by a Member in exercising, any right or remedy under this Agreement shall constitute a waiver of such right or remedy. No waiver by a Member of any such right or remedy under this Agreement shall be effective unless made in a writing duly executed by all Members.

9.4 SEVERABILITY. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law. If any provision of this Agreement shall be prohibited by or invalid under such law, it shall be deemed modified to conform to the minimum requirements of such law or, if for any reason it is not deemed so modified, it shall be prohibited or invalid only to the extent of such prohibition or invalidity without the remainder thereof or any other such provision being prohibited or invalid.

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9.5 BINDING. This Agreement shall be binding upon and inure to the benefit of all Members, and each of the permitted successors and assignees of the Members.

9.6 INDEPENDENT MANAGER AND MEMBER CONSENTS. All consents required on the part of the Independent Member and/or Independent Manager must be in writing.

9.7 NOTICES AND CONSENTS. All notices, consents and other communications hereunder must be in writing, and shall be deemed to have been duly given or made: (i) when delivered in person; (ii) three (3) days after deposited in the United States mail, first class postage prepaid; (iii) in the case of telegraph or overnight courier services, one (1) Business Day after delivery to the telegraph company or overnight courier service with payment provided; or (iv) in the case of telex or telecopy or fax, when sent, verification received; in each case addressed as follows:

if to Cadiz:

Cadiz Inc.
777 S. Figueroa Street, Suite 4250
Los Angeles, CA 90017
Telephone: (213) 271-1600
Facsimile: (213) 271-1614
Attention: Chief Financial Officer

with a copy to:

Howard Unterberger, Esq.
Miller & Holguin
1801 Century Park East, Seventh Floor
Los Angeles, CA 90067
Telephone: (310) 556-1990
Facsimile: (310) 557-2205

if to the Independent Member:

M. Solomon & Associates
4314 Marina City Drive #1120 C
Marina del Rey, CA 90292

with a copy to:

Robert W. Shaffer, Jr.
Shaffer, Gold & Rubaum, LLP
12011 San Vicente Blvd, Suite 600
Los Angeles, CA 90049
Telephone: 310-476-9955
Fax (310) 471-0482

9.8 COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument.

9.9 THIRD PARTY BENEFICIARY. This Agreement shall not confer any rights or remedies upon any Person other than the Members and their respective successors and permitted assigns.

9.10 GOVERNING LAW. This Agreement and any controversy or claim arising out of or relating to this Agreement shall be governed by the laws of the State of Delaware without giving effect to the principles of conflicts of laws.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

CADIZ INC.

By:

Name:
Title:

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M. SOLOMON & ASSOCIATES, INC.

By:

Name:
Title:

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EXHIBIT 10.16

EXECUTION VERSION
Dated 10/13/03

SUN WORLD-BONDHOLDER-CADIZ TERM SHEET AND AGREEMENT IN PRINCIPLE

This Term Sheet and Agreement in Principle sets forth the principal terms and conditions for an overall settlement of outstanding issues among (a) Sun World International, Inc. and its debtor affiliates (collectively, "Sun World"), (b) Cadiz Inc. ("Cadiz"), and (c) Black Diamond Capital Management, L.L.C. and CFSC Wayland Advisers, Inc. and their respective affiliates (collectively, the "Majority Bondholders"), who are the holders of not less than 70% in dollar amount of Sun World's senior secured Notes due 2004 (in the aggregate, the "Notes"; holders of the Notes are referred to herein as "Bondholders"). This Term Sheet and Agreement in Principle contains a binding and enforceable agreement among the parties. The parties hereto further agree to use their good faith efforts to complete and execute, by November 6, 2003, final transactional documentation for the implementation of the agreements contained herein, but any failure to do so shall not affect the enforceability of the agreements contained herein. Nothing herein shall constitute an admission or waiver of any kind by any party, except as expressly provided herein.

I. INITIAL SETTLEMENT

A. Sun World will seek and obtain approval from the Bankruptcy Court in which its current chapter 11 case is pending (the "Court"), pursuant to Bankruptcy Rule 9019, of a settlement of claims by and against Cadiz (the "Initial Settlement").(1) The Initial Settlement shall be binding on Sun World's estates and creditors and shall provide that, in full and final settlement of all Sun World estates claims and causes of action against Cadiz (including without limitation any possible avoidance actions under Chapter 5 of the Bankruptcy Code) and all of Cadiz's claims

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(1) The Initial Settlement will be sought to be approved by a motion by Sun World which shall be filed and noticed no later than October 14, 2003, and shall be scheduled for hearing at the earliest feasible date, but in no event later than November 7, 2003. Sun World and the Majority Bondholders shall each support the Initial Settlement and use their respective reasonable efforts in good faith to have the Initial Settlement approved by the Court and upheld in connection with any possible appeal.

and causes of action against the Sun World estates (including without limitation claims for rejection damages) (the "Cadiz Claim"), Cadiz shall be granted an allowed, general unsecured claim against Sun World in an amount not less than $13 million(2) (the "Allowed Cadiz Claim").

B. As part of the Initial Settlement and effective only upon the Closing (as defined below), (i) Cadiz shall agree that it will affirmatively support a plan of reorganization for Sun World that provides no recovery on account of any equity interest in Sun World that Cadiz holds and that is otherwise consistent with this Term Sheet and Agreement in Principle, thus eliminating potential valuation litigation cost and expense for Sun World's estate which would otherwise result from a Cadiz objection to confirmation in its capacity as the equity holder of Sun World, and (ii) the parties shall consent to the termination/rejection of all contracts and agreements between Cadiz and Sun World except as provided in section 1.D. below.

C. The motion to approve the Initial Settlement shall provide full disclosure of the terms of the agreement among Cadiz, Sun World, and the Majority Bondholders.

D. The parties' respective rights and obligations under the Agricultural Lease between Cadiz, as lessor, and Sun World, as lessee, previously assumed (as amended) by Sun World pursuant to an order of the Court, shall not be affected by the Initial Settlement or anything else contained herein.

2. TRANSFER OF CADIZ CLAIM AND EQUITY INTEREST TO BONDHOLDER

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TRUST

A. Cadiz agrees that, at a closing (the "Closing") to occur on or before the fifth business day after the Court's order approving the Initial Settlement becomes final and non-appealable (or prior thereto if so agreed by Cadiz and the Majority Bondholders in their discretion), Cadiz shall assign to a trust or similar legal entity formed for the benefit of all Bondholders (the "Bondholder Trust") (i) the Allowed Cadiz Claim and (ii) Cadiz's equity interest in Sun World (provided that the

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(2) To be the largest amount Sun World reasonably and in good faith believes can be allowed based upon the facts, but at a reduced level in accordance with the compromise: the current estimate of the Cadiz Claim is approximately $17.5 million.

Bondholder Trust shall not be permitted to vote such shares to exercise control over Sun World prior to confirmation of a Sun World plan of reorganization or consummation of a sale of substantially all Sun World assets), in exchange for the consideration set forth below. The Bondholder Trust shall be administered by the Majority Bondholders.

B. The Bondholder Trust shall receive all distributions from the Sun World estate (under a plan of reorganization or otherwise) on account of the Allowed Cadiz Claim. Each Bondholder shall have the right to receive its ratable share of the assets in the Bondholder Trust if either (i) such Bondholder executes a form (the "Opt-In Form") that provides for the things set forth below or (ii) a reorganization plan for Sun World that is accepted by the class of Bondholders and that contains the provisions set forth in section 3.A below is confirmed and becomes effective. The Opt-In Form shall:

(i) provide for such Bondholder to waive any rights to recovery from Cadiz on account of the Cadiz guaranty of such Bondholder's claim against Sun World (the "Guaranty");

(ii) provide that such Bondholder will permanently refrain from exercising any rights or remedies against Cadiz on account of either the Guaranty or the existence of such Bondholder's claim against Sun World;

(iii) provide that, in the event of a Cadiz bankruptcy, such Bondholder shall affirmatively support any plan or sale transaction proposed by Cadiz whether or not it provides any recovery on account of the Guaranty; and

(iv) provide that any transferee of, or other successor in interest to, such Bondholder's claim will be bound by all provisions of the Opt-In Form and that such Bondholder will condition any transfer of its claim upon the transferee's agreement to be bound by all of the provisions of the Opt-In Form.

C. The Majority Bondholders shall, at Closing, execute the Opt-In Form. In addition, the Majority Bondholders shall, at Closing, (i) execute an

irrevocable instruction to the Indenture Trustee to take no action against Cadiz on behalf of Bondholders or on account of the Guaranty, and (ii) execute a consent to the amendment of the indenture deleting substantially all covenants and other provisions relating to the Guaranty or remedies against Cadiz as guarantor that may be amended pursuant to the terms of the indenture by the Majority Bondholders, subject to any applicable provisions of the Trust

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Indenture Act.

3. SUN WORLD PLAN RELEASE

A. If the Initial Settlement is approved by the Bankruptcy Court and the Closing occurs, any plan of reorganization filed or supported by Sun World and/or the Majority Bondholders shall provide (i) that the consideration to Bondholders contemplated under such plan is in full satisfaction and settlement of all claims of Bondholders under the indenture, including the Guaranty, (ii) that the indenture for the bonds (including the Guaranty thereunder) shall be deemed cancelled and extinguished as of the effective date of the plan, and (iii) for all Bondholders to be deemed to release their Guaranty claims against Cadiz in exchange for the consideration to be distributed to the Bondholder Trust.

B. Sun World and the Majority Bondholders shall each use their respective reasonable efforts in good faith to have the provisions set forth in 3A above approved by the Court as part of any plan.

4. EXTENSION OF PLAN FILING DEADLINE/EXCLUSIVITY

A. The parties consent to Sun World's filing of a motion on shortened notice to be heard by the Court before October 31, 2003 and to the granting of the following relief: (i) modifying the "2003 RETENTION AND SEVERANCE PROGRAM FOR KEY EMPLOYEES" ("Retention Plan") to (x) extend the dates specified in paragraph 2(a) of the Retention Plan by twenty-four days, and (y) change paragraph 2(b) of the Retention Plan to provide as follows: "Notwithstanding subsection (a) above, no such stay bonus will be payable to key executives in the event that a plan of reorganization is not filed by Sun World with the Bankruptcy Court on or prior to 11/24/03"; and (ii) extending to November 24, 2003 and January 23, 2004, respectively, Sun World's exclusivity periods under Bankruptcy Code sections 1121(b) and 1121(c)(3), provided that if on or before November 24, 2003 Sun World does not file a plan of reorganization that is supported by the Majority Bondholders,

then Sun World's exclusivity periods shall be automatically terminated. In the event that the Court does not approve the relief set forth in clause (ii) above, and Sun World files a plan of reorganization that is not supported by the Majority Bondholders, then upon such filing Sun World shall be deemed to have stipulated with the Majority Bondholders to an automatic termination of Sun World's exclusivity periods and waived the right to seek further extensions of the exclusivity periods. In addition, the parties hereby clarify that notwithstanding anything to the contrary in the Retention Plan, if (2) the Majority Bondholders file a plan of reorganization that is not subsequently modified in any material respect and is accepted by two-thirds in amount and more than one-half in number of the Bondholders that cast valid votes to accept or reject the plan and is supported by the Official Creditors' Committee (such that if confirmed such plan would be a "Successful Plan of Reorganization," as defined in the Retention Plan), and (ii) Sun World has opposed confirmation of such plan, then such plan shall not be deemed a "Successful Plan of Reorganization" for purposes of the Retention Plan.

B. Counsel for Sun World will circulate a discussion draft of a plan of reorganization to counsel for the Majority Bondholders on or before October 17, 2003.

Accepted and Agreed:

Black Diamond, Capital Management, L.L.C.	Cadiz Inc.
By: /s/ James J. Zenni, Jr.	By: /s/ Keith Brackpool
Its:____________________________	Its: President & CEO
CFSC Wayland Advisors, Inc.	Sun World International, Inc.

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and its debtor affiliates

By: /s/ Blake M. Carlson
Its:____________________________

By: /s/ Tim Shaheen
Its: CEO

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SUN WORLD NOTEHOLDER TRUST AGREEMENT

This Trust Agreement (the "Trust Agreement"), dated as of December __, 2003, by and among Cadiz Inc. ("Cadiz"), as settlor, Logan & Company, as trustee (the "Trustee"), Black Diamond Capital Management, L.L.C. on behalf of its affiliates ("Black Diamond"), and CFSC Wayland Advisers, Inc. ("CFSC Wayland," and together with Black Diamond, the "Majority Noteholders"), is executed to facilitate the implementation of the global settlement described in the Sun World-Bondholder-Cadiz Term Sheet and Agreement in Principle by and among Sun World International Inc. ("Sun World") and its debtor affiliates (collectively, the "Debtors"), Cadiz, corporate parent of the Debtors, and the Majority Noteholders, dated as of October 13, 2003 (the "Global Settlement") that provides for (a) the establishment of the Trust (as defined below) created by this Trust Agreement and the retention and preservation of the Trust Assets (as defined below) by the Trustee, all for the benefit of holders of Sun World's senior secured notes due 2004 (in the aggregate, the "Notes;" holders of the Notes are referred to herein as "Noteholders") and (b) the collection and distribution of the Trust Recoveries (as defined below). The Trust is organized for the primary purposes of (x) holding and preserving the value of the Trust Assets for conversion into Trust Recoveries, and (y) making distributions of Trust Recoveries to the Opt-In Noteholders (as defined below). The Trustee's activities, powers and duties are those determined to be reasonably necessary to, and consistent with, accomplishment of these purposes, subject to the terms and conditions set forth more fully below, and shall only be exercised by the Trustee in connection with the joint written instructions of the Majority Noteholders.

WHEREAS, the Global Settlement contemplates, among other things, the creation of a trust to hold the Trust Assets and distribution of the Trust Recoveries to the Opt-In Noteholders, all as described in greater detail in the Global Settlement and this Trust Agreement; and

WHEREAS, under the terms of the Global Settlement, Cadiz agrees to grant, transfer, convey, and deliver to the Trust, on behalf of, and for the benefit of, the Noteholders, control of, and all its rights, title and interests in and to, the Trust Assets; and

WHEREAS, the Trust is established pursuant to the Global Settlement, as a liquidating trust in accordance with Treasury Regulation Section 301.7701-4(d) with no objection to continue or engage in the conduct of a trade or business except, to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Trust and the Global Settlement; and

WHEREAS, the Majority Noteholders have jointly designated the Trustee; and

WHEREAS, the Trust is intended to qualify as a "grantor trust" for U.S. federal income tax purposes, pursuant to Sections 671-677 of the Internal Revenue Code of 1986, as amended, with the Opt-In Noteholders treated as the grantors and owners of the trust.

NOW, THEREFORE, in consideration of the premises and agreements contained herein, the parties hereto agree as follows:

ARTICLE I

ESTABLISHMENT OF TRUST

SECTION 1.1 CREATION AND NAME. There is hereby created a trust (the "Trust") under the laws of the State of New York which shall be known as the "Sun World Noteholder Trust."

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SECTION 1.2 DECLARATION OF TRUST. In order to declare the terms and conditions hereof, and in consideration of the execution of the Global Settlement, Cadiz and the Trustee have executed this Trust Agreement. Effective on the date hereof, Cadiz is concurrently transferring to the Trustee, pursuant to the assignments attached hereto as Exhibit A, all of the right, title and interests of Cadiz in and to the Trust Assets under and subject to the terms and conditions set forth in this Trust Agreement and in the Global Settlement for the benefit of Noteholders and their successors and assigns as provided for in this Trust Agreement and in the Global Settlement. Subject to Section 1.5 of this Trus Agreement, the Trust Recoveries shall be distributed by the Trustee to the Opt-In Noteholders in accordance with this Trust Agreement and the Global Settlement.

SECTION 1.3 PURPOSE OF TRUST; NATURE OF BENEFICIAL INTERESTS. The Trust is organized for the primary purpose of holding and receiving the Trust Recoveries from the Trust Assets transferred to it and distributing the Trust Recoveries to the Opt-In Noteholders with no objective to engage in the conduct of a trade or business. Interests in the Trust shall be uncertificated. Opt-In Noteholders shall have no voting rights with respect to such interests. In the event of any inconsistency between the recitation of the duties and powers of the Trustee as set forth in this Trust Agreement and the Global Settlement, the provisions of the Trust Agreement shall govern.

SECTION 1.4 TRUSTEE'S ACCEPTANCE. The Trustee accepts the trust imposed upon it by this Trust Agreement and agrees to observe and perform that trust, on and subject to the terms and conditions set forth in this Trust Agreement. In connection with and in furtherance of the purposes of the Trust, but subject to Section 1.5 of this Trust Agreement, the Trustee hereby expressly accepts the transfer of the Trust Assets and the Trustee hereby further expressly assumes, undertakes and shall control the distribution of the Trust Recoveries.

SECTION 1.5 ACTION BY TRUSTEE; WAIVER OF REMEDIES AGAINST TRUSTEE. Except as ecpressly set forth in Sections 6.3(d), 6.3(e) and 6.11 of this Trust Agreement, the Trustee shall have no obligation to act hereunder unless given written instructions jointly executed by the Majority Noteholders. The Trustee shall have no obligations to act hereunder unless the Trustee receives, in addition to joint written instructions from the Majority Noteholders, written assurances satisfactory to the Trustee in its reasonable discretion that it will be timely compensated in cash other than from the Trust Recoveries for its reasonable fees and expenses incurred in connection with such proposed actions. By executing the Opt-In Form, the Opt-In Noteholders have agreed to permanently refrain and forbear from exercising, or causing the exercise of, any rights, remedies or causes of action against the Trustee, including without imitation for any action or inaction by the Trustee in the absence of joint written instructions executed by the Majority Noteholders; provided, however, that all rights, remedies and causes of action against the Trustee shall be preserved in the event that the Trustee willfully ignores or materially breaches any joint written direction of the Majority Noteholders subject to the last sentence of this section. The Trustee shall have no obligation to accept, compute or otherwise consider the Opt-In Forms. The Majority Noteholders shall provide to the Trustee a compiled list of the Opt-In Noteholders and each Opt-In Noteholder's proportionate share of the Trust Recoveries. The Trustee shall make distributions of the net Trust Recoveries in accordance with such list. As described more fully in Section 6.5 of this Trust Agreement, the Majority Noteholders shal defend, hold harmless, and indemnify the Trustee and its principals, officers, employees and agents for any action or inaction taken by the Trustee at

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the joint written direction of the Majority Noteholders. The Trustee shall determine in its reasonable discretion whether any joint written instructions from the Majority Noteholders are clear satisfactory or whether further clarification is required from the Majorioty Noteholders.

ARTICLE II

DEFINITIONS

The capitalized terms used but not defined in this Trust Agreement shall have the meanings given to them in the Global Settlement.

"Bankruptcy Case" means the voluntary cases commenced by Sun World International, Inc. and its debtor affiliates under chapter 11 of title 11 of the United States Code, which are currently pending in the Bankruptcy Court and being jointly administered under Case No. RS-03-11370-DN.

"Bankruptcy Court" means the Bankruptcy Court for the Central District of California, Riverside Division.

"Allowed Cadiz Claim" means all general unsecured claims of Cadiz against the Debtors which were allowed by the Bankruptcy Court in the Initial Settlement Order in the amount of $13,500,000.

"Distribution Date" means the date(s) on which the Trustee shall distribute the Trust Recoveries to the Opt-In Noteholders, which date(s) shall be as soon as reasonably practicable after the Trust receives the Trust Recoveries and specified in writing by the Majority Noteholders.

"Initial Settlement Order" means that certain order entered by the Bankruptcy Court on November 7, 2003 approving the initial settlement by and between the Debtors and Cadiz as described more fully in the Global Settlement.

"Opt-In Form" means the form to be executed by a Noteholder in which the Noteholder agrees, among other things, to be bound by the terms and conditions of this Trust Agreement, substantially in the form attached hereto as Exhibit A.

"Opt-In Noteholder" means (x) a Noteholder who timely and properly executes an Opt-In Form within the Opt-In Period or (y) all Noteholders if a chapter 11 plan is filed in the Bankruptcy Case and the Noteholders as a class accept such plan and such plan contains the provisions set forth in section 3.A of the Global Settlement, and such plan is confirmed and becomes effective.

"Opt-In Period" means the period during which Noteholders may execute the Opt-In Form and thereby agreed to be bound by the terms and conditions of this Trust Agreement, which period shall equal thirty (30) days from the date the Opt-In Form is mailed by overnight delivery to the Noteholders.

"Pro Rata" means the proportion that (a) the face amount of the Notes held by an Opt-In Noteholder bears to (b) the aggregate face amount of all Notes held by all Opt-In Noteholders.

"Trust Assets" means the Allowed Cadiz Claim, which was assigned by Cadiz to the Trust for the benefit of Opt-In Noteholders.

"Trust Recoveries" means any and all distributions from the Sun World estate, whether under a chapter 11 plan, chapter 7 liquidation or otherwise, on account of the Trust Assets.

ARTICLE III

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FUNDING OF THE TRUST AND CHARGING LIEN

Subject to Section 1.5 of this Trust Agreement, all costs and expenses associated with the administration of the Sun World Noteholder Trust shall be the sole responsibility of, and paid by, the Trustee; provided however that, to secure the repayment of the Trustee, the Trustee shall have and is hereby granted a first priority lien on all money or property held or collected by the Trustee in its capacity as Trustee to the extent of such fees and expenses and shall have the right to offset such fees and expenses against all such monies or properties. Except as expressly set forth in the Global Settlement, Cadiz shall have no obligation or liability whatsoever to pay any costs or expenses of any kind associated with the administration of the Sun World Noteholder Trust or to make any payment, indemnification, or reimbursement of any kind to the Trustee, the Sun World Noteholder Trust, or Opt-In Noteholders.

ARTICLE IV

TRUST ASSETS

SECTION 4.1 PRESERVATION OF TRUST ASSETS. Subject to Section 1.5 of this Trust Agreement, the Trustee shall preserve and defend the Trust Assets, reduce the Trust Assets to Trust Recoveries and make distributions of such Trust Recoveries to the Opt-In Noteholders.

SECTION 4.2 DISTRIBUTION OF TRUST RECOVERIES. Subject to Section 1.5 of this Trust Agreement, on the Distribution Date, the Trustee shall distribute Pro Rata the Trust Recoveries to the Opt-In Noteholders.

ARTICLE V

DISTRIBUTION OF TRUST RECOVERIES

SECTION 5.1 DELIVERY OF DISTRIBUTIONS AND TAX REPORTING. Subject to Section 1.5 of this Trust Agreement, distributions for the Opt-In Noteholders and any tax reporting required by applicable law with respect thereto shall be made by the Trustee to the Opt-In Noteholdrers.

SECTION 5.2 UNDELIVERABLE DISTRIBUTIONS.

(a) If any Opt-In Noteholder's distribution is returned to the Trustee as undeliverable, no further distributions to such Opt-In Noteholder shall be made unless and until the Trustee is notified of such Opt-In Noteholder's then current address and has received any necessary tax withholding certificates from such Opt-In Noteholder, at which time all missed distributions shall be made to such Opt-In Noteholder without interest and subject to any applicable withholding taxes. The Trustee shall have no obligation to investigate or pursue of the Opt-In Noteholders for a correct address.

(b) If, after ninety (90) days after the return to the Trustee of any undeliverable distributions, the Trustee in not notified of such Opt-In Noteholder's the current address, the claims of such Opt-In Noteholder or successor to such Opt-In Noteholder with respect to such property shall be discharched and forever barred notwithstanding any federal or state escheat laws to the contrary. Thereafter, all unclaimed property relating to distributions to be made to such Opt-In Noteholder shall revert to the Trust and shall be allocated for Pro Rata redistribution by the Trustee to the other Opt-In Noteholders upon the Trustee's receipt of revised distribution list from the Majority Noteholders.

ARTICLE VI

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GENERAL POWERS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

SECTION 6.1 APPOINTMENT OF TRUSTEE. The Trustee shall become the Trustee on the date this Trust Agreement is executed by all signatories thereto.

SECTION 6.2 LEGAL TITLE. Subject to section 1.5 hereof, the Trustee shall hold legal titles to all Trust Assets. The Trustee may upon the receipt of joint written instructions from the Majority Noteholders, cause legal title or evidence of title to any of the Trust Assets to be held by any nominee or person, on such terms, in such manner and with such power as the Trustee may determine advisable.

SECTION 6.3 GENERAL POWERS.

(a) Except as otherwise provided in this Trust Agreement and subject to section 1.5 hereof and the jurisdiction of the Bankruptcy Court described in Article VII below, but without prior or further Bankruptcy Court authorization, the Trustee may, but is not required to, preserve and defend the Trust Assets to the same extent as if the Trustee were the sole owner of the Trust Assets in its own right. No person dealing with the Trust shall be obligated to inquire into the Trustee's authority in connection with the preservation of the Trust Assets.

(b) In connection with the preservation of the Trust Assets, and only upon the joint written instructions of the Majority Noteholders (which shall not be implied from the existence of this Trust Agreement itself or the execution of this Trust Agreement by the Majority Noteholders), subject to section 1.5 hereof the Trustee shall have, in addition to any powers conferred on it by any other provision of this Trust Agreement, the power to take any and all actions as are necessary or advisable to effectuate the purposes of the Trust, including, without limitation, the power and authority:

(i) to accept the assets transferred and provided to the Trust under this Trust Agreement;

(ii) to accept and distribute the Trust Recoveries in accordance with the terms of this Trust Agreement;

(iii) to engage in all acts that would constitute ordinary course of business in performing the obligations of a trustee under a trust of this type;

(iv) to change the state of domicile of the Trust;

(v) to establish and maintain funds, reserves and accounts within the Trust as deemed by the Trustee, in its discretion, to be useful in carrying out the purposes of the Trust;

(vi) to commence or participate, as a party or otherwise, in any judicial, administrative, arbitration or other proceeding and to settle, compromise, or dismiss any such proceeding;

(vii) in accordance with this Trust Agreement, to indemnify the Trustee, and the employees, agents and representatives of the Trust or the Trustee, to the fullest extent that a corporation organized under the laws of the Trust's domicile is from time to time entitled to indemnify its directors, officers, employees, agents and representatives; and

(viii) enter into an agreement to secure the obligations of Cadiz under the Global Settlement.

(c) The Trustee shall not at any time, on behalf of the Trust or the Opt-In Noteholders, enter into or engage in any trade or business, and the Trustee shall not use or dispose of any part of the Trust Assets in furtherance of any trade

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or business.

(d) The Trustee shall vote to accept or reject (or refrain from voting) on any chapter 11 plan filed in the Bankruptcy Case only as directed jointly in writing by the Majority Noteholders. In the event that the Majority Noteholders do not agree with one another with respect to such voting direction, then the Trustee shall complete and submit one ballot for the Allowed Cadiz Claim and vote such claim in proportion to the directions of each individual Opt-In Noteholder that timely provides a written direction in accordance with instructions to the Opt-In Noteholders from the Majority Notholders, based upon each such Opt-In Noteholder's share of the outstanding Notes, as reflected in the Majority Noteholders' joint list, and regardless of whether such ballot will be valid under the Debtors' proposed voting and solicitation procedures. The Trustee shall have no obligation to prosecute or defend any action to determine the validity of any ballot submitted by the Trustee.

(e) The Trustee shall provide copies of the executed Opt-In Forms returned to or received by the Trustee to the Debtors and the Majority Noteholders.

(f) Notwithstanding any other provision of this Trust Agreement, the Trustee shall have the right at any time to request a hearing before the Bankruptcy Court on any and all matters raised in connection with or related to this Trust Agreement.

SECTION 6.4 RETENTION OF ATTORNEYS, ACCOUNTANTS AND OTHER PROFESSIONALS. The Trustee, with the written consent of the Majority Noteholders, shall have the authority to retain professionals, whether legal, accountant, financial or otherwise, as the Trustee deems advisable to aid in the performance of its responsibilities pursuant to the terms of the this Trust Agreement, with the payment of the fees and expenses of such professionals to be made in accordance with Article III of this Trust Agreement.

SECTION 6.5 STANDARD OF CARE; EXCULPATION. Subject to Section 1.5 of this Trust Agreement, the Trustee shall perform the duties and obligations imposed on the Trustee by this Trust Agreement with reasonable diligence and care under the circumstances. The Trustee shall not be personally liable to the Trust or to any third party beneficiary (or any successor of such entities) except for such of its own acts as shall constitute bad faith, willful misconduct, gross negligence, willful disregard of its duties or material breach of this Trust Agreement. The Trustee shall not be obligated to give any bond or surety or other security for the performance of any of its duties. Notwithstanding any other provisions of this Trust Agreement, the Trustee and its principals, officers, employees, and agents shall not be liable and shall defended, held harmless, and indemnified by the Majority Noteholders for any action or inaction taken at the written direction of the Majority Noteholders.

SECTION 6.6 RELIANCE BY TRUSTEE. The Trustee may rely, and shall be fully protected personally in acting upon any resolution, statement, certificate, instrument, opinion, report, notice, request, consent, order or other instrument or document that it has no reason to believe to be other than genuine and to have been signed or presented other than by the proper party or parties or, in the case of facsimile transmissions, to have been sent other than by the proper party or parties, in each case without obligation to satisfy itself that the same was given in good faith and without responsibility for errors in delivery, transmission or receipt. In the absence of its bad faith, willful misconduct, gross negligence, willful disregard of its duties or material breach of this Trust Agreement, the Trustee may rely as to the truth of statements and correctness of the facts and opinions expressed therein and shall be fully protected personally in acting thereon. The Trustee may

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consult with legal counsel, accounting, tax, or other professionals within the performance of its duties, and shall be fully protected in respect of any action taken or suffered by it in accordance with such advice or opinion. Subject to the jurisdiction of the Bankruptcy Court described in Article VII below, the Trustee may at any time seek instructions from the Bankruptcy Court concerning the preservation of the Trust Assets, distribution of the Trust Recoveries or any other matter pertaining to this Trust Agreement and the Global Settlement.

SECTION 6.7 INVESTMENT OBLIGATIONS. Subject to Section 1.5 of this Trust Agreement, the Trustee may, but shall not be obligated to, invest and re-invest the liquid Trust Assets consistent with the obligations of a trustee under Bankruptcy Code 345; provided, that the Trustee shall be limited to investing such liquid Trust Assets in demand and time deposits, such as short-term certificates of deposit, in banks or other savings institutions or other temporary liquid investments such as Treasury bills. The Trustee shall not be liable in any way for any loss or other liability arising from any investment, or the sale or other disposition of any investment, made in accordance with this Section.

SECTION 6.8 TAX FILINGS AND NOTICES; WITHHOLDING AND REPORTING REQUIREMENTS. Subject to Section 1.5 of this Trust Agreement, The Trustee shall prepare and provide to, or file with, the appropriate parties such notices, tax returns and other filings, including all federal, state and local tax returns for the Trust as a grantor trust pursuant to Section 1.671-1(a) of the Treasury Regulations, as may be required under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), the Global Settlement, or as may be required by applicable law of other jurisdictions including, if required under applicable law, notices required to report interest, dividends or gross proceeds. Subject to Section 1.5 of this Trust Agreement, the Trustee shall comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all distributions made hereunder shall be subject to any such withholding and reporting requirements.

SECTION 6.9 COMPLIANCE WITH SECURITIES LAWS. Subject to Section 1.5 of this Trust Agreement, the Trustee shall file with the Securities and Exchange Commission and other applicable federal and state governmental agencies the reports and other documents and take any other actions neces sary to comply with federal or state securities laws, if any.

SECTION 6.10 TIMELY PERFORMANCE. The Trustee will make continuing efforts to make timely distributions of the Trust Recoveries and not unduly prolong the duration of the Trust.

SECTION 6.11 RESIGNATION. The Trustee may resign as Trustee by giving written notice of its resignation to the Opt-In Noteholders. The Trustee shall continue to serve as trustee for the shorter of (a) thirty (30) days following the tender of the notice of resignation or (b) until the appointment of a successor Trustee shall become effective in accordance with Section 6.13 of this Trust Agreement.

SECTION 6.12 APPOINTMENT OF SUCCESSOR TRUSTEE. In the event of the death (in the case of a Trustee that is a natural person), dissolution (in the case of a Trustee that is not a natural person), resignation, incompetency or removal of the Trustee, the Majority Noteholders shall jointly designate a person to serve as successor Trustee. Such appointment shall specify the date when such appointment shall be effective. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Bankruptcy Court and to the retiring Trustee an instrument accepting the appointment under this Trust Agreement and agreeing to be bound thereto, and thereupon the successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties

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of the retiring Trustee.

ARTICLE VII

JURISDICTION

The parties hereto consent to the jurisdiction of the Bankruptcy Court and the Bankruptcy Court shall retain exclusive jurisdiction to hear and determine all matters arising out of, and related to this Trust Agreement, including without limitation, disputes concerning Trust Assets and Trust Recoveries and disputes arising in connection with the interpretation, implementation or enforcement of the Trust. If the Bankruptcy Court is determined not to have jurisdiction with respect to the foregoing, the Trust will have authority to bring such action in any other court of competent jurisdiction.

ARTICLE VIII

TERMINATION

The Trust shall continue until the earlier of (i) the date that termination of the Trust is approved by the Bankruptcy Court, or (ii) the date that is thirty-five (35) days after the final Distribution Date and no undeliverable distributions remain in the possession of the Trustee in accordance with Section 5.2 of this Trust Agreement, unless extended by the joint direction of the Majority Noteholders; provided however that such extension will not subject the Trust to the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Subject to Section 5.1 of this Trust Agreement, the Trustee shall at all times endeavor to expeditiously liquidate the Trust Assets into Trust Recoveries, and in no event shall the Trustee unduly prolong the duration of the Trust. Notwithstanding the foregoing, after the termination of the Trust but subject to Section 1.5 of this Agreement, the Trustee shall have the power to exercise all the powers, authorities and discretions herein conferred solely for the purpose of liquidating and winding up the affairs of the Trust. On distribution of all of the Trust Assets, the Trustee shall retain the books, records and files that shall have been delivered to or created by the Trustee. At the Trustee's discretion, all of such records and documents may be destroyed at any time after one year from the distribution of all of the Trust Assets.

ARTICLE IX

MISCELLANEOUS

SECTION 9.1 NOTICES. All notices, requests or other communications required or permitted to be made in accordance with this Trust Agreement shall be in writing and shall be delivered personally or by facsimile transmission or mailed by first-class mail or by overnight delivery service:

If to the Trustee, at:

Logan & Company
546 Valley Road
Upper Montclair, NJ 07043
Attn: Kate Logan

With copies to:

Stuart Brown, Esquire
Buchanan Ingersoll PC
1201 N. Market Street, Suite 1501
Wilmington, DE 19801

If to the Debtors, at:

SUN WORLD INTERNATIONAL, INC.

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16350 Driver Road
Bakersfield, California 93308
Attention: Chief Financial Officer

with copies to:

Klee, Tuchin, Bogdanoff & Stern, LLP
Fox Plaza, 2121 Avenue of the Stars
Thirty-Third Floor
Los Angeles, California 90067
Attn: Lee R. Bogdanoff

If to Cadiz, at:

Cadiz Inc.
777 South Figueroa Street, Suite 4250
Los Angeles, CA 90017
Attn: Keith Brackpool, Chief Executive Officer

with copies to:

Stutman, Treister & Glatt P.C.
1901 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Attn: Jeffrey H. Davidson

If to Black Diamond, at:

Black Diamond Capital Management, LLC on
behalf of its affiliates
One Conway Park
One Field Drive, Suite 100
Lake Forest, Illinois 60045
Attn: Chris Kipley

with copies to:

Skadden, Arps, Slate,
Meagher & Flom (Illinois)
333 West Wacker Drive, Suite 2100
Chicago, Illinois 60606-1285
Attn: Timothy R. Pohl, Esq.

If to CFSC Wayland, at:

CFSC Wayland Advisers, Inc.
12700 Whitewater Drive
Minnetonka, MN 55345
Attn: Blake M. Carlson

With copy to:

CFSC Wayland Advisers, Inc.
12700 Whitewater Drive
Minnetonka, MN 55345
Attn: Susan D. Peterson

Notices sent out by facsimile transmission shall be deemed delivered when actually received, and notices sent by first-class mail shall be deemed delivered when received and notices sent by overnight delivery service shall be deemed delivered the next business day after mailing.

SECTION 9.2 EFFECTIVENESS. This Trust Agreement shall become effective on the date it is executed by all signatories thereto.

SECTION 9.3 INTENTION OF PARTIES TO ESTABLISH TRUST. This Trust Agreement is intended to create a trust, and the Trust created hereunder shall be governed and construed in all respects as a trust.

SECTION 9.4 INVESTMENT COMPANY ACT. The Trust is organized as a liquidating entity in the process of

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liquidation, and therefore should not be considered, and the Trust does not and will not hold itself out as, an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act.

SECTION 9.5 TAXATION. For United States federal income tax purposes, it is intended that the Trust be classified as a liquidating trust under 301.7701-4 of the Treasury Regulations and as a grantor trust subject to the provisions of Subchapter J, Subpart E of the Internal Revenue Code that is owned by the Opt-In Noteholders as grantors. Accordingly, the parties hereto intend that, for United States federal income tax purposes, the Opt-In Noteholders be treated as if they had received a distribution of an undivided interest in the Trust Assets and then contributed such interests to the Trust. All Trust earnings shall be taxable to the Opt-In Noteholders.

SECTION 9.6 COUNTERPARTS. This Trust Agreement may be executed in one or more counterparts (via facsimile or otherwise), each of which shall be deemed an original but which together shall constitute but one and the same instrument.

SECTION 9.7 GOVERNING LAW. This Trust Agreement shall be governed by, construed under and interpreted in accordance with the laws of the State of New York.

SECTION 9.8 HEADINGS. Sections, subheadings and other headings used in this Trust Agreement are for convenience only and shall not affect the construction of this Trust Agreement.

SECTION 9.9 SEVERABILITY. Any provision of this Trust Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions of this Trust Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable any such provision in any other jurisdiction.

SECTION 9.10 AMENDMENTS. This Trust Agreement may be amended from time to time by the Trustee to better give effect to the purposes of this Trust Agreement or Global Settlement upon the written direction of the Majority Noteholders. The terms of the Trust may be amended by the Trustee at any time to the extent necessary to ensure that the Trust will not become subject to the Exchange Act or be subject to taxation for United States federal income tax purposes as other than a liquidating trust under 301.7701-4 of the Treasury Regulations and as a grantor trust of which the Opt-In Noteholders are the grantors and owners. This Trust Agreement shall not be amended in any manner that in any way creates or increases any burden upon, or eliminates or reduces any benefit to, the Debtors or Cadiz without the express written consent of the Debtors or Cadiz, respectively.

SECTION 9.11 THIRD PARTY BENEFICIARIES. No party shall be deemed a third-party beneficiary of this Trust Agreement, including without limitation the Opt-In Noteholders.

SECTION 9.12 SUCCESSORS. This Trust Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 9.13 NO SUITS BY OPT-IN NOTEHOLDERS. No Opt-In Noteholder shall have any right by virtue of any provision of this Trust Agreement to institute any action or proceeding in law or in equity against any party other than the Trustee on or under or with respect to the Trust Assets.

SECTION 9.14 IRREVOCABILITY. The Trust is irrevocable, but is subject to amendment as provided for herein.

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SECTION 9.15 TRUST CONTINUANCE. The death, dissolution, resignation, incompetency or removal of the Trustee shall not operate to terminate the Trust created by this Trust Agreement or to revoke any existing agency created under the terms of this Trust Agreement or invalidate any action theretofore taken by the Trustee. In the event of the resignation or removal of the Trustee, the Trustee shall promptly (a) execute and deliver such documents, instruments and other writings as may be requested by the Bankruptcy Court or reasonably requested by a successor Trustee to effect the termination of the Trustee's capacity under this Trust Agreement and the conveyance of the Trust Assets then held by the Trustee to the successor, (b) deliver to the Bankruptcy Court or the successor Trustee all documents, instruments, records and other writings related to the Trust as may be in the possession of the Trustee and (c) otherwise assist and cooperate in effecting the assumption of its obligations and functions by such successor Trustee.

SECTION 9.16 ENFORCEMENT AND ADMINISTRATION. The Bankruptcy Court shall enforce and administer the provisions of this Trust Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Trust Agreement or caused this Trust Agreement to be duly executed by their respective officers thereunto duly authorized as of the date first above written.

CADIZ, INC.

By: /s/ Keith Brackpool

Name: Keith Brackpool
Title: CEO

LOGAN & COMPANY, AS TRUSTEE

By: /s/ Kathleen M. Logan

Name: Kathleen M. Logan
Title: President

BLACK DIAMOND CAPITAL MANAGEMENT, L.L.C., on behalf of its affiliates

By: /s/ James J. Zenni Jr.

Name: James J. Zenni Jr.
Title: President & Managing Partner

CFSC WAYLAND ADVISERS, INC.

By: /s/ Blake M.Carlson

Name: Blake M. Carlson
Title: Authorized Signatory

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ASSIGNMENT OF CLAIMS

This ASSIGNMENT OF CLAIMS is executed and delivered this __ day of December, 2003, by Cadiz Inc., a Delaware corporation ("Cadiz"), and Sun World Noteholder Trust ("Bondholder Trust"), pursuant to the terms of that certain Sun World - Bondholder - Cadiz Term Sheet and Agreement in Principle dated as of October 13, 2003 by and among (i) Cadiz, (ii) Sun World International, Inc. ("Sun World") and its debtor affiliates, and (iii) Black Diamond Capital Management, L.L.C. and CFSC Wayland Advisers, Inc. and their respective affiliates.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Cadiz does hereby transfer, assign and set over unto Bondholder Trust, without representation, warranty, or recourse of any kind, all of its right, title and interest in and to (i) the claims of Cadiz against Sun World as set forth on Schedule A hereto (the "Claims"), and (ii) the Proofs of Claim with respect to the Claims filed by Cadiz in Sun World's Chapter 11 case on or about August 28, 2003.

IN WITNESS WHEREOF, Cadiz and Bondholder Trust have caused this instrument to be duly executed and delivered as of the day and year first above written.

CADIZ:

CADIZ INC., a Delaware corporation

By: /s/ Keith Brackpool

Title: CEO

BONDHOLDER TRUST:

SUN WORLD NOTEHOLDER TRUST

By: Logan & Company, Inc., Trustee
By: Kathleen M. Logan

Title: President

ACKNOWLEDGED BY SUN WORLD:

SUN WORLD INTERNATIONAL, INC.
a Delaware corporation

By: /s/ Stanley E. Speer

Title: Chief Financial Officer

SCHEDULE A

CLAIM	DEBTOR	CLAIM AMOUNT	DATE INCURRED	CLAIM NO.
Management Services Agreement	Sun World International, Inc.	Contingent/ Unliquidated	On and after Sept. 13, 1996	317
Tax Sharing Agreement	Sun World International, Inc.	Contingent/ Unliquidated	On and after Sept. 13, 1996	315
Notes and	Sun World	$13,536,056	Prior to	316

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Advances	International, Inc.		January 30, 2003	
Indemnification	Sun World International, Inc.	Contingent/ Unliquidated	On and after April 16, 1997	313
Indemnification and contribution	Sun Desert, Inc.	Contingent/ Unliquidated	On and after April 16, 1997	314
Indemnification and contribution	Coachella Growers	Contingent/ Unliquidated	On and after April 16, 1997	311
Indemnification and contribution	Sun World/Rayo	Contingent/ Unliquidated	On and after April 16, 1997	312

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PLEDGE AGREEMENT

dated as of November ___, 2003

between

CADIZ INC.,

as Pledgor

and

SUN WORLD NOTEHOLDER TRUST,

as Secured Party

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PLEDGE AGREEMENT

This PLEDGE AGREEMENT, dated as of November ___, 2003 (this "Agreement"), is between CADIZ INC., a Delaware corporation ("Cadiz" or "Pledgor"), and SUN WORLD NOTEHOLDER TRUST, a trust established under the laws of the State of New York, as secured party (in such capacity, the "Secured Party").

RECITALS:

WHEREAS, on November 7, 2003, the United States Bankruptcy Court for the Central District of California (the "Bankruptcy Court") entered an order approving the initial settlement (the "Initial Settlement") by and between Sun World International Inc. ("Sun World") and its debtor affiliates (collectively, the "Debtors") and Cadiz, corporate parent of the Debtors, by which, among other things, the claims and causes of action held by the Debtors against Cadiz, and the claims and causes of action held by Cadiz against the Debtors, were resolved, and Cadiz was granted a

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single allowed general unsecured claim against the Debtors in the amount of $13,500,000 (the "Allowed Cadiz Claim");

WHEREAS, the Initial Settlement is part of a broader, multiparty settlement agreement (the "Global Settlement") by and among the Debtors, Cadiz, Black Diamond Capital Management, L.L.C. on behalf of its affiliates. ("Black Diamond") and CFSC Wayland Advisers, Inc. ("CFSC Wayland") (collectively, the "Majority Noteholders"), who are the holders of not less than 70% in dollar amount of Sun World's senior secured notes due 2004 (in the aggregate, the "Notes;" holders of the Notes are referred to herein as "Noteholders");

WHEREAS, pursuant to the terms of the Global Settlement, Cadiz has agreed to, among other things, pledge all its equity interest in Sun World to the Sun World Noteholder Trust (provided that the Sun World Noteholder Trust shall not be permitted to vote such shares to exercise control over Sun World prior to confirmation of a Sun World plan of reorganization or consummation of a sale of substantially all Sun World assets) in order to secure its ongoing obligations under the Global Settlement; and

WHEREAS, the secured lender of Cadiz (the "Cadiz Lender") has reviewed the terms and conditions of the Global Settlement and has expressly consented to and authorized Cadiz to fully perform all its obligations under the Global Settlement.

NOW, THEREFORE, in consideration of the promises and the agreements, provisions and covenants herein contained, Pledgor and Secured Party agree as follows:

SECTION 1. DEFINITIONS; INTERPRETATION; GRANT OF SECURITY.

1.1 GENERAL DEFINITIONS. In this Agreement, the following terms shall have the following meanings:

"Agreement" means this Pledge Agreement.

"Cash Proceeds" has the meaning assigned in Section 6.2.

"Collateral Account" means an account in the name of "SUN WORLD NOTEHOLDER TRUST" as designated by Secured Party from time to time and any successor account or accounts.

"Cadiz Pledge Agreement" means that certain agreement, as amended from time to time, dated as of April 16, 1997 between Cadiz and The Bank of New York, whereby Cadiz has pledged shares representing Cadiz's equity interest in the Debtors to The Bank of New York as security for certain obligations of Cadiz, all as more fully described in the Cadiz Pledge Agreement.

"Pledged Collateral" has the meaning assigned in Section 1.3.

"Pledged Equity Interests" means all equity interests in Sun World and the certificates, if any, representing such equity interests and any interest of Pledgor on the books and records of Sun World or on the books and records of any securities intermediary pertaining to such interest, all claims or rights in respect of such equity interests and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such equity.

"Proceeds" means (i) all "proceeds" as defined in Article 9 of the UCC, (ii) payments or distributions made with respect to any Pledged Equity Interests and (iii) whatever is receivable or received when Pledged Collateral or proceeds are sold, exchanged, collected or otherwise disposed

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of, whether such disposition is voluntary or involuntary.

"Secured Obligations" has the meaning assigned in Section 2.1.

"UCC" means the Uniform Commercial Code as in effect and amended from time to time in the State of New York or, when the context implies, the Uniform Commercial Code as in effect from time to time in any other applicable jurisdiction.

1.2. DEFINITIONS; INTERPRETATION. All capitalized terms used herein (including the preamble and recitals hereto) and not otherwise defined herein shall have the meanings ascribed thereto in the Global Settlement or, if not defined therein, in the UCC. References to "Sections", "Exhibits" and "Schedules" shall be to Sections, Exhibits and Schedules, as the case may be, of this Agreement unless otherwise specifically provided. If any conflict or inconsistency exists between this Agreement and the Global Settlement, the Global Settlement shall govern.

1.3. GRANT OF SECURITY. Pledgor hereby grants to Secured Party a security interest and continuing lien on all of Pledgor's right, title and interest in, to and under the following (all of which being hereinafter collectively referred to as the "Pledged Collateral"): (i) the Pledged Equity Interests, and (ii) all Proceeds, products, accessions, rents and profits resulting directly from the Pledged Equity Interests, in each case whether now owned or existing or hereafter acquired or arising prior to the effective date of a plan of reorganization in accordance with the Global Settlement and wherever located

SECTION 2. SECURITY FOR OBLIGATIONS; PLEDGOR REMAINS LIABLE.

2.1. SECURITY FOR OBLIGATIONS. This Agreement secures, and the Pledged Collateral is collateral security for, the prompt and complete satisfaction of any and all obligations of Pledgor under the Global Settlement, including without limitation to affirmatively support a plan of reorganization for Sun World that provides no recovery on account of the equity interest of Cadiz in Sun World and that is otherwise consistent with the Global Settlement (provided that the Secured Party shall not be permitted to vote such shares to exercise control over Sun World prior to confirmation of a Sun World plan of reorganization or consummation of a sale of substantially all Sun World assets) (the "Secured Obligations").

2.2. PLEDGOR REMAINS LIABLE.

(a) Anything contained herein to the contrary notwithstanding, Secured Party shall not have any obligation or liability under any organizational documents relating to any Pledged Equity Interests by reason of this Agreement, nor shall Secured Party be obligated to perform any of the obligations or duties of Pledgor thereunder.

(b) Secured Party shall not be obligated to assume any obligation or liability under any agreement relating to any Pledged Equity Interests unless Secured Party expressly agrees in writing to assume any or all of said obligations.

SECTION 3. REPRESENTATIONS AND WARRANTIES AND COVENANTS.

3.1. GENERALLY. Subject to (i) the execution of that certain amendment to the Cadiz Pledge Agreement and related documents as contemplated in and consistent with the Global Settlement and (ii) the consent of the Cadiz Lender to the Global Settlement:

(a) REPRESENTATIONS AND WARRANTIES. Pledgor hereby represents and warrants on the Closing that:

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(i) [intentionally omitted]

(ii) Pledgor has the corporate power and authority and legal right to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery by Pledgor of this Agreement and the performance of its obligations hereunder have been duly authorized by proper corporate or other requisite proceedings, Pledgor has duly executed and delivered this Agreement and this Agreement constitutes the legal, valid and binding obligation of Pledgor enforceable against Pledgor in accordance with its terms;

(iii) neither the execution and delivery by Pledgor of this Agreement, nor the consummation of the transactions herein contemplated, nor compliance with the provisions hereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on Pledgor or its certificate or articles of incorporation or by-laws (or other relevant formation documents) or the provisions of any indenture, instrument or agreement to which Pledgor is a party or is subject, or by which it, or its property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any Lien in, of or on the property of Pledgor pursuant to the terms of any such indenture, instrument or agreement;

(iv) it owns the Pledged Collateral purported to be owned by it or otherwise has the rights it purports to have in each item of Pledged Collateral and, as to all Pledged Collateral whether now existing or hereafter acquired, will continue to own or have such rights in each item of the Pledged Collateral, in each case free and clear of any and all Liens, rights or claims of all other Persons, except for those Liens that may have been granted under the Cadiz Pledge Agreement;

(v) upon Secured Party obtaining possession of the Pledged Equity Interests, or the filing of all UCC financing statements and other filings delivered by Pledgor, the security interests granted to Secured Party hereunder constitute valid and perfected first priority Liens on all of the Pledged Collateral, except for those Liens that may have been granted under the Cadiz Pledge Agreement;

(vi) [intentionally omitted]

(vii) [intentionally omitted]

(viii) it has delivered to Secured Party evidence and copies of all required corporate actions and consents, including all filings, notices, registrations and recordings, if any;

(ix) [intentionally omitted]

(x) [intentionally omitted]

(xi) to the best knowledge of Pledgor, all information supplied by Pledgor with respect to any of the Pledged Collateral is accurate and complete in all material respects, including without limitation the information provided in Schedule 3.1;

(b) COVENANTS AND AGREEMENTS. Pledgor hereby covenants and agrees that:

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(i) except for the security interest created by this Agreement, it shall not create or suffer to exist any Lien upon or with respect to any of the Pledged Collateral, and Pledgor shall maintain the security interest created hereby as a valid and perfected, first priority security interest in the Pledged Collateral, except for those Liens that may have been granted under the Cadiz Pledge Agreement;

(ii) [intentionally omitted]

(iii) [intentionally omitted]

(iv) it shall not take any action which could impair Secured Party's rights in the Pledged Collateral;

(v) it shall not sell, transfer or assign any Pledged Collateral; and

(vi) shall comply with the terms and conditions of the Global Settlement.

3.2. PLEDGED EQUITY INTERESTS. Subject to (i) the execution of that certain amendment to the Cadiz Pledge Agreement and related documents as contemplated in and consistent with the Global Settlement and (ii) the consent of the Cadiz Lender to the Global Settlement:

(a) REPRESENTATIONS AND WARRANTIES. Pledgor hereby represents and warrants on the Closing that:

(i) Schedule 3.2 (as such schedule may be amended or supplemented from time to time) sets forth under the heading "Pledged Equity Interests" all of Pledged Equity Interests owned by Pledgor and such Pledged Equity Interests constitute 100% of the issued and outstanding equity interests of Sun World;

(ii) it is the record and beneficial owner of the Pledged Equity Interests free of all Liens, rights or claims of other Persons, except for those Liens that may have been granted under the Cadiz Pledge Agreement;

(iii) without limiting the generality of Section 3.1(a), no consent of any Person including any other member of Sun World is necessary or desirable in connection with the creation, perfection or first priority status of the security interest of Secured Party in any Pledged Equity Interests or the exercise by Secured Party of the rights provided for in this Agreement or the exercise of remedies in respect thereof, except for those Liens that may have been granted under the Cadiz Pledge Agreement; and

(iv) none of the Pledged Equity Interests are or represent interests in issuers that (A) are registered as investment companies, (B) are dealt in or traded on securities exchanges or markets or (C) have opted to be treated as securities under the uniform commercial code of any jurisdiction.

(b) COVENANTS AND AGREEMENTS. Pledgor hereby covenants and agrees that:

(i) except as expressly permitted under the Global Settlement, without the prior written consent of Secured Party, it shall not vote to enable or take any other action to: (A) amend or terminate any organizational documents in any way that materially changes the rights of Pledgor with respect to any Pledged Equity Interests or adversely affects the

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validity, perfection or priority of Secured Party's security interest, (B) permit Sun World to issue any additional equity interests of any nature or to issue securities convertible into or granting the right of purchase or exchange for any equity interest of any nature of Sun World, (C) other than as permitted under the Global Settlement, permit Sun World to dispose of all or a material portion of its assets, (D) waive any default under or breach of any terms of any organizational document relating to Sun World or (E) cause Sun World to elect or otherwise take any action to cause the Pledged Equity Interests to be treated as securities for purposes of the UCC; provided, however, notwithstanding the foregoing, if Sun World takes any such action in violation of the foregoing clause (E), Pledgor shall promptly notify Secured Party in writing of any such election or action and, in such event, shall take all steps necessary or advisable to establish Secured Party's "control" of the Pledged Equity Interests;

(ii) in the event it acquires any Pledged Collateral after the date hereof, Pledgor shall deliver to Secured Party a completed Pledge Supplement, substantially in the form of Exhibit A, together with all Supplements to Schedules thereto, reflecting such new interests. Notwithstanding the foregoing, it is understood and agreed that the security interest of Secured Party shall attach to Pledged Collateral immediately upon Pledgor's acquisition of rights therein and shall not be affected by the failure of Pledgor to deliver a supplement to Schedule 3.2 as required hereby;

(iii) in the event Pledgor receives any dividends, interest or distributions on any Pledged Equity Interests, or any securities or other property upon the merger, consolidation, liquidation or dissolution of Sun World, then (A) such dividends, interest or distributions and securities or other property shall be included in the definition of Pledged Collateral without further action and (B) Pledgor shall immediately take all steps, if any, necessary or advisable to ensure the validity, perfection, priority and, if applicable, control of Secured Party over such Pledged Equity Interests (including, without limitation, delivery thereof to Secured Party) and pending any such action Pledgor shall be deemed to hold such dividends, interest, distributions, securities or other property in trust for the benefit of Secured Party and such dividends, interest, distributions, securities or other property shall be segregated from all other property of Pledgor;

(iv) [intentionally omitted]

(v) without the prior written consent of Secured Party, it shall not cause Sun World to merge or consolidate.

(c) DELIVERY AND CONTROL. Pledgor agrees that with respect to any Pledged Equity Interests in which it currently has rights, it shall comply with the provisions of this Section 3.2(c) on or before the Closing and with respect to any Pledged Equity Interests hereafter acquired by Pledgor it shall comply with the provisions of this Section 3.2(c) immediately upon acquiring rights therein, in each case in form and substance satisfactory to Secured Party. Subject to the Cadiz Pledge Agreement, if Pledgor shall, as a result of its ownership of the Pledged Equity Interests, become entitled to receive or shall receive any certificate or instrument (including, without limitation, any

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certificate representing an in-kind dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights, whether in addition to, in substitution of, as a conversion of, or in exchange for any equity interests of the Pledged Equity Interests, or otherwise in respect thereof, Pledgor shall accept the same as the agent of Secured Party, hold the same in trust for the benefit of Secured Party and deliver the same forthwith to Secured Party in the exact form received, duly indorsed by Pledgor to Secured Party, if required, together with an undated stock power covering such certificate duly executed in blank by Pledgor, and to be held in the possession of Secured Party, subject to the terms hereof, as collateral security for the Secured Obligations.

(d) Voting.

(i) Pledgor shall be entitled to exercise or refrain from exercising any and all voting and other consensual rights pertaining to the Pledged Equity Interests or any part thereof for any purpose not inconsistent with the terms of this Agreement or the Global Settlement; provided that Pledgor shall not exercise or refrain from exercising any such right if such action could have a material adverse effect on the value of the Pledged Collateral or any part thereof except as provided in the Global Settlement; and

(ii) [intentionally omitted]

SECTION 4. FURTHER ASSURANCES.

4.1. [INTENTIONALLY OMITTED].

4.2. FURTHER ASSURANCES.

(a) Pledgor agrees that from time to time, at the expense of the Secured Party, that it shall promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that Secured Party may reasonably request, in order to create and/or maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Pledged Collateral.

(b) In addition, to the extent permitted by applicable law, Pledgor hereby authorizes Secured Party to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Pledged Collateral without the signature of Pledgor. Pledgor agrees that a carbon, photographic or other reproduction of this Agreement or of a financing statement signed by Pledgor shall be sufficient as a financing statement and may be filed as a financing statement in any and all jurisdictions. Pledgor shall furnish to Secured Party from time to time statements and schedules further identifying and describing the Pledged Collateral and such other reports in connection with the Pledged Collateral as Secured Party may reasonably request, all in reasonable detail.

(c) Pledgor hereby authorizes Secured Party to file a Record or Records (as defined in the UCC), including, without limitation, financing statements, in all jurisdictions and with all filing offices as Secured Party may determine, in its sole discretion, are necessary or advisable to perfect the security interest granted to Secured Party herein. Such financing

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statements shall describe the Pledged Collateral in substantially the same manner as described herein.

(d) Pledgor shall, through the compliance of the covenants contained herein and through any other actions that may be necessary or desirable, continuously maintain from the date made the truthfulness and accuracy of every representation, warranty and certification made herein until the termination of this Agreement by its terms.

SECTION 5. SECURED PARTY APPOINTED ATTORNEY-IN-FACT.

5.1. POWER OF ATTORNEY. Pledgor hereby irrevocably appoints Secured Party (such appointment being coupled with an interest) as Pledgor's attorney-in-fact, with full authority in the place and stead of Pledgor and in the name of Pledgor, Secured Party or otherwise, from time to time in Secured Party's discretion to take any action and to execute any instrument that Secured Party may deem reasonably necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to prepare, sign and file any UCC financing statements in the name of Pledgor as debtor.

5.2. NO DUTY ON THE PART OF SECURED PARTY. The powers conferred on Secured Party hereunder are solely to protect the interests of Secured Party in the Pledged Collateral and shall not impose any duty upon Secured Party to exercise any such powers. Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither Secured Party nor any of its officers, directors, employees or agents shall be responsible to Pledgor for any act or failure to act hereunder, except for its own gross negligence or willful misconduct.

SECTION 6. REMEDIES.

6.1. GENERALLY. If any breach by Pledgor under this Agreement shall have occurred and be continuing, all as determined by the Secured Party in its sole and absolute discretion, then Secured Party may foreclose upon the Pledged Collateral; provided that such foreclosure remedy shall be sole and exclusive remedy of the Secured Party for a breach of this Agreement, without regard to any other rights and remedies available to it at law or in equity, or under the UCC.

6.2. Cash Proceeds. All proceeds of any Pledged Collateral received by Pledgor consisting of cash, checks and other near-cash items (collectively, "Cash Proceeds") shall be held by Pledgor in trust for Secured Party, segregated from other funds of Pledgor, and shall, forthwith upon receipt by Pledgor, unless otherwise provided pursuant to Section 3.2(b)(iii), be turned over to Secured Party in the exact form received by Pledgor (duly indorsed by Pledgor to Secured Party, if required) and held by Secured Party in the Collateral Account.

SECTION 7. CONTINUING SECURITY INTEREST; SUCCESSORS AND ASSIGNS; TRANSFER OF LOANS.

This Agreement shall create a continuing security interest in the Pledged Collateral and shall remain in full force and effect until the satisfaction in full of all Secured Obligations, be binding upon Pledgor, its successors and assigns, and inure, together with the rights and remedies of Secured Party hereunder, to the benefit of Secured Party and its successors, transferees and assigns; provided, however, that, Pledgor may not transfer, or otherwise assign, any of its obligations hereunder without the prior written consent of Secured Party. Upon the satisfaction in full of all Secured Obligations, the security interest granted hereby shall terminate hereunder and of record and all rights to the Pledged Collateral shall revert to Pledgor. Upon any such termination Secured Party shall, at Pledgor's expense, execute and deliver to Pledgor such documents as Pledgor shall reasonably request to evidence such termination.

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SECTION 8. STANDARD OF CARE; SECURED PARTY MAY PERFORM.

The powers conferred on Secured Party hereunder are solely to protect its interest in the Pledged Collateral and shall not impose any duty upon it to exercise any such powers. Except for the exercise of reasonable care in the custody of any Pledged Collateral in its possession and the accounting for moneys actually received by it hereunder, Secured Party shall have no duty as to any Pledged Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Pledged Collateral. Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of Pledged Collateral in its possession if such Pledged Collateral is accorded treatment substantially equal to that which Secured Party accords its own property. Neither Secured Party nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Pledged Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Pledged Collateral upon the request of Pledgor or otherwise. If Pledgor fails to perform any agreement contained herein, Secured Party may itself perform, or cause performance of, such agreement, and the expenses of Secured Party incurred in connection therewith shall be payable by Pledgor.

SECTION 9. [INTENTIONALLY OMITTED]

SECTION 10. MISCELLANEOUS.

(a) All notices and other communications hereunder shall be made at the following addresses:

If to the Sun World Noteholder Trust at:

Logan & Company
546 Valley Road
Upper Montclair, NJ 07043
Attn: Kate Logan

with copies to:

Skadden, Arps, Slate, Meagher & Flom (Illinois)
333 W. Wacker Drive
Chicago, IL 60606
Attn: Timothy R. Pohl

If to Cadiz at:

Cadiz Inc.
777 South Figueroa Street, Suite 4250
Los Angeles, CA 90017
Attn: Keith Brackpool, Chief Executive Officer

with copies to:

Stutman, Treister & Glatt P.C.
1901 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Attn: Jeffrey H. Davidson

(b) No failure or delay on the part of Secured Party in exercising any right, power or remedy shall operate as a waiver thereof, and no single or partial exercise of any such right, power or remedy shall preclude any other or further exercise thereof, or the exercise of any other right, power or remedy.

(c) No amendment, modification or waiver of, or consent with respect to, any provision of this Agreement shall be effective unless the same shall be in writing and signed and delivered by Secured Party and Pledgor (in the event of an amendment or modification), and then such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

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(d) Except as provided in Section 6.1 of this Agreement, all obligations of Pledgor and all rights, powers and remedies of Secured Party expressed herein are in addition to all other rights, powers and remedies possessed by them, including, without limitation, those provided by applicable law or in any other written instrument or agreement relating to any of the Secured Obligations or any security therefore.

(e) In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

(f) This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

(g) THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. This Agreement and exhibits constitute the entire understanding among the parties hereto with respect to the subject matter hereof and supersede any prior agreements, written or oral, with respect thereto.

(h) The Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide disputes which may arise or result from, or be connected with, this Agreement or any document or instrument executed in connection with the transactions contemplated herein, any breach or default hereunder or thereunder, or the transactions contemplated hereby.

(i) EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT OR THE RELATIONSHIP THAT IS BEING ESTABLISHED.

(j) With respect to this Agreement only, no claim (other than claims arising out of the gross negligence or willful misconduct of a Protected Person (as defined below)) shall be made by Pledgor or any of its affiliates against Secured Party or any of its respective affiliates, directors, employees, attorneys or agents (the "Protected Persons") for any special, indirect, consequential or punitive damages in connection with, arising out of or in any way related to the transactions contemplated by this Agreement or any act or omission or event occurring in connection therewith, and Pledgor hereby waives, releases and agrees not to sue upon any such claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

(k) Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

(l) All references herein to provisions of the UCC shall include all successor provisions under any subsequent version or amendment to any Article of the UCC.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Pledgor and Secured Party have caused this

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Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

CADIZ INC.

By:
Name:
Title:

SUN WORLD NOTEHOLDER TRUST
By:
Name:
Title:

SCHEDULE 3.1

PLEDGOR INFORMATION

(A) Full Legal Name and Chief Executive Office of Pledgor:(1)

(B) Jurisdiction of Organization of Pledgor:

(C) Other Names (including any Trade-Name or Fictitious Business Name) under which Pledgor has conducted Business for the past Five (5) Years:

----

(1) If the principal place of business of Pledgor is located outside of the United States, include the address of the major executive office in the United States, if any, of Pledgor.

SCHEDULE 3.2
PLEDGED EQUITY INTERESTS

Pledged Equity Interests:

Grantor	Stock Issuer	Class of Stock	Certificated (y/n)	Stock Cert. No.	Par Value	No. of Pledged Units	o/o of Out-standing Stock of Stock Issuer

EXHIBIT A

PLEDGE SUPPLEMENT

This PLEDGE SUPPLEMENT, dated as of [mm/dd/yy], is delivered pursuant to the Pledge Agreement, dated as of November [___], 2003 (as it may be from time to time amended, restated, modified or supplemented, the "Sponsor Pledge Agreement"), between CADIZ INC., as Pledgor, and SUN WORLD NOTEHOLDER TRUST, as Secured Party. Capitalized terms used herein not otherwise defined herein shall have the meanings ascribed thereto in the Sponsor Pledge Agreement.

Pledgor hereby confirms the grant to Secured Party set forth in the Sponsor Pledge Agreement of, and does hereby grant to Secured Party, a security interest in all of Pledgor's right, title and interest in and to all Pledged Collateral to secure the Secured Obligations, in each case whether now or hereafter existing or in which Pledgor now has or hereafter acquires an interest and wherever the same may be located. Pledgor represents and warrants that the attached Supplements to Schedules accurately and completely set forth all additional information required pursuant to the Sponsor Pledge Agreement and hereby agrees that such Supplements to Schedules shall constitute part of the Schedules to the Sponsor Pledge Agreement.

IN WITNESS WHEREOF, Pledgor has caused this Pledge Supplement to

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be duly executed and delivered by its duly authorized officer as of the date set forth above.

CADIZ INC.
By:
Name:
Title:

SCHEDULE 3.1 TO PLAN SUPPLEMENT

PLEDGOR INFORMATION

Additional Information:

(A) Full Legal Name and Chief Executive Office of Pledgor(1):

(B) Jurisdiction of Organization of Pledgor:

(C) Other Names (including any Trade-Name or Fictitious Business Name) under which Pledgor has conducted Business for the past Five (5) Years:

----
(1) If the principal place of business of Pledgor is located outside of the United States, include the address of the major executive office in the United States, if any, of Pledgor.

SCHEDULE 3.2 TO PLAN SUPPLEMENT

PLEDGED EQUITY INTERESTS

Additional Information:

Pledged Equity Interests:

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AGREEMENT RE CLOSING OF "SUN WORLD-BONDHOLDER-CADIZ TERM SHEET AND AGREEMENT IN PRINCIPLE"

THIS AGREEMENT (the "Closing Agreement") is entered into as of November 24, 2003, by and between Black Diamond Capital Management, L.L.C., on behalf of its affiliates, and CFSC Wayland Advisers, Inc. and their respective affiliates (collectively, the "Majority Bondholders"), and Cadiz Inc. ("Cadiz"), with reference to the following facts and recitations:

A. On October 13, 2003, Sun World International, Inc. ("SWI") and its debtor affiliates (collectively, "Sun World"), Cadiz, and the Majority Bondholders entered into the "Sun World-Bondholder-Cadiz Term Sheet and Agreement in Principle" (the "Settlement Agreement").

B. On November 7, 2003, the United Sates Bankruptcy Court for the Central District of California, Riverside Division (the "Bankruptcy Court") entered its order (the "Approval Order") approving the Initial Settlement (as defined in the Settlement Agreement).

C. On November 14, 2003, an unsecured creditor of Sun World filed a notice of appeal from the Approval Order (the "Pending Appeal")

D. No stay of the Approval Order has been requested or issued.

E. Section 2.A of the Settlement Agreement provides that the Closing (as defined in the Settlement Agreement) shall occur on or before the fifth business day after the Court's order approving the Initial Settlement becomes final and non-appealable, or prior thereto if so agreed by Cadiz and the Majority Bondholders in their discretion.

F. After discussions, Cadiz and the Majority Bondholders have agreed that, notwithstanding the Pending Appeal, the Closing shall occur on the terms and conditions set forth in this Closing Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED, by and between the parties hereto, as follows:

1. Notwithstanding the Pending Appeal, the Closing of the Settlement Agreement shall take place on December __, 2003, at 1:00 PM Pacific Standard Time (the "Scheduled Closing Time").

2. In the event that the Closing shall not have occurred, then any party hereto may, at any time thereafter but before the Closing has occurred, elect to terminate this Closing Agreement by providing written notice of termination to each other party hereto. If this Closing Agreement is so terminated, it shall be of no force or effect.

3. Notwithstanding the Closing or this Closing Agreement, the parties' respective rights and obligations under the Settlement Agreement, the Approval Order, and each of the documents executed by the parties to implement the Settlement Agreement and the Approval Order shall remain in full force and effect, and nothing contained herein shall constitute or be construed as a waiver thereof by any party.

4. In the event that the Approval Order shall be reversed, modified, or set aside or shall otherwise not be in full force and effect for any reason, then Cadiz and the Majority Bondholders shall each use their respective reasonable efforts in good faith to preserve

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the benefits of the Settlement Agreement for the parties hereto. Without limitation of the foregoing: (a) the assignment, pursuant to Section 2.A of the Settlement Agreement, of the Allowed Cadiz Claim (as defined in the Settlement Agreement) and the pledge of Cadiz's equity interest in SWI to the Bondholder Trust (as defined in the Settlement Agreement) shall remain fully effective; (b) Cadiz's agreement, pursuant to Section 1.B of the Settlement Agreement, that it will affirmatively support a plan of reorganization for Sun World that provides no recovery on account of Cadiz's equity interest in SWI and that is otherwise consistent with the Settlement Agreement shall remain fully effective; (c) the Bondholder Trust, the Opt-In Forms (as defined in the Settlement Agreement), the Majority Bondholders' irrevocable instructions to the Indenture Trustee (as defined in the Settlement Agreement) to take no action against Cadiz on behalf of Bondholders (as defined in the Settlement Agreement) or on account of the Guaranty (as defined in the Settlement Agreement), and the Majority Bondholders' irrevocable consent to the amendment of the indenture deleting substantially all covenants and other provisions relating to the Guaranty or remedies against Cadiz as guarantor, each as executed pursuant to Sections 2.B. and 2.C. of the Settlement Agreement, shall remain fully effective; (d) the Majority Bondholders' agreement, pursuant to Section 3 of the Settlement Agreement, that any plan of reorganization filed or supported by Sun World and /or the Majority Bondholders shall provide (i) that the consideration to Bondholders contemplated under such plan is in full satisfaction and settlement of all claims of Bondholders under the indenture, including the Guaranty, (ii) that the indenture for the bonds (including the Guaranty thereunder) shall be deemed cancelled and extinguished as of the effective date of the plan, and (iii) for all Bondholders to be deemed to release their Guaranty claims against Cadiz in exchange for the consideration to be distributed to the Bondholder Trust, and the obligations of Sun World and the Majority Bondholders to each use their respective reasonable efforts in good faith to have these provisions approved by the Court as part of any plan shall each remain fully effective; and (e) Cadiz and the Majority Bondholders shall each use their respective reasonable efforts in good faith to defend against and defeat any objections to claims and/or avoidance actions which might be brought seeking to disallow or reduce the Cadiz Claim assigned to the Bondholder Trust or seeking any recovery from Cadiz and, if there is any such recovery from Cadiz, to turn over to Cadiz any net cash proceeds of any avoidance actions against Cadiz actually distributed to the Majority Bondholders.

5. The parties agree to execute such other documents as may be reasonably necessary or appropriate to effectuate the purposes of the Settlement Agreement, including without limitation additional directions to the Indenture Trustee and consents to additional amendments to the indenture consistent with the Settlement Agreement.

6. This Closing Agreement is intended, and shall be construed, to preserve for each party the benefits of the Settlement Agreement to the maximum feasible extent.

Accepted and Agreed:

Black Diamond Capital Management, L.L.C.	Cadiz Inc.
By: James J. Zinni Jr.	By: /s/ Jennifer Hankes Painter
Its: President & Managing Partner	Its: VP, General Counsel

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CFSC Wayland Advisors, Inc.

By: /s/ Blake M. Carlson

Its: Authorized Signatory

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MUTUAL GENERAL RELEASE

THIS MUTUAL GENERAL RELEASE (the "Release") is entered into by and between Sun World International, Inc., a Delaware corporation ("SWI"), Sun Desert, Inc., a Delaware corporation, Coachella Growers, a California Agricultural Cooperative, and Sun World/Rayo, a California corporation, debtors and debtors in possession (collectively, the "Sun World Entities"), on the one hand; and Cadiz Inc., a Delaware corporation ("Cadiz") on the other hand; with reference to the following facts and recitations:

A. The Sun World Entities are the debtors and debtors in possession in chapter 11 cases (the "Chapter 11 Cases") pending in the United States Bankruptcy Court for the Central District of California, Riverside Division (the "Bankruptcy Court") as case numbers RS-03-11370-DN, RS-03-11369-DN, RS-03-11371-DN, and RS-03-11374-DN. The Sun World Entities filed their respective Voluntary Petitions commencing the Chapter 11 Cases on January 30, 2003.

B. The Sun World Entities have asserted various potential claims and causes of action of their respective bankruptcy estates (collectively, the "Estates") against Cadiz; Cadiz has asserted various potential claims and causes of action against the Estates and has filed seven proofs of claim against the Estates. These claims and causes of action are, except as otherwise provided in this Release, denied and disputed.

C. The Sun World Entities and Cadiz have undertaken such investigation of the potential claims and causes of action as they and their respective counsel deem appropriate and practicable under the circumstances.

D. After negotiations, the Sun World Entities and Cadiz have reached a settlement and compromise of the potential claims and causes of action on the terms set forth in the "Sun World-Bondholder-Cadiz Term Sheet and Agreement in Principle" dated October 13, 2003 (the "Settlement Agreement"), which is attached to the "Motion for Order Authorizing Debtors to Enter into Initial Settlement with Cadiz Inc." (the "Motion") filed in the Chapter 11 Cases on October 15, 2003 by the Sun World Entities.

E. The Motion has been granted, and the Settlement Agreement has been duly approved by the Bankruptcy Court in the "Order Authorizing Debtors to Enter into Initial Settlement with Cadiz Inc." (the "Settlement Order") entered in the Chapter 11 Cases on November 7, 2003.

F. In furtherance of the Settlement Agreement and the Settlement Order, this Release is executed effective as of the Closing Date (the "Closing Date"), as defined in the Settlement Agreement.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants herein, and other good and valuable consideration, the parties hereby agree as follows:

1. As of the Closing Date, the Sun World Entities and the Estates shall be deemed to forever release, relieve, and discharge Cadiz and (with respect only to matters arising out of or related to any potential claims and causes of action of the Sun World Entities and the Estates against Cadiz) its successors and assigns, from any and all claims, liabilities, demands, causes of action, debts, obligations, promises, acts, agreements, and damages, of whatever kind or nature, whether known or unknown, suspected or unsuspected, contingent or fixed, liquidated or unliquidated, matured or unmatured, whether at law or in equity, which the Sun World Entities or the Estates ever had, now have, or may, shall, or can hereafter have, directly or indirectly arising out of or in any way based upon, connected with, or related to matters, things, acts, conduct, and/or

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omissions at any time from the beginning of the world through and including the Closing Date, including without limitation any and all claims arising under or related to the Bankruptcy Code, including without limitation sections 541, 542, 544, 545, 547, 548, 549, and/or 553 thereof.

2. As of the Closing Date, Cadiz shall be deemed to forever release, relieve, and discharge the Sun World Entities and the Estates and (with respect only to matters arising out of or related to any potential claims and causes of action of Cadiz against the Sun World Entities and the Estates) their successors and assigns, from any and all claims, liabilities, demands, causes of action, debts, obligations, promises, acts, agreements, and damages, of whatever kind or nature, whether known or unknown, suspected or unsuspected, contingent or fixed, liquidated or unliquidated, matured or unmatured, whether at law or in equity, which Cadiz ever had, now has, or may, shall, or can hereafter have, directly or indirectly arising out of or in any way based upon, connected with, or related to matters, things, acts, conduct, and/or omissions at any time from the beginning of the world through and including the Closing Date.

3. As of the Closing Date, all contracts and agreements between Cadiz and any of the Sun World Entities, whether written or oral, of whatever kind or nature (including without limitation the "Credit Agreement among Sun World International, Inc., as Borrower, and Cadiz Land Company, Inc., as Lender, Dated as of March 31, 1998," the "Services Agreement," as amended, and the "Tax Sharing Agreement"), shall be deemed terminated and rejected, and any and all claims, liabilities, demands, causes of action, debts, obligations, promises, acts, agreements, and damages directly or indirectly arising out of or in any way based upon, connected with, or related to such contracts and agreements shall be included in the matters released under paragraphs 1 and 2 above.

4. Notwithstanding paragraphs 1, 2, and 3 above, nothing contained in this Release shall affect or release the following:

(a) the allowed, general unsecured non-priority claim of Cadiz in the Chapter 11 Cases in the amount of $13,500,000 which, effective on the Closing Date, shall be assigned by Cadiz to the Sun World Noteholder Trust pursuant to the Settlement Agreement;

(b) the equity interest of Cadiz in SWI representing 100% of the outstanding shares of SWI which, effective on the Closing Date, shall be pledged by Cadiz to the Sun World Noteholder Trust pursuant to the Settlement Agreement;

(c) the "Amended and Restated Agricultural Lease Agreement" dated June 6, 2003, between Cadiz, as lessor, and SWI, as lessee, previously assumed by SWI pursuant to an order of the Bankruptcy Court, and all of the parties' respective rights and obligations thereunder; and

(d) the Settlement Agreement, the Settlement Order, this Release, and other documents executed in furtherance of the Settlement (collectively, the "Settlement Documents") and the parties' respective rights and obligations under the Settlement Documents.

5. On the Closing Date, the Sun World Entities, the Estates, and Cadiz, and each of them, shall be deemed to waive any and all rights or benefits which they have or may have under Section 1542 of the Civil Code of the State of California, to the full extent that they may waive such rights and benefits, pertaining to the matters released herein. Section 1542 of the Civil Code of the State of California provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF

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KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

In connection with such waiver and relinquishment, the parties acknowledge that they are aware that they may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those which they know or believe to be true, with respect to the matters released herein. Nevertheless, it is the intention of the Sun World Entities, the Estates, and Cadiz through this Release, and with the advice of counsel, fully, finally, and forever to settle and release all such matters, and all claims relative thereto, which do now exist, or heretofore have existed between the parties. In furtherance of such intention, the releases herein given shall be and remain in effect as a full and complete release of such matters notwithstanding the discovery or existence of any such additional or different claims or facts relative thereto.

6. The Sun World Entities, the Estates, and Cadiz hereby represent and warrant to, and agree with, each other as follows:

(a) Each party has received independent legal advice from attorneys of its choice with respect to the advisability of executing this Release and making the settlement and releases provided herein.

(b) Except as expressly stated in this Release, no party has made any statement or representation to any other party regarding any fact relied upon by that party in entering into this Release, and each party specifically does not rely upon any statement, representation, or promise of the other party in entering into this Release or in making the settlement provided for herein, except as expressly stated in this Release.

(c) Each party and its attorneys have made such investigation of the facts pertaining to this Release and all of the matters pertaining thereto as it deems necessary.

(d) This Release has been carefully read by, the contents hereof are known and understood by, and it is signed freely by each person executing this Release.

(e) Each party covenants and agrees not to bring any claim, action, suit, or proceeding against any other party hereto, directly or indirectly, regarding or related in any manner to the matters released hereby, and further covenants and agrees that this Release is a bar to any such claim, action, suit, or proceeding.

7. Each party represents and warrants to each other party that such party has not heretofore assigned or transferred, or purported to assign or transfer, to any person or entity any claims or other matters herein released, except (i) Cadiz previously granted to its lender (the "Cadiz Lender") a security interest in Cadiz's claims against the Sun World Entities and (ii) effective as of the Closing, the Cadiz Lender consents to this Release on terms approved by Sun World.

8. This Release effects the settlement of claims which are denied and contested, and nothing contained herein shall be construed as an admission by any party of any liability or fact or a concession by any party of any question of law.

9. This Release shall inure to the benefit of, and shall be binding upon, the successors and assigns of each of the parties hereto, including without limitation any chapter 11 trustee, any chapter 7 trustee, any examiner, and any other representative which may be appointed for any of the Sun World Entities or the Estates.

10. All parties hereto agree to bear their own costs and attorneys' fees regarding this Release.

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11. This Release and the other Settlement Documents express the entire agreement of the parties hereto relative to the subject matter hereof. No covenants, agreements, representations, or warranties of any kind whatsoever have been made by any party hereto, except as specifically set forth in this Release or in the other Settlement Documents. All prior discussions and negotiations have been and are merged and integrated into, and are superseded by, this Release and the other Settlement Documents.

12. This Release shall be construed in accordance with, and be governed by, the law of the State of California (without reference to conflict of law provisions) and, to the extent applicable, Federal bankruptcy law. The parties consent to the jurisdiction of the Bankruptcy Court to enforce this Release and to adjudicate any disputes which may arise under this Release.

13. This Release may be executed and delivered in two or more counterparts, which may be facsimile copies, each of which, when so executed and delivered, shall be deemed an original, but such counterparts together shall constitute but one and the same instrument.

14. The warranties and representations of this Release are deemed to survive the execution and effectiveness hereof.

EXECUTED THIS __ DAY OF DECEMBER, 2003.

SUN WORLD INTERNATIONAL, INC., a Delaware corporation,
SUN DESERT, INC., a Delaware corporation,
COACHELLA GROWERS, a California Agricultural Cooperative, and
SUN WORLD/RAYO, a California corporation,
As Debtors and Debtors in Possession and
Representatives of their Chapter 11 Estates

By: /s/ Stanley E. Speer

Their Chief Financial Officer

CADIZ INC., a Delaware corporation

By: /s/ Keith Brackpool

Its Chief Executive Officer

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RESOLUTION THE DIRECTORS OF CADIZ INC. AUTHORIZING
THE MANAGEMENT EQUITY INCENTIVE PLAN

WHEREAS, it is in the best interests of this Company that this Company implement a program to retain key personnel (including both employees and consultants) and to provide additional incentives to those personnel; and

WHEREAS, such a program (the "Management Equity Incentive Plan" or the "Plan") would involve the issuance of equity securities of the Company;

NOW, THEREFORE, BE IT RESOLVED, that this Board hereby authorizes the creation by this Company of a Management Equity Incentive Plan;

FURTHER RESOLVED, that a total of 1,472,051 shares of this Corporation's common stock be set aside and reserved for issuance under the Plan;

FURTHER RESOLVED, that a total of 717,373 shares (the "Initial Allocation Shares") be allocated and issued under the Plan pursuant to the direction of an initial allocation committee (the "Initial Allocation Committee") consisting of Keith Brackpool, Rick Stoddard and the Chairman of the Compensation Committee of this Board of Directors;

FURTHER RESOLVED, that the Initial Allocation Shares so issued under the Plan shall be in the form of shares of common stock subject to vesting conditions, with 1/3 of any award grant consisting of common stock vesting immediately, and with the remaining 2/3 of any award subject to vesting in two equal installments upon December 11, 2004 and December 11, 2005 (subject to continued status as an employee or consultant to this Company as of the respective vesting date, but also subject to immediate vesting in full of any theretofore unvested shares upon any termination without cause);

FURTHER RESOLVED, that the Initial Allocation Committee shall have the right to award all or any part of the shares under the Plan to members of the Initial Allocation Committee (as well as other key personnel) without the need for further approval of this Board of Directors; and

FURTHER RESOLVED, that following the effective date of the Plan, a total of 754,678 shares (the "Subsequent Allocation Shares") be issuable under the Plan pursuant to the direction of, and upon such vesting and other conditions as may be established by, the Compensation Committee of this Board of Directors;

FURTHER RESOLVED, that the Initial Allocation Committee or the recipients of shares under the Plan may designate such trusts or other nominees to hold such shares as may be reasonably appropriate for tax planning purposes;

FURTHER RESOLVED, that with respect to the Initial Allocation Shares, the Initial Allocation Committee shall have the authority to prepare, execute and administer any documentation with respect to the Plan and the issuance of securities pursuant to the Plan as the Initial Allocation Committee and/or counsel to the Company may deem necessary or desirable;

FURTHER RESOLVED, that with respect to the Subsequent Allocation Shares, the Compensation Committee shall have the authority to prepare, execute and administer any documentation with respect to the Plan and the issuance of securities pursuant to the Plan as the Compensation Committee and/or counsel to the Company may deem necessary or desirable;

FURTHER RESOLVED, that the number of equity securities issuable under the Management Equity Incentive Plan be subject to proportionate adjustment in the event that the number of

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outstanding shares of the Company's common stock is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in the capital structure of the Company without consideration;

FURTHER RESOLVED, that any officer of the Company be and hereby is authorized, empowered and directed, for an on behalf of this Company, to take such actions as may be necessary or appropriate to effectuate the foregoing resolutions;

FURTHER RESOLVED, that any and all actions heretofore taken by any officer of the Company to the foregoing effect and all agreements, documents or writings related thereto, are hereby authorized, approved, ratified and confirmed in all respects; and any and all actions hereafter taken or to be taken by any such officers in furtherance of the objects set forth in any of the preceding resolutions, and all agreements, documents or writing relating thereto, are hereby authorized, approved, ratified and confirmed in all respects.

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EXHIBIT 21.1

CADIZ INC.

SUBSIDIARIES OF THE COMPANY

Rancho Cadiz Mutual Water Company
Sun World International, Inc.
Cadiz Real Estate LLC

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CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I , Keith Brackpool, certify that:

1. I have reviewed this annual report on Form 10-K of Cadiz Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies in the design or operation of internal controls which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 1, 2004

/s/ Keith Brackpool

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Keith Brackpool
Chairman, Chief Executive Officer
and Chief Financial Officer

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