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9 *Attorneys for Plaintiff*

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11 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
COUNTY OF LOS ANGELES

12 HERMAN BOSCHKEN, DERIVATIVELY AND
13 ON BEHALF OF CADIZ, INC.,

14 Plaintiff,

15 vs.

16 KEITH BRACKPOOL, SCOTT S. SLATER,
17 TIMOTHY J. SHAHEEN, GEOFFREY GRANT,
WINSTON H. HICKOX, MURRAY H.
18 HUTCHISON, RAYMOND J. PACINI, and
19 STEPHEN E. COURTER,

20 Defendants,

21 And

22 CADIZ, INC.,

23 Nominal Defendant.
24

CASE No.: BC 609038

**NOTICE OF DERIVATIVE
SETTLEMENT**

Judge: Hon. Malcolm Mackey

Dept.: 55

25 **NOTICE TO CURRENT CADIZ STOCKHOLDERS**

26 **TO: ALL OWNERS OF CADIZ, INC. (“CADIZ” OR THE “COMPANY”) COMMON**
27 **STOCK (TICKER SYMBOL: CDZI) AS OF DECEMBER 5, 2016, WHO**
28

1 CONTINUE TO OWN SUCH SHARES (“CURRENT CADIZ
2 STOCKHOLDERS”).

3 PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR
4 RIGHTS MAY BE AFFECTED. THIS NOTICE RELATES TO A PROPOSED
5 SETTLEMENT AND DISMISSAL OF STOCKHOLDER DERIVATIVE
6 LITIGATION AND CONTAINS IMPORTANT INFORMATION REGARDING
7 YOUR RIGHTS. YOUR RIGHTS MAY BE AFFECTED BY LEGAL
8 PROCEEDINGS IN THE ABOVE-CAPTIONED ACTION (THE “ACTION”).

9 IF THE COURT APPROVES THE SETTLEMENT AND DISMISSAL OF THE
10 ACTION, STOCKHOLDERS OF CADIZ WILL BE FOREVER BARRED FROM
11 CONTESTING THE APPROVAL OF THE PROPOSED SETTLEMENT AND
12 FROM PURSUING THE SETTLED CLAIMS. THIS ACTION IS NOT A “CLASS
13 ACTION.” THUS, THERE IS NO COMMON FUND UPON WHICH YOU CAN
14 MAKE A CLAIM FOR A MONETARY PAYMENT.

15 THE COURT HAS MADE NO FINDINGS OR DETERMINATIONS
16 RESPECTING THE MERITS OF THE ACTION. THE RECITATION OF THE
17 BACKGROUND AND CIRCUMSTANCES OF THE SETTLEMENT
18 CONTAINED HEREIN DOES NOT CONSTITUTE THE FINDINGS OF THE
19 COURT. IT IS BASED ON REPRESENTATIONS MADE TO THE COURT BY
20 COUNSEL FOR THE PARTIES.

21 PLEASE TAKE NOTICE that the Action is being settled on the terms set forth in a
22 Stipulation and Agreement of Settlement dated December 5, 2016 (the “Stipulation”).¹

23 **I. SUMMARY OF THE ACTION BY SETTLING SHAREHOLDER**

24 On February 4, 2016, Plaintiff filed the complaint in the Action. The Action alleges
25 breach of fiduciary duty, abuse of control, gross mismanagement, and unjust enrichment claims
26 on behalf of Cadiz against the Individual Defendants. The Action alleges that the Individual
27 Defendants breached their fiduciary duties by, among other things, (i) knowingly or recklessly
28 making and/or causing Cadiz to make false and misleading statements of material fact pertaining
to the Company’s Cadiz Valley Water Conservation Recovery and Storage Project (the
“Project”); (ii) failing to disclose material information pertaining to communications between
Cadiz and the Individual Defendants and the U.S. Department of Interior’s Bureau of Land

¹ This notice should be read in conjunction with the Stipulation, which has been filed with the Court and posted at the investor relations portion of Cadiz’s website, <http://cadizinc.com/investor-relations/>. All capitalized terms not otherwise defined herein have the same meaning as set forth in the Stipulation.

1 Management regarding the Project; and (iii) investing the Company's funds in the Project despite
2 the risks that the Project would not succeed.

3 Plaintiff alleged that these acts were the result of the Individual Defendants' breaches of
4 their fiduciary duties to Cadiz and caused harm to the Company. Each Individual Defendant has
5 denied and continues to deny each and all of the claims and contentions alleged in the Action. As
6 discussed herein and more fully in the Stipulation, this proposed Settlement resolves the Action's
7 claims related to these events.

8 **II. SUMMARY OF SETTLEMENT AND SETTLEMENT NEGOTIATIONS**

9 Counsel for the Settling Parties engaged in extensive efforts to resolve the Action, as
10 detailed in the Stipulation.

11 Specifically, on May 2, 2016, the Settling Parties began a dialogue regarding the possible
12 resolution of the Action. On May 9, 2016, Plaintiff's Counsel sent a demand for corporate
13 governance reforms to Defendants' Counsel to be adopted by Cadiz in connection with a
14 settlement of the Action. Plaintiff demanded the right to conduct limited confirmatory document
15 discovery, and Defendants agreed. Plaintiff's Counsel intends to review the confirmatory
16 discovery prior to seeking the Court's final approval of the Settlement at the Settlement Hearing.
17 After the substantive relief in the form of corporate governance reforms was negotiated, the
18 Settling Parties negotiated the attorneys' fees and expenses to be paid to Plaintiff's Counsel.

19 Following the filing of the Action, Cadiz has implemented the following tone-at-the-top
20 leadership changes that will materially benefit Cadiz and Cadiz's shareholders: (1) amendments
21 made on or around June 10, 2016 to the Company's Certificate of Incorporation, as amended, and
22 to the Company's Bylaws that, by an affirmative vote of a majority of the Company's
23 stockholders, any director may be removed from office, with or without cause, and (2) the
24 appointment of Richard Nevins, who meets the definition of an "Independent Director" under the
25 marketplace rules of the Nasdaq Stock Market, Inc., to the Company's Board of Directors on July
26 1, 2016. Cadiz acknowledges that Plaintiff's efforts and the pendency of the Action together
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1 were a substantial factor in causing Cadiz to implement these changes to the Company's
2 structure, policies, and procedures.

3 In addition to corporate governance reforms previously implemented by Cadiz, the
4 Company will adopt, within ninety (90) days of the date the Settlement has become Final, the
5 corporate governance procedures set forth below. These changes shall be maintained for a period
6 of no less than ten (10) years from the date of implementation. Cadiz acknowledges that
7 Plaintiff's efforts and the pendency and settlement of the Action together were the sole factor
8 causing Cadiz to implement these changes to the Company's structure, policies, and procedures.

9 A. Independent Chairman of the Board

10 Cadiz shall continue to have two different individuals serve separately as Chairperson of
11 the Company's Board of Directors and Chief Executive Officer ("CEO"). Cadiz also shall
12 appoint or designate a director who meets the definition of an "Independent Director" under the
13 marketplace rules of the Nasdaq Stock Market, Inc. to serve as "Lead Director."

14 B. Risk Committee

15 Cadiz shall adopt a resolution formally designating its Audit Committee to act
16 concomitantly as a Risk Committee. In addition to and separately from the Audit Committee's
17 duties, the Risk Committees' duties shall include the following:

18 1. The Risk Committee shall meet at least two times annually, in executive sessions
19 at which management directors are not present;

20 2. The Risk Committee shall be responsible for ensuring that the Company makes
21 decisions that will more likely than not allow it to construct a pipeline to deliver water from its
22 property to the Southern California water transportation system without violating any governing
23 laws or regulations;

24 3. The Risk Committee shall be responsible for monitoring Cadiz's compliance with
25 all risk assessment and reporting conducted by Cadiz employees. The Risk Committee shall be
26 responsible for identifying material risks relating to Cadiz's compliance;

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1 4. The Risk Committee shall prepare a written report to the Board whenever the Risk
2 Committee identifies a material risk relating to Cadiz’s compliance. This report shall include
3 specific recommendations regarding proposals for mitigating these material risks so identified, as
4 well as relevant considerations relating to Cadiz’s disclosures of these risks;

5 5. The Risk Committee shall be responsible for monitoring compliance with Cadiz’s
6 Code of Ethics and Corporate Governance Guidelines. In the event that a violation of the Code of
7 Ethics or Corporate Governance Guidelines is sufficiently material to trigger a disclosure
8 obligation, the Risk Committee will report the violation to the full Board;

9 6. The Risk Committee shall report to the Compensation Committee on an annual
10 basis regarding the CEO’s and Chief Financial Officer’s contribution to Cadiz’s culture of ethics
11 and compliance and their effectiveness and dedication to ensuring Cadiz’s compliance with
12 applicable laws, rules, and regulations; and

13 7. The Risk Committee shall have the authority to retain separate and independent
14 advisors or counsel to aid in fulfilling its responsibilities under its charter, the retention of which
15 shall be at Cadiz’s expense.

16 C. Mandatory Attendance of Directors at Annual Shareholder Meetings

17 Absent extraordinary circumstances, a majority of the members of the Board shall attend
18 each annual shareholder meeting in person, and during the annual shareholder meeting
19 shareholders shall have the right to ask questions, both orally and in writing, and, where
20 appropriate, receive answers and discussion from the CEO and members of the Board. Such
21 discussion shall take place regardless of whether those questions have been submitted in advance.

22 D. Meetings in Executive Session

23 The Independent Directors on the Board shall meet in executive session at each regularly
24 scheduled meeting of the Board, with a minimum requirement to meet at least four (4) times
25 annually outside the presence of any director who serves as an officer of Cadiz.
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1 E. Director Education

2 Cadiz shall continue to require that each member of the Audit Committee of the Board
3 receives training quarterly from the Company's independent auditors. Such training shall include
4 coverage of compliance with Generally Accepted Accounting Principles, the Sarbanes Oxley Act,
5 corporate governance, assessment of risk, compliance auditing, and reporting requirements for
6 publicly-traded corporations.

7 F. Committee Chairs

8 No individual member of the Board shall be the chairman of more than one committee.

9 **III. REASONS FOR THE SETTLEMENT**

10 Plaintiff and Cadiz believe that this Settlement is in the best interests of Cadiz and Current
11 Cadiz Shareholders.

12 **A. Why did Plaintiff Settle?**

13 Plaintiff's Counsel conducted an extensive investigation relating to the claims and the
14 underlying events and transactions alleged in the Actions. Plaintiff's Counsel have analyzed the
15 evidence discovered during their investigation, and have researched the applicable law with
16 respect to the potential claims of Plaintiff, Cadiz, and Current Cadiz Shareholders against the
17 Individual Defendants, as well as the potential defenses thereto.

18 Based upon the investigation and analysis described above, Plaintiff and Plaintiff's
19 counsel have concluded that the terms and conditions of the Stipulation are fair, reasonable, and
20 adequate to Plaintiff, Cadiz, and Current Cadiz Shareholders, and in their best interests, and have
21 agreed to settle the claims raised in the Action pursuant to the terms and provisions of the
22 Stipulation after considering, among other things: (i) the substantial benefits that Cadiz and
23 Current Cadiz Shareholders have received or will receive from the Settlement; (ii) the attendant
24 risks of continued litigation of the Action; and (iii) the desirability of permitting the Settlement to
25 be consummated.

26 In particular, Plaintiff and Plaintiff's Counsel considered the significant litigation risk
27 inherent in the Action. The law imposes significant burdens on plaintiffs for pleading and
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1 proving a shareholder derivative claim. While Plaintiff believes his claims are meritorious,
2 Plaintiff acknowledges that there is a substantial risk that the Action may not succeed in
3 producing a recovery in light of the applicable legal standards and possible defenses. Plaintiff
4 and Plaintiff’s Counsel believe that, under the circumstances, they have obtained the best possible
5 relief for Cadiz and for Current Cadiz Shareholders.

6 **B. Why did Defendants Agree to Settle?**

7 Defendants deny each and every allegation of wrongdoing or liability arising out of or
8 relating in any way to the events, conduct, statements, acts, or omissions alleged in the Action,
9 and Defendants contend that many of the allegations in the Action are materially inaccurate.
10 Defendants further assert that, at all times, they acted in good faith, and in a manner they
11 reasonably believed to be and that was in the best interests of Cadiz and Cadiz’s shareholders.
12 Defendants assert that they have meritorious defenses to the claims in the Action, and that
13 judgment should be entered dismissing all claims against them with prejudice. Nonetheless,
14 Defendants have entered into the Stipulation to avoid the continuing additional expense,
15 inconvenience, and distraction of this litigation and to avoid the risks inherent in any lawsuit, and
16 without admitting or conceding any fault, liability, wrongdoing, or damage whatsoever.

17 **IF YOU ARE A CURRENT CADIZ SHAREHOLDER, YOUR RIGHTS**
18 **MAY BE AFFECTED BY PROCEEDINGS IN THE ACTION.**

19 As detailed in the Stipulation at ¶1.17, the Settlement, once approved by the Court,
20 provides for the release of certain claims as defined in the Stipulation as follows:

21 “Released Claims” means any and all claims for relief (including Unknown Claims, as
22 defined in ¶1.23 [of the Stipulation]), rights, demands, causes of action, liabilities, debts,
23 obligations, matters, issues, and suits of any kind whatsoever, whether known or
24 unknown, contingent or absolute, matured or unmatured, discoverable or undiscoverable,
25 whether or not concealed or hidden, that have been, or could or might have been, or in the
26 future might be asserted by Plaintiff, Cadiz, and/or any Cadiz shareholder derivatively on
27 behalf of Cadiz against any Released Persons (as defined in ¶1.18 [of the Stipulation]) that
28 are based upon or related to (i) the Action, (ii) the facts, transactions, events, occurrences,
acts, disclosures, statements, omissions, or failures to act that were alleged or could or
might have been alleged in the Action; and/or (iii) the settlement of the Action, including
the payments provided for in this Stipulation, and the reasonable attorneys’ fees, costs,
and expenses incurred in defense thereof. Notwithstanding the foregoing, Released

1 Claims shall not include claims to enforce the terms of this Stipulation or the Settlement.
2 In addition, nothing set forth herein shall constitute a release by any Defendant of any
3 insurer, reinsurer, or any other entity contracted or otherwise obligated to provided
4 insurance or indemnification to any of the Released Persons of any claim arising out of the
5 rights, remedies, duties, or obligations provided for in any insurance policy or agreement,
6 but the Effective Date shall not be contingent upon the resolution of such a claim.
7 Nothing set forth herein shall constitute a release by or among the Company and the
8 Individual Defendants or Released Persons of the rights and obligations related to
9 indemnification or advancement of defense costs arising from the Company's or any of its
10 subsidiaries', divisions', or related or affiliated entities' certificate of incorporation or
11 bylaws, Delaware law, or any indemnification agreement or similar agreement.

12 Each Cadiz shareholder is hereby placed on notice that the Settlement, if approved, is
13 intended to foreclose their ability to seek legal or equitable relief from Cadiz or the Individual
14 Defendants (and certain defined persons affiliated with them) relating to the issues alleged or the
15 facts and circumstances set forth in the Action. If shareholders have questions concerning the
16 scope of the release, or its impact, they are encouraged to seek independent legal advice.

17 **IV. YOUR RIGHT TO ATTEND THE SETTLEMENT HEARING**

18 On March 27, 2017, at 8:30 a.m., a hearing (the "Settlement Hearing") will be held before
19 the Superior Court of the State of California, Los Angeles County, the Honorable Malcolm
20 Mackey, Department 55, located at 111 North Hill Street, Los Angeles, California 90012 to
21 determine, among other things: (1) whether the terms of the Settlement, including an award of
22 attorneys' fees and expenses in a total amount not to exceed \$230,000.00 (the "Fee and Expense
23 Amount") to Plaintiff's Counsel in the Action, upon the terms and conditions set forth in the
24 Stipulation, should be approved as fair, reasonable, and adequate; (2) whether the Action should
25 be dismissed and with prejudice; and (3) whether an award of \$5,000.00 (the "Incentive
26 Amounts"), payable from the Fee and Expense Amount or any portion thereof awarded, should be
27 awarded to the Plaintiff in recognition for his service in the Action.

28 Any Current Cadiz Shareholder may, but is not required to, appear in person at the
Settlement Hearing. *CURRENT CADIZ SHAREHOLDERS WHO HAVE NO OBJECTION TO
THE SETTLEMENT DO NOT NEED TO APPEAR AT THE SETTLEMENT HEARING OR TAKE
ANY OTHER ACTION.* If you want to be heard at the Settlement Hearing, then you must comply
with the procedures for objecting, which are set forth below.

1 The Court has the right to change the Settlement Hearing date or time without further
2 notice. Thus, if you are planning to attend the Settlement Hearing, you should confirm the date
3 and time before going to the Court.

4 **V. YOUR RIGHT TO OBJECT TO THE SETTLEMENT**

5 You have the right to object to any aspect of the proposed Settlement. You must object in
6 writing, and you may request to be heard at the Settlement Hearing. *IF YOU CHOOSE TO*
7 *OBJECT, THEN YOU MUST COMPLY WITH THE FOLLOWING PROCEDURES.*

8 **A. You Must Make Detailed Objections in Writing**

9 Any objections must be submitted in writing and must contain the following information:

- 10 1. your name, legal address, and telephone number;
- 11 2. proof of current ownership of Cadiz common stock, including the number of
12 shares of Cadiz common stock and the date of purchase, as well as documentary evidence of
13 when such stock ownership was acquired;
- 14 3. a detailed statement of your specific position with respect to the matters to be
15 heard at the Settlement Hearing, including a statement of each objection being made;
- 16 4. the grounds for each objection or the reasons for your desiring to appear and to be
17 heard;
- 18 5. written notice of whether you intend to appear at the Settlement Hearing; and
- 19 6. copies of any papers you intend to submit to the Court, along with the names of
20 any witness(es) you intend to call to testify at the Settlement Hearing and the subject(s) of their
21 testimony.

22 The Court will not consider any objection that does not substantially comply with the
23 above requirements.

24 **B. You Must Timely Deliver Written Objections to the Court, Plaintiff's Counsel,**
25 **and Defendants' Counsel**

26 *YOUR WRITTEN OBJECTIONS MUST BE ON FILE WITH THE CLERK OF THE*
27 *COURT NO LATER THAN March 17, 2017.* The Clerk's address is:
28

1 Clerk of the Court
2 SUPERIOR COURT OF CALIFORNIA
3 111 North Hill Street
4 Los Angeles, California 90012

5 *YOU ALSO MUST DELIVER COPIES OF THE MATERIALS TO PLAINTIFF'S*
6 *COUNSEL AND DEFENDANTS' COUNSEL SO THEY ARE RECEIVED NO LATER THAN*
7 *March 17, 2017. Counsel's addresses are:*

8 *Attorneys for Plaintiff:*

9 Robert C. Moest, Of Counsel
10 The Brown Law Firm, P.C.
11 2530 Wilshire Boulevard, Second Floor
12 Santa Monica, California 90403
13 Telephone: (310) 915-6628
14 Facsimile: (310) 915-9897

15 Timothy W. Brown
16 The Brown Law Firm, P.C.
17 240 Townsend Square
18 Oyster Bay, New York 11771
19 Telephone: (516) 922-5427
20 Facsimile: (516) 344-6204

21 *Attorneys for Cadiz, Inc. and the Individual Defendants:*

22 Nathan M. Bull
23 Joshua P. Arnold
24 Cadwalader Wickersham & Taft LLP
25 200 Liberty Street
26 New York, New York 10281
27 Telephone: (212) 504-6000
28 Facsimile: (212) 504-6666

29 The Court will not consider any objection that is not timely filed with the Court or not
30 timely delivered to Plaintiffs' Counsel and Defendants' counsel. Any Person or entity who fails to
31 object or otherwise request to be heard in the manner prescribed above will have waived the right
32 to object to any aspect of the Settlement or otherwise request to be heard (including the right to
33 appeal), and will be forever barred from raising such objection or request to be heard in this or

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any other related action or proceeding, but shall otherwise be bound by the Judgment to be entered and the releases given.

Inquiries regarding the Settlement may be made to Counsel for the Plaintiffs: Timothy W. Brown, The Brown Law Firm, P.C., 240 Townsend Square, Oyster Bay, NY 11771, Telephone: (516) 922-5427, Facsimile: (516) 344-6204.

PLEASE DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.

IT IS SO ORDERED.

DATED: _____

THE HONORABLE MALCOLM MACKEY
SUPERIOR COURT JUDGE

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7 Telephone: (516) 922-5427
Email: tbrown@thebrownlawfirm.net

8 *Attorneys for Plaintiff*

9
10 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
11 **COUNTY OF LOS ANGELES**

12 HERMAN BOSCHKEN, DERIVATIVELY AND
ON BEHALF OF CADIZ, INC.,

13 Plaintiff,

14 vs.

15
16 KEITH BRACKPOOL, SCOTT S. SLATER,
TIMOTHY J. SHAHEEN, GEOFFREY GRANT,
17 WINSTON H. HICKOX, MURRAY H.
HUTCHISON, RAYMOND J. PACINI, and
18 STEPHEN E. COURTER,

19 Defendants,

20 And

21 CADIZ, INC.,

22 Nominal Defendant.
23

CASE No.: BC 609038

24
25 **STIPULATION AND AGREEMENT**
26 **OF SETTLEMENT**

27 WHEREAS, this Stipulation and Agreement of Settlement (the "Stipulation", dated as of
28 December 5, 2016, is made and entered into by and among the following Settling Parties (as
defined further in ¶1.21 below): (1) Plaintiff Herman Boschken ("Plaintiff"), on behalf of himself

1 and derivatively on behalf of Cadiz, Inc. (“Cadiz” or the “Company”); (2) the Individual
2 Defendants (as defined in ¶1.10 below); and (3) nominal defendant Cadiz, each by and through
3 their respective counsel;

4 WHEREAS, this Stipulation is intended by the Settling Parties to fully, finally, and
5 forever resolve, discharge, and settle the Released Claims (as defined in ¶1.17 below), upon and
6 subject to the terms and conditions hereof;

7 WHEREAS, on April 24, 2015, a federal putative class action captioned *Van Wingerden*
8 *v. Cadiz, Inc. et al.*, Case No. 2:15-cv-03080-JAK-JEM, was filed in the United States District
9 Court for the Central District of California (the “Securities Class Action”);

10 WHEREAS, on February 4, 2016, after an investigation, Plaintiff filed the verified
11 complaint (“Complaint”) in this shareholder derivative action (the “Action”);

12 WHEREAS, the Action alleges breach of fiduciary duty, abuse of control, gross
13 mismanagement, and unjust enrichment claims on behalf of Cadiz against the Individual
14 Defendants. The Action alleges that the Individual Defendants breached their fiduciary duties by,
15 *inter alia*, (i) knowingly or recklessly making and/or causing Cadiz to make false and misleading
16 statements of material fact pertaining to the Company’s Cadiz Valley Water Conservation
17 Recovery and Storage Project (the “Project”); (ii) failing to disclose material information
18 pertaining to communications between Cadiz and the Individual Defendants and the U.S.
19 Department of Interior’s Bureau of Land Management regarding the Project; and (iii) investing
20 the Company’s funds in the Project despite the risks that the Project would not succeed;

21 WHEREAS, on April 22, 2016, the Court signed an order granting a joint stipulation
22 staying the Action pending resolution of the motion to dismiss the operative complaint in the
23 Securities Class Action;

24 WHEREAS, on May 2, 2016, the Settling Parties began a dialogue regarding the possible
25 resolution of the Action;

26 WHEREAS, the court in the Securities Class Action has not resolved the motion to
27 dismiss because the plaintiffs in the Securities Class Action filed with the court a notice of
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1 settlement on May 6, 2016, by which date the court had not entered an order on the motion to
2 dismiss;

3 WHEREAS, on May 9, 2016, Plaintiff's Counsel (as defined in ¶1.15 below) sent a
4 demand for corporate governance reforms to Defendants' Counsel (as defined in ¶1.5 below) to
5 be adopted by Cadiz in connection with a settlement of the Action;

6 WHEREAS, after the substantive relief in the form of corporate governance reforms was
7 negotiated, the Settling Parties negotiated the Fee and Expense Amount (as defined in ¶1.7
8 below);

9 WHEREAS, in connection with the settlement negotiations, Plaintiff demanded the right
10 to conduct limited confirmatory document discovery and Defendants (as defined in ¶1.4 below)
11 agreed. Plaintiff's Counsel intends to review the confirmatory discovery prior to seeking the
12 Court's final approval of the Settlement (as defined in ¶1.19 below) at the Settlement Hearing (as
13 defined in ¶1.20 below).

14 WHEREAS, Plaintiff believes that the claims asserted in the Action have merit, and
15 Plaintiff's entry into this Stipulation is not intended to be, and shall not be construed as, an
16 admission or concession concerning the relative strength or merit of the claims alleged in the
17 Action. However, Plaintiff recognizes and acknowledges the expense and length of continued
18 legal proceedings necessary to prosecute the Action through preparation of pleadings, pre-trial
19 motion practice, discovery, trial, and the appeals process. Plaintiff's Counsel have taken into
20 account the uncertain outcome and the risk of any litigation, especially in complicated litigation
21 such as the Action. Plaintiff's Counsel are also mindful of the problems of proof and possible
22 defenses to the claims asserted in the Action;

23 WHEREAS, Plaintiff's Counsel have conducted extensive investigation, including, *inter*
24 *alia*: (i) reviewing and analyzing Cadiz's press releases, public statements, filings with the
25 Securities and Exchange Commission ("SEC"), (ii) reviewing and analyzing securities analysts'
26 reports and advisories and media reports about the Company; (iii) reviewing and analyzing
27 information provided by the U.S. Department of Interior's Bureau of Land Management; (iv)
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1 reviewing and analyzing the allegations contained in the Securities Class Action; (v) researching
2 the applicable law with respect to the claims alleged in the Action and the potential defenses
3 thereto; (vi) preparing and filing the Complaint; (vii) engaging in settlement negotiations with
4 Defendants' Counsel regarding the specific facts of the Action, the perceived strengths and
5 weakness of the Action, and other issues in an effort to facilitate negotiations; (viii) conducting
6 research into the Company's corporate governance structure in order to make a settlement
7 demand; (ix) preparing and making the settlement demand; and (x) negotiating the Settlement.
8 Based on Plaintiff's Counsel's thorough review and analysis of the relevant facts, allegations,
9 defenses, and controlling legal principles, Plaintiff's Counsel believe that the settlement set forth
10 in this Stipulation is fair, reasonable, and adequate, and confers substantial benefits upon Cadiz
11 and its shareholders. Based upon Plaintiff's Counsel's evaluation, Plaintiff has determined that
12 the Settlement is in the best interests of Cadiz and its shareholders and has agreed to settle the
13 Action upon the terms and subject to the conditions set forth herein;

14 WHEREAS, each Defendant has denied and continues to deny each and all of the claims
15 and contentions alleged in the Action. Each Defendant expressly has denied and continues to
16 deny all charges of wrongdoing or liability arising out of or relating in any way to the events,
17 conduct, statements, acts, or omissions alleged in the Action, and Defendants contend that many
18 of the allegations in the Action are materially inaccurate. The Individual Defendants have further
19 asserted and continue to assert that at all times they acted in good faith and in a manner they
20 reasonably believed to be, and that was, in fact, in the best interests of Cadiz and its shareholders.
21 Pursuant to the terms set forth below, this Stipulation shall in no event be construed as or deemed
22 to be evidence of an admission or concession by Defendants with respect to any claim of any
23 fault, liability, wrongdoing, or damage whatsoever. Nonetheless, Defendants have concluded that
24 further defense of the Action would be protracted, distracting, and expensive, and that it is
25 desirable that the Action be fully and finally settled in the manner and upon the terms and
26 conditions set forth in this Stipulation. Cadiz has also taken into account the uncertainty and risks
27 inherent in any litigation, especially in complicated cases like the Action. Cadiz is entering into
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1 this Stipulation because the Settlement would eliminate the burden and expense of further
2 litigation, and because the Settlement provides substantial benefits to, and is in the best interests
3 of, Cadiz and its shareholders; and

4 WHEREAS, there has been no admission or finding of facts or liability by or against any
5 Settling Party, and nothing herein should be construed as such;

6 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among
7 Plaintiff (on behalf of himself and derivatively on behalf of Cadiz), nominal defendant Cadiz, and
8 the Individual Defendants, by and through their respective counsel, and subject to the approval of
9 the Court, that the Released Claims shall be finally, fully, and forever compromised, settled, and
10 released, and the Action shall be dismissed with prejudice and with full preclusive effect, upon
11 and subject to the terms and conditions of the Stipulation, as follows.

12 **DEFINITIONS**

13 As used in this Stipulation, the following terms have the meanings specified below:

14 1.1 “Board” means the Cadiz board of directors.

15 1.2 “Court” refers to the Superior Court for the State of California, Los Angeles
16 County.

17 1.3 “Current Cadiz Shareholders” means, for purposes of this Stipulation, any Persons
18 (defined below) who own Cadiz common stock as of the date of this Stipulation and who
19 continue to hold their Cadiz common stock as of the date of the Settlement Hearing, excluding the
20 Individual Defendants, the officers and directors of Cadiz, members of their immediate families,
21 and their legal representatives, heirs, successors, or assigns, or any entity in which Individual
22 Defendants have or had a controlling interest.

23 1.4 “Defendants” means, collectively, the Individual Defendants and nominal
24 defendants Cadiz.

25 1.5 “Defendants’ Counsel” means Cadwalader Wickersham & Taft LLP, 200 Liberty
26 Street, New York, New York 10281 and Winston & Strawn LLP, 333 S. Grand Avenue, Suite
27 3800, Los Angeles, CA 90071-1543.
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1 1.6 “Effective Date” means the first date by which all of the events and conditions
2 specified in ¶20 herein have been met and have occurred.

3 1.7 “Fee and Expense Amount” means the agreed upon sum of \$230,000 to be paid to
4 Plaintiff’s Counsel for their attorneys’ fees and expenses, subject to approval by the Court.

5 1.8 “Final” means the time when a judgment that has not been reversed, vacated, or
6 modified in any way is no longer subject to appellate review, either because of disposition on
7 appeal and conclusion of the appellate process or because of passage, without action, of time for
8 seeking appellate review. More specifically, it is the situation when (1) either no appeal has been
9 filed and the time has passed for any notice of appeal to be timely filed in the Action; or (2) an
10 appeal has been filed and the appellate court has either affirmed the judgment or dismissed that
11 appeal and the time for any reconsideration or further appellate review has passed; or (3) a higher
12 court has granted further appellate review and that court has either affirmed the underlying
13 judgment or affirmed the appellate court’s decision affirming the judgment or dismissing the
14 appeal.

15 1.9 “Incentive Amount” means the agreed upon sum of \$5,000 to be paid to Plaintiff,
16 subject to approval by the Court, which shall be paid by Plaintiff’s Counsel to Plaintiff from any
17 fees and expenses awarded to Plaintiff.

18 1.10 “Individual Defendants” means, collectively, Keith Brackpool, Scott. S. Slater,
19 Timothy Shaheen, Geoffrey Grant, Winston H. Hickox, Murray H. Hutchison, Raymond J. Pacini
20 and Stephen E. Courter.

21 1.11 “Judgment” means the order and judgment to be rendered by the Court,
22 substantially in the form attached hereto as Exhibit D.

23 1.12 “Notice to Current Cadiz Shareholders” or “Notice” means the Notice of
24 Derivative Settlement, substantially in the form of Exhibit C.

25 1.13 “Person” or “Persons” means an individual, corporation, limited liability
26 corporation, professional corporation, partnership, limited partnership, limited liability
27 partnership, association, joint stock company, estate, legal representative, trust, unincorporated
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1 association, government or any political subdivision or agency thereof, and any business or legal
2 entity, and their spouses, heirs, predecessors, successors, representatives, or assignees.

3 1.14 "Plaintiff means Herman Boschken.

4 1.15 "Plaintiff's Counsel" means The Brown Law Firm, P.C., 127A Cove Road, Oyster
5 Bay Cove, NY 11771, and The Brown Law Firm, P.C. (Of Counsel), 2530 Wilshire Boulevard,
6 Second Floor, Santa Monica, California 90403.

7 1.16 "Preliminary Approval Order" means the order to be entered by the Court,
8 substantially in the form of Exhibit B attached hereto, which preliminarily approves the terms and
9 conditions of the Settlement as set forth in this Stipulation, directing that Notice be provided to
10 Current Cadiz Shareholders, and scheduling a Settlement Hearing to consider whether the
11 Settlement, the Fee and Expense Amount, and the Incentive Amount should be finally approved.

12 1.17 "Released Claims" means any and all claims for relief (including Unknown
13 Claims, as defined in ¶1.23), rights, demands, causes of action, liabilities, debts, obligations,
14 matters, issues, and suits of any kind whatsoever, whether known or unknown, contingent or
15 absolute, matured or unmatured, discoverable or undiscoverable, whether or not concealed or
16 hidden, that have been, or could or might have been, or in the future might be asserted by
17 Plaintiff, Cadiz, and/or any Cadiz shareholder derivatively on behalf of Cadiz against any
18 Released Persons (as defined in ¶1.18) that are based upon or related to (i) the Action, (ii) the
19 facts, transactions, events, occurrences, acts, disclosures, statements, omissions, or failures to act
20 that were alleged or could or might have been alleged in the Action; and/or (iii) the settlement of
21 the Action, including the payments provided for in this Stipulation, and the reasonable attorneys'
22 fees, costs, and expenses incurred in defense thereof. Notwithstanding the foregoing, Released
23 Claims shall not include claims to enforce the terms of this Stipulation or the Settlement. In
24 addition, nothing set forth herein shall constitute a release by any Defendant of any insurer,
25 reinsurer, or any other entity contracted or otherwise obligated to provided insurance or
26 indemnification to any of the Released Persons of any claim arising out of the rights, remedies,
27 duties, or obligations provided for in any insurance policy or agreement, but the Effective Date
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1 shall not be contingent upon the resolution of such a claim. Nothing set forth herein shall
2 constitute a release by or among the Company and the Individual Defendants or Released Persons
3 of the rights and obligations related to indemnification or advancement of defense costs arising
4 from the Company's or any of its subsidiaries', divisions', or related or affiliated entities'
5 certificate of incorporation or bylaws, Delaware law, or any indemnification agreement or similar
6 agreement.

7 1.18 "Released Persons" means, collectively, (a) Cadiz and each and all of the
8 Individual Defendants, each and all of Cadiz's and the Individual Defendants' respective past,
9 present, or future parents, subsidiaries, affiliates, successors, predecessors, assigns, any entity in
10 which Cadiz or any Individual Defendant has or have a controlling interest (directly or indirectly),
11 and any trust of which any Individual Defendant is the settlor or which is for the benefit of any
12 Individual Defendant and/or member(s) of his or her family, and (b) each and all of Cadiz's and
13 the Individual Defendants' respective past, present, or future accountants, administrators,
14 advisors, affiliates, agents, analysts, assignees, assigns, associates, attorneys, auditors, co-
15 insurers, commercial bank lenders, consultants, controlling shareholders, directors, divisions,
16 employees, employers, executors, financial advisors, general or limited partners, general or
17 limited partnerships, heirs, insurers, investment advisors, investment bankers, investment banks,
18 joint ventures and joint venturers, managers, marital communities, members, officers, parents,
19 personal or legal representatives, predecessors, principals, reinsurers, representatives,
20 shareholders, spouses, subsidiaries, successors, and underwriters.

21 1.19 "Settlement" means the settlement documented in this Stipulation.

22 1.20 "Settlement Hearing" means the hearing or hearings at which the Court will
23 review the adequacy, fairness, and reasonableness of the Settlement.

24 1.21 "Settling Parties" means, collectively, Plaintiff, Cadiz, and the Individual
25 Defendants.

26 1.22 "Stipulation" means this Stipulation and Agreement of Settlement.

27 1.23 "Unknown Claims" means any and all claims that were alleged or could have been
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1 alleged in the Action by Plaintiff, Cadiz, or any Cadiz stockholder derivatively on behalf of
2 Cadiz, which any Current Cadiz Shareholder, Cadiz, or any Cadiz shareholder derivatively on
3 behalf of Cadiz does not know or suspect to exist in his, her, or its favor at the time of the release
4 of the Released Persons, including claims which, if known by him, her or it, might have affected
5 his, her, or its settlement with and release of the Released Persons, or might have affected his,
6 her, or its decision not to object to this settlement, and it also means any and all claims that could
7 be asserted in any forum by any of the Released Persons against Plaintiff or his beneficiaries,
8 Plaintiff's Counsel, or Cadiz that arise out of or relate in any way to the institution, prosecution,
9 or settlement of the Action and that any Released Person does not know or suspect to exist in his,
10 her, or its favor at the time of the release of Plaintiff or his beneficiaries, Plaintiff's Counsel, or
11 Cadiz, including claims which, if known by him, her, or it, might have affected his, her, or its
12 decisions with respect to the Settlement or releasing the claims.

13 With respect to any and all Released Claims, the Settling Parties stipulate and agree that,
14 upon the Effective Date, the Settling Parties shall expressly waive, and each of Cadiz's
15 shareholders and the Released Persons shall be deemed to have, and by operation of the Judgment
16 shall have, expressly waived the provisions, rights and benefits of California Civil Code § 1542,
17 which provides:

18 A general release does not extend to claims which the creditor does not know or suspect to
19 exist in his or her favor at the time of executing the release, which if known by him or her
20 must have materially affected his or her settlement with the debtor.

21 The Settling Parties shall expressly waive, and each of Cadiz's shareholders and the
22 Released Persons shall be deemed to have, and by operation of the Judgment shall have, expressly
23 waived any and all provisions, rights, and benefits conferred by any U.S. federal law or any law
24 of any state or territory of the United States, or principle of common law or foreign law, which is
25 similar, comparable or equivalent in effect to California Civil Code § 1542. The Settling Parties
26 acknowledge that they may discover facts in addition to, or different from, those now known or
27 believed to be true by them, but it is the intention of the Settling Parties to completely, fully,
28 finally, and forever compromise, settle, release, discharge, and extinguish any and all of the

1 Released Claims, any Unknown Claims, and any claims known or unknown, suspected or
2 unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent, which now
3 exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery
4 of additional or different facts. The Settling Parties shall be deemed by operation of the Judgment
5 to have acknowledged, that the foregoing waiver was separately bargained for and was a material
6 element of the Settlement.

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8 **THE TERMS OF THE SETTLEMENT**

9 1. The benefits of the Settlement consist of corporate governance reforms, that is,
10 changes to the Company’s structure, policies, and procedures (the “Reforms”), the terms of which
11 are fully set forth in Exhibit A attached hereto. Cadiz acknowledges that Plaintiff’s efforts and
12 the pendency and settlement of the Action were together the sole factor in the Company’s
13 decision to adopt and implement the Reforms. Also, Cadiz has already implemented
14 improvements to its corporate governance practices, business operations, and system of internal
15 controls since the Action was initiated. Cadiz acknowledges that Plaintiff’s efforts and the
16 pendency of the Action were together a substantial factor in the Company’s decision to adopt the
17 changes to the Company’s structure, policies, and procedures that Cadiz already implemented
18 after the filing of the Action.

19 2. The Settling Parties agree that the Reforms will provide substantial benefits to
20 Cadiz and Current Cadiz Stockholders. Cadiz always has been, and continues to be, committed to
21 the implementation, enhancement and enforcement of rigorous corporate governance measures.
22 The fact that Cadiz has implemented, or has agreed to implement, changes, modifications, or
23 enhancements to its corporate governance policies and practices shall not be construed as an
24 admission that any such enhanced policies or practices are legally required, or to the extent such
25 policies or practices were not in place in the past, constituted a failure of compliance, a breach of
26 any duty, or any other wrongdoing.

27 3. Within ninety (90) calendar days following the Effective Date, Cadiz shall take all
28 necessary steps to adopt and implement the Reforms, to the extent that such Reforms have not

1 already been adopted and implemented. Except where specified otherwise, the Reforms shall be
2 maintained for a period of no less than ten (10) years from the date of implementation, subject to
3 the terms and conditions set forth in Exhibit A attached hereto.

4 **APPROVAL AND NOTICE OF THE SETTLEMENT**

5 4. Promptly after execution of the Stipulation, Plaintiffs shall submit the Stipulation
6 together with its exhibits to the Court and shall apply for entry of an order (the “Preliminary
7 Approval Order”), substantially in the form of Exhibit B attached hereto, requesting: (i)
8 preliminary approval of the Settlement; (ii) approval of the form and manner of providing notice
9 of the Settlement to Current Cadiz Shareholders; and (iii) a date for the Settlement Hearing.

10 5. The Settling Parties agree that all proceedings and further activity between the
11 Settling Parties in the Action, except for those relating to the Settlement, shall be stayed pending
12 Court approval of the Settlement, entry of the Judgment, and dismissal with prejudice of the
13 Action.

14 6. Pending the Effective Date, Plaintiff and Plaintiff’s Counsel agree not to
15 commence or participate in any other actions or proceedings asserting any of the Released Claims
16 against any of the Released Persons. The Settling Parties further agree that they shall cooperate
17 in opposing any subsequently filed similar actions and request that they be either dismissed or
18 stayed.

19 7. Notice to Current Cadiz Shareholders shall consist of a Notice of Derivative
20 Settlement, which includes the general terms of the Settlement and the date of the Settlement
21 Hearing, substantially in the form attached hereto as Exhibit C.

22 8. Cadiz shall undertake the administrative responsibility for giving notice to Current
23 Cadiz Shareholders in the manner set forth in this paragraph. Cadiz shall be solely responsible
24 for paying the costs and expenses related to providing such notice. Cadiz shall be solely
25 responsible for paying the costs and expenses related to providing any notice that is required by
26 the Court. Within ten (10) calendar days after the entry of the Preliminary Approval Order, Cadiz
27 shall post a copy of the Notice of Derivative Settlement and this Stipulation on the investor
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1 relations portion of the Company's website, which posting shall be maintained through the date of
2 the Settlement Hearing and shall file a Form 8-K with the SEC that includes the Notice of
3 Derivative Settlement. The Form 8-K shall also refer shareholders to the website of Cadiz for
4 more information, including a copy of the Stipulation. The Settling Parties agree that the content
5 and manner of the Notice, as set forth in this paragraph, constitutes adequate and reasonable
6 notice to Current Cadiz Shareholders pursuant to applicable law and due process. Prior to the
7 Settlement Hearing, Defendants' Counsel shall serve on Plaintiff's Counsel and file with the
8 Court an appropriate affidavit or declaration with respect to filing and posting the Notice.

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10 9. Plaintiff will request that the Court hold the Settlement Hearing not less than forty-
11 five (45) days after the Notice is given, to consider and approve the Judgment substantially in the
12 form of Exhibit D hereto.

13 **RELEASES**

14 10. Upon the Effective Date, Plaintiff (acting on his own behalf and derivatively on
15 behalf of Cadiz), Cadiz, and each of Cadiz's shareholders shall be deemed to have, and by
16 operation of the Judgment shall have, fully, finally, and forever released, relinquished, and
17 discharged all Released Claims (including Unknown Claims) against the Released Persons, and
18 shall have covenanted not to sue the Released Persons with respect to all such Released Claims,
19 and shall be permanently barred and enjoined from instituting, commencing, or prosecuting the
20 Released Claims against the Released Persons.

21 11. Upon the Effective Date, each of the Defendants shall be deemed to have, and by
22 operation of the Judgment shall have, fully, finally, and forever released, relinquished, and
23 discharged Plaintiff and Plaintiff's Counsel from all claims (including Unknown Claims) arising
24 out of, relating to, or in connection with the commencement, prosecution, settlement, or
25 resolution of the Action and the Released Claims.

26 12. Nothing herein shall in any way impair or restrict the rights of any Settling Party to
27 enforce the terms of the Stipulation

28 **ATTORNEYS' FEES AND EXPENSES**

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13. In recognition of the benefits conferred upon, and/or maintained by, Cadiz as a direct result of the prosecution and settlement of the Action, Cadiz has agreed to pay, or cause to be paid to, Plaintiff's Counsel the Fee and Expense Amount of two hundred and thirty thousand dollars (\$230,000), subject to Court approval. This agreement was reached only after the Settling Parties had agreed upon the corporate governance measures provided herein. Plaintiff and Plaintiff's Counsel will not seek attorneys' fees, costs, or expenses other than as provided for in this paragraph. The Settling Parties mutually agree that the Fee and Expense Amount is fair and reasonable in light of the substantial benefits conferred upon Cadiz and Current Cadiz Shareholders by this Stipulation.

14. The Fee and Expense Amount shall be transferred to an interest-bearing escrow account (the "Escrow Account") held by Plaintiff's Counsel, within twenty (20) business days after entry of the Preliminary Approval Order. Plaintiff's Counsel shall provide Defendants' Counsel, within ten (10) business days after entry of the Preliminary Approval Order, all necessary payment details to accomplish payment of the Fee and Expense Amount to the Escrow Account by wire transfer, including bank account number, name of bank, bank address, a Sort Code or ABA Routing Number, wire transfer instructions, the Tax Identification Number, and an executed Form W-9. Defendants and Defendants' Counsel shall have no responsibility for, nor bear any risk or liability with respect to, the Escrow Account, its operation, and any taxes or expenses incurred in connection with the Escrow Account. Plaintiff's Counsel shall be solely responsible for any administrative costs associated with the Escrow Account as well as the filing of all informational and other tax returns with the Internal Revenue Service, or any other state or local taxing authority, as may be necessary or appropriate.

15. The Fee and Expense Amount shall remain in the Escrow Account until the entry of the Judgment by the Court finally approving the Settlement, at which time the Fee Award shall be immediately releasable to Plaintiff's Counsel. Should the Court order the payment of attorneys' fees and expenses to Plaintiffs' Counsel in an amount less than the agreed Fee and Expense Amount prior to, or at the time of, entry of the Judgment, then only the Court-approved

1 amount, plus interest earned thereon, shall be released to Plaintiffs' Counsel. Any amounts
2 remaining in the Escrow Account, including any interest earned thereon, shall be returned to
3 Cadiz within ten (10) business days of entry of the Judgment.

4 16. Payment of the Fee and Expense Amount, or an amount less than that, that is
5 approved by the Court shall constitute final and complete payment for Plaintiff's Counsel's
6 attorneys' fees and expenses that have been incurred or will be incurred in connection with the
7 filing and prosecution of the Action and the resolution of the claims alleged therein.

8 17. If for any reason the Effective Date does not occur, if the Stipulation is in any way
9 canceled or terminated, if the Judgment is not entered, or upon any appeal and/or further
10 proceedings on remand, or successful collateral attack, which results in the Judgment or the Fee
11 and Expense Amount being overturned or substantially modified, Plaintiff's Counsel and their
12 successors shall be obligated to repay to Cadiz, within ten (10) business days, the amount of the
13 Fee and Expense Amount, or part thereof, paid by or on behalf of Defendants, which they
14 received. Plaintiff's Counsel is subject to the Court's jurisdiction for the purposes of enforcing
15 this paragraph or the provisions related to the Fee and Expense Amount.

16 18. Except as otherwise provided herein, each of the Settling Parties shall bear his,
17 her, or its own costs and attorneys' fees.

18 19. In light of the substantial benefits they have helped to create for all Current Cadiz
19 Shareholders, Plaintiff may apply for a Court-approved service award in the amount of five
20 thousand dollars (\$5,000) (the "Incentive Amount"). The Incentive Amount, to the extent that it
21 is applied for and approved in whole or part, shall be funded from the portion of the Fee and
22 Expense Amount to the extent that the Fee and Expense Amount is approved in whole or in part.
23 Defendants shall take no position on the Incentive Amount and shall have no obligation to pay it.
24 The failure of the Court to approve the Incentive Amount, in whole or in part, shall have no effect
25 on the Settlement.

26 **EFFECTIVE DATE OF THE SETTLEMENT**

1 20. The Effective Date of this Stipulation shall be conditioned on the occurrence of all
2 of the following events:

3 a. Court approval of the Settlement and approval of the content and method
4 of providing the Notice to Current Cadiz Shareholders, and the subsequent dissemination of the
5 Notice to Current Cadiz Shareholders;

6 b. Court entry of the Judgment, in all material respects in the form set forth as
7 Exhibit D annexed hereto, approving the Settlement without awarding costs to any party, except
8 as provided herein, and dismissing the Action with prejudice;

9 c. the Judgment has become Final; and

10 d. the Payment of the Fee and Expense Amount in accordance with ¶¶13-15
11 hereof.

12 21. If any of the conditions specified in ¶20 herein are not met, then this Stipulation
13 shall be deemed canceled and terminated unless Plaintiff's Counsel and Defendants' Counsel
14 mutually agree in writing to proceed with this Stipulation; except that any proceeding, dispute,
15 appeal, petition, or order pertaining to the Incentive Amount or any fees and expenses requested
16 by or awarded to Plaintiff's Counsel shall not operate to terminate, modify, or cancel this
17 Stipulation, or affect or delay the Effective Date or the finality of the Judgment approving this
18 Stipulation and the settlement of the Action.

19 22. If for any reason the Effective Date does not occur, or if this Stipulation in any
20 way is canceled, is terminated, or fails to become Final in accordance with its terms: (i) the
21 Settling Parties shall be restored to their respective positions as of the date immediately preceding
22 the full execution of this Stipulation; and (ii) all negotiations, proceedings, documents prepared,
23 and statements made in connection herewith shall be without prejudice to the Settling Parties,
24 shall not be deemed or construed to be an admission by any Settling Party of any act, matter, or
25 proposition, and shall not be used in any manner for any purpose in the Action or in any other
26 action or proceeding. In such event, the terms and provisions of this Stipulation shall have no
27 further force and effect with respect to the Settling Parties and shall not be used in the Action or
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1 in any proceedings for any purpose, and any Judgment or other order entered in accordance with
2 the terms of the Stipulation shall be treated as vacated, *nunc pro tunc*.

3 **STIPULATION NOT AN ADMISSION**

4 23. The Stipulation shall be null and void and of no force and effect if the Court does
5 not enter the Judgment. The Stipulation and the Settlement are not and shall not be construed to
6 be an admission by any party of the validity or invalidity of any claim or defense or of any
7 liability or wrongdoing whatsoever. The Stipulation, the Settlement, and any matter relating to
8 them may not be offered or received in evidence or otherwise referred to in any civil, criminal, or
9 administrative action or proceeding for any purpose, except to enforce the terms of the
10 Settlement, and except that the Released Persons may file this Stipulation and/or the Judgment in
11 any action that may be brought against them in order to support a defense or counterclaim based
12 on principles of res judicata, collateral estoppel, full faith and credit, release, good faith
13 settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion
14 or similar defense or counterclaim.

15 **RES JUDICATA/COLLATERAL ESTOPPEL**

16 24. Defendants may file this Stipulation and/or the Judgment in any action that may be
17 brought against them, or any of them, in order to support an order, judgment or injunction barring
18 the prosecution of such action (or claims asserted therein) based on the principles of res judicata,
19 collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory
20 of claim preclusion or issue preclusion.

21 **AUTHORITY**

22 25. Each of the attorneys executing the Stipulation on behalf of one or more of the
23 Settling Parties warrants and represents that he or she has been duly authorized and empowered to
24 execute this Stipulation on behalf of his or her respective client or clients.

25 **EXHIBITS**

26 26. The exhibits to this Stipulation are material and integral parts hereof and are fully
27 incorporated herein by reference.
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1 27. In the event that there exists a conflict or inconsistency between the terms of this
2 Stipulation and the terms of any exhibit thereto, the terms of this Stipulation shall prevail.

3 **REPRESENTATIONS BY COUNSEL**

4 28. The Settling Parties represent and agree that the terms of the Settlement were
5 negotiated at arm's-length and in good faith by the Settling Parties, and reflect a settlement that
6 was reached voluntarily based upon adequate information and after consultation with experienced
7 legal counsel.

8 29. This Stipulation is being executed by counsel for the Settling Parties, each of
9 whom represents and warrants that he or she has been granted full and complete authority from
10 his or her clients to enter into this Stipulation, which has full force and effect as a binding
11 obligation of such clients.

12 **NO WAIVER OF PRIVILEGE**

13 30. Nothing in this Stipulation or the negotiations or proceedings related thereto is
14 intended or shall be deemed to constitute a waiver of any applicable privilege or immunity,
15 including, without limitation, attorney-client privilege, joint-defense privilege, or work product
16 immunity.

17 **COUNTERPARTS**

18 31. This Stipulation may be executed in any number of actual or telecopied
19 counterparts and by each of the different parties thereto on several counterparts, each of which
20 when so executed and delivered shall be an original. The executed signature page(s) from each
21 actual or telecopied counterpart may be joined together and attached to one such original and
22 shall constitute one and the same instrument.

23 **ENTIRE AGREEMENT; AMENDMENTS**

24 32. Each Settling Party acknowledges that no promise, inducement, or agreement not
25 expressed herein has been made to it or him or her, that this Stipulation contains the entire
26 agreement between or among the Settling Parties concerning the matters described in this
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1 Stipulation, and, except as expressly provided herein, that there are no third-party beneficiaries to
2 this Stipulation.

3 33. This Stipulation may be modified or amended only by a writing signed by all of
4 the signatories hereto.

5 **WAIVER**

6 34. The waiver by any Settling Party of any claim that any other Settling Party
7 breached this Stipulation shall not be deemed a waiver of any claim that other prior or subsequent
8 breaches of this Stipulation were made.

9 **SUCCESSORS**

10 35. The Stipulation and the Settlement shall be binding upon, and inure to the benefit
11 of, the successors and assigns of the Settling Parties and the Released Persons. The Settling
12 Parties agree that this Stipulation will run to their respective successors-in-interest, and they
13 further agree that any planned, proposed, or actual sale, merger, or change-in-control of Cadiz
14 shall not void this Stipulation, and that, in the event of a planned, proposed, or actual sale,
15 merger, or change-in-control of Cadiz, the Settling Parties will continue to seek final approval of
16 this Stipulation expeditiously, including, but not limited to, the Settlement terms reflected in this
17 Stipulation and the Fee and Expense Amount.

18 **BANKRUPTCY**

19 36. In the event any proceedings by or on behalf of Cadiz, whether voluntary or
20 involuntary, are initiated under any chapter of the United States Bankruptcy Code, including any
21 act of receivership, asset seizure, or similar federal or state law action (“Bankruptcy
22 Proceedings”), the Settling Parties agree to use their reasonable best efforts to obtain all necessary
23 orders, consents, releases, and approvals for effectuation of this Stipulation in a timely and
24 expeditious manner.

25 37. In the event of any Bankruptcy Proceedings by or on behalf of Cadiz, the Settling
26 Parties agree that all dates and deadlines set forth herein will be extended for such periods of time
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1 as are necessary to obtain necessary orders, consents, releases, and approvals from the bankruptcy
2 court to carry out the terms and conditions of the Stipulation.

3 **GOVERNING LAW; JURISDICTION**

4 38. The Stipulation and the exhibits attached hereto shall be considered to have been
5 negotiated, executed, and delivered, and to be wholly performed, in the State of California. This
6 Stipulation and the Settlement contemplated by it shall be governed by and construed in
7 accordance with the laws of the State of California without regard to choice of law or conflict of
8 law principles. Any action arising out of or relating to this Stipulation shall be brought
9 exclusively in the Court. No representations, warranties, or inducements have been made to any
10 party concerning the Stipulation or its exhibits other than the representations, warranties, and
11 covenants contained and memorialized in such documents.

12 **JURISDICTION FOR ENFORCEMENT OF SETTLEMENT**

13 39. The Settling Parties intend that the Court retain jurisdiction for the purpose of
14 effectuating and enforcing the terms of the Settlement.

15 **COOPERATION**

16 40. The Settling Parties and their attorneys agree to cooperate fully with one another in
17 seeking the Court's approval of this Stipulation and the Settlement and to obtain the entry of the
18 Judgment.

19 **NO CONSTRUCTION AGAINST DRAFTER**

20 41. This Stipulation shall not be construed more strictly against one Settling Party than
21 another merely because it, or any part of it, may have been prepared by counsel for one of the
22 Settling Parties, it being recognized that the Stipulation is the result of arm's-length negotiations
23 between the Settling Parties, and that all Settling Parties have contributed substantially and
24 materially to the preparation of this Stipulation.

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IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to be executed,
by their duly authorized attorneys, dated as of December 5, 2016 at Los Angeles, CA.

WINSTON & STRAWN LLP



John E. Schreiber
333 S. Grand Avenue, Suite 3800
Los Angeles, CA 90071-1543
Telephone: (213) 615-1700
Facsimile: (213) 615-1750

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