
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **February 20, 2008**

Farmer Bros. Co.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

0-1375
(Commission File Number)

95-0725980
(I.R.S. Employer
Identification No.)

20333 South Normandie Avenue, Torrance, California
(Address of Principal Executive Offices)

90502
(Zip Code)

(310) 787-5200
(Registrant's telephone number, including area code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

Form of Equity Award Agreements

On February 20, 2008, the Compensation Committee of the Board of Directors (the "Board") of Farmer Bros. Co., a Delaware corporation (the "Company"), approved and adopted the following forms of equity award agreements for use in connection with the Farmer Bros. Co. 2007 Omnibus Plan (the "Omnibus Plan") (which was previously filed as Exhibit 10.1 to the Form 8-K filed by the Company with the SEC on August 29, 2007):

- Form of 2007 Omnibus Plan Stock Option Grant Notice and Stock Option Agreement, the form of which is attached hereto as Exhibit 10.1 and is incorporated herein by reference; and
- Form of 2007 Omnibus Plan Restricted Stock Award Grant Notice and Restricted Stock Award Agreement, the form of which is attached hereto as Exhibit 10.2 and is incorporated herein by reference.

The names of individual participants, the number of options or shares of restricted stock granted to any individual, the date of grant and the vesting requirements, if any, for each individual grant will be determined at the time of each grant in accordance with the terms of the Omnibus Plan.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Equity Awards

Non-Employee Directors

On February 20, 2008, the Board, in accordance with the provisions of the Omnibus Plan, granted to each of the Company's non-employee members of the Board 1,300 shares of restricted stock based on the closing price of the Company's common stock as reported on the Nasdaq National Market on February 20, 2008, the date of grant. The shares will vest ratably over three years, subject to the non-employee director's continued service to the Company. The Board members who received this award were: Guenter W. Berger, Martin A. Lynch, Thomas A. Maloof, James J. McGarry, John H. Merrell and Carol Farmer Waite. The foregoing grants are consistent with the Company's fiscal 2008 director compensation policy. The awards of restricted stock were granted under the Omnibus Plan pursuant to a Restricted Stock Award Grant Notice and Restricted Stock Award Agreement, the form of which is attached hereto as Exhibit 10.2 and is incorporated herein by reference. The foregoing description of the terms and conditions of the restricted stock awards is qualified in its entirety by reference to the complete terms and conditions of the Omnibus Plan, Restricted Stock Award Grant Notice and Restricted Stock Award Agreement.

Employee Executive Officers

On February 20, 2008, the Compensation Committee of the Board, in accordance with the provisions of the Omnibus Plan, approved grants of non-qualified stock options and restricted stock to certain of the Company's employees, including the following grants to the Company's named executive officers:

Name	Title	Shares of Common Stock Issuable Upon Exercise of Options	Shares of Restricted Stock
Roger M. Lavery III	President and Chief Executive Officer	40,000	6,600
Michael J. King	Vice President, Sales	9,000	1,500
John E. Simmons	Treasurer and Chief Financial Officer	9,000	1,500

The stock options have an exercise price equal to \$22.70 per share, which was the closing price of the Company's common stock as reported on the Nasdaq National Market on February 20, 2008, the date of grant. The stock options have a seven year term expiring on February 20, 2015; and vest ratably over three years. The stock options were granted under the Omnibus Plan pursuant to a Stock Option Grant Notice and Stock Option Agreement, the form of which is attached hereto as Exhibit 10.1 and is incorporated herein by reference. The foregoing description of the terms and conditions of the stock options is qualified in its entirety by reference to the complete terms and conditions of the Omnibus Plan, Stock Option Grant Notice and Stock Option Agreement.

The shares of restricted stock vest on February 20, 2011. The awards of restricted stock were granted under the Omnibus Plan pursuant to a Restricted Stock Award Grant Notice and Restricted Stock Award Agreement, the form of which is attached hereto as Exhibit 10.2 and is incorporated herein by reference. The foregoing description of the terms and conditions of the restricted stock awards is qualified in its entirety by reference to the complete terms and conditions of the Omnibus Plan, Restricted Stock Award Grant Notice and Restricted Stock Award Agreement.

Stock Ownership Guidelines

On February 20, 2008, the Board approved Stock Ownership Guidelines for Directors and Executive Officers. The Stock Ownership Guidelines generally provide that the Company's executive officers and non-employee directors are expected to own and hold a minimum number of shares of the Company's common stock. A copy of the Stock Ownership Guidelines is attached hereto as Exhibit 10.3 and is incorporated herein by reference.

Item 8.01 Other Events

Declaration of Quarterly Dividend

On February 22, 2008, the Company issued a press release announcing the declaration of a quarterly dividend. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

- 10.1 Form of 2007 Omnibus Plan Stock Option Grant Notice and Stock Option Agreement
- 10.2 Form of 2007 Omnibus Plan Restricted Stock Award Grant Notice and Restricted Stock Award Agreement
- 10.3 Stock Ownership Guidelines for Directors and Executive Officers
- 99.1 Press Release of Farmer Bros. Co. announcing the declaration of a quarterly dividend

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: February 25, 2008

FARMER BROS. CO.

By: /S/ JOHN E. SIMMONS
Name: John E. Simmons
Title: Treasurer, Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of 2007 Omnibus Plan Stock Option Grant Notice and Stock Option Agreement
10.2	Form of 2007 Omnibus Plan Restricted Stock Award Grant Notice and Restricted Stock Award Agreement
10.3	Stock Ownership Guidelines for Directors and Executive Officers
99.1	Press Release of Farmer Bros. Co. dated February 22, 2008 announcing the declaration of a quarterly dividend

2.1 Grant of Option. In consideration of Participant's past and/or continued employment with or service to the Company or a Parent or Subsidiary and for other good and valuable consideration, effective as of the Grant Date set forth in the Grant Notice (the "**Grant Date**"), the Company irrevocably grants to Participant the Option to purchase any part or all of an aggregate of the number of shares of Stock set forth in the Grant Notice, upon the terms and conditions set forth in the Plan and this Agreement. Unless designated as a Non-Qualified Stock Option in the Grant Notice, the Option shall be an Incentive Stock Option to the maximum extent permitted by law.

2.2 Exercise Price. The exercise price of the shares of Stock subject to the Option shall be as set forth in the Grant Notice, without commission or other charge; *provided, however*, that if this Option is designated as an Incentive Stock Option, the price per share of the shares subject to the Option shall not be less than the greater of (i) 100% of the Fair Market Value of a share of Stock on the Grant Date, or (ii) 110% of the Fair Market Value of a share of Stock on the Grant Date in the case of a Participant then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any "subsidiary corporation" of the Company or any "parent corporation" of the Company (each within the meaning of Section 424 of the Code).

2.3 Consideration to the Company. In consideration of the grant of the Option by the Company, Participant agrees to render faithful and efficient services to the Company or any Parent or Subsidiary. Nothing in the Plan or this Agreement shall confer upon Participant any right to (a) continue in the employ of the Company or any Parent or Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Parents and Subsidiaries, which are hereby expressly reserved, to discharge Participant, if Participant is an Employee, or (b) continue to provide services to the Company or any Parent or Subsidiary or shall interfere with or restrict in any way the rights of the Company or its Parents and Subsidiaries, which are hereby expressly reserved, to terminate the services of Participant, if Participant is a Consultant, at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company, a Parent or a Subsidiary and Participant, or (c) continue to serve as a member of the Board or shall interfere with or

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restrict in any way the rights of the Company, which are hereby expressly reserved, to discharge Participant in accordance with the Company's Bylaws.

ARTICLE III PERIOD OF EXERCISABILITY

3.1 Commencement of Exercisability.

(a) Subject to Sections 3.3 and 5.8, the Option shall become vested and exercisable in such amounts and at such times as are set forth in the Grant Notice.

(b) No portion of the Option which has not become vested and exercisable at the date of Participant's Termination of Employment, Termination of Directorship or Termination of Consultancy shall thereafter become vested and exercisable, except as may be otherwise provided in the Grant Notice, this Agreement, by the Administrator or as set forth in a written agreement between the Company and Participant.

3.2 Duration of Exercisability. The installments provided for in the vesting schedule set forth in the Grant Notice are cumulative. Each such installment which becomes vested and exercisable pursuant to the vesting schedule set forth in the Grant Notice shall remain vested and exercisable until it becomes unexercisable under Section 3.3.

3.3 Expiration of Option. The Option may not be exercised to any extent by anyone after the first to occur of the following events:

(a) The expiration of seven years from the Grant Date;

(b) If this Option is designated as an Incentive Stock Option and Participant owned (within the meaning of Section 424(d) of the Code), at the time the Option was granted, more than 10% of the total combined voting power of all classes of stock of the Company or any "subsidiary corporation" of the Company or "parent corporation" of the Company (each within the meaning of Section 424 of the Code), the expiration of five years from the Grant Date; or

(c) Except as set forth in a written agreement with the Company, the expiration of three months following the date of Participant's Termination of Employment, Termination of Directorship or Termination of Consultancy, unless such termination occurs by reason of Participant's retirement, death or Disability; or

(d) The expiration of one year following the date of Participant's Termination of Employment, Termination of Directorship or Termination of Consultancy by reason of Participant's retirement, death or Disability.

Participant acknowledges that an Incentive Stock Option exercised more than three months after Participant's Termination of Employment, other than by reason of death or Disability, will be taxed as a Non-Qualified Stock Option.

3.4 Special Tax Consequences. Participant acknowledges that, to the extent that the aggregate Fair Market Value (determined as of the time the Option is granted) of all shares of Stock with respect to which Incentive Stock Options, including the Option, are exercisable for the first time by Participant in any calendar year exceeds \$100,000 (or such other limitation as imposed by Section 422(d) of the Code), the Option and such other options shall be treated as not qualifying under Section 422 of the

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Code but rather shall be considered Non-Qualified Stock Options. Participant further acknowledges that the rule set forth in the preceding sentence shall be applied by taking Options and other "incentive stock options" into account in the order in which they were granted, as determined under Section 422(d) of the

3.5 Acceleration of Vesting

(a) Acceleration of Vesting Upon Death or Disability. In the event of Participant's Termination of Employment, Termination of Directorship or Termination of Consultancy by reason of Participant's death or Disability, Participant or Participant's estate will have the right to exercise the Option during the applicable time period set forth in Section 3.3 with respect to the then vested shares plus a pro rata portion of the unvested shares as of the date of such termination determined as follows:

(Actual Number of Service Days During Remaining Vesting Period).

(Total Number of Days During Remaining Vesting Period) X (No. of Unvested Shares) = (Accelerated Shares)

(b) Other Events. The Administrator retains the discretion to determine whether an acceleration of vesting will occur upon the occurrence of certain other events, including Termination of Consultancy, Termination of Directorship, and Termination of Employment other than by reason of death or Disability, and an impending Change in Control.

ARTICLE IV EXERCISE OF OPTION

4.1 Person Eligible to Exercise. Except as provided in Sections 5.2(b) and 5.2(c), during the lifetime of Participant, only Participant may exercise the Option or any portion thereof. After the death of Participant, any exercisable portion of the Option may, prior to the time when the Option becomes unexercisable under Section 3.3, be exercised by Participant's personal representative or by any person empowered to do so under the deceased Participant's will or under the then applicable laws of descent and distribution.

4.2 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 3.3.

4.3 Manner of Exercise. The Option, or any exercisable portion thereof, may be exercised solely by delivery to the Secretary of the Company or the Secretary's office of all of the following prior to the time when the Option or such portion thereof becomes unexercisable under Section 3.3:

(a) An Exercise Notice in writing signed by Participant or any other person then entitled to exercise the Option or portion thereof, stating that the Option or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Administrator. Such notice shall be substantially in the form attached as Exhibit B to the Grant Notice (or such other form as is prescribed by the Administrator); and

(b) Subject to Section 5.1(c) of the Plan:

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(i) Full payment (in cash or by check) for the shares with respect to which the Option or portion thereof is exercised; or

(ii) Such payment may be made, in whole or in part, through the delivery of shares of Stock which have been owned by Participant for at least six months, duly endorsed for transfer to the Company with a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof; or

(iii) Through the delivery of a notice that Participant has placed a market sell order with a broker with respect to shares of Stock then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price; *provided*, that payment of such proceeds is made to the Company upon settlement of such sale; or

(iv) Subject to any applicable laws, any combination of the consideration provided in the foregoing paragraphs (i), (ii) and (iii); and

(c) A bona fide written representation and agreement, in such form as is prescribed by the Administrator, signed by Participant or the other person then entitled to exercise such Option or portion thereof, stating that the shares of Stock are being acquired for Participant's own account, for investment and without any present intention of distributing or reselling said shares or any of them except as may be permitted under the Securities Act and then applicable rules and regulations thereunder and any other applicable law, and that Participant or other person then entitled to exercise such Option or portion thereof will indemnify the Company against and hold it free and harmless from any loss, damage, expense or liability resulting to the Company if any sale or distribution of the shares by such person is contrary to the representation and agreement referred to above. The Administrator may, in its absolute discretion, take whatever additional actions it deems appropriate to ensure the observance and performance of such representation and agreement and to effect compliance with the Securities Act and any other federal or state securities laws or regulations and any other applicable law. Without limiting the generality of the foregoing, the Administrator may require an opinion of counsel acceptable to it to the effect that any subsequent transfer of shares acquired on an Option exercise does not violate the Securities Act, and may issue stop-transfer orders covering such shares. Share certificates evidencing Stock issued on exercise of the Option shall bear an appropriate legend referring to the provisions of this subsection (c) and the agreements herein. The written representation and agreement referred to in the first sentence of this subsection (c) shall, however, not be required if the shares to be issued pursuant to such exercise have been registered under the Securities Act, and such registration is then effective in respect of such shares; and

(d) The receipt by the Company of full payment for such shares, including payment of any applicable withholding tax, which may be in the form of consideration used by Participant to pay for such shares under Section 4.3(b), subject to Section 16.3 of the Plan; and

(e) In the event the Option or portion thereof shall be exercised pursuant to Section 4.1 by any person or persons other than Participant, appropriate proof of the right of such person or persons to exercise the Option.

4.4 Conditions to Issuance of Stock Certificates. The shares of Stock deliverable upon the exercise of the Option, or any portion thereof, may be either previously authorized but unissued shares or issued shares which have then been reacquired by the Company. Such shares shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any shares of Stock purchased upon the exercise of the Option or portion thereof prior to fulfillment of all of the following conditions:

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(a) The admission of such shares to listing on all stock exchanges on which such Stock is then listed; and

(b) The completion of any registration or other qualification of such shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or of any other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable; and

(c) The obtaining of any approval or other clearance from any state or federal governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable; and

(d) The receipt by the Company of full payment for such shares, including payment of any applicable withholding tax, which may be in the form of consideration used by Participant to pay for such shares under Section 4.3(b); and

(e) The lapse of such reasonable period of time following the exercise of the Option as the Administrator may from time to time establish for reasons of administrative convenience.

4.5 Rights as Stockholder. The holder of the Option shall not be, nor have any of the rights or privileges of, a stockholder of the Company in respect of any shares purchasable upon the exercise of any part of the Option unless and until such shares shall have been issued by the Company to such holder (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment will be made for a dividend or other right for which the record date is prior to the date the shares are issued, except as provided in Article 12 of the Plan.

ARTICLE V OTHER PROVISIONS

5.1 Administration. The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the Option. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Administrator under the Plan and this Agreement.

5.2 Option Not Transferable.

(a) Subject to Section 5.2(b), the Option may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the shares underlying the Option have been issued, and all restrictions applicable to such shares have lapsed. Neither the Option nor any interest or right therein shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

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(b) Notwithstanding any other provision in this Agreement, with the consent of the Administrator and to the extent the Option is not intended to qualify as an Incentive Stock Option, the Option may be transferred to one or more Permitted Transferees, subject to the terms and conditions set forth in Section 11.3(b) of the Plan.

(c) Unless transferred to a Permitted Transferee in accordance with Section 5.2(b), during the lifetime of Participant, only Participant may exercise the Option or any portion thereof. Subject to such conditions and procedures as the Administrator may require, a Permitted Transferee may exercise the Option or any portion thereof during Participant's lifetime. After the death of Participant, any exercisable portion of the Option may, prior to the time when the Option becomes unexercisable under Section 3.3, be exercised by Participant's personal representative or by any person empowered to do so under the deceased Participant's will or under the then applicable laws of descent and distribution.

5.3 Restrictive Legends and Stop-Transfer Orders.

(a) The share certificate or certificates evidencing the shares of Stock purchased hereunder shall be endorsed with any legends that may be required by state or federal securities laws.

(b) Participant agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) The Company shall not be required: (i) to transfer on its books any shares of Stock that have been sold or otherwise transferred in violation of any of the provisions of this Agreement, or (ii) to treat as owner of such shares of Stock or to accord the right to vote or pay dividends to any

purchaser or other transferee to whom such shares shall have been so transferred.

5.4 Shares to Be Reserved. The Company shall at all times during the term of the Option reserve and keep available such number of shares of Stock as will be sufficient to satisfy the requirements of this Agreement.

5.5 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the address given beneath the signature of the Company's authorized officer on the Grant Notice, and any notice to be given to Participant shall be addressed to Participant at the address given beneath Participant's signature on the Grant Notice. By a notice given pursuant to this Section 5.5, either party may hereafter designate a different address for notices to be given to that party. Any notice which is required to be given to Participant shall, if Participant is then deceased, be given to the person entitled to exercise his or her Option pursuant to Section 4.1 by written notice under this Section 5.5. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

5.6 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

5.7 Governing Law; Severability. This Agreement shall be administered, interpreted and enforced under the laws of the State of Delaware, without regard to the conflicts of law principles thereof. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

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5.8 Conformity to Securities Laws. Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Option is granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

5.9 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator, provided, that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely effect the Award in any material way without the prior written consent of Participant.

5.10 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

5.11 Notification of Disposition. If this Option is designated as an Incentive Stock Option, Participant shall give prompt notice to the Company of any disposition or other transfer of any shares of Stock acquired under this Agreement if such disposition or transfer is made (a) within two years from the Grant Date with respect to such shares or (b) within one year after the transfer of such shares to him. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by Participant in such disposition or other transfer.

5.12 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Option and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

5.13 Entire Agreement. The Plan and this Agreement (including all Exhibits hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

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EXHIBIT B TO STOCK OPTION GRANT NOTICE

FORM OF EXERCISE NOTICE

Effective as of today, _____, the undersigned ("**Participant**") hereby elects to exercise Participant's option to purchase _____ shares of the Stock (the "**Shares**") of Farmer Bros. Co., a Delaware corporation (the "**Company**"), under and pursuant to the Farmer Bros. Co. 2007 Omnibus Plan (the "**Plan**") and the Stock Option Grant Notice and Stock Option Agreement dated _____ (the "**Option Agreement**"). Capitalized terms used herein without definition shall have the meanings given in the Option Agreement.

Grant Date:

Number of Shares as to which Option is Exercised:

Exercise Price per Share:

Total Exercise Price:

Certificate to be issued in name of:

Payment delivered herewith:

\$ _____
\$ _____

\$ _____

(Representing the full Exercise Price
for the Shares, as well as any
applicable withholding tax)

Form of Payment:

(Please specify)

Type of Option: o Incentive Stock Option

o Non-Qualified Stock Option

Participant acknowledges that Participant has received, read and understood the Plan and the Option Agreement. Participant agrees to abide by and be bound by their terms and conditions. Participant understands that Participant may suffer adverse tax consequences as a result of Participant’s purchase or disposition of the Shares. Participant represents that Participant has consulted with any tax consultants Participant deems advisable in connection with the purchase or disposition of the Shares and that Participant is not relying on the Company for any tax advice. The Plan and Option Agreement are incorporated herein by reference. This Agreement, the Plan and the Option Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

ACCEPTED BY:
FARMER BROS. CO.

By: _____

Print Name: _____

Title: _____

SUBMITTED BY:

By: _____

Print Name: _____

Address: _____

FARMER BROS. CO.

FORM OF

2007 OMNIBUS PLAN

RESTRICTED STOCK AWARD GRANT NOTICE AND

RESTRICTED STOCK AWARD AGREEMENT

Farmer Bros. Co., a Delaware corporation (the “**Company**”), pursuant to its 2007 Omnibus Plan (the “**Plan**”), hereby grants to the individual listed below (“**Participant**”), the number of shares of Restricted Stock set forth below (the “**Shares**”). This Award is subject to all of the terms and conditions as set forth herein and in the Restricted Stock Award Agreement attached hereto as Exhibit A (the “**Restricted Stock Agreement**”) (including without limitation the Restrictions on the Shares set forth in the Restricted Stock Agreement) and the Plan, each of which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Restricted Stock Agreement.

Participant: _____

Grant Date: _____

Vesting Commencement Date: _____

Total Number of Shares of Restricted Stock: _____

Vesting Schedule: [To be specified in individual agreements], subject to the acceleration provisions set forth in the Restricted Stock Agreement.

By his or her signature below, Participant agrees to be bound by the terms and conditions of the Plan, the Restricted Stock Agreement and this Grant Notice. Participant has reviewed the Restricted Stock Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Restricted Stock Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator of the Plan upon any questions arising under the Plan, this Grant Notice or the Restricted Stock Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

FARMER BROS. CO.

PARTICIPANT

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Address: 20333 South Normandie Avenue
Torrance, California 90502

Address: _____

EXHIBIT A

TO RESTRICTED STOCK AWARD GRANT NOTICE

FARMER BROS. CO. RESTRICTED STOCK AWARD AGREEMENT

Pursuant to the Restricted Stock Award Grant Notice (the “**Grant Notice**”) to which this Restricted Stock Award Agreement (this “**Agreement**”) is attached, Farmer Bros. Co., a Delaware corporation (the “**Company**”) has granted to Participant the number of shares of Restricted Stock under the 2007 Omnibus Plan, as amended from time to time (the “**Plan**”), as set forth in the Grant Notice.

ARTICLE I

GENERAL

1.1 Definitions. All capitalized terms used in this Agreement without definition shall have the meanings ascribed in the Plan and the Grant Notice.

1.2 Incorporation of Terms of Plan. The Award (as defined below) is subject to the terms and conditions of the Plan which are incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II

AWARD OF RESTRICTED STOCK

2.1 Award of Restricted Stock

(a) Award. In consideration of Participant’s agreement to remain in the service or employ of the Company or one of its Parents or Subsidiaries, and for other good and valuable consideration which the Administrator has determined exceeds the aggregate par value of the Shares subject to the Award (as defined below), as of the Grant Date, the Company issues to Participant the Award described in this Agreement (the “**Award**”). The number of

shares of Restricted Stock (the “**Shares**”) subject to the Award is set forth in the Grant Notice. The Participant is an Employee, member of the Board, or Consultant.

(b) Book Entry Form. The Shares will be issued in uncertificated form. Notwithstanding anything to the contrary in the foregoing, at the sole discretion of the Administrator, the Shares will be issued in either (i) uncertificated form, with the Shares recorded in the name of Participant in the books and records of the Company’s transfer agent with appropriate notations regarding the restrictions on transfer imposed pursuant to this Agreement, and upon vesting and the satisfaction of all conditions set forth in Section 2.2(c), the Company shall cause certificates representing the Shares to be issued to Participant; or (ii) certificate form pursuant to the terms of Sections 2.1(c) and (d).

(c) Legend. Certificates representing Shares issued pursuant to this Agreement shall, until all Restrictions imposed pursuant to this Agreement lapse or shall have been removed and new certificates are issued, bear the following legend (or such other legend as shall be determined by the Administrator):

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN VESTING REQUIREMENTS AND MAY BE SUBJECT TO FORFEITURE UNDER THE TERMS OF THAT CERTAIN RESTRICTED STOCK AWARD AGREEMENT, DATED [, 20], BY AND BETWEEN FARMER BROS. CO. AND THE REGISTERED OWNER OF SUCH SHARES, AND SUCH SHARES MAY NOT BE, DIRECTLY OR INDIRECTLY, OFFERED,

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TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNDER ANY CIRCUMSTANCES, EXCEPT PURSUANT TO THE PROVISIONS OF SUCH AGREEMENT.”

(d) Escrow. The Secretary of the Company, or such other escrow holder as the Administrator may appoint, may retain physical custody of the certificates representing the Shares until all of the restrictions on transfer imposed pursuant to this Agreement lapse or shall have been removed; in such event Participant shall not retain physical custody of any certificates representing unvested Shares issued to him or her.

2.2 Restrictions

(a) Forfeiture. Any Award which is not vested as of the date Participant ceases to be an Employee or other Eligible Individual shall thereupon be forfeited immediately and without any further action by the Company. For purposes of this Agreement, “**Restrictions**” shall mean the restrictions on sale or other transfer set forth in Section 3.2 and the exposure to forfeiture set forth in this Section 2.2(a).

(b) Vesting and Lapse of Restrictions. Subject to Sections 2.2(a) and 2.3 hereof, the Award shall vest and the Restrictions shall lapse in accordance with the vesting schedule set forth on the Grant Notice.

(c) Tax Withholding; Conditions to Issuance of Certificates. Notwithstanding any other provision of this Agreement (including without limitation Section 2.1(b)):

(i) No new certificate shall be delivered to Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid to the Company the full amount of all federal and state withholding or other taxes applicable to the taxable income of Participant resulting from the grant of Shares or the lapse or removal of the Restrictions, which payment shall be in the form of (1) cash, (2) check, or (3) upon the request of Participant and with the consent of the Administrator, withholding by the Company, on the date that the Restrictions on all or a portion of the Award shall lapse pursuant to Section 2.2(b), of a number of whole Shares for which the Restrictions would have otherwise lapsed on such date, having a Fair Market Value, determined as of such date, not in excess of the minimum tax required to be withheld by law (the “**Share Withholding Procedure**”). Any adverse consequences to Participant arising in connection with the Share Withholding Procedure shall be the sole responsibility of Participant.

(ii) The Company shall not be required to issue or deliver any certificate or certificates for any Shares prior to the fulfillment of all of the following conditions: (A) the admission of the Shares to listing on all stock exchanges on which such Stock is then listed, (B) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its sole and absolute discretion, deem necessary and advisable, (C) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable and (D) the lapse of any such reasonable period of time following the date the Restrictions lapse as the Administrator may from time to time establish for reasons of administrative convenience.

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2.3 Acceleration of Vesting

(a) Acceleration of Vesting Upon Death or Disability or Termination. In the event of Participant’s Termination of Employment, Termination of Directorship or Termination of Consultancy by reason of Participant’s death or Disability, the following pro rata portion of the Shares will be deemed to have vested immediately prior to the termination event and shall no longer be subject to forfeiture (up to a maximum of 100% of the Shares):

(Actual Number of Service Days During Vesting Period)

(Total Number of Days During Vesting Period)

X

(No. of Shares) = (Vested Shares)

(b) Other Events. The Administrator retains the discretion to determine whether an acceleration of vesting will occur upon the occurrence of certain other events, including Termination of Consultancy, Termination of Directorship, and Termination of Employment other than by reason of death or Disability, and an impending Change in Control.

ARTICLE III OTHER PROVISIONS

3.1 Administration. The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the Option. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Administrator under the Plan and this Agreement.

3.2 Restricted Stock Not Transferable. Prior to the lapsing of the Restrictions pursuant to Section 2.2(b), no Shares or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 3.2 notwithstanding, with the consent of the Administrator, the Shares may be transferred to certain persons or entities related to Participant, including but not limited to members of Participant's family, charitable institutions or trusts or other entities whose beneficiaries or beneficial owners are members of Participant's family or to such other persons or entities as may be expressly approved by the Administrator, pursuant to any such conditions and procedures the Administrator may require. Upon the lapsing of the Restrictions pursuant to Section 2.2(b), the Shares shall no longer be Restricted Stock but shall be Stock held by Participant, and Participant shall have all the rights of a stockholder with respect to such Stock.

3.3 Rights as Stockholder. Except as otherwise provided herein, upon the Grant Date Participant shall have all the rights of a stockholder with respect to the Shares, subject to the Restrictions herein, including the right to vote the Shares and the right to receive any cash or stock dividends paid to or made with respect to the Shares.

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3.4 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an Employee, member of the Board, Consultant, or other service provider of the Company or any of its Subsidiaries.

3.5 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the address given beneath the signature of the Company's authorized officer on the Grant Notice, and any notice to be given to Participant shall be addressed to Participant at the address given beneath Participant's signature on the Grant Notice. By a notice given pursuant to this Section 3.5, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

3.6 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.7 Governing Law; Severability. This Agreement shall be administered, interpreted and enforced under the laws of the State of Delaware, without regard to the conflicts of law principles thereof. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

3.8 Conformity to Securities Laws. Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Awards are granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

3.9 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator, provided, that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely effect the Award in any material way without the prior written consent of Participant.

3.10 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

3.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Award and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.12 Entire Agreement. The Plan and this Agreement (including all Exhibits hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

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FARMER BROS. CO.

**STOCK OWNERSHIP GUIDELINES
FOR DIRECTORS AND EXECUTIVE OFFICERS**

Adopted by the Board of Directors on February 20, 2008

The Board of Directors of Farmer Bros. Co. (the “Company”) has adopted these Stock Ownership Guidelines (“Guidelines”) to further align the interests of the Company’s executive officers and independent directors with the interests of the Company’s stockholders and to further promote the Company’s commitment to sound corporate governance.

I. Executive Officer Stock Ownership Guidelines

Executive officers of the Company, as identified by the Committee (“Officers”), are expected to own and hold a number of shares of the Company’s common stock (“Common Stock”) based on the following guidelines:

Officer	Value of Shares Owned
Chief Executive Officer	\$450,000
Other Executive Officers	\$100,000 - \$250,000, as determined by the Board in its discretion

II. Non-Employee Director Stock Ownership Guidelines

Non-employee directors are expected to own and hold during their service as a Board member a number of shares of Common Stock with a value equal to at least three (3) times the amount of the non-employee director annual stock-based award, as the same may be adjusted from time to time, under the Company’s 2007 Omnibus Plan.

III. Compliance with the Guidelines

Stock that counts toward satisfaction of these Guidelines include: (a) shares of Common Stock owned outright by the Officer or non-employee director and his or her immediate family members who share the same household, whether held individually or jointly; (b) restricted stock or restricted stock units (whether or not the restrictions have lapsed); (c) ESOP shares; and (d) shares of Common Stock held in trust for the benefit of the Officer or non-employee director or his or her family.

Until the applicable guideline is achieved, each Officer and non-employee director is required to retain all “profit shares,” which are those shares remaining after payment of taxes on earned equity awards under the Company’s 2007 Omnibus Plan, such as shares granted pursuant to the exercise of vested options and restricted stock that has vested. Officers and non-employee directors are expected to continuously own sufficient shares to meet these Guidelines once attained. Nothing contained herein shall otherwise prohibit any officer or non-employee director from transferring shares acquired by such person other than pursuant to the Company’s 2007 Omnibus Plan, including shares directly purchased in the market and ESOP shares, if any, subject to applicable securities laws and the Company’s other policies and procedures, including, without limitation, the Company’s Insider Trading Policy.

These Guidelines may be waived at the discretion of the Board if compliance would create severe hardship or prevent an Officer or non-employee director from complying with a court order. It is expected that these instances will be rare.

NEWS RELEASE

February 22, 2008

FARM - - NASDAQ NATIONAL MARKET SYSTEM

Farmer Bros. Board Declares Dividend

TORRANCE, CALIF. — (BUSINESS WIRE) — Feb. 22, 2008 — Farmer Bros. Co. (Nasdaq: FARM) announced that its Board of Directors declared a regular dividend of \$0.115 per share, payable on May 12, 2008 to shareholders of record on April 25, 2008.

About Farmer Bros.

Farmer Bros. Co. is an institutional coffee roaster that sells a variety of coffee and allied products to the food service industry and private-label customers such as retailers. The Company's signature Farmer Bros. trucks and vans bearing the "Consistently Good" logo are seen throughout Farmer Brothers' 28-state service area. The Company's wholly owned Coffee Bean Intl. is one of the nation's leading specialty coffee roasters and wholesalers. Farmer Brothers has paid a dividend in every year since 1953, increased its dividend in every year since 1997, and its stock price has risen on a split-adjusted basis from \$1.80 a share in 1980. For more information, go to: www.farmerbroscousa.com.

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