
**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): March 31, 2011

Farmer Bros. Co.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-34249
(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.

The information set forth in Item 5.02 of this Current Report on Form 8-K with respect to: (i) the Separation Agreement, dated as of April 1, 2011 (the “Separation Agreement”), between Farmer Bros. Co., a Delaware corporation (the “Company”), and Roger M. Lavery III; and (ii) the agreement to amend the terms of employment of Jeffrey A. Wahba, the Company’s Treasurer and Chief Financial Officer, Patrick G. Criteser, President and CEO of Coffee Bean International, Inc. (“CBI”), a subsidiary of the Company, and Mark A. Harding, the Company’s Senior Vice President of Operations; is hereby incorporated into this Item 1.01 by reference.

Item 1.02. Termination of a Material Definitive Agreement.

The information set forth in Item 5.02(b) of this Current Report on Form 8-K with respect to the termination of the Employment Agreement, dated as of June 2, 2006, as amended (the “Lavery Employment Agreement”), between the Company and Roger M. Lavery III, and the Change in Control Severance Agreement, dated as of June 2, 2006 (the “Lavery Change in Control Agreement”), between the Company and Roger M. Lavery III, is hereby incorporated into this Item 1.02 by reference.

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

(b) On March 31, 2011, Roger M. Lavery III notified the Board of Directors of his intent to step down as an executive officer of the Company effective April 19, 2011, and retire and step down as a director effective June 30, 2011, in order to devote additional time to personal and family matters.

In order to facilitate an effective transition of his responsibilities, the Company and Mr. Lavery entered into the Separation Agreement. Pursuant to the Separation Agreement, Mr. Lavery will continue to serve as President and Chief Executive Officer through April 19, 2011 (the “Transition Date”), at which time he will step down as an executive officer of the Company, and resign from any and all offices, and any other position, office or directorship of any other entity for which Mr. Lavery was serving at the request of the Company. From the Transition Date through June 30, 2011 (“Termination Date”), Mr. Lavery will continue to serve as a director of the Company, assist in the transition of his general responsibilities, and provide such services and perform such duties as directed by the Company’s Board of Directors. Mr. Lavery will continue to receive the compensation and benefits to which he is entitled under the Lavery Employment Agreement through the Termination Date. The Lavery Change in Control Agreement will terminate as of the Transition Date. The Company and Mr. Lavery have agreed that his resignation will constitute a termination without cause pursuant to the Lavery Employment Agreement.

Pursuant to the Separation Agreement, Mr. Lavery will receive as severance (i) his base salary of \$425,000, payable in monthly installments for a period of one (1) year in accordance with the Company’s standard payroll practices; (ii) partially Company-paid COBRA coverage under the Company’s health care plan for himself and his spouse for one (1) year; and (iii) \$318,750, representing his fiscal 2011 target bonus under the Farmer Bros. Co. 2005 Incentive Compensation Plan (the “Incentive Plan”). Payment of the foregoing severance amounts is subject to receipt and effectiveness of a release of claims against the Company. Vesting and exercise of all stock options and restricted stock awards granted to Mr. Lavery will be governed by the terms and conditions of the applicable award agreements.

The foregoing description of the Separation Agreement is qualified in its entirety by the full text of the Separation Agreement filed herewith as Exhibit 10.1 and incorporated herein by reference.

(c) (1) In connection with Mr. Lavery’s stepping down as an executive officer of the Company, effective April 19, 2011, the Board of Directors has appointed Jeffrey A. Wahba, the Company’s Treasurer and Chief Financial Officer, and Patrick G. Criteser, President and CEO of CBI, to share the office of Chief Executive on an interim basis, pending the Board’s search and consideration of a permanent successor to Mr. Lavery. Messrs. Wahba and Criteser will report directly to the Audit Committee. In addition to their added responsibilities as interim

co-CEO's, Mr. Wahba and Mr. Criteser will continue as the Company's Treasurer and Chief Financial Officer, and President and CEO of CBI, respectively. Mr. Criteser will also take on the added function of chief sales and marketing executive for the Company and CBI.

The Board has formed a Search Committee, consisting of Jeanne Farmer Grossman, James J. McGarry and John H. Merrell, which intends to engage a search firm to conduct a search to identify and retain a permanent Chief Executive Officer of the Company. Messrs. Wahba and Criteser, in addition to other internal and external candidates, will be considered for the permanent position.

(2) Mr. Wahba, age 54, has served as Treasurer and Chief Financial Officer of the Company since June 1, 2010. Prior to joining the Company, Mr. Wahba was Chief Financial Officer of Nero AG, a consumer software company from 2009 through May 31, 2010. Prior to that, Mr. Wahba was Chief Financial Officer and Secretary of HireRight, Inc., an employment background screening provider, from 2006 to 2008. From 1986 to 2006, Mr. Wahba was Chief Financial Officer of the Henry Group of Companies, a manufacturer of building products and distributor of premium wines. Mr. Wahba's prior experience includes serving as Chief Financial Officer of Vault Corporation, a software security firm, and as Controller of the International Division of Max Factor and Co., a cosmetics manufacturer. Mr. Wahba holds a B.S. in Industrial Engineering and an M.S. in Engineering Management and Industrial Engineering from Stanford University, and an M.B.A. from the University of Southern California.

Mr. Criteser, age 42, has served as President and CEO of CBI (acquired by the Company in 2007) since November 2006. Prior to this appointment, he was CBI's Vice President of Marketing and Customer Development. Prior to joining CBI, Mr. Criteser was a principal at SmartForest Ventures, an early-stage venture capital fund located in Portland, Oregon, from 2000 to 2004. In 1999 and 2000, Mr. Criteser was Manager of Global Strategic Planning for Nike, Inc. Mr. Criteser's prior experience includes management roles in Operations, Marketing, and Strategic Planning with The Procter & Gamble Co. and The Walt Disney Co. Mr. Criteser holds a B.S. in Mechanical Engineering from The University of Washington and an M.B.A. from Harvard University.

Neither Mr. Wahba nor Mr. Criteser has any family relationship with any director or executive officer of the Company. Other than in connection with the employment arrangements described below, neither Mr. Wahba nor Mr. Criteser has a direct or indirect material interest in any transaction or currently proposed transaction in which the Company is or is to be a party in which the amount involved exceeds \$120,000.

(3) On March 31, 2011, the Board of Directors agreed to amend the employment terms of Messrs. Wahba and Criteser effective April 19, 2011 as follows:

Mr. Wahba will serve as interim co-CEO, Treasurer and Chief Financial Officer of the Company, with oversight responsibility for all financial (including treasury), accounting, legal and compliance functions of the Company, green coffee purchasing and the operations of the Company's Spice Products division. Mr. Criteser will serve as interim co-CEO of the Company, and President and CEO of CBI, with oversight responsibility for all sales and marketing functions of the Company and CBI, and all operations of the Company and CBI.

So long as Mr. Wahba and Mr. Criteser are serving as interim co-CEO's, they will each receive a base salary of \$350,000 per annum; however, for a period of six months starting April 19, 2011, their base salary will be \$315,000 per annum. On October 19, 2011, the annual base salary for each of them will revert to \$350,000 unless otherwise mutually agreed. If either Mr. Wahba or Mr. Criteser is selected as the sole permanent CEO, both are selected as permanent co-CEO's, or either is serving as sole interim CEO, compensation will be set by mutual agreement. If Mr. Wahba or Mr. Criteser is serving neither as sole interim or sole permanent CEO nor as co-CEO on an interim or permanent basis, but is still employed by the Company or CBI, as applicable, in the case of Mr. Wahba, his present title will revert to Treasurer and Chief Financial Officer and his annual base salary will revert to \$305,000, and, in the case of Mr. Criteser, his present title will revert to President and CEO of CBI and his annual base salary will revert to \$256,250, in either case, subject to a 10% base salary reduction through October 19, 2011.

Messrs. Wahba and Criteser will each be entitled to participate in the Incentive Plan for fiscal 2012. In addition, assuming Mr. Criteser satisfies the individual goals assigned to him for fiscal 2011 under the Incentive Plan, he will be entitled to receive a portion of his target award under the Incentive Plan regardless of whether the Company meets the necessary financial performance measures for fiscal 2011.

In accordance with the provisions of the Farmer Bros. Co. 2007 Omnibus Plan (the “Omnibus Plan”), on the first business day following the end of the current blackout period, Messrs. Wahba and Criteser will each be granted 50,000 non-qualified stock options (“Incentive Grant”), at an exercise price equal to the closing price on the grant date. In addition, at the time the Board selects a permanent CEO or permanent co-CEO’s (regardless of who is selected) or the first business day following the end of the blackout period which covers January 1, 2012, whichever occurs first, Messrs. Wahba and Criteser will each be granted an additional 15,000 non-qualified stock options (“Retention Grant”) at an exercise price equal to the closing price on the grant date. The Incentive Grant and Retention Grant will vest on the one year anniversary of the grant date, provided the recipient is then employed by the Company, subject to accelerated vesting in the case of death, disability, or termination of employment for other than “Cause” or resignation for “Good Reason,” as such terms are to be defined in the employment agreements between the Company and Messrs. Wahba and Criteser; provided that, with respect to the Retention Grant, if the recipient resigns within six months after the applicable trigger event described below relating to the hiring of a permanent CEO, such options will not vest and will be cancelled.

In addition to the foregoing grant of options, on the first business day following the end of the current blackout period, Mr. Criteser will receive an award of restricted stock under the Omnibus Plan equal to \$100,000 divided by the closing price on the grant date. Such shares will vest on the first anniversary of the grant date, and will be subject to the same acceleration terms as the Incentive Grant described above.

“Good Reason” will exist for either Mr. Wahba or Mr. Criteser if he is not appointed permanent sole CEO or permanent co-CEO, or no permanent CEO has been selected by the Company by January 1, 2012 (each a “trigger event”), and within six months after the applicable trigger event, he resigns all positions with the Company and CBI, as applicable, on at least ninety (90) days’ notice and cooperates reasonably in the transition of his duties.

If termination of either Mr. Wahba or Mr. Criteser occurs at the election of the Company without Cause or by resignation with Good Reason, his severance will include, in addition to certain other payments and benefits, an amount equal to his base salary at the rate of \$350,000, if such termination is due to a trigger event, or an amount equal to his base salary rate in effect at the date of termination, if such termination is other than due to a trigger event.

The Company intends to enter into formal employment agreements and/or amendments to the existing employment agreements with Messrs. Wahba and Criteser to memorialize these terms and to otherwise conform Mr. Criteser’s employment terms to Mr. Wahba’s employment terms.

The Board has approved an increase to Mr. Harding’s annual base salary to \$275,000 until such time as the Company has identified a permanent CEO or permanent co-CEO’s. In addition, in accordance with the provisions of the Omnibus Plan, on the first business day following the end of the current blackout period, Mr. Harding will be granted 20,000 non-qualified stock options at an exercise price equal to the closing price on the grant date. At the time the Board selects a permanent CEO or permanent co-CEO’s (regardless of who is selected) or the first business day following the end of the blackout period which covers January 1, 2012, whichever occurs first, Mr. Harding will be granted an additional 20,000 non-qualified stock options at an exercise price equal to the closing price on the grant date. The vesting and acceleration terms will be the same as the Incentive Grant to Messrs. Wahba and Criteser described above. The Company intends to enter into a letter agreement with Mr. Harding to memorialize these terms.

A copy of the Company’s press release dated April 4, 2011 relating to Mr. Laverty’s retirement and the appointment of Messrs. Wahba and Criteser as interim co-CEO’s is attached to this Current Report on Form 8-K as Exhibit 99.1 and incorporated herein by reference.

Item 8.01. Other Events.

On April 4, 2011, the Company issued a press release announcing the Board of Directors has voted to omit the payment of a quarterly dividend during the upcoming fourth quarter of fiscal 2011. In addition, the Company announced a plan designed to streamline its business, including realignment of its sales division, head count reduction and other cost-reduction measures. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
10.1	Separation Agreement, dated as of April 1, 2011, between Farmer Bros. Co. and Roger M. Lavery III*
99.1	Press Release of Farmer Bros. Co. dated April 4, 2011 announcing CEO retirement, management changes, omission of dividend and cost-reduction measures

* Management contract or compensatory plan or arrangement.

SIGNATURE

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: April 6, 2011

FARMER BROS. CO.

By: /S/ JEFFREY A. WAHBA

Name: Jeffrey A. Wahba

Title: Treasurer and Chief Financial Officer

EXHIBIT INDEX

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April 1, 2011

PERSONAL AND CONFIDENTIAL
VIA HAND DELIVERY

Roger M. Lavery, III
700 The Strand
Manhattan Beach, CA 90266

Re: Separation Agreement

Dear Roger:

This letter is to confirm the terms of the agreement ("Agreement"), we have reached concerning the termination of your employment with Farmer Bros. Co. (the "Company").

1. Termination

You have agreed to step down as an executive officer of the Company effective as of April 19, 2011 (the "Transition Date"), and the Company has agreed to the termination of your employment and directorship with the Company effective as of 11:59 p.m., Pacific Daylight Time, on June 30, 2011 (the "Termination Date"). Effective as of the Transition Date, you shall resign from any and all offices of the Company (but not as a director), and any other position, office or directorship of any other entity for which you were serving at the request of the Company, and from all administrative, fiduciary or other positions you may hold with respect to arrangements or plans for, of or relating to the Company. The Change in Control Severance Agreement, dated as of June 2, 2006, between you and the Company, shall terminate as of the Transition Date. From the date of execution of this Agreement through the Transition Date, your duties and responsibilities shall be those that you would otherwise be required to discharge in the absence of this Agreement. Subject to section 3 below, from the Transition Date through the Termination Date, you shall assist in the transition of your general responsibilities and provide such services and perform such duties as directed by the Company's Board of Directors. Your compensation and benefits to which you are entitled under Sections 4 and 6, respectively, of the Employment Agreement (as defined below) shall continue through the Termination Date, and no later than the Termination Date, you shall be issued a final paycheck for services rendered to and through your last day of employment.

2. Payments

You shall be entitled to receive the following amounts pursuant to this Agreement:

(a) Subject to section 5, twenty-six bi-weekly payments of \$16,346.15, subject to applicable withholdings and authorized deductions, with the first payment to be made on Friday, August 19, 2011, and the remaining twenty-five payments to be made on each successive Friday falling exactly two weeks after the previous Friday payment. Each such payment shall be considered a separate payment for purposes of Internal Revenue Code Section 409A.

(b) If you elect COBRA continuation of company-provided health coverage within the election period set forth in the Company's COBRA notice and election forms that will be provided to you, then your payment for such COBRA coverage for each of the first twelve months of coverage shall be the same amount that you would have been required to pay had your employment with the Company continued for that twelve-month period.

(c) A lump-sum payment of \$300,000, less applicable withholdings, to be paid on August 1, 2011, plus a lump-sum payment of \$18,750, less applicable withholdings, to be paid on January 1, 2012.

All rights to benefits and compensation under the Employment Agreement shall terminate automatically upon the Termination Date except to the extent otherwise provided in the Company benefit plans or by law. Except as provided in this Section 2 or by applicable Company benefit plans or laws, you shall not be entitled to any payments of any kind in connection with the termination of your employment.

3. Paid Days Off

Effective as of March 18, 2011, you acknowledge and agree that you have accrued Paid Days Off ("PDO") in the amount 691.68 hours. You further agree that you shall accrue additional PDO at the rate of six (6) weeks per year until the Termination Date. Effective on the Transition Date, you shall assume vacation status, wherein you shall utilize accrued PDO consistent with the Company's normal policies regarding PDO usage. To the extent you are asked to perform services during the period between the Transition Date and the Termination Date, you shall not be required to utilize PDO for time actually worked. If asked to perform services, your minimum period of service shall be four (4) hours. Any service as a director of the Company shall not be considered hours worked. You are responsible for tracking your hours worked during this time period and for submitting your hours of work to the Human Resources department on at least a weekly basis. Effective as of the Termination Date, you shall be paid your accrued but unused PDO in a lump-sum payroll distribution, subject to normal withholdings and authorized deductions.

4. Equity Awards

During your employment with the Company, you have been granted certain stock options and restricted stock awards. Vesting and exercise of all such awards shall be governed by the terms and conditions of the applicable award agreement.

5. Termination of Employment Agreement

The parties acknowledge and agree that this Agreement terminates and supersedes all of the provisions of the Employment Agreement; provided, however, that the provisions of Sections 9 (Employee Handbook and Company Policies), 10 (Confidential Information, Intellectual Property), 11 (Integration with Change in Control Severance Agreement), 12.F. (Arbitration), and 12.G. (Payroll Deductions and Withholdings) contained in the Employment Agreement which, by reference thereto, are incorporated herein as though fully set forth herein, shall survive the termination of the Employment Agreement and remain binding on you for the benefit of, and be enforceable by, the Company.

6. Release of Claims

You must execute and deliver to the Company within twenty-one (21) days following the Termination Date (or such longer period as may be required under applicable law) a general release of claims against the Company other than claims to the payments called for by this Agreement, such release to be in form and content substantially as attached hereto as Exhibit A ("Release"), and said Release shall have become effective under applicable laws, including the Age Discrimination in Employment Act of 1967, as amended. Provided that the Company first receives your signed Release and the applicable revocation period has lapsed prior to August 1, 2011, the Company will commence the payments to you under Section 2(a) on August 1, 2011, commence the COBRA benefit according to the terms set forth in Section 2(b), and pay the lump sum described in Section 2(c) on August 1, 2011.

7. Press Release

Except for a press release containing mutually agreed text disclosing your retirement from the Company, and except as may be required by applicable laws and regulations, you and the Company agree to keep the existence and terms of this Agreement ("Agreement-Related Information") in the strictest confidence and not reveal, unless legally compelled to do so, any Agreement-Related Information to any persons except attorneys and your financial advisors and to them only provided that they first agree, for the benefit of the Company and you, to keep Agreement-Related Information confidential. Notwithstanding the foregoing, this Agreement may be filed with or provided to the Securities and Exchange Commission or any other governmental instrumentality or agency, including the Internal Revenue Service, if the Company deems such filing or provision to be necessary.

8. Execution of Other Documents

You agree to perform any and all acts, and to execute any and all additional documents, that are reasonable or necessary in furtherance of this Agreement.

9. Bound Parties

This Agreement shall be binding upon and shall inure to the benefit of you and the Company and their respective heirs, executors, administrators and representatives, attorneys, successors, and assigns.

10. Legal Representation

This Agreement is a legally binding document and your signature will commit you to its terms. You acknowledge that you have been advised to discuss all aspects of this Agreement with an attorney, that you have carefully read and fully understand all of the provisions of this Agreement, and that you are voluntarily entering into this Agreement.

11. Absence of Reliance.

In signing this Agreement, you are not relying upon any promises or representations made by anyone at or on behalf of the Company, other than as set forth herein. Enforceability: If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

12. Waiver

No waiver of any provision of this Agreement shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

13. Governing Law; Interpretation

This Agreement shall be interpreted and enforced under the laws of the State of California, without regard to conflict of law principles. In the event of any dispute, this Agreement is intended by the parties to be construed as a whole, to be interpreted in accordance with its fair meaning, and not to be construed strictly for or against either you or the Company or the drafter of all or any portion of this Agreement.

14. Entire Agreement

This Agreement, including the terms of the Employment Agreement specifically incorporated hereby by reference, constitutes the entire agreement between you and the Company with respect to the subject matter hereof. This Agreement supersedes any previous agreements or understandings between you and the Company respecting such subject matter. Any oral representations or modifications concerning this Agreement shall be of no force or effect. This Agreement can be modified only by a writing signed by all parties hereto.

15. Internal Revenue Code Section 409A

The provisions of this Agreement will be interpreted and construed in favor of their meeting any applicable requirements of Code Section 409A. The Company, in its reasonable discretion, may amend (including retroactively) this Agreement in order to conform with Code Section 409A, including amending to facilitate your ability to avoid the imposition of interest and additional tax under Code Section 409A. By accepting this Agreement, you hereby agree and acknowledge that the Company does not make any representations with respect to the application of Code Section 409A to any tax, economic or legal consequences of any payments payable to you hereunder. Further, by the acceptance of this Agreement, you acknowledge that (i) you have obtained independent tax advice regarding the application of Code Section 409A to the payments due to you hereunder, (ii) you retain full responsibility for the potential application of Code Section 409A to the tax and legal consequences of payments payable to you hereunder and (iii) the Company shall not indemnify or otherwise compensate you for any violation of Code Section 409A that may occur in connection with this Agreement.

16. Time for Consideration; Effective Date

You have been advised that you have twenty-one (21) days to consider the terms of this Agreement, although you may sign and return it sooner. You have elected to sign this Agreement as of the date first written above and acknowledge that you have waived such 21 day period to consider this Agreement. You have the right to revoke the Release at any time within the seven (7)-day period following the date on which you sign it (the “Revocation Period”), by delivering written notice of such revocation to the Company at 20333 South Normandie Avenue, Torrance, California 90502. If you revoke as provided above, then the provisions of Section 2 shall be of no effect.

If the foregoing is agreeable to you, please sign, date, and return this letter agreement.

Should you have any questions concerning the foregoing, please feel free to contact me.

Very truly yours,

FARMER BROS. CO.

By: /s/ Larry B. Garrett

Name: Larry B. Garrett

Title: General Counsel

/s/ Roger M. Lavery III

ROGER M. LAVERTY III

EXHIBIT A
RELEASE AGREEMENT

I understand that my position with Farmer Bros. Co. (the “Company”) terminated effective June 30, 2011 (the “Separation Date”). The Company has agreed that if I choose to sign this Agreement, the Company will pay me severance benefits (minus the standard withholdings and deductions) pursuant to the terms of the Employment Agreement entered into as of June 2, 2006 between myself and the Company. I understand that I am not entitled to this severance payment unless I sign this Agreement. I understand that in addition to this severance, the Company will pay me all of my accrued salary and vacation, to which I am entitled by law regardless of whether I sign this release.

In consideration for the severance payment I am receiving under this Agreement, I acknowledge and agree that I am bound by the provisions of Sections 10A and 10B of my Employment Agreement and hereby release the Company and its current and former officers, directors, agents, attorneys, employees, shareholders, and affiliates from any and all claims, liabilities, demands, causes of action, attorneys’ fees, damages, or obligations of every kind and nature, whether they are known or unknown, arising at any time prior to the date I sign this Agreement. This general release includes, but is not limited to: all federal and state statutory and common law claims, claims related to my employment or the termination of my employment or related to breach of contract, tort, wrongful termination, discrimination, wages or benefits, or claims for any form of compensation. This release is not intended to release any claims I have or may have against any of the released parties for (a) indemnification as a director, officer, agent or employee under applicable law, charter document or agreement, (b) severance and other termination benefits specifically provided for in my Employment Agreement which constitutes a part of the consideration for this release, (c) health or other insurance benefits based on claims already submitted or which are covered claims properly submitted in the future, (d) vested rights under pension, retirement or other benefit plans, or (e) in respect of events, acts or omissions occurring after the date of this Release Agreement. In releasing claims unknown to me at present, I am waiving all rights and benefits under Section 1542 of the California Civil Code, and any law or legal principle of similar effect in any jurisdiction: “A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under the federal Age Discrimination in Employment Act of 1967, as amended (“ADEA”). I also acknowledge that the consideration given for the waiver in the above paragraph is in addition to anything of value to which I was already entitled. I have been advised by this writing, as required by the ADEA that: (a) my waiver and release do not apply to any claims that may arise after my signing of this Agreement; (b) I should consult with an attorney prior to executing this release; (c) I have twenty-one (21) days within which to consider this release (although I may choose to voluntarily execute this release earlier); (d) I have seven (7) days following the execution of this release to revoke the Agreement; and (e) this Agreement will not be effective until the eighth day after this Agreement has been signed both by me and by the Company.

I accept and agree to the terms and conditions stated above:

/s/ Roger M. Lavery III
Roger M. Lavery III



Farmer Bros. Co. CEO Roger Lavery to Retire

Jeffrey Wahba and Patrick Criteser Appointed Interim Co-CEOs
Company Implements Cost-Cutting Measures; Omits Quarterly Dividend

TORRANCE, Calif., April 4, 2011 (Globe Newswire) – Farmer Bros. Co. (Nasdaq:FARM) announced today that Roger M. Lavery III, President and Chief Executive Officer, is stepping down as an executive officer of the Company effective April 19, 2011, and will retire at the end of the Company's fiscal year on June 30, 2011. Upon his retirement, Mr. Lavery will leave the Company's board of directors. Mr. Lavery, who has been with the Company for five years, and oversaw the acquisitions of Coffee Bean International and the DSD coffee business of Sara Lee, will be devoting additional time to personal and family matters. The Company's board of directors has appointed Jeffrey Wahba, the Company's Treasurer and Chief Financial Officer, and Patrick Criteser, President and CEO of Coffee Bean International (a subsidiary of Farmer Bros. Co.), to share the office of Chief Executive on an interim basis effective April 19, 2011, pending the board's search and consideration of a permanent successor to Mr. Lavery. In addition to these added responsibilities, Mr. Wahba will continue as the Company's Treasurer and Chief Financial Officer, and Mr. Criteser will continue as President and CEO of Coffee Bean International.

"On behalf of the shareholders and the entire board of directors, I would like to thank Rocky for his focus, determination and leadership in expanding the Company's business over the past five years. Rocky's efforts have positioned the Company as one of the nation's largest DSD businesses for coffee, tea and culinary products," said Guenter Berger, Chairman of Farmer Brothers' board of directors and former CEO of the Company. "The board and Rocky are committed to a smooth transition as we look to the next phase of the Company's growth. We wish Rocky the best as he looks forward to his retirement."

"As interim co-CEO's, Jeff Wahba and Patrick Criteser provide strong continuity during this transition period, having served in key financial and operational roles," added Mr. Berger. "Mr. Wahba's and Mr. Criteser's combined leadership will provide for a smooth transition and the time required to conduct an orderly and thorough internal and external search for a permanent CEO."

Mr. Lavery said, “It has been an honor to serve as Farmer Brothers CEO. The acquisitions of CBI and the Sara Lee DSD coffee business together with several internal initiatives to improve our ability to efficiently serve all our customers have positioned our Company to be successful for many years to come. I have worked side by side with both Jeff and Patrick and I am confident they bring both the experience and management skills to ensure a smooth leadership transition. I will miss all of the dedicated employees of Farmer Brothers and wish them the best in the years to come.”

Separately, the Company has implemented a plan designed to streamline its business in the face of rising commodity costs and a difficult economic environment in the restaurant and foodservice sectors. The Company is realigning its sales division in an effort to focus on customer retention and to increase market share in key market segments. The Company has also reduced its headcount by approximately 80 full-time employees this quarter and intends to implement other cost-reduction measures. These efforts are in addition to the price increase announced by the Company last month. “We anticipate these actions will favorably impact overall profitability without sacrificing the superior service our customers have come to expect. In addition, these actions will help reach our goal of generating positive cash flow for fiscal 2012,” said Jeffrey Wahba, Treasurer and Chief Financial Officer.

In addition, in light of the Company’s current circumstances, the Company’s board of directors has voted to omit the payment of a quarterly dividend during the upcoming fourth quarter of fiscal 2011. The amount, if any, of dividends to be paid in the future will depend upon the Company’s then available cash, anticipated cash needs, overall financial condition, loan agreement restrictions, future prospects for earnings and cash flows, as well as other relevant factors.

Forward-Looking Statements

Certain statements contained in this press release are not based on historical fact and are forward-looking statements within the meaning of federal securities laws and regulations. These statements are based on management’s current expectations, assumptions, estimates and observations of future events and include any statements that do not directly relate to any historical or current fact. These forward-looking statements can be identified by the use of words like “anticipates,” “estimates,” “projects,” “expects,” “plans,” “believes,” “intends,” “will,” “assumes” and other words of similar meaning. Owing to the uncertainties inherent in forward-looking statements, actual results could differ materially from those set forth in forward-looking statements. The Company intends these forward-looking statements to speak only at the time of this press release and does not undertake to update or revise these statements as more information becomes available except as required under federal securities laws and the rules and regulations of the SEC. Factors that could cause actual results to differ

materially from those in forward-looking statements include, but are not limited to, fluctuations in availability and cost of green coffee, competition, organizational changes, the impact of a weaker economy, and business conditions in the coffee industry and food industry in general, as well as other factors described from time to time in the Company’s filings with the SEC.

About Farmer Bros. Co.

Farmer Bros. Co. is a manufacturer, wholesaler and distributor of coffee, tea and culinary products through direct and brokered sales to institutional food service establishments including restaurants, hotels, casinos, hospitals and food service providers, as well as retailers such as convenience stores, coffee houses, general merchandisers, private label retailers and grocery stores throughout the contiguous United States. Its product line includes roasted coffee, liquid coffee, coffee related products such as coffee filters, sugar and creamers, assorted teas, cappuccino, cocoa, spices, gelatins and puddings, soup, gravy and sauce mixes, pancake and biscuit mixes, and jellies and preserves. For more information, go to: www.farmerbros.com.

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