

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): **December 12, 2013**

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))

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

(b) Pursuant to a Separation Agreement (the “Separation Agreement”), dated as of December 12, 2013, between Farmer Bros. Co., a Delaware corporation (the “Company”), and Hortensia R. Gómez, the Company’s Vice President and Controller, Ms. Gómez’ employment and service in all offices and other capacities held with the Company and its subsidiaries shall terminate as of January 24, 2014. Ms. Gómez has agreed to provide transition support to the Company through that date. In connection with the separation, Ms. Gómez will be paid certain severance payments in the aggregate amount of \$150,000 and will receive certain other separation benefits. The Separation Agreement, setting forth the terms of the severance, is attached hereto as Exhibit 10.1 and incorporated herein by reference.

(e) On December 12, 2013, the Compensation Committee of the Board of Directors of the Company approved and adopted the following forms of equity award agreements for use in connection with the Farmer Bros. Co. Amended and Restated 2007 Long-Term Incentive Plan (the “Amended Equity Plan”) (which was previously filed as Exhibit 10.2 to the Form 8-K filed by the Company with the Securities and Exchange Commission on December 11, 2013):

- Form of Farmer Bros. Co. Amended and Restated 2007 Long-Term Incentive Plan Stock Option Grant Notice and Stock Option Agreement, the form of which is attached hereto as Exhibit 10.2 and incorporated herein by reference; and
- Form of Farmer Bros. Co. Amended and Restated 2007 Long-Term Incentive Plan Restricted Stock Award Grant Notice and Restricted Stock Award Agreement, the form of which is attached hereto as Exhibit 10.3 and 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 Amended Equity Plan.

On December 12, 2013, the Compensation Committee, in accordance with the provisions of the Amended Equity Plan, approved grants of non-qualified stock options 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
Michael H. Keown	President & Chief Executive Officer	45,470
Mark J. Nelson	Treasurer & Chief Financial Officer	18,797
Mark A. Harding	Senior Vice President of Operations	7,519
Thomas W. Mortensen	Senior Vice President of Route Sales	7,989

The stock options have an exercise price equal to \$21.33 per share, which was the closing price of the Company's common stock as reported on the NASDAQ Global Market on December 12, 2013, the date of grant. The stock options have a seven year term expiring on December 12, 2020. One-third of the total number of shares subject to each stock option will vest on the first anniversary of the grant date based on the Company’s achievement of a modified net income target for the first fiscal year of the performance period as approved by the Compensation Committee, and the remaining two-thirds of the total number of shares subject to each stock option will vest on the third anniversary of the grant date based on the Company’s achievement of a cumulative modified net income target for all three years during the performance period as approved by the Compensation Committee, in each case, subject to the participant’s employment by the Company or service on the Board of Directors of the Company on the

applicable vesting date. The stock options were granted under the Amended Equity Plan pursuant to the Company's form of Stock Option Grant Notice and Stock Option Agreement described above.

Item 8.01 Other Events.

On December 12, 2013, the Board of Directors omitted the payment of a quarterly dividend in the upcoming third quarter of fiscal 2014.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits*

Exhibit No.	Description
10.1	Separation Agreement, dated as of December 12, 2013, by and between Farmer Bros. Co. and Hortensia R. Gómez
10.2	Form of Farmer Bros. Co. Amended and Restated 2007 Long-Term Incentive Plan Stock Option Grant Notice and Stock Option Agreement
10.3	Form of Farmer Bros. Co. Amended and Restated 2007 Long-Term Incentive Plan Restricted Stock Award Grant Notice and Restricted Stock Award Agreement

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: December 18, 2013

FARMER BROS. CO.

By: /s/ Mark J. Nelson

Name: Mark J. Nelson

Title: Treasurer and Chief Financial Officer

EXHIBIT INDEX

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[Farmer Bros. Co. Logo]

December 12, 2013

Ms. Hortensia Gómez
[ADDRESS]

Re: Separation Agreement

Dear Hortensia:

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

Nothing contained in this Agreement shall be construed as an admission of any wrongdoing or liability by either You or the Company.

1. Separation

You and the Company have agreed to the separation of your employment with the Company effective as of 5:00 p.m., Pacific Standard Time, on January 24, 2014, or such earlier date on which your employment relationship with the Company ends, as provided in Section 18 below (the “Separation Date”).

Within 5 business days of the full execution of this Agreement you agree to provide a comprehensive list of your duties and the tasks that you have undertaken (including all responsibilities in connection with the closing of monthly, quarterly and annual periods) so that all such duties and tasks can be reassigned. From the date of execution of this Agreement through the Separation Date, you will not be required to come into the Company’s offices but you shall be available telephonically during regular business hours to assist in the transition of your general responsibilities and answer questions to assist in closings of the relevant monthly and quarterly periods. You agree to respond to any such request as soon as possible but in any case no later than the next business day following the date of request.

You agree that by signing this Agreement you are formally resigning from any and all offices of the Company, and any other position, office or directorship of any Company subsidiary of any tier, and from all administrative, fiduciary or other positions you may hold with respect to or relating to the Company or its benefit plans, effective as of the Separation Date or such earlier date as requested by the Company’s Board of Directors. You agree to sign any additional documents that may be required by the Company or law to effectuate such resignations.

2. Paid Days Off

Effective as of November 18, 2013, you acknowledge and agree that you accrued Paid Days Off ("PDO") in the amount of 297.29 hours. You further agree that because of the agreed upon separation of employment and the substantially reduced duties you are and were required to fulfill from and after November 18, 2013, you did not and will not accrue any additional PDO from November 18, 2013 through the Separation Date. Effective as of December 2, 2013, but subject to your obligations under Section 1 above, you shall have assumed vacation status, wherein you shall utilize accrued PDO according to Exhibit A attached hereto and incorporated herein by this reference. To the extent you are (or were) asked to perform services between December 2, 2013 and the Separation Date, you shall not be required to utilize PDO for the period of time actually worked during any such day. If asked to perform services, your minimum period of service shall be four (4) hours. The Company will keep track of any hours worked, though you shall remain responsible for submitting your hours of work to the Human Resources department on at least a weekly basis. Effective as of the Separation Date, you shall be paid any remaining PDO (if any) in a lump-sum payroll distribution, subject to normal withholdings and authorized deductions.

3. Payments

Your base salary in effect as of the date hereof and other Company benefits to which you are currently eligible shall continue through the Separation Date, it being understood that, in accordance with the terms of the Farmer Bros. Co. 2005 Incentive Compensation Plan, you will not be entitled to any bonus or other payment thereunder for fiscal 2014. No later than the Separation Date, you shall be issued a final paycheck for services rendered to and through the Separation Date. To the extent that the Company has authorized the incurrence of any business expenses between the date of this Agreement and the Separation Date, you will be entitled to reimbursement of those business expenses in accordance with Company policy.

In addition to the foregoing, subject to Section 8, you shall be entitled to receive the following amounts pursuant to this Agreement (the "Severance Package"), provided you are not in breach hereof (see Section 19):

(a) Salary continuation equal to \$150,000 in the aggregate, such amount to be paid out in bi-weekly installments in accordance with the Company's normal payroll schedule and practices, in each case subject to applicable withholdings and authorized deductions, commencing in the month following the month in which the Separation Date occurs. Each such payment shall be considered a separate payment for purposes of Internal Revenue Code Section 409A ("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 by completing election forms that will be provided to you following the Separation Date, then the Company will pay the cost of your medical premium for such COBRA coverage for yourself for each of the first nine (9) months of coverage following the Separation Date.

Except as provided in this Section 3 or under applicable Company benefit plans or laws, you shall not be entitled to any payments of any kind in connection with the separation of your employment,

including, without limitation, pursuant to the Company's Severance Pay Plan (FBC 0050A), and the Company shall make no further payments or contributions on your behalf, whether for salary, vacation, sick days, life insurance, long term disability insurance, cash profit sharing, tuition reimbursement, deferred profit sharing or for any other compensation or benefits following the Separation Date.

4. Equity Awards

During your employment with the Company, you have been granted certain stock options and restricted stock awards. You and the Company agree that the signing of this Agreement, including the Release of Claims contained herein, shall not constitute as any release or waiver of any of your stock option and/or vesting rights. Vesting and exercise of all such awards shall be determined according to the applicable plan documents.

5. Certain Transition Assistance

Before and after the Separation Date, you agree to confer reasonably with the Company at its request concerning any matters pertaining to your duties for the Company.

6. Employee Handbook and Company Policies

From the date hereof through the Separation Date, you agree to comply with, and shall be entitled to rights as set forth in the Company's Employee Handbook which may be revised from time to time and other Company policies as in effect and communicated to you from time to time.

7. Confidential Information, Intellectual Property

You acknowledge that, during the course of your employment with the Company, you have been given and have access to non-public and confidential business information of the Company which includes information concerning pending or potential transactions, financial information concerning the Company, information concerning the Company's product formulas and processes, information concerning the Company's business plans and strategies, information concerning Company personnel and vendors, and other non-public proprietary information of the Company (all collectively called "Confidential Information"). All of the Confidential Information constitutes "trade secrets" under the Uniform Trade Secrets Act. You covenant and agree that during and after the term of your employment by the Company you will not disclose such information or any part thereof to anyone outside the Company or use such information for any purpose other than the furtherance of the Company's interests without the prior written consent of the Chief Executive Officer or the Company's Board of Directors.

You further covenant that for a period of two (2) years after the Separation Date, you will not, directly or indirectly, overtly or tacitly, induce, attempt to induce, solicit or encourage any customer or prospective customer of the Company to cease doing business with, or not to do business with, the Company.

The Company and you agree that the covenants set forth in this Section 7 are reasonably necessary for the protection of the Company's Confidential Information and that a breach of the foregoing covenants will cause the Company irreparable damage not compensable by monetary damages, and that in the event of such breach or threatened breach, at the Company's election, an action may be brought in a court of competent jurisdiction seeking a temporary restraining order and a preliminary injunction

against such breach or threatened breach notwithstanding the arbitration provision of Section 21 below. Upon the court's decision on the application for a preliminary injunction, the court action shall be stayed and the remainder of the dispute submitted to arbitration under Section 21. The prevailing party in such legal action shall be entitled to recover its costs of suit including reasonable attorneys' fees.

8. Release of Claims

In consideration for the promises made in this Agreement, you hereby release the Company and its subsidiaries of any tier, and their respective current and former officers, directors, agents, attorneys, employees, shareholders, and affiliates, and the Company releases You, 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 this Agreement is fully executed. This general release includes, but is not limited to: all federal and state statutory and common law claims, claims related to your employment or the termination of your 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 you 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) health or other insurance benefits based on claims already submitted or which are covered claims properly submitted in the future, (c) vested rights under pension, retirement or other benefit plans, or (d) in respect of events, acts or omissions occurring after the date of your execution of this Agreement. In releasing claims unknown to you or to the Company, at the present, you and the Company are 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 or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

Nothing herein releases any of the Company's executory obligations under this Agreement.

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

In addition to the foregoing, as a condition to receipt of the Severance Package, you must execute and deliver to the Company within twenty-one (21) days following the Separation 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 B ("Supplemental Release"), and said Supplemental Release shall have become effective under applicable laws, including the ADEA. If you fail to execute the Supplemental Release on or within twenty-one (21) days after the Separation Date, or effectively revoke

the acceptance of the Supplemental Release, you shall not receive the Severance Package set forth in Section 3 above.

9. Execution of Other Documents

You and the Company 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.

10. Disclosure of Agreement

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.

11. Bound Parties

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

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. Entire Agreement

This Agreement 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.

18. At-Will Employment

You and the Company understand and acknowledge that your employment with the Company constitutes "at-will" employment. Subject to the Company's obligation to provide severance benefits as specified herein, you and the Company acknowledge that this employment relationship may be terminated at any time, upon written notice to the other party, with or without good cause or for any or no cause, at the option either of the Company or you.

19. Breach

A party will not be deemed to be in breach of this Agreement unless such party's failure to comply with the obligations imposed on such party by this Agreement has continued uncured for a period of five (5) days, or such longer period not to exceed thirty (30) days as is reasonably necessary to effect a cure, after receipt of written notice describing the alleged breach with reasonable specificity.

20. Section 409A

The provisions of this Agreement will be interpreted and construed in favor of their meeting any applicable requirements of Section 409A. The Company, in its reasonable discretion, may amend (including retroactively) this Agreement in order to conform with Section 409A, including amending to facilitate your ability to avoid the imposition of interest and additional tax under 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 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 (a) you have obtained independent tax advice regarding the application of Section 409A to the payments due to you hereunder, (b) you retain full responsibility for the potential application of Section 409A to the tax and legal consequences of payments payable to you hereunder, and (c) the Company shall not indemnify or otherwise compensate you for any violation of Section 409A that may occur in connection with this Agreement.

21. Form 8-K Reporting Requirements

The Company will file a form 8-K with the Securities and Exchange Commission which will state as follows:

“Pursuant to a Separation Agreement (the “Separation Agreement”), dated as of December 12, 2013, between the Company and Hortensia Gomez, the Company’s Controller, Ms. Gomez’s employment and service in all offices and other capacities held with the Company and its subsidiaries shall terminate as of January 24, 2014. Ms. Gomez has agreed to provide transition support to the Company through that date. In connection the separation, Ms. Gomez will be paid certain severance payments in the aggregate amount of \$150,000 and will receive certain other assorted separation benefits. The Separation Agreement, setting forth the terms of the severance is attached hereto as Exhibit 10.____ and incorporated herein by reference.”

22. Disputes

All disputes arising under or in connection with this Agreement, shall be submitted to a mutually agreeable arbitrator, or if the parties are unable to agree on an arbitrator within fifteen (15) days after a written demand for arbitration is made by either party, to JAMS (“JAMS”) or successor organization, for binding arbitration in Los Angeles County by a single arbitrator who shall be a former California Superior Court judge. Except as may be otherwise provided herein, the arbitration shall be conducted under the California Arbitration Act, Code of Civil Procedure §1280 et seq. The parties shall have the discovery rights provided in Code of Civil Procedure §1283.05 and §1283.1. The arbitration hearing shall be commenced within ninety (90) days after the selection of an arbitrator by mutual agreement or, absent such mutual agreement, the filing of the application with JAMS by either party hereto, and a decision shall be rendered by the arbitrator within thirty (30) days after the conclusion of the hearing. The arbitrator shall have complete authority to render any and all relief, legal and equitable, appropriate under California law, including the award of punitive damages where legally available and warranted. The arbitrator shall award costs of the proceeding, including reasonable attorneys’ fees and the arbitrator’s fee and costs, to the party determined to have substantially prevailed. Judgment on the award can be entered in a court of competent jurisdiction.

23. Change in Control Severance Agreement

The Change in Control Severance Agreement, dated as of May 18, 2011 (the “Change in Control Agreement”), between you and the Company, shall be terminated as of the date of this Agreement.

24. Notices

Notices under this Agreement shall be in writing and delivered by a commercial delivery service addressed as follows:

If to you:

Hortensia R. Gómez
[Address]

If to the Company:

Farmer Bros. Co.
20333 South Normandie Avenue
Torrance, CA 90502
Attention: Pat Quiggle

Notices shall be deemed received upon delivery. Addresses may be changed by written notice.

25. Counterparts

This Agreement can be signed in counterparts each of which shall be deemed an original and which together will constitute one and the same instrument. Electronic delivery of a signed counterpart shall be deemed delivery of an original.

26. 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 twenty-one (21) day period to consider this Agreement. You have the right to revoke this Agreement at any time within the seven (7) day period following the date on which you sign it, by delivering written notice of such revocation to the Company at 20333 South Normandie Avenue, Torrance, California 90502 by 5:00 p.m., Pacific Standard Time, on the seventh day. If you do not revoke acceptance within the seven (7) day period, your acceptance of this Agreement shall become binding and enforceable on the eighth day. The Severance Package shall become due and payable in accordance with Section 3 above after the effective date of the Supplemental Release described in Section 8, provided you sign the Supplemental Release and do not revoke such Release.

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

Very truly yours,

FARMER BROS. CO.

By: /s/ L.P. Quiggle
Name: L.P. Quiggle
Title: V.P., Human Resources

Accepted:

/s/ H. Gomez
Hortensia R. Gómez

EXHIBIT A

PDO AVAILABILITY AND USE SCHEDULE

EXHIBIT B
SUPPLEMENTAL RELEASE

I understand that my position with Farmer Bros. Co. (the "Company") terminated effective _____, 201_ (the "Separation Date"). The Company has agreed that if I choose to sign this Supplemental Release (this "Agreement"), the Company will pay me the severance benefits, subject to applicable withholdings and authorized deductions, pursuant to the terms of the Separation Agreement, dated December 12, 2013 (the "Separation Agreement"), between me and the Company. I understand that I am not entitled to the Severance Package (as defined in the Separation Agreement) unless I sign this Agreement.

In consideration for the Severance Package, I acknowledge and agree that I am bound by the provisions of the Separation 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 the Separation 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 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 by me.

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

Dated: _____

Hortensia R. Gómez

**FARMER BROS. CO.
AMENDED AND RESTATED
2007 LONG-TERM INCENTIVE PLAN**

**FORM OF STOCK OPTION GRANT NOTICE
AND STOCK OPTION AGREEMENT**

Farmer Bros. Co., a Delaware corporation (the “**Company**”), pursuant to its Amended and Restated 2007 Long-Term Incentive Plan (the “**Plan**”), hereby grants to the holder listed below (“**Participant**”), an option to purchase the number of shares of the Company’s Stock set forth below (the “**Option**”). This Option is subject to all of the terms and conditions as set forth herein and in the Stock Option Agreement attached hereto as Exhibit A (the “**Stock Option Agreement**”) and the Plan, 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 Stock Option Agreement.

Participant:	_____
Grant Date:	_____
Exercise Price per Share:	\$ _____
Total Exercise Price:	\$ _____
Total Number of Shares Subject to the Option:	_____
Expiration Date:	_____
Type of Option:	<input type="checkbox"/> Incentive Stock Option <input type="checkbox"/> Non-Qualified Stock Option
Vesting:	[To be specified in individual agreements], subject to the acceleration provisions set forth in the Stock Option Agreement.

By his or her signature, Participant agrees to be bound by the terms and conditions of the Plan, the Stock Option Agreement and this Grant Notice. Participant has reviewed the Stock Option 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 Stock Option 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 Stock Option Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

FARMER BROS. CO.

By: _____
 Print Name: _____
 Title: _____
 Address: 20333 South Normandie Avenue
 Torrance, California 90502

PARTICIPANT

By: _____
 Print Name: _____
 Address: _____

**EXHIBIT A
TO STOCK OPTION GRANT NOTICE**

STOCK OPTION AGREEMENT

Pursuant to the Stock Option Grant Notice (“**Grant Notice**”) to which this Stock Option Agreement (this “**Agreement**”) is attached, Farmer Bros. Co., a Delaware corporation (the “**Company**”), has granted to Participant an option under the Company’s Amended and Restated 2007 Long-Term Incentive Plan (the “**Plan**”) to purchase the number of shares of Stock indicated in the Grant Notice.

**ARTICLE I
GENERAL**

- 1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and the Grant Notice.
- 1.2 Incorporation of Terms of Plan. The Option is subject to the terms and conditions of the Plan which are incorporated herein by reference.

**ARTICLE II
GRANT OF OPTION**

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 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 serve as a member of the Board or shall interfere with or 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 or Termination of Directorship 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 portion of the Option that becomes vested and exercisable as 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 vested 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 or Termination of Directorship without Cause, 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 or Termination of Directorship by reason of Participant's retirement, death or Disability; or

(e) On the date of Participant's Termination of Employment or Termination of Directorship if Participant's termination is for Cause, at which time the vested portion of the Option, if any, shall be forfeited.

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 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 Code and the Treasury Regulations thereunder.

3.5 Acceleration of Vesting

(a) Acceleration of Vesting Upon Death or Disability. In the event of Participant's Termination of Employment or Termination of Directorship 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:

$$\frac{(\text{Actual No. of Days Elapsed from Beginning of Performance Period to Date of Death/Disability})}{(\text{Total No. of Days in the Performance Period})} \times \text{No. of Unvested Shares} = (\text{Accelerated Shares})$$

(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 Employment or Termination of Directorship 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, full payment for the shares of Stock with respect to the Option is being exercised, pursuant to one or more of the following methods:

(i) In cash or by check; or

(ii) Through the delivery of previously-acquired shares of Stock 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) By directing the Company to withhold such number of shares of Stock otherwise issuable in connection with the exercise of the Option having an aggregate Fair Market Value equal to the exercise price of the Option or exercised portion thereof; or

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

(c) The Administrator may, in its absolute discretion, take whatever actions it deems appropriate to ensure compliance with the Securities Act and any other federal or state securities laws or regulations and any other applicable law; 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 14.3 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 or shares purchased on the open market. 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:

(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 10 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.

(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 9.3(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.

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 Participant. 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.

**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. Amended and Restated 2007 Long-Term Incentive 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)

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.
AMENDED AND RESTATED
2007 LONG-TERM INCENTIVE PLAN**

**FORM OF RESTRICTED STOCK AWARD GRANT NOTICE
AND RESTRICTED STOCK AWARD AGREEMENT**

Farmer Bros. Co., a Delaware corporation (the “*Company*”), pursuant to its Amended and Restated 2007 Long-Term Incentive 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 Amended and Restated 2007 Long-Term Incentive 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 or member of the Board.

(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, 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 member of the Board 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 any combination of (1) cash, (2) check, (3) through the delivery of previously-acquired shares of Stock duly endorsed for transfer to the Company with a Fair Market Value on the date of delivery not in excess of the minimum tax required to be withheld by law (the “minimum tax withholding”), (4) through the delivery of a notice that Participant has placed a market sell order with a broker with respect to Shares for which the Restrictions are scheduled to lapse, and that the broker has been directed to pay a portion of the net proceeds of the sale to the Company that is not in excess of the minimum tax withholding, provided that payment of such proceeds is made to the Company upon settlement of such sale; or (5) 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 lapsed on such date, having a Fair Market Value, determined as of such date, not in excess of the minimum tax withholding (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.

2.3 Acceleration of Vesting

(a) Acceleration of Vesting Upon Death or Disability or Termination. In the event of Participant's Termination of Employment or Termination of Directorship 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):

$$\frac{(\text{Actual No. of Days Elapsed from Beginning of Vesting Period to Date of Death/Disability})}{(\text{Total No. of Days in the Vesting Period})} \times \text{No. of Unvested Shares} = (\text{Accelerated Shares})$$

(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 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 or this Agreement. 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.

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, 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.