

---

---

**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): **May 18, 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))
- 
-

---

**Item 1.01. Entry into a Material Definitive Agreement.****Employment Agreements***Jeffrey A. Wahba*

On May 18, 2011, Farmer Bros. Co., a Delaware corporation (the “Company”), and Jeffrey A. Wahba entered into an Amended and Restated Employment Agreement, effective as of April 19, 2011 (the “Wahba Employment Agreement”), pursuant to which Mr. Wahba will serve as Interim Co-Chief Executive Officer of the Company, reporting to the Audit Committee of the Board of Directors, and 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. The terms of Mr. Wahba’s employment were previously described in the Company’s Current Report on Form 8-K filed with the SEC on April 6, 2011 and are incorporated herein by reference, with the exception of the definition of “Good Reason” which was clarified in the Wahba Employment Agreement to provide that “Good Reason” will exist if Mr. Wahba is not offered or, if offered does not accept the position of 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 its subsidiaries on at least ninety (90) days’ notice and cooperates reasonably in the transition of his duties. In addition, the equity awards provided in the Wahba Employment Agreement were made on May 19, 2011 as described below in Item 5.02(e). The Wahba Employment Agreement replaces in its entirety the Employment Agreement, dated as of February 25, 2010, by and between the Company and Mr. Wahba, which was filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the SEC on March 3, 2010. The foregoing description does not purport to be complete and is qualified in its entirety by the full text of the Wahba Employment Agreement, which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

*Patrick G. Criteser*

On May 18, 2011, the Company and Patrick G. Criteser entered into an Employment Agreement, effective as of April 19, 2011 (the “Criteser Employment Agreement”), pursuant to which Mr. Criteser will serve as Interim Co-Chief Executive Officer of the Company, reporting to the Audit Committee of the Board of Directors, and President and CEO of Coffee Bean International, Inc., a subsidiary of the Company (“CBI”), with oversight responsibility for all sales and marketing functions of the Company and CBI, including, without limitation, route sales, and for all Company manufacturing and distribution operations other than the Spice Products division operations. The terms of Mr. Criteser’s employment were previously described in the Company’s Current Report on Form 8-K filed with the SEC on April 6, 2011 and are incorporated herein by reference, with the exception of the definition of “Good Reason” which was clarified in the same manner as the Wahba Employment Agreement described above. In addition, the equity awards provided in the Criteser Employment Agreement were made on May 19, 2011 as described below in Item 5.02(e). The foregoing description does not purport to be complete and is qualified in its entirety by the full text of the Criteser Employment Agreement, which is attached hereto as Exhibit 10.2 and incorporated herein by reference.

*Mark A. Harding*

On May 18, 2011, the Company and Mark A. Harding entered into a Letter Agreement, effective as of April 19, 2011 (the “Harding Letter Agreement”), regarding Mr. Harding’s role in the management transition resulting from the retirement of Roger M. Lavery III and the search for a new Chief Executive Officer. Mr. Harding will continue to have oversight responsibilities for the Company’s route sales operations (west and east), plant operations, distribution, transportation, purchasing and such other duties consistent with his level of responsibility as are assigned by the Board of Directors or either Interim Co-Chief Executive Officer. The terms of Mr. Harding’s employment were previously described in the Company’s Current Report on Form 8-K filed with the SEC on April 6, 2011 and are incorporated herein by reference. The equity awards provided in the Harding Letter Agreement were made on May 19, 2011 as described below in Item 5.02(e). The foregoing description does not purport to be complete and is qualified in its entirety by the full text of the Harding Letter Agreement, which is attached hereto as Exhibit 10.3 and incorporated herein by reference.

## Indemnification Agreement

In connection with the Criteser Employment Agreement, the Company and Mr. Criteser entered into the Company's standard form of Indemnification Agreement for directors and officers, effective April 19, 2011. Pursuant to the Indemnification Agreement, the Company will, to the extent permitted by applicable law, indemnify and hold harmless Mr. Criteser against all expenses, judgments, fines, penalties and amounts paid in settlement in connection with any threatened, pending or completed proceeding by reason of his status as an officer of the Company. The foregoing description is qualified in its entirety by the full text of the Indemnification Agreement, the form of which was filed as Exhibit 10.29 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 10, 2011 and incorporated herein by reference.

## Change in Control Severance Agreements

In connection with the Criteser Employment Agreement, the Company and Mr. Criteser entered into the Company's standard form of Change in Control Severance Agreement for executive officers, effective April 19, 2011. In addition, on May 18, 2011, the Company and Hortensia R. Gómez, the Company's Vice President and Controller, entered into the same agreement. A brief description of the terms and conditions of the form of Change in Control Severance Agreement was previously filed by the Company in its definitive Proxy Statement pursuant to Section 14(a) of the Securities Exchange Act of 1934, filed with the SEC on October 28, 2010 and incorporated herein by reference. The foregoing description is qualified in its entirety by the full text of the Change in Control Severance Agreement, the form of which is attached hereto as Exhibit 10.4 (to update the schedule of executive officers) and incorporated herein by reference.

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

The disclosure in Item 1.01 above is incorporated herein by reference.

On May 19, 2011, in accordance with the provisions of the Wahba Employment Agreement, Criteser Employment Agreement and Harding Letter Agreement, the Compensation Committee approved grants of non-qualified stock options and restricted stock under the Farmer Bros. 2007 Omnibus Plan (the "Omnibus Plan") to Messrs. Wahba, Criteser and Harding, as follows:

Name	Shares of Common Stock Issuable Upon	Shares of
	Exercise of Options	Restricted Stock
Jeffrey A. Wahba	50,000	—
Patrick G. Criteser	50,000	10,384
Mark A. Harding	20,000	—

The stock options have an exercise price equal to \$9.63 per share, which was the closing price of the Company's common stock as reported on the Nasdaq Global Market on May 19, 2011, the date of grant. The stock options have a seven year term expiring on May 19, 2018 and vest on May 19, 2012, provided the executive is still employed by the Company, subject to accelerated vesting in the case of death, permanent incapacity/disability and certain events relating to termination of employment. The stock options were granted under the Omnibus Plan pursuant to the Company's form of Stock Option Grant Notice and Stock Option Agreement, which was previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 26, 2008 and incorporated herein by reference.

The shares of restricted stock vest on May 19, 2012, provided Mr. Criteser is still employed by the Company, subject to accelerated vesting in the case of death, permanent incapacity and certain events relating to termination of employment. The awards of restricted stock were granted under the Omnibus Plan pursuant to the Company's form of Restricted Stock Award Grant Notice and Restricted Stock Award Agreement, which was previously filed as

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits**

<u>Exhibit No.</u>	<u>Description</u>
10.1	Amended and Restated Employment Agreement, effective as of April 19, 2011, by and between Farmer Bros. Co. and Jeffrey A. Wahba.*
10.2	Employment Agreement, effective as of April 19, 2011, by and between Farmer Bros. Co. and Patrick G. Criteser.*
10.3	Letter Agreement, effective as of April 19, 2011, by and between Farmer Bros. Co. and Mark A. Harding.*
10.4	Form of Change in Control Severance Agreement for Executive Officers of the Company (with schedule of executive officers attached).*

\* 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: May 23, 2011

FARMER BROS. CO.

By: /s/ Jeffrey A. Wahba

Jeffrey A. Wahba  
Interim Co-Chief Executive Officer,  
Treasurer and Chief Financial Officer

---

## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Amended and Restated Employment Agreement, effective as of April 19, 2011, by and between Farmer Bros. Co. and Jeffrey A. Wahba.*
10.2	Employment Agreement, effective as of April 19, 2011, by and between Farmer Bros. Co. and Patrick G. Criteser.*
10.3	Letter Agreement, effective as of April 19, 2011, by and between Farmer Bros. Co. and Mark A. Harding.*
10.4	Form of Change in Control Severance Agreement for Executive Officers of the Company (with schedule of executive officers attached).*

\* Management contract or compensatory plan or arrangement.

**AMENDED AND RESTATED  
EMPLOYMENT AGREEMENT  
(Farmer Bros. Co. / Wahba)**

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this “Agreement”) is made and entered into effective as of April 19, 2011 (the “Effective Date”), between FARMER BROS. CO., a Delaware corporation (the “Company”), and JEFFREY A. WAHBA (“Wahba”) who agree as follows:

**RECITALS**

WHEREAS, the Company and Wahba are parties to that certain Employment Agreement entered into as of February 25, 2010 with a Commencement Date of June 1, 2010 (the “Original Agreement”) whereby Wahba was employed as the Treasurer and Chief Financial Officer of the Company.

WHEREAS, as part of a management restructuring plan, the Company and Wahba desire to Amend and Restate the Original Agreement to provide for a temporary expansion of Wahba’s duties, increase in compensation, and certain other matters.

**AGREEMENT**

NOW, THEREFORE, for good and valuable consideration, receipt and adequacy of which are hereby acknowledged, Wahba and the Company do hereby agree as follows:

1. Employment: The Company hereby employs Wahba, and Wahba accepts employment from the Company, on the terms and conditions herein stated.
2. Term of Employment: The term of Wahba’s employment under the Original Agreement commenced on June 1, 2010 (the “Commencement Date of the Original Agreement”). The term of this Agreement will commence on the Effective Date and shall end when terminated under Section 8 below.

3. Duties.

A. On the Effective Date, Wahba shall begin to serve as an Interim Co-Chief Executive Officer of the Company, reporting to the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) and, subject to the oversight and control of the Committee and the Board, shall have responsibility for the Company’s legal, accounting, finance, human resources, corporate support functions, green coffee purchasing and operation of the Spice Products division along with such shared general powers, duties and responsibilities as are typically vested in a chief executive officer, including without limitation the shared responsibility for the development and implementation of the Company’s strategic plans and the shared responsibility for the overall management of the Company.

B. Wahba shall continue to serve as Treasurer and Chief Financial Officer of the Company, reporting to the Board of Directors. As such his general responsibilities shall continue to include oversight responsibility for all financial (including treasury functions), accounting, and compliance functions of the Company. Compliance responsibilities include oversight responsibility for compliance with the Company’s obligations under tax, securities and other applicable laws.

C. Wahba shall also continue to serve as the Company’s Chief Compliance Officer under the Company’s Code of Conduct and Ethics and in such capacity shall also report to the Board.

D. In addition to his general duties and responsibilities, Wahba shall also perform such other duties as are consistent with his position(s) and as are directed by the Committee or the Board. Wahba shall devote to the Company's business substantially all of his working time. The foregoing notwithstanding, Wahba may continue to serve as a director of The Henry Wine Group and Lightworks Optics, Inc., so long as they are not publicly-held companies, and so long as such service does not, in the reasonable judgment of the Board, adversely affect the Company. Service as a director of other for-profit organizations shall require approval of the Board.

E. If Wahba is serving neither as sole interim or sole permanent Chief Executive Officer nor as co-Chief Executive Officer on an interim or permanent basis, but is still employed by the Company, his title will revert to Treasurer and Chief Financial Officer, he will have such duties as are specified in subsection B, C and D above, and he will report to the permanent Chief Executive Officer(s).

#### 4. Base Salary.

A. So long as Wahba is serving as an interim co-Chief Executive Officer, he will receive a base salary of \$350,000 per annum, payable in accordance with the Company's normal payroll practices; except that, for a period of six (6) months starting on the Effective Date, Wahba's base salary shall be \$315,000 per annum.

B. On October 19, 2011, Wahba's annual base salary shall revert to \$350,000 unless otherwise set by mutual written agreement.

C. If Wahba is selected as the sole permanent Chief Executive Officer, or if both Wahba and Patrick G. Criteser are selected as permanent co-Chief Executive Officer's, or Wahba is serving as sole interim Chief Executive Officer, compensation will be set by mutual written agreement.

D. If Wahba is serving neither as sole interim or sole permanent Chief Executive Officer nor as co-Chief Executive Officer on an interim or permanent basis, but is still employed by the Company his title shall revert to Treasurer and Chief Financial Officer and his annual base salary shall revert to \$305,000, subject however, to a ten percent (10%) base salary reduction through October 19, 2011.

E. The annual base salary amount shall be reviewed each year by the Company and may be adjusted upward or downward by the Company from time to time but shall not be reduced below the amount applicable under Section 4A, 4B, 4C or 4D, as applicable.

5. Bonuses. Wahba shall be entitled to participate in the Company's 2005 Incentive Compensation Plan or any successor plan ("Plan") each year so long as the Plan remains in effect and one or more of the Company's other executive officers who are full-time Company employees ("Senior Executives") also participate. Under the terms of the Plan, the Compensation Committee of the Board will, in its discretion, determine the Performance Criteria, as defined in the Plan, and all other variables by which Wahba's bonus for such year under the Plan will be measured. The Target Award, as defined in the Plan, shall be an amount equal to fifty-five percent (55%) (the "Applicable Percentage") of Wahba's base annual salary. Except as provided otherwise in this Section 5, Wahba's participation in the Plan is subject to all Plan terms and conditions. Under the terms of the Plan, no bonus is earned until awarded by the Compensation Committee after completion of the fiscal year, and the Compensation Committee may, in its discretion, reduce, entirely eliminate or increase the bonus indicated by the Performance Criteria and other Plan factors. Wahba acknowledges receipt of a copy of the Plan.



## 6. Grants of Non-Qualified Stock Options

A. Incentive Grant. In accordance with the provisions of the Farmer Bros. Co. 2007 Omnibus Plan (the "Omnibus Plan"), upon full execution of this Agreement, Wahba shall be granted fifty thousand (50,000) non-qualified stock options at an exercise price equal to the closing price of the Company's common stock on the grant date (the "Incentive Grant").

B. Retention Grant. At the time the Board selects a permanent Chief Executive Officer or permanent co-Chief Executive Officer'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, Wahba shall be granted an additional fifteen thousand (15,000) non-qualified stock options at an exercise price equal to the closing price on the grant date (the "Retention Grant").

C. Public Information. Notwithstanding the foregoing, the Incentive Grant and Retention Grant, will be delayed during such period as there exists, in the opinion of the Company's counsel, material information concerning the Company which has not been publicly disclosed.

D. Vesting. The Incentive Grant and Retention Grant will vest on the one year anniversary of the grant date, provided Wahba is then employed by the Company, subject to accelerated vesting in the case of death, "Permanent Incapacity," termination of employment for other than "Cause", or resignation for "Good Reason," as such terms are defined below; provided that for purposes of accelerated vesting of the Retention Grant, "Good Reason" shall not include the event described in Section 8B(i).

## 7. Benefits

A. The Company will provide to Wahba all benefits and perquisites provided by the Company from time to time to its Senior Executives, subject to the eligibility requirements and the terms and conditions of the benefit plans and perquisite policies. For the avoidance of doubt, Wahba's benefit package includes twenty (20) paid days off per contract year (i.e., the year ending on each anniversary of the Commencement Date of the Original Agreement). Other included benefits and perquisites presently consist of group health insurance (PPO or HMO), participation in the Omnibus Plan, life insurance, business travel insurance, qualified retirement plan (subject to the pending pension freeze), 401(k) plan, employee stock ownership plan, cell phone, company credit card, and expense reimbursement, and may include use of an automobile or an automobile allowance in accordance with Company policy for Senior Executives. Not all of the foregoing benefits are 100% Company paid.

B. The Incentive Grant and Retention Grant are in lieu of any other grants under the Omnibus Plan in calendar year 2011. Thereafter, Wahba shall be entitled to such future grants under the Omnibus Plan as are awarded to him by the Compensation Committee in its discretion.

C. The Company reserves the right to alter or discontinue any or all such benefits and perquisites, provided they are so altered or discontinued as to all Senior Executives.

## 8. Termination

A. Wahba's employment is terminable by the Company for good and sufficient cause ("Cause"), which shall consist only of: (i) a repeated refusal to follow reasonable directions from the Committee, the Board or the permanent Chief Executive Officer, as applicable, after a warning; (ii) a material breach of any of Wahba's fiduciary duties to the Company (a breach involving dishonesty or personal gain shall be deemed material regardless of the amount involved); (iii) conviction of a felony;

(iv) commission of a willful violation of any law, rule or regulation involving moral turpitude; (v) commission of a willful or grossly negligent act, omission or course of conduct which has a material adverse effect on the Company; or (vi) commission of a material breach by Wahba of this Agreement which breach, if curable, is not cured within a reasonable time after written notice from the Committee, the Board or the Permanent Chief Executive Officer, as applicable, describing the nature of the breach in reasonable detail.

B. Wahba's employment shall terminate upon Wahba's resignation, with or without "Good Reason," as defined below, death or permanent mental or physical incapacity. "Permanent Incapacity" shall be deemed to have occurred if Wahba has been unable to perform substantially all of his employment duties under Section 3 on a substantially full time basis by reason of a mental or physical condition for a period of ninety (90) consecutive days or for more than one hundred eighty days (180) in any period of three hundred sixty-five (365) consecutive days.

"Good Reason" shall exist only (i) if Wahba is not offered or, if offered, does not accept the position of permanent sole Chief Executive Officer or permanent co-Chief Executive Officer, or no permanent Chief Executive Officer has been selected by the Company by January 1, 2012 (each a "Trigger Event"), and within six months after the applicable Trigger Event, Wahba resigns all positions with the Company on at least ninety (90) days' notice and cooperates reasonably in the transition of his duties, (ii) on the Company's material breach of this Agreement, (iii) on a material reduction in Wahba's responsibilities, duties or authority, other than a reversion pursuant to Section 4D, or (iv) on a relocation of Wahba's principal place of employment more than fifty (50) miles from its present location; provided, however, that any such condition in subsections (ii) through (iv) shall not constitute "Good Reason" unless both (x) Wahba provides written notice to the Company describing the condition claimed to constitute Good Reason in reasonable detail within ninety (90) days of the initial existence of such condition, and (y) the Company fails to remedy such condition within thirty (30) days of receiving such written notice thereof; and provided, further, that in all events the termination of Wahba's employment with the Company shall not be treated as a resignation for "Good Reason" unless such resignation occurs not more than one (1) year following the initial existence of the condition claimed to constitute "Good Reason."

C. Wahba's employment shall terminate at the election of the Company at any time without Cause.

9. Payments upon Termination. The following amounts are payable upon termination of Wahba's employment, as applicable:

A. In the event of a termination for any reason, base salary at the then existing rate, shall be prorated and paid through the effective termination date, along with accrued and untaken vacation (subject to the Company's vacation policy).

B. If termination is due to Wahba's death or Permanent Incapacity, the Company shall also pay to Wahba upon termination an additional lump sum severance amount equal to the Target Award under the Plan which is applicable to Wahba for the fiscal year in which termination is effective or, if termination takes place before a Target Award for the then current fiscal year has been assigned to Wahba, the Applicable Percentage of Wahba's then annual base salary, in either case prorated for the partial fiscal year ending on the effective termination date.

C. If termination occurs at the election of the Company without Cause or by Wahba's resignation for Good Reason, Wahba will receive as severance:

(i) base salary continuation at the rate in effect on the date of termination for a period of one (1) year, provided that if Wahba's termination occurs at the election of the Company without Cause or by reason of a resignation for Good Reason at a time when Wahba is serving as Interim Co-Chief Executive Officer or is a resignation for Good Reason subject to Section 8B(i), then such salary continuation shall be paid at the rate of \$350,000 per annum,

(ii) partially Company-paid COBRA coverage under the Company's health care plan for himself and his spouse for one (1) year after the effective termination date (the Company will pay the same percentage of the coverage cost that it would have paid had Wahba's employment not terminated); and

(iii) an amount equal to one hundred percent (100%) of Wahba's Target Award under the Plan for the fiscal year in which the date of termination occurs, such amount to be prorated for the partial fiscal year in which the termination date occurs. The Target Award, as defined in the Plan, shall be an amount equal to fifty-five percent (55%) (the "Applicable Percentage") of Wahba's base annual salary (if for "Good Reason" then the base salary is as defined in 8C(i)), unless a new Target Award has been assigned for the applicable year.

Wahba is not obligated to seek other employment as a condition to receipt of the payments called for by this Section 8C, and Wahba's earnings, income or profits from other employment or business activities after termination of his employment shall not reduce the Company's payment obligations under this Section 8C. Subject to Section 8D and Section 13J(ii), the amount referred to in clause 8C(i) above shall be paid in installments in accordance with the Company's standard payroll practices commencing in the month following the month in which Wahba's Separation from Service occurs, and the amount referred to in clause 8C(iii) above shall be paid in a lump sum within thirty (30) days after the end of the Company's fiscal year in which Wahba's Separation from Service occurs. As used herein, a "Separation from Service" occurs when Wahba dies, retires, or otherwise has a termination of employment with the Company that constitutes a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h)(1), without regard to the optional alternative definitions available thereunder. Salary continuation payments shall commence, and the additional severance amount shall be paid, only when the release required by Section 9E below has become effective.

D. As a condition to receiving the applicable payments under Section 9C above, Wahba must execute and deliver to the Company within twenty-one (21) days following the termination of his employment (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, and said release shall have become effective under applicable laws, including the Age Discrimination in Employment Act of 1967, as amended.

E. All benefits other than the entitlement to payments under Section 9C shall terminate automatically upon termination of Wahba's employment except to the extent otherwise provided in the Company benefit plans or by law.

F. Except as provided in this Section 9 or by applicable Company benefit plans or laws, Wahba shall not be entitled to any payments of any kind in connection with the termination of his employment by the Company.

10. Employee Handbook and Company Policies. So long as he is employed by the Company, Wahba shall 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 Wahba from time to time. In the event that there is a conflict or contradiction between the contents of the Employee Handbook or other such Company policies and the provisions of this Agreement, then the provisions of this Agreement will prevail.

11. Confidential Information, Intellectual Property.

A. Wahba acknowledges that during the course of his employment with the Company, he will be given or will have access to non-public and confidential business information of the Company which will include 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. Wahba covenants and agrees that during and after the term of his employment by the Company he 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 Committee, the Board or the Permanent Chief Executive Officer, as applicable.

B. Wahba further covenants that for a period of two (2) years after his employment by the Company terminates, he will not, directly or indirectly, overtly or tacitly, induce, attempt to induce, solicit or encourage (i) any customer or prospective customer of the Company to cease doing business with, or not to do business with, the Company or (ii) any employee of the Company to leave the Company.

C. The Company and Wahba agree that the covenants set forth in this Section 11 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 and reference provisions of Section 13F 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 or reference under Section 13F. The prevailing party in such legal action shall be entitled to recover its costs of suit including reasonable attorneys' fees.

D. The Company shall own all rights in and to the results, proceeds and products of Wahba's services hereunder, including without limitation, all ideas and intellectual property created or developed by Wahba and which is related to Wahba's employment.

12. Integration with Change in Control Severance Agreement. If Wahba becomes eligible for benefits under Section 3 of the Change in Control Severance Agreement executed concurrently with the Original Agreement, the benefits provided by Section 4 of the Change in Control Severance Agreement shall be in lieu of, and not in addition to, the benefits provided by Section 9C of this Agreement.

### 13. Miscellaneous

A. This Agreement, the Change in Control Severance Agreement and Indemnification Agreement, each as entered into concurrently with the Original Agreement, contain the entire agreement of the parties on the subject of Wahba's employment by the Company, all prior and contemporaneous agreements, promises or understandings being merged herein. This Agreement can be modified only by a writing signed by both parties hereto.

B. Wahba cannot assign this Agreement or delegate his duties hereunder. Subject to the preceding sentence, this Agreement shall bind and inure to the benefit of the parties hereto, their heirs, personal representatives, successors and assigns.

C. No waiver of any provision or consent to any exception to the terms of this Agreement shall be effective unless in writing and signed by the party to be bound and then only to the specific purpose, extent and instance so provided. This Agreement may be executed in counterparts (and by facsimile signature), each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

D. Each party shall execute and deliver such further instruments and take such other action as may be necessary or appropriate to consummate the transactions herein contemplated and to carry out the intent of the parties hereto.

E. This Agreement shall be construed in a fair and reasonable manner and not pursuant to any principle requiring that ambiguities be strictly construed against the party who caused same to exist.

F. (i) 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/Endispute ("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 interpret this Section 13F and 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.

(ii) The foregoing notwithstanding, if the amount in controversy exceeds \$200,000, exclusive of attorneys' fees and costs, the matter shall be litigated in the Los Angeles County Superior Court as a regular non-jury civil action except that a former California Superior Court Judge selected by the parties or by JAMS, as hereinabove provided, shall be appointed as referee to try all issues of fact and law, without a jury, pursuant to California Code of Civil Procedure §638 et seq. The parties hereto expressly waive a trial by jury. Judgment entered on the decision of the referee shall be appealable as a judgment of the Superior Court. The prevailing party shall be entitled to receive its reasonable attorneys' fees and costs from the other party.

G. Payments to Wahba are subject to payroll deductions and withholdings if and to the extent required by law. Salary payments will be reduced on a dollar-for-dollar basis by payments received by Wahba for disability under governmental or Company paid disability insurance programs.

H. All provisions of this Agreement which must survive the termination of this Agreement to give them their intended effect shall so survive.

I. If any provision of this Agreement is determined to be unenforceable as illegal or contrary to public policy, it shall be deemed automatically amended to the extent necessary to render it enforceable provided the intent of the parties as expressed herein will not thereby be frustrated. Otherwise the unenforceable provision shall be severed from the remaining provisions which shall remain in effect.

J. (i) It is intended that any amounts payable under this Agreement shall either be exempt from or comply with Section 409A of the Internal Revenue Code (including the Treasury regulations and other published guidance relating thereto) ("Code Section 409A") so as not to subject Wahba to payment of any additional tax, penalty or interest imposed under Code Section 409A. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to Wahba.

(ii) Notwithstanding any provision of this Agreement to the contrary, if Wahba is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of Wahba's Separation from Service, Wahba shall not be entitled to any payment or benefit pursuant to Section 9C until the earlier of (i) the date which is six (6) months after Wahba's Separation from Service for any reason other than death, or (ii) the date of Wahba's death. Any amounts otherwise payable to Wahba upon or in the six (6) month period following Wahba's Separation from Service that are not so paid by reason of this Section 13J(ii) shall be paid (without interest) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after Wahba's Separation from Service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of Wahba's death). The provisions of this Section 13J(ii) shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Code Section 409A.

(iii) To the extent that any benefits pursuant to Section 9C(ii) or reimbursements pursuant to Section 7 are taxable to Wahba, any reimbursement payment due to Wahba pursuant to such provision shall be paid to Wahba on or before the last day of Wahba's taxable year following the taxable year in which the related expense was incurred. The benefits and reimbursements pursuant to such provisions are not subject to liquidation or exchange for another benefit and the amount of such benefits and reimbursements that Wahba receives in one taxable year shall not affect the amount of such benefits or reimbursements that Wahba receives in any other taxable year.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Employment Agreement as of the date first above written.

Company:  
Dated: May 18, 2011

FARMER BROS. CO.,  
a Delaware corporation

By: /s/ PATRICK G. CRITESER  
Patrick G. Criteser  
Interim Co-Chief Executive Officer

Wahba:  
Dated: May 18, 2011

/s/ JEFFREY A. WAHBA  
Jeffrey A. Wahba

[Signature Page to Amended and Restated  
Employment Agreement (Farmer Bros. Co. / Wahba)]

**EXHIBIT A**

**FORM OF RELEASE AGREEMENT**

I understand that my position with Farmer Bros. Co. (the “Company”) terminated effective \_\_\_\_\_, 20\_\_ (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 Amended and Restated Employment Agreement entered into effective as of April 19, 2011 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 11A and 11B 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:

---

Jeffrey A. Wahba

[Exhibit A to Amended and Restated  
Employment Agreement (Farmer Bros. Co. / Wahba)]



**EMPLOYMENT AGREEMENT**  
**(Farmer Bros. Co. / Criteser)**

THIS EMPLOYMENT AGREEMENT (this "Agreement"), is made and entered into effective as of April 19, 2011 (the "Effective Date"), between FARMER BROS. CO., a Delaware corporation (the "Company"), and PATRICK G. CRITESER ("Criteser") who agree as follows:

**RECITALS**

WHEREAS, the Company's subsidiary Coffee Bean International, Inc. ("CBI"), and Criteser are parties to that certain Amended and Restated Employment Agreement entered into on April 27, 2007, as amended (the "Original Agreement"), whereby Criteser was employed as the President and Chief Executive Officer of CBI.

WHEREAS, as part of a management restructuring plan, the Company desires to employ Criteser and Criteser desires to be employed by the Company.

WHEREAS, it is the intent of the parties that the Original Agreement be superseded in its entirety by this Agreement in order to provide for a temporary expansion of Criteser's duties, increase in compensation, and certain other matters.

**AGREEMENT**

NOW, THEREFORE, for good and valuable consideration, receipt and adequacy of which are hereby acknowledged, Criteser and the Company do hereby agree as follows:

1. Employment; Effect on Original Agreement: The Company hereby employs Criteser, and Criteser accepts employment from the Company, on the terms and conditions herein stated. On the Effective Date, the Original Agreement is terminated, and CBI's obligations thereunder for the payment of current period compensation are hereby assumed by the Company.

2. Term and Location of Employment. The term of this Agreement will commence on the Effective Date and shall end when terminated under Section 8 below. During the Term Criteser shall work out of the Company's offices in Torrance, California and from CBI's offices in Portland, Oregon as necessary for the performance of Criteser's duties.

3. Duties.

A. On the Effective Date, Criteser shall begin to serve as an Interim Co-Chief Executive Officer of the Company, reporting to the Audit Committee (the "Committee") of the Board of Directors (the "Board") and, subject to the oversight and control of the Committee and the Board, shall have responsibility for all sales and marketing functions of the Company and CBI, including, without limitation, route sales, and for all Company manufacturing and distribution operations other than the Spice Products division operations, along with such shared general powers, duties and responsibilities as are typically vested in a chief executive officer, including without limitation the shared responsibility for the development and implementation of the Company's strategic plans and the shared responsibility for the overall management of the Company.

B. Criteser shall continue to serve as President and Chief Executive Officer of CBI, and in such capacity shall report to the CBI board of directors.

C. In addition to his general duties and responsibilities, Criteser shall also perform such other duties as are consistent with his position(s) and as are directed by the Committee or the Board. Criteser shall devote to the Company's business substantially all of his working time. Service as a director of a for-profit organization shall require approval of the Board.

D. If Criteser is serving neither as sole interim or sole permanent Chief Executive Officer nor as co-Chief Executive Officer on an interim or permanent basis, but is still employed by the Company his title will revert to President and Chief Executive Officer of CBI with the duties attendant to that position and this Agreement will be assigned by the Company to CBI and assumed by CBI.

4. Base Salary.

A. So long as Criteser is serving as an interim co-Chief Executive Officer, he will receive a base salary of \$350,000 per annum, payable in accordance with the Company's normal payroll practices; except that, for a period of six (6) months starting on the Effective Date, Criteser's base salary shall be \$315,000 per annum.

B. On October 19, 2011, Criteser's annual base salary shall revert to \$350,000 unless otherwise set by mutual written agreement.

C. If Criteser is selected as the sole permanent Chief Executive Officer, or if both Criteser and Jeffrey A. Wahba are selected as permanent co-Chief Executive Officer's, or either is serving as sole interim Chief Executive Officer, compensation will be set by mutual written agreement.

D. If Criteser is serving neither as sole interim or sole permanent Chief Executive Officer nor as co-Chief Executive Officer on an interim or permanent basis, but is still employed by the Company his title shall revert to President and Chief Executive Officer of CBI and his annual base salary shall revert to \$256,250, subject however, to a ten percent (10%) base salary reduction through October 19, 2011.

E. The annual base salary amount shall be reviewed each year by the Company and may be adjusted upward or downward by the Company from time to time but shall not be reduced below the amount applicable under Section 4A, 4B, 4C or 4D, as applicable.

5. Bonuses. Criteser shall be entitled to participate in the Company's 2005 Incentive Compensation Plan or any successor plan ("Plan") each year so long as the Plan remains in effect and one or more of the Company's other executive officers who are full-time Company employees ("Senior Executives") also participate. Under the terms of the Plan, the Compensation Committee of the Board will, in its discretion, determine the Performance Criteria, as defined in the Plan, and all other variables by which Criteser's bonus for such year under the Plan will be measured. The Target Award, as defined in the Plan, shall be an amount equal to fifty-five percent (55%) (the "Applicable Percentage") of Criteser's base annual salary. Except as provided otherwise in this Section 5, Criteser's participation in the Plan is subject to all Plan terms and conditions. Under the terms of the Plan, no bonus is earned until awarded by the Compensation Committee after completion of the fiscal year, and the Compensation Committee may, in its discretion, reduce, entirely eliminate or increase the bonus indicated by the Performance Criteria and other Plan factors. Criteser acknowledges receipt of a copy of the Plan.

6. Grants of Non-Qualified Stock Options and Award of Restricted Stock

A. Incentive Grant. In accordance with the provisions of the Farmer Bros. Co. 2007 Omnibus Plan (the "Omnibus Plan"), upon full execution of this Agreement, Criteser shall be granted fifty thousand (50,000) non-qualified stock options at an exercise price equal to the closing price of the Company's common stock on the grant date (the "Incentive Grant").

B. Retention Grant. At the time the Board selects a permanent Chief Executive Officer or permanent co-Chief Executive Officer'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, Criteser shall be granted an additional fifteen thousand (15,000) non-qualified stock options at an exercise price equal to the closing price on the grant date (the "Retention Grant").

C. Award of Restricted Stock. Upon full execution of this Agreement, Criteser shall receive an award of restricted stock in accordance with the provisions of the Omnibus Plan, equal to One Hundred Thousand Dollars (\$100,000) divided by the closing price of the Company's common stock on the award date (the "Award").

D. Public Information. Notwithstanding the foregoing, the Incentive Grant, Retention Grant and Award, will be delayed during such period as there exists, in the opinion of the Company's counsel, material information concerning the Company which has not been publicly disclosed.

E. Vesting. The Incentive Grant, the Retention Grant and the Award will vest on the one year anniversary of the grant/award date, provided Criteser is then employed by the Company, subject to accelerated vesting in the case of death, "Permanent Incapacity," termination of employment for other than "Cause," or resignation for "Good Reason," as such terms are defined below; provided that for purposes of accelerated vesting of the Retention Grant, "Good Reason" shall not include the event described in Section 8B(i).

7. Benefits

A. The Company will provide to Criteser all benefits and perquisites provided by the Company from time to time to its Senior Executives, subject to the eligibility requirements and the terms and conditions of the benefit plans and perquisite policies. For the avoidance of doubt, Criteser's benefit package includes twenty (20) paid days off per contract year (i.e., the year ending on each anniversary of the Commencement Date of the Original Agreement). Other included benefits and perquisites presently consist of group health insurance (PPO or HMO), participation in the Omnibus Plan, life insurance, business travel insurance, qualified retirement plan (subject to pension freeze), 401(k) plan, employee stock ownership plan, cell phone, company credit card, and expense reimbursement, and may include use of an automobile or an automobile allowance in accordance with Company policy for Senior Executives. Not all of the foregoing benefits are 100% Company paid.

B. The Incentive Grant, Retention Grant and the Award are in lieu of any other grants under the Omnibus Plan in calendar year 2011. Thereafter, Criteser shall be entitled to such future grants under the Omnibus Plan as are awarded to him by the Compensation Committee in its discretion.

C. The Company reserves the right to alter or discontinue any or all such benefits and perquisites, provided they are so altered or discontinued as to all Senior Executives.

## 8. Termination

A. Criteser's employment is terminable by the Company for good and sufficient cause ("Cause"), which shall consist only of: (i) a repeated refusal to follow reasonable directions from the Committee, the Board or the permanent Chief Executive Officer, as applicable, after a warning; (ii) a material breach of any of Criteser's fiduciary duties to the Company (a breach involving dishonesty or personal gain shall be deemed material regardless of the amount involved); (iii) conviction of a felony; (iv) commission of a willful violation of any law, rule or regulation involving moral turpitude; (v) commission of a willful or grossly negligent act, omission or course of conduct which has a material adverse effect on the Company; or (vi) commission of a material breach by Criteser of this Agreement which breach, if curable, is not cured within a reasonable time after written notice from the Committee or the Board or the Permanent Chief Executive Officer, as applicable, describing the nature of the breach in reasonable detail.

B. Criteser's employment shall terminate upon Criteser's resignation, with or without "Good Reason," as defined below, death or permanent mental or physical incapacity. "Permanent Incapacity" shall be deemed to have occurred if Criteser has been unable to perform substantially all of his employment duties under Section 3 on a substantially full time basis by reason of a mental or physical condition for a period of ninety (90) consecutive days or for more than one hundred eighty days (180) in any period of three hundred sixty-five (365) consecutive days.

"Good Reason" shall exist only (i) if Criteser is not offered or, if offered, does not accept the position of permanent sole Chief Executive Officer or permanent co-Chief Executive Officer, or no permanent Chief Executive Officer has been selected by the Company by January 1, 2012 (each a "Trigger Event"), and within six months after the applicable Trigger Event, Criteser resigns all positions with the Company on at least ninety (90) days' notice and cooperates reasonably in the transition of his duties, (ii) on the Company's material breach of this Agreement, (iii) on a material reduction in Criteser's responsibilities, duties or authority, other than a reversion pursuant to Section 4D, or (iv) on a relocation of Criteser's place(s) of employment to someplace other than either or both of Los Angeles County or the greater Portland, Oregon area; provided, however, that any such condition in subsections (ii) through (iv) shall not constitute "Good Reason" unless both (x) Criteser provides written notice to the Company describing the condition claimed to constitute Good Reason in reasonable detail within ninety (90) days of the initial existence of such condition, and (y) the Company fails to remedy such condition within thirty (30) days of receiving such written notice thereof; and provided, further, that in all events the termination of Criteser's employment with the Company shall not be treated as a resignation for "Good Reason" unless such resignation occurs not more than one (1) year following the initial existence of the condition claimed to constitute "Good Reason."

C. Criteser's employment shall terminate at the election of the Company at any time without Cause.

## 9. Payments upon Termination. The following amounts are payable upon termination of Criteser's employment, as applicable:

A. In the event of a termination for any reason, base salary at the then existing rate, shall be prorated and paid through the effective termination date, along with accrued and untaken vacation (subject to the Company's vacation policy).

B. If termination is due to Criteser's death or Permanent Incapacity, the Company shall also pay to Criteser upon termination an additional lump sum severance amount equal to the Target Award under the Plan which is applicable to Criteser for the fiscal year in which termination is effective or, if termination takes place before a Target Award for the then current fiscal year has been assigned to

Criteser, the Applicable Percentage of Criteser's then annual base salary, in either case prorated for the partial fiscal year ending on the effective termination date.

C. If termination occurs at the election of the Company without Cause or by Criteser's resignation for Good Reason, Criteser will receive as severance:

(i) base salary continuation at the rate in effect on the date of termination for a period of one (1) year, provided that if Criteser's termination occurs at the election of the Company without Cause or by reason of a resignation for Good Reason at a time when Criteser is serving as Interim Co-Chief Executive Officer or is a resignation for Good Reason subject to Section 8B(i), then such salary continuation shall be paid at the rate of \$350,000 per annum,

(ii) partially Company-paid COBRA coverage under the Company's health care plan for himself and his spouse for one (1) year after the effective termination date (the Company will pay the same percentage of the coverage cost that it would have paid had Criteser's employment not terminated), and

(iii) an amount equal to one hundred percent (100%) of Criteser's Target Award under the Plan for the fiscal year in which the date of termination occurs, such amount to be prorated for the partial fiscal year in which the termination date occurs. The Target Award, as defined in the Plan, shall be an amount equal to fifty-five percent (55%) (the "Applicable Percentage") of Criteser's base annual salary (if for "Good Reason" then the base salary is as defined in 8C(i)), unless a new Target Award has been assigned for the applicable year.

Criteser is not obligated to seek other employment as a condition to receipt of the payments called for by this Section 8C, and Criteser's earnings, income or profits from other employment or business activities after termination of his employment shall not reduce the Company's payment obligations under this Section 8C. Subject to Section 8D and Section 13J(ii), the amount referred to in clause 8C(i) above shall be paid in installments in accordance with the Company's standard payroll practices commencing in the month following the month in which Criteser's Separation from Service occurs, and the amount referred to in clause 8C(iii) above shall be paid in a lump sum within thirty (30) days after the end of the Company's fiscal year in which Criteser's Separation from Service occurs. As used herein, a "Separation from Service" occurs when Criteser dies, retires, or otherwise has a termination of employment with the Company that constitutes a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h)(1), without regard to the optional alternative definitions available thereunder. Salary continuation payments shall commence, and the additional severance amount shall be paid, only when the release required by Section 9E below has become effective.

D. As a condition to receiving the applicable payments under Section 9C above, Criteser must execute and deliver to the Company within twenty-one (21) days following the termination of his employment (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, and said release shall have become effective under applicable laws, including the Age Discrimination in Employment Act of 1967, as amended.

E. All benefits other than the entitlement to payments under Section 9C shall terminate automatically upon termination of Criteser's employment except to the extent otherwise provided in the Company benefit plans or by law.

F. Except as provided in this Section 9 or by applicable Company benefit plans or laws, Criteser shall not be entitled to any payments of any kind in connection with the termination of his employment by the Company.

10. Employee Handbook and Company Policies. So long as he is employed by the Company, Criteser shall 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 Criteser from time to time. In the event that there is a conflict or contradiction between the contents of the Employee Handbook or other such Company policies and the provisions of this Agreement, then the provisions of this Agreement will prevail.

11. Confidential Information, Intellectual Property.

A. Criteser acknowledges that during the course of his employment with the Company, he will be given or will have access to non-public and confidential business information of the Company and CBI which will include information concerning pending or potential transactions, financial information concerning the Company and CBI, information concerning the Company's and CBI's product formulas and processes, information concerning the Company's and CBI's business plans and strategies, information concerning Company and CBI personnel and vendors, and other non-public proprietary information of the Company and CBI (all collectively called "Confidential Information"). All of the Confidential Information constitutes "trade secrets" under the Uniform Trade Secrets Act. Criteser covenants and agrees that during and after the term of his employment by the Company he will not disclose Confidential Information or any part thereof to anyone outside the Company or CBI or use such Confidential Information for any purpose other than the furtherance of the Company's interests without the prior written consent of the Committee, the Board or the Permanent Chief Executive Officer, as applicable.

B. Criteser further covenants that for a period of two (2) years after his employment by the Company terminates, he will not, directly or indirectly, overtly or tacitly, induce, attempt to induce, solicit or encourage (i) any customer or prospective customer of the Company or CBI to cease doing business with, or not to do business with, the Company or CBI or (ii) any employee of the Company or CBI to leave the Company or CBI.

C. The Company and Criteser agree that the covenants set forth in this Section 11 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 and reference provisions of Section 13F 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 or reference under Section 13F. The prevailing party in such legal action shall be entitled to recover its costs of suit including reasonable attorneys' fees.

D. The Company shall own all rights in and to the results, proceeds and products of Criteser's services hereunder, including without limitation, all ideas and intellectual property created or developed by Criteser and which is related to Criteser's employment.

12. Integration with Change in Control Severance Agreement. If Criteser becomes eligible for benefits under Section 3 of the Change in Control Severance Agreement executed concurrently

herewith, the benefits provided by Section 4 of the Change in Control Severance Agreement shall be in lieu of, and not in addition to, the benefits provided by Section 9C of this Agreement.

13. Miscellaneous

A. This Agreement, the Change in Control Severance Agreement and Indemnification Agreement, each as entered into concurrently herewith, contain the entire agreement of the parties on the subject of Criteser's employment by the Company, all prior and contemporaneous agreements, promises or understandings being merged herein. This Agreement can be modified only by a writing signed by both parties hereto.

B. Criteser cannot assign this Agreement or delegate his duties hereunder. Subject to the preceding sentence, this Agreement shall bind and inure to the benefit of the parties hereto, their heirs, personal representatives, successors and assigns.

C. No waiver of any provision or consent to any exception to the terms of this Agreement shall be effective unless in writing and signed by the party to be bound and then only to the specific purpose, extent and instance so provided. This Agreement may be executed in counterparts (and by facsimile signature), each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

D. Each party shall execute and deliver such further instruments and take such other action as may be necessary or appropriate to consummate the transactions herein contemplated and to carry out the intent of the parties hereto.

E. This Agreement shall be construed in a fair and reasonable manner and not pursuant to any principle requiring that ambiguities be strictly construed against the party who caused same to exist.

F. (i) 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/Endispute ("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 interpret this Section 13F and 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.

(ii) The foregoing notwithstanding, if the amount in controversy exceeds \$200,000, exclusive of attorneys' fees and costs, the matter shall be litigated in the Los Angeles County Superior Court as a regular non-jury civil action except that a former California Superior Court Judge selected by the parties or by JAMS, as hereinabove provided, shall be appointed as referee to try all issues of fact and law, without a jury, pursuant to California Code of Civil Procedure §638 et seq. The parties hereto expressly waive a trial by jury. Judgment entered on the decision of the referee shall be appealable

as a judgment of the Superior Court. The prevailing party shall be entitled to receive its reasonable attorneys' fees and costs from the other party.

G. Payments to Criteser are subject to payroll deductions and withholdings if and to the extent required by law. Salary payments will be reduced on a dollar-for-dollar basis by payments received by Criteser for disability under governmental or Company paid disability insurance programs.

H. All provisions of this Agreement which must survive the termination of this Agreement to give them their intended effect shall so survive.

I. If any provision of this Agreement is determined to be unenforceable as illegal or contrary to public policy, it shall be deemed automatically amended to the extent necessary to render it enforceable provided the intent of the parties as expressed herein will not thereby be frustrated. Otherwise the unenforceable provision shall be severed from the remaining provisions which shall remain in effect.

J. (i) It is intended that any amounts payable under this Agreement shall either be exempt from or comply with Section 409A of the Internal Revenue Code (including the Treasury regulations and other published guidance relating thereto) ("Code Section 409A") so as not to subject Criteser to payment of any additional tax, penalty or interest imposed under Code Section 409A. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to Criteser.

(ii) Notwithstanding any provision of this Agreement to the contrary, if Criteser is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of Criteser's Separation from Service, Criteser shall not be entitled to any payment or benefit pursuant to Section 9C until the earlier of (i) the date which is six (6) months after Criteser's Separation from Service for any reason other than death, or (ii) the date of Criteser's death. Any amounts otherwise payable to Criteser upon or in the six (6) month period following Criteser's Separation from Service that are not so paid by reason of this Section 13J(ii) shall be paid (without interest) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after Criteser's Separation from Service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of Criteser's death). The provisions of this Section 13J(ii) shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Code Section 409A.

(iii) To the extent that any benefits pursuant to Section 9C(ii) or reimbursements pursuant to Section 7 are taxable to Criteser, any reimbursement payment due to Criteser pursuant to such provision shall be paid to Criteser on or before the last day of Criteser's taxable year following the taxable year in which the related expense was incurred. The benefits and reimbursements pursuant to such provisions are not subject to liquidation or exchange for another benefit and the amount of such benefits and reimbursements that Criteser receives in one taxable year shall not affect the amount of such benefits or reimbursements that Criteser receives in any other taxable year.

[SIGNATURE PAGE FOLLOWS]



IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the date first above written.

Company:  
Dated: May 18, 2011

FARMER BROS. CO.,  
a Delaware corporation

By: /s/ JEFFREY A. WAHBA  
Jeffrey A. Wahba  
Interim Co-Chief Executive Officer

Criteser:  
Dated: May 18, 2011

/s/ PATRICK G. CRITESER  
Patrick G. Criteser

[Signature Page to Employment Agreement (Farmer Bros. Co. / Criteser)]

**EXHIBIT A**

**FORM OF RELEASE AGREEMENT**

I understand that my position with Farmer Bros. Co. (the “Company”) terminated effective \_\_\_\_\_, 20\_\_ (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 effective as of April 19, 2011 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 11A and 11B 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:

---

Patrick G. Critser

[Exhibit A to Employment Agreement (Farmer Bros. Co. / Critser)]



**COMPENSATION COMMITTEE OF THE  
BOARD OF DIRECTORS**

April 19, 2011

**VIA INTEROFFICE DELIVERY**

Mark A. Harding  
Senior Vice President Operations  
Farmer Bros. Co.  
20333 S. Normandie Avenue  
Torrance, CA 90502

Re: *Letter Agreement regarding change to employment terms*

Dear Mark:

This letter agreement (this "Agreement"), shall set forth the understanding between you and Farmer Bros. Co., a Delaware corporation (the "Company"), regarding your role in the management transition resulting from the retirement of Roger M. Lavery III and the search for a new Chief Executive Officer. We hope the compensation increase and equity grant will keep you fully engaged on the Company's behalf during the transition. Subject to the terms and conditions set forth herein, you and the Company agree as follows:

1. Responsibilities. During the Term (defined below), you will continue to have oversight responsibilities for the Company's route sales operations (west and east), plant operations, distribution, transportation, purchasing and such other duties consistent with your level of responsibility as are assigned by the Board of Directors or either Interim Co-Chief Executive Officer. You will report to Patrick G. Criteser, Interim Co-Chief Executive Officer of the Company, until the end of the Term.

2. Term and Termination. This Agreement shall become effective on the date hereof and shall automatically terminate, without notice, (i) at such time as a permanent Chief Executive Officer or permanent co-Chief Executive Officers (in either case referenced herein as the "Permanent CEO"), is appointed by the Board of Directors, or (ii) your resignation or termination if prior to the hiring of a Permanent CEO (the "Term").

3. Temporary Base Salary Increase

A. During the Term you will receive a base salary of \$275,000 per annum; however, for a period of six months starting on the date of this Agreement, your base salary will be \$247,500 per annum.

B. On October 19, 2011, your annual base salary of shall revert to \$275,000 unless

otherwise set by mutual written agreement.

C. If the Term ends after October 19, 2011 but you are still employed by the Company, your annual base salary shall revert to \$250,000.

#### 4. Grants of Non-Qualified Stock Options

A. Incentive Grant. In accordance with the provisions of the Farmer Bros. Co. 2007 Omnibus Plan (the "Omnibus Plan"), upon full execution of this Agreement, you will be granted 20,000 non-qualified stock options at an exercise price equal to the closing price on the grant date (the "Incentive Grant").

B. Retention Grant. At the time the Board selects the Permanent CEO (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, you 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 "Retention Grant"). If you resign within six (6) months after the hiring of the Permanent CEO, the Retention Grant options will not vest and will be cancelled.

C. Public Information. Notwithstanding the foregoing, the Incentive Grant and the Retention Grant will be delayed during such period as there exists, in the opinion of the Company's counsel, material information concerning the Company which has not been publicly disclosed.

D. Vesting. Except as set forth above, the Incentive Grant and Retention Grant will vest on the one year anniversary of the grant date, provided you are then employed by the Company, subject to accelerated vesting in the case of death, disability, termination of employment without "Cause," or resignation for "Good Reason," as such terms are defined below.

#### E. Defined terms relating to Incentive Grant and Retention Grant

a. "Good Reason" shall exist only (i) in the event of the Company's material breach of this Agreement, (ii) in the event of a material reduction in your responsibilities, duties or authority, or (iii) in the event of a material relocation of your principal place of employment more than fifty (50) miles from its present location; provided, however, that any such condition in subsections (i) through (iii) shall not constitute "Good Reason" unless both (x) you provide written notice to the Company describing the condition claimed to constitute Good Reason in reasonable detail within ninety (90) days of the initial existence of such condition, and (y) the Company fails to remedy such condition within thirty (30) days of receiving such written notice thereof; and provided, further, that in all events the termination of your employment with the Company shall not be treated as a termination for "Good Reason" unless such termination occurs not more than one (1) year following the initial existence of the condition claimed to constitute "Good Reason."

b. "Cause" shall consist only of: (i) a repeated refusal to follow reasonable directions from the Board, interim co-Chief Executive Officer(s) or Permanent CEO, as applicable, after a warning; (ii) a material breach of any of your fiduciary duties to the Company (a breach involving dishonesty or personal gain shall be deemed material regardless of the amount involved); (iii) conviction of a felony; (iv) commission of a willful violation of any law, rule or regulation involving moral turpitude; or (v) commission of a willful or grossly negligent act, omission or course of conduct which has a material adverse effect on the Company.

5. Employment “at will”. This Agreement is not a guarantee of continuing employment. Your employment shall terminate at the election of the Company at any time with or without cause.

Thank you for your assistance to the Company at this important time. If the foregoing is agreeable to you, please sign and return the enclosed counterpart copy of this Agreement to me at your earliest convenience.

Very truly yours,

FARMER BROS. CO.

By: /s/ THOMAS A. MALOOF  
Thomas A. Maloof  
Director and Chair of the Compensation Committee

**ACKNOWLEDGED, AGREED AND ACCEPTED:**

Dated: 5/18/11

/s/ MARK A. HARDING  
Mark A. Harding

**[FORM OF EXECUTIVE OFFICER]  
CHANGE IN CONTROL SEVERANCE AGREEMENT**

THIS CHANGE IN CONTROL SEVERANCE AGREEMENT (this "Agreement"), effective as of \_\_\_\_\_, (the "Effective Date"), is made by and between FARMER BROS. CO., a Delaware corporation (the "Company"), and \_\_\_\_\_ (the "Executive").

WHEREAS, the Company considers it essential to foster the continued employment of well qualified, senior executive management personnel; and

WHEREAS, the Company has determined that appropriate steps should be taken to foster such continued employment by setting forth the benefits and compensation to be awarded to such personnel in the event of a voluntary or involuntary termination within the meaning of this Agreement; and

WHEREAS, the Company further recognizes that the possibility of a Change in Control of the Company exists and that such possibility, and the uncertainty and questions that it may raise among executive management, may result in the departure or distraction of executive personnel to the detriment of the Company; and

WHEREAS, the Company has further determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's executive management, including the Executive, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. Term of Agreement. The term of this Agreement shall commence as of the date hereof and expire on the close of business on \_\_\_\_\_, 20\_\_; provided, however, that (i) commencing on January 1, \_\_\_\_\_ and each January 1 thereafter, the term of this Agreement will automatically be extended for an additional year unless, not later than September 30 of the immediately preceding year, the Company (provided no Change in Control has occurred and no Threatened Change in Control is pending) or the Executive shall have given notice that it or the Executive, as the case may be, does not wish to have the Term extended; (ii) if, prior to a Change in Control, the Executive ceases for any reason to be an employee of the Company, thereupon without further action the Term shall be deemed to have expired and this Agreement will immediately terminate and be of no further effect.

2. Definitions

(a) "Base Salary" shall mean the Executive's salary, which excludes Bonuses, at the rate in effect when an event triggering benefits under Section 3 of this Agreement occurs.

(b) "Beneficial Owner" or "Beneficial Ownership" shall have the meaning ascribed to such term in Rule 13d-3 of the Exchange Act.

(c) "Board" or "Board of Directors" shall mean the Board of Directors of Farmer Bros. Co., or its successor.

(d) “Bonus(es)” shall mean current cash compensation over and above Base Salary whether awarded under the Company’s Incentive Compensation Plan or otherwise awarded.

(e) “Cause” shall mean:

(i) the Executive’s material fraud, malfeasance, or gross negligence, willful and material neglect of Executive’s employment duties or Executive’s willful and material misconduct with respect to business affairs of the Company or any subsidiary of the Company or

(ii) Executive’s conviction of or failure to contest prosecution for a felony or a crime involving moral turpitude.

A termination of Executive for “Cause” based on clause (i) of the preceding sentence can be made only by delivery to Executive of a resolution duly adopted by the affirmative vote of not less than three quarters of the Board then in office at a meeting of the Board called and held for such purpose, after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive’s counsel (if the Executive chooses to have counsel present at such meeting), to be heard before the Board, finding that, in the good faith opinion of the Board, the Executive had committed an act constituting “Cause” as herein defined and specifying the particulars thereof in detail. Nothing herein will limit the right of the Executive or [his/her] beneficiaries to contest the validity or propriety of any such determination. A termination for Cause based on clause (ii) above shall take effect immediately upon giving of the termination notice. No act or omission shall be deemed “willful” if it was due primarily to an error in judgment or ordinary negligence.

(f) “Change in Control” shall mean:

(i) An acquisition by any Person (as such term is defined in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) thereof) of Beneficial Ownership of the Shares then outstanding (the “Company Shares Outstanding”) or the voting securities of the Company then outstanding entitled to vote generally in the election of directors (the “Company Voting Securities Outstanding”), if such acquisition of Beneficial Ownership results in the Person beneficially owning (within the meaning of Rule 13d-3 promulgated under the Exchange Act) fifty percent (50%) or more of the Company Shares Outstanding or fifty percent (50%) or more of the combined voting power of the Company Voting Securities Outstanding; excluding, however, any such acquisition by a trustee or other fiduciary holding such Shares under one or more employee benefit plans maintained by the Company or any of its subsidiaries; or

(ii) The approval of the stockholders of the Company of a reorganization, merger, consolidation, complete liquidation, or dissolution of the Company, the sale or disposition of all or substantially all of the assets of the Company or any similar corporate transaction (in each case referred to in this Section 2(f) as a “Corporate Transaction”), other than a Corporate Transaction that would result in the outstanding common stock of the Company immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into common stock of the surviving entity or a parent or affiliate thereof) at least fifty percent (50%) of the outstanding common stock of the Company or such surviving entity or parent or affiliate thereof immediately after such Corporate Transaction; provided, however, if the consummation of such Corporate Transaction is subject, at the time of such approval by stockholders, to the consent of any government or governmental agency, the Change in Control shall not occur until the obtaining of such consent (either explicitly or implicitly); or

(iii) A change in the composition of the Board such that the individuals who, as of the Effective Date, constitute the Board (such Board shall be hereinafter referred to as the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, for purposes of this Section 2(f) that any individual who becomes a member of the Board subsequent to the Effective Date whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; but, provided, further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act, including any successor to such Rule), or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board, shall not be so considered as a member of the Incumbent Board.

(g) “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.

(h) “Disability” shall mean the Executive’s inability as a result of physical or mental incapacity to substantially perform [his/her] duties for the Company on a full-time basis for a period of six (6) months.

(i) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

(j) “Involuntary Termination” shall mean a termination of the Executive’s employment by the Company that occurs for reasons other than for Cause, Disability or death.

(k) “Threatened Change in Control” shall mean any bona fide pending tender offer for any class of the Company’s outstanding Shares, or any pending bona fide offer to acquire the Company by merger or consolidation, or any other pending action or plan to effect, or which would lead to, a Change in Control of the Company as determined by the Incumbent Board. A Threatened Change in Control Period shall commence on the first day the actions described in the preceding sentence become manifest and shall end when such actions are abandoned or the Change in Control occurs.

(l) “Shares” shall mean the shares of common stock of the Company.

(m) “Resignation for Good Reason” shall mean a termination of the Executive’s employment by the Executive due to:

(i) a significant reduction of the Executive’s responsibilities, duties or authority;

(ii) a material reduction in the Executive’s Base Salary; or

(iii) a Company-required material relocation of the Executive’s principal place of employment;

provided, however, that any such condition shall not constitute “Good Reason” unless both (x) the Executive provides written notice to the Company describing the condition claimed to constitute Good Reason in reasonable detail within ninety (90) days of the initial existence of such condition, and (y) the Company fails to remedy such condition within thirty (30) days of receiving such written notice thereof; and provided, further, that in all events the termination of the Executive’s employment with the Company shall not be treated as a termination for “Good Reason” unless such termination occurs not more than one (1) year following the initial existence of the condition claimed to constitute “Good Reason.”



3. Events That Trigger Benefits Under This Agreement. The Executive shall be eligible for the compensation and benefits described in Section 4 of this Agreement as follows:

(a) A Change in Control occurs and Executive's employment is Involuntarily Terminated or terminated by Resignation for Good Reason within twenty-four (24) months following the occurrence of the Change in Control; or

(b) A Threatened Change in Control occurs and the Executive's employment is Involuntarily Terminated or terminated by Resignation for Good Reason during the Threatened Change in Control Period.

4. Benefits Upon Termination. If the Executive becomes eligible for benefits under Section 3 above, the Company shall pay or provide to the Executive the following compensation and benefits:

(a) Salary. The Executive will receive as severance an amount equal to [his/her] Base Salary at the rate in effect on the date of termination for a period of twenty-four (24) months, such payment to be made in installments in accordance with the Company's standard payroll practices, such installments to commence, subject to Section 9(j)(ii), in the month following the month in which the Executive's Separation from Service occurs. The Executive shall also receive a payment equal to one hundred percent (100%) of the Executive's target Bonus for the fiscal year in which the date of termination occurs (or, if no target Bonus has been assigned to the Executive as of the date of termination, the average Bonus paid by the Company to the Executive for the last three (3) completed fiscal years or for the number of completed fiscal years that Executive has been in the employ of the Company if fewer than three, prior to the termination date), such payment to be made, subject to Section 9(j)(ii), in a lump sum within thirty (30) days after the end of the Company's fiscal year in which the Executive's date of termination occurs. As used herein, a "Separation from Service" occurs when the Executive dies, retires, or otherwise has a termination of employment with the Company that constitutes a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h)(1), without regard to the optional alternative definitions available thereunder.

(b) Qualified and Non-Qualified Plan Coverage. Subject to the eligibility provisions of the plans, the Executive shall continue to participate in the tax-qualified and non-qualified retirement, savings and employee stock ownership plans of the Company during the twenty four (24) month period following the Executive's date of termination unless the Executive commences Employment prior to the end of the twenty four (24) month period, in which case, such participation shall end on the date of [his/her] new employment. The Executive shall inform the Company promptly upon commencing new employment.

(c) Health, Dental, and Life Insurance Coverage. The health, dental, and life insurance benefits coverage provided to the Executive at [his/her] date of termination shall be continued by the Company during the twenty-four (24) month period following the Executive's date of termination unless the Executive commences employment prior to the end of the twenty four (24) month period and qualifies for substantially equivalent insurance benefits with the Executive's new employer, in which case, such insurance coverages shall end on the date of qualification. The Executive shall inform the Company promptly of [his/her] qualification for any of such insurance coverages. . The Company shall provide for such insurance coverages at its expense at the same level and in the same manner as if the Executive's employment had not terminated (subject to the customary changes in such coverages if the

Executive retires under a Company retirement plan, reaches age 65, or similar events and subject to Executive's right to make any changes in such coverages that an active employee is permitted to make). Any additional coverages the Executive had at termination, including dependent coverage, will also be continued for such period on the same terms, to the extent permitted by the applicable policies or contracts. Any costs the Executive was paying for such coverages at the time of termination shall be paid by the Executive by separate check payable to the Company each month in advance. If the terms of any benefit plan referred to in this Section do not permit continued participation by the Executive, the Company will arrange for other coverage at its expense providing substantially similar benefits. If the Executive is covered by a split-dollar or similar life insurance program at the date of termination, [he/she] shall have the option in [his/her] sole discretion to have such policy transferred to him upon termination, provided that the Company is paid for its interest in the policy upon such transfer.

(d) Outplacement Services. The Company shall provide the Executive with outplacement services by a firm selected by the Executive, at the expense of the Company, in an amount up to \$25,000.

(e) No Mitigation Obligation. The Company hereby acknowledges that it will be difficult and may be impossible for the Executive to find reasonably comparable employment following termination of Executive's employment by the Company and that the non-solicitation covenant contained in Section 6 may further limit the employment opportunities for the Executive. Accordingly, the payment of the compensation and benefits by the Company to the Executive in accordance with the terms of this Agreement is hereby acknowledged by the Company to be reasonable, and the Executive will not be required to mitigate the amount of any payment provided for this Agreement by seeking other employment or otherwise, nor will any profits, income, earnings or other benefits from any source whatsoever create any mitigation, offset, reduction or any other obligation on the part of the Executive hereunder or otherwise, except as expressly provided in the first sentence of Section 4(c).

5. Parachute Payments. Notwithstanding anything contained in this Agreement to the contrary, in the event that the compensation and benefits provided for in this Agreement to Executive together with all other payments and the value of any benefit received or to be received by Executive:

(a) constitute "parachute payments" within the meaning of Section 280G of the Code, and

(b) but for this Section, would be subject to the excise tax imposed by Section 4999 of the Code, the Executive's compensation and benefits pursuant to the terms of this Agreement shall be payable either:

(i) in full, or

(ii) in such lesser amount which would result in no portion of such compensation and benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of compensation and benefits under this Agreement, notwithstanding that all or some portion of such compensation and benefits may be subject to the excise tax imposed under Section 4999 of the Code. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 5 shall be made in writing by the Company's independent public accountants serving immediately before the Change in Control (the "Accountants"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 5, the Accountants may make reasonable assumptions and approximations

concerning applicable taxes and may rely on reasonable good faith interpretations concerning the applications of Section 280G and 4999 of the Code. The Company shall cause the Accountants to provide detailed supporting calculations of its determination to Executive and the Company. Executive and the Company shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 5.

#### 6. Obligation Not to Solicit

(a) Executive hereby agrees that while Executive is receiving compensation and benefits under this Agreement, Executive shall not in any manner attempt to induce or assist others to attempt to induce any officer, employee, customer or client of the Company to terminate its association with the Company, nor do anything directly or indirectly to interfere with the relationship between the Company and any such persons or concerns.

(b) In the event that the Executive engages in any activity in violation of Section 6(a), all compensation and benefits described in Section 4 shall immediately cease.

7. Confidentiality. The terms of this Agreement are to be of the highest confidentiality. In order to insure and maintain such confidentiality, it is agreed that neither party, including all persons and entities under a party's control, shall, directly or indirectly, publicize or disclose to third persons the terms of this Agreement or the substance of negotiations with respect to it; provided, however, that nothing herein shall be construed to prevent disclosures which are reasonably necessary to enforce the terms of this Agreement or which are otherwise required by law to be made to governmental agencies or others; moreover, nothing herein shall be construed to prevent the parties hereto, or their attorneys, from making such disclosures for legitimate business purposes to their respective insurers, financial institutions, accountants and attorneys or, in the case of a corporation, limited liability company or partnership, to its respective officers, directors, employees, managers, members and agents or any of its respective subsidiaries, group or divisions, provided that each such recipient of such disclosures agrees to be bound by the requirements concerning disclosure of confidential information as set forth in this Paragraph 7.

#### 8. Settlement of Disputes; Arbitration

(a) All disputes arising under or in connection with this Agreement, shall be submitted to binding arbitration in Los Angeles County before an arbitrator selected by mutual agreement of the parties. If the parties are unable to agree mutually on an arbitrator within thirty (30) days after a written demand for arbitration is made, the matter shall be submitted to JAMS/ENDISPUTE ("JAMS") or successor organization for binding arbitration in Los Angeles County by a single arbitrator who shall be a former California Superior Court judge. The arbitrator shall be selected by JAMS in an impartial manner determined by it. 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 of the appointment of the arbitrator, and a decision shall be rendered by the arbitrator within thirty (30) days of 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, to the party or parties determined to have substantially prevailed, but such award for attorneys' fees shall not exceed One Hundred Thousand Dollars (\$100,000). Judgment on the award can be entered in a court of competent jurisdiction.

(b) The foregoing notwithstanding, if the amount in controversy exceeds \$200,000, exclusive of attorneys' fees and costs, the matter shall be litigated in the Los Angeles County Superior Court as a regular civil action except that a former California Superior Court Judge selected by JAMS in an impartial manner shall be appointed as referee to determine, sitting without a jury (a jury being waived by all parties hereto), all issues pursuant to California Code of Civil Procedure §638(1). Judgment entered on the decision of the referee shall be appealable as a judgment of the Superior Court. The prevailing party shall be entitled to receive its reasonable attorneys' fees and costs from the other party, but such award for attorneys' fees shall not exceed One Hundred Thousand Dollars (\$100,000).

9. Miscellaneous

(a) Notices. Any notice or other communication required or permitted under this Agreement shall be effective only if it is in writing and shall be deemed to have been duly given when delivered personally or seven days after mailing if mailed first class by registered or certified mail, postage prepaid, addressed as follows:

If to the Company:     Farmer Bros. Co  
                                 20333 South Normandie Avenue  
                                 Torrance, CA 90502  
                                 Attn: Chief Executive Officer

with a copy to:         John M. Anglin, Esq.  
                                 Anglin, Flewelling, Rasmussen, Campbell & Trytten LLP  
                                 199 South Los Robles Avenue, Suite 600  
                                 Pasadena, CA 91101-2459

If to the Executive:     \_\_\_\_\_  
                                 \_\_\_\_\_  
                                 \_\_\_\_\_

or to such other address as any party may designate by notice to the others.

(b) Assignment. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective executors, administrators, heirs, personal representatives, and successors, but, except as hereinafter provided, neither this Agreement nor any right hereunder may be assigned or transferred by either party thereto, or by any beneficiary or any other person, nor be subject to alienation, anticipation, sale, pledge, encumbrance, execution, levy, or other legal process of any kind against the Executive, [his/her] beneficiary or any other person. Notwithstanding the foregoing, any person or business entity succeeding to substantially all of the business of the Company by purchase, merger, consolidation, sale of assets, or otherwise, shall be bound by and shall adopt and assume this Agreement and the Company shall cause the assumption of this Agreement by such successor. If Executive shall die while any amount would still be payable to Executive hereunder (other than amounts that, by their terms, terminate upon the death of Executive) if Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of Executive's estate.

(c) No Obligation to Fund. The agreement of the Company (or its successor) to make payments to the Executive hereunder shall represent solely the unsecured obligation of the Company (and its successor), except to the extent the Company (or its successors) in its sole discretion elects in whole or in part to fund its obligations under this Agreement pursuant to a trust arrangement or otherwise.

(d) Applicable Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California, without giving effect to conflict of law principles.

(e) Amendment. This Agreement may only be amended by a written instrument signed by the parties hereto, which makes specific reference to this Agreement.

(f) Severability. If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

(g) Withholding. The Company shall have the right to withhold any and all local, state and federal taxes which may be withheld in accordance with applicable law.

(h) Other Benefits. Nothing in this Agreement shall limit or replace the compensation or benefits payable to Executive, or otherwise adversely affect Executive's rights, under any other benefit plan, program, or agreement to which Executive is a party.

(i) Employment Rights. Nothing expressed or implied in this Agreement will create any right or duty on the part of the Company or the Executive to have the Executive remain in the employment of the Company or any Subsidiary prior to or following any Change in Control. [The Company and Executive are parties to an Employment Agreement executed concurrently herewith. Except as provided in Section 11 of the Employment Agreement, the provisions of the Employment Agreement and this Agreement are cumulative.]

(j) Section 409A

(i) It is intended that any amounts payable under this Agreement shall either be exempt from or comply with Section 409A of the Code (including the Treasury regulations and other published guidance relating thereto) ("Code Section 409A") so as not to subject the Executive to payment of any additional tax, penalty or interest imposed under Code Section 409A. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the Executive.

(ii) Notwithstanding any provision of this Agreement to the contrary, if the Executive is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the Executive's Separation from Service, the Executive shall not be entitled to any payment or benefit pursuant to Section 4 until the earlier of (i) the date which is six (6) months after the Executive's Separation from Service for any reason other than death, or (ii) the date of the Executive's death. Any amounts otherwise payable to the Executive upon or in the six (6) month period following the Executive's Separation from Service that are not so paid by reason of this Section 9(j)(ii) shall be paid (without interest) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after the Executive's Separation from Service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of the Executive's death). The provisions of this Section 9(j)(ii) shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Code Section 409A.

(iii) To the extent that any benefits or reimbursements pursuant to Section 4(c) or Section 4(d) are taxable to the Executive, any reimbursement payment due to the Executive pursuant to any such provision shall be paid to the Executive on or before the last day of the Executive's taxable year following the taxable year in which the related expense was incurred. The benefits and reimbursements pursuant to such provisions are not subject to liquidation or exchange for another benefit and the amount of such benefits and reimbursements that the Executive receives in one taxable year shall not affect the amount of such benefits or reimbursements that the Executive receives in any other taxable year.

**[SIGNATURES FOLLOW]**

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its duly authorized officers and the Executive has hereunder set [his/her] hand, as of the date first above written.

Company:

FARMER BROS. CO.,  
a Delaware corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Executive:

\_\_\_\_\_  
*[Name of Executive]*

---

**SCHEDULE OF EXECUTIVE OFFICERS**

Patrick G. Criteser  
Larry B. Garrett  
Hortensia R. Gómez  
Mark A. Harding  
Jeffrey A. Wahba