
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

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

Date of Report (Date of earliest event reported): **March 3, 2008**

Farmer Bros. Co.

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or Other Jurisdiction
of Incorporation)

0-1375

(Commission File Number
Identification No.)

95-0725980

(I.R.S. Employer)

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 Agreement

On March 3, 2008, Farmer Bros. Co. (the "Company") entered into an Employment Agreement with Drew H. Webb ("Employment Agreement"), pursuant to which the Company will employ Mr. Webb as Executive Vice President and Chief Operating Officer commencing on March 3, 2008. Mr. Webb, who will report to the Chief Executive Officer of the Company, will have oversight responsibility for the Company's sales, marketing and distribution operations and will be instrumental in leading strategic planning for the Company.

The following description of the Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the Employment Agreement, which is attached to this Form 8-K as Exhibit 10.1 and incorporated herein by reference.

Mr. Webb's initial annual base salary will be \$310,000. Mr. Webb will be entitled to participate in the Company's 2005 Incentive Compensation Plan (or any successor plan) (the "2005 Plan"), which was previously filed as Exhibit 99.1 to the Company's Form 8-K filed with the SEC on October 12, 2005 and incorporated herein by reference. All 2005 Plan provisions will apply, except that the Target Awards (as defined in the 2005 Plan) made to Mr. Webb under the 2005 Plan will be equal to 50% of base salary.

Mr. Webb will be entitled to all benefits and perquisites provided by the Company to its executive officers, including use of a Company car, paid vacation, group health insurance, life insurance, key person life insurance, business travel insurance, retirement plan, 401(k) plan, employee stock ownership plan, cell phone, Company credit card, and business expense reimbursement.

Mr. Webb, in accordance with the provisions of the Farmer Bros. Co. 2007 Omnibus Plan (“the Plan”)(which was previously filed as an exhibit to the Form 8-K filed by the Company with the SEC on August 29, 2007), has been granted 9,000 non-qualified stock options and 1,500 shares of restricted stock under the terms and conditions of that Plan as they apply to all participants. Webb will be entitled to future grants under the Plan as they are awarded by the Compensation Committee and the Board of Directors from time to time. The Form of 2007 Omnibus Restricted Stock Option Grant Notice and Stock Option Agreement and the Form of 2007 Omnibus Plan Restricted Stock Award Grant Notice and Restricted Stock Award Agreement and the Stock Ownership Guidelines for Directors and Executive Officers have been filed with the SEC as Exhibits to the Form 8-K filed on February 26, 2008 and incorporated herein by reference.

Mr. Webb’s employment may be terminated by the Company at any time with or without Cause (as defined in the Employment Agreement). Mr. Webb’s employment will terminate upon his resignation, with or without Good Reason (as defined in the Employment Agreement), death or permanent incapacity.

Under the Employment Agreement, upon termination for any reason, the Company will pay to Mr. Webb his accrued base salary and accrued but unused vacation. In addition, if such termination occurs at the election of the Company without Cause or by Mr. Webb’s resignation with Good Reason, Mr. Webb will continue to receive his base salary and continuing health care benefits for a period of one (1) year from the effective termination date, plus an amount equal to his Target Award for the fiscal year in which such termination is effective, prorated through the effective termination date. Receipt of the severance amounts set forth in the preceding sentence is conditioned upon execution of a general release of claims against the Company. The Company will also pay a prorated portion of the Target Award in the event of death or disability. Notwithstanding the foregoing, if Mr. Webb becomes eligible for severance benefits under the Change in Control Severance Agreement described below under this Item 1.01, the benefits provided under that agreement will be in lieu of, and not in addition to, the severance benefits under the Employment Agreement.

1

Indemnification Agreement

On March 3, 2008, the Company entered into an Indemnification Agreement with Mr. Webb effective upon commencement of Mr. Webb’s employment with the Company. The Indemnification Agreement is substantially the same form previously executed by all current members of the Company’s Board of Directors, namely Roger M. Lavery III, the Company’s President and Chief Executive Officer, Thomas A Maloof, John H. Merrell, Carol Farmer Waite, Martin A. Lynch, James J. McGarry and Guenter W. Berger, the Company’s present Chairman, and each of the Company’s other executive officers, namely John E. Simmons, Treasurer and Chief Financial Officer, Michael J. King, Vice President, Sales, and John M. Anglin, Secretary. A copy and brief description of the terms and conditions of the form of Indemnification Agreement were previously filed by the Company on Form 8-K filed with the SEC on May 22, 2006 and incorporated herein by reference.

Change in Control Severance Agreement

On March 3, 2008, the Company entered into a Change in Control Severance Agreement (“Webb Severance Agreement”) with Mr. Webb effective upon commencement of Mr. Webb’s employment with the Company. The Webb Severance Agreement is substantially the same form previously executed by Roger M. Lavery, John E. Simmons and Michael J. King, with the exception that the Webb Severance Agreement provides that, in the event of a triggering event, Mr. Webb’s bonus payment will be based on the number of completed fiscal years that Mr. Webb has been in the employ of the Company if fewer than three and, if a triggering event occurs before a bonus for fiscal 2008 is awarded to Mr. Webb under the 2005 Plan, Mr. Webb’s aggregate bonus amount will be \$100,000. A brief description of the terms and conditions of the form of Severance Agreement (other than the specific terms relating to Mr. Webb described herein) 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 24, 2005 and incorporated herein by reference. The above description of the Webb Severance Agreement does not purport to be complete and is qualified in its entirety by reference to the Change in Control Severance Agreement (Webb), which is attached to this Form 8-K as Exhibit 10.2 and is incorporated herein by reference.

Item 5.02. Appointment of Principal Officers.

(c) On March 5, 2008, the Company announced that it has named Mr. Webb as the Company’s Executive Vice President and Chief Operating Officer. Mr. Webb’s employment commenced on March 3, 2008. The Company will employ Mr. Webb pursuant to the terms of the Employment Agreement, the terms of which are described above under Item 1.01 and incorporated in this Item 5.02 by reference. The press release relating to Mr. Webb’s employment by the Company is attached to this Form 8-K as Exhibit 99.1 and incorporated herein by reference.

Prior to joining the Company, Mr. Webb, age 60, was sole proprietor of DH Webb & Company, a financial consulting firm in Scottsdale, AZ, that specializes in advising clients on issues relating to strategic planning, recapitalizations and mergers and acquisitions. Mr. Webb attended University of Florida, where he received a B.A. in 1969 and received an Executive MBA from Harvard Business School in 1986.

2

There are no understandings or arrangements between Mr. Webb and any other person pursuant to which Mr. Webb was selected as President and Chief Operating Officer. Mr. Webb has no family relationship with any director or executive officer of the Company. Mr. Webb presently does not have a direct or indirect material interest in any currently proposed transactions to which the Company is to be a party in which the amount involved exceeds \$60,000. Since the beginning the past fiscal year Mr. Webb received compensation from the Company of approximately \$345,000 for consulting and investment banking services.

Item 9.01. Financial Statements and Exhibits.

(d)	<u>Exhibits</u>
------------	------------------------

10.1*	Employment Agreement, dated as of March 3, 2008, by and between Farmer Bros. Co. and Drew H. Webb
-------	---

10.2*	Farmer Bros. Co. 2005 Incentive Compensation Plan (filed as Exhibit 99.1 to the Company’s Current Report on Form 8-K filed with the SEC on October 12, 2005 and incorporated herein by reference)
-------	---

10.3*	Form of Indemnification Agreement for Directors and Officers of the Company (filed as Exhibit 10.01 to the Company's Current Report on Form 8-K filed with the SEC on May 22, 2006 and incorporated herein by reference)
10.4*	Change in Control Severance Agreement (Webb), dated as of March 3, 2008, by and between Farmer Bros. Co. and Drew H. Webb
10.5*	Form of 2007 Omnibus Plan Stock Option Grant Notice and Stock Option Agreement (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)
10.6*	Form of 2007 Omnibus Plan Restricted Stock Award Grant Notice and Restricted Stock Award Agreement (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on February 26, 2008 and incorporated herein by reference)
10.7*	Stock Ownership Guidelines for Directors and Executive Officers (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on February 26, 2008 and incorporated herein by reference)
99.1	Press Release, dated March 5, 2008, naming Drew H. Webb as Executive Vice President and Chief Operating Officer of Farmer Bros. Co.

* 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: March 6, 2008

FARMER BROS. CO.

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

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1*	Employment Agreement, dated as of March 3, 2008, by and between Farmer Bros. Co. and Drew H. Webb
10.2*	Farmer Bros. Co. 2005 Incentive Compensation Plan (filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the SEC on October 12, 2005 and incorporated herein by reference)
10.3*	Form of Indemnification Agreement for Directors and Officers of the Company (filed as Exhibit 10.01 to the Company's Current Report on Form 8-K filed with the SEC on May 22, 2006 and incorporated herein by reference)
10.4*	Change in Control Severance Agreement (Webb), dated as of March 3, 2008, by and between Farmer Bros. Co. and Drew H. Webb
10.5*	Form of 2007 Omnibus Plan Stock Option Grant Notice and Stock Option Agreement (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)
10.6*	Form of 2007 Omnibus Plan Restricted Stock Award Grant Notice and Restricted Stock Award Agreement (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on February 26, 2008 and incorporated herein by reference)
10.7*	Stock Ownership Guidelines for Directors and Executive Officers (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on February 26, 2008 and incorporated herein by reference)
99.1	Press Release, dated March 5, 2008, naming Drew H. Webb as Executive Vice President and Chief Operating Officer of Farmer Bros. Co.

* Management contract or compensatory plan or arrangement.

EMPLOYMENT AGREEMENT
(Farmer Bros. Co. / Webb)

This Employment Agreement ("Agreement") is made and entered into as of March 3, 2008 between FARMER BROS. CO., a Delaware corporation (the "Company"), and Drew H. Webb ("Webb") who agree as follows:

1. **Employment:** The Company hereby employs Webb, and Webb accepts employment from the Company, on the terms and conditions herein stated.

2. **Term of Employment:** The term of Webb's employment under this Agreement will commence on March 3, 2008 or on such other date as Webb and the Company's Chief Executive Officer ("CEO") may mutually agree (the "Commencement Date") and shall end when terminated under Section 7 below.

3. **Duties:** Webb shall serve as Executive Vice-President and Chief Operating Officer of the Company, reporting to the CEO. As such his general responsibilities shall include oversight responsibility for those day-to-day operations of the Company as agreed upon. In addition to his general responsibilities, Webb shall also perform such other duties as are consistent with his position and as are directed by the Company's CEO or Board of Directors ("Board"). Webb shall devote to the Company's business substantially all of his working time. The foregoing notwithstanding, Webb may continue to serve as a Director of Oakville Grocery or its successors so long as such service does not, in the reasonable judgment of the Board, adversely affect the Company. Service as a director or equivalent of other for-profit organizations shall require approval of the Board.

4. **Base Salary:** Webb shall receive an annual base salary of \$310,000 payable in accordance with the Company's normal payroll practice. The annual base salary amount shall be reviewed annually by the Company and can be adjusted upward or downward by the Company from time to time but shall not be reduced below \$310,000 per annum.

5. **Bonuses:** Webb 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 will, in its discretion, and after consultation with Webb, determine the Performance Criteria and all other variables by which Webb's bonus for such year will be measured. The Target Award, as defined in the Plan, shall be an amount equal to fifty percent (50%) of Webb's base annual salary. Except as provided otherwise in this Section 5, Webb'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. Webb acknowledges receipt of a copy of the Plan.

1

6. **Benefits:** The Company will provide to Webb all benefits and perquisites provided by the Company from time to time to its executive officers, subject to the eligibility requirements and the terms and conditions of the benefit plans and perquisite policies. For the avoidance of doubt, Webb's benefit package includes use of a Company car, and 4 weeks of paid vacation per year in accordance with the terms of the Company's vacation policy. Other included benefits and perquisites presently consist of group health insurance (PPO or HMO), life insurance, business travel insurance, qualified retirement plan, 401(k) plan, employee stock ownership plan, cell phone, company credit card, and expense reimbursement. Not all of the foregoing benefits are 100% Company paid.

Subject to the second paragraph of Section 7(B), 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 (including the CEO).

Webb shall be entitled to participate in the Company's Long Term Incentive Plan as it is administered by the Board of Directors. On the date hereof, Webb will be granted 9,000 stock options and 1,500 shares of restricted stock under the terms and conditions of that Plan as they apply to all participants. Webb will be entitled to future grants under this Plan as they are awarded by the Compensation Committee and the Board of Directors from time to time.

7. **Termination:**

A. Webb'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 CEO or Board after a warning; (ii) a material breach of any of Webb'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 or omission which has a material adverse effect on the Company; or (vi) commission of a material breach by Webb of this Agreement which breach, if curable, is not cured within a reasonable time after written notice from the CEO describing the nature of the breach in reasonable detail.

B. Webb's employment shall terminate upon Webb'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 an independent physician reasonably acceptable to Webb determines in writing that Webb 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 consist only of (i) the Company's material breach of this Agreement which breach, if curable, is not cured within a reasonable time after written notice of the breach describing the nature of the breach in reasonable detail, (ii) downgrading of Webb's title or a material reduction in Webb's responsibilities, (iii) a material reduction in, or elimination of, the health care benefits provided to Webb or

discontinuance of the qualified retirement plan or ESOP, (iv) relocation of the Company's executive offices more than fifty (50) miles from their present location or (iv) the failure of the Company to include Webb as a participant in the Company's Long Term Incentive Plan on substantially the same terms and conditions as are applicable to other Senior Executives.

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

8. **Payments upon Termination:** The following amounts are payable upon termination of Webb'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). If termination is due to Webb's death or permanent incapacity, the Company shall also pay to Webb upon termination an additional lump sum severance amount equal to the Target Award under the Company's 2005 Incentive Compensation Plan which is applicable to Webb 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 Webb, the Applicable Percentage of Webb's then annual base salary, in either case prorated for the partial fiscal year ending on the effective termination date.

B. If termination occurs at the election of the Company without Cause or by Webb's resignation with Good Reason: Webb will (i) continue to receive base salary at the then existing rate as if he were still employed by the Company for a period of one (1) year from the effective termination date, prorated for any partial payroll period at the expiration of the one (1) year salary continuation period, (ii) receive 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 Webb's employment not terminated) and (iii) receive on the effective termination date, an additional lump sum severance amount equal to the Target Award under the Company's 2005 Incentive Compensation Plan which is applicable to Webb 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 Webb, the Applicable Percentage of Webb's then annual base salary, in either case prorated for the partial fiscal year ending on the effective termination date. Webb is not obligated to seek other employment as a condition to receipt of the payments called for by this Section 8B, and Webb'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 8B. Salary continuation payments shall commence, and the additional severance amount shall be paid, only when the release required by Section 8C below has become effective.

C. As a condition to receiving the applicable payments under Section 8B above, Webb must execute and deliver to the Company 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.

D. All benefits other than the entitlement to payments under Section 8B shall terminate automatically upon termination of Webb's employment except to the extent otherwise provided in the Company benefit plans or by law.

E. Except as provided in this Section 8 or by applicable Company benefit plans or laws, Webb shall not be entitled to any payments of any kind in connection with the termination of his employment by the Company.

9. **Employee Handbook and Company Policies:** So long as he is employed by the Company, Webb 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 Webb 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.

10. **Confidential Information, Intellectual Property:**

A. Webb 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. Webb 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 CEO or Board; provided, that the restrictions of this Section 10 shall not apply to any such information that (i) is or becomes generally available to the public other than as a result of a disclosure by Webb, or (ii) becomes available to Webb from a third party who is not, as a result of such a disclosure, in breach of any confidentiality obligation to the Company, or (iii) was in Webb's possession at the time of disclosure and was not acquired from the Company on a confidential basis.

B. Webb 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 Webb agree that the covenants set forth in this Section 10 are reasonably necessary for the protection of the Company's Confidential Information and that a breach of the foregoing covenants will cause the Company irreparable damage not compensable by monetary damages, and that in the event of such breach or threatened breach, at the Company's election, an action may be brought in a court of competent jurisdiction seeking a temporary restraining order and a preliminary injunction against such breach or threatened breach notwithstanding the arbitration provision of Section 12F below.

Upon the court's decision on the application for a preliminary injunction, the court action shall be stayed and the remainder of the dispute submitted to arbitration under Section 12F. 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 Webb's services hereunder, including without limitation, all ideas and intellectual property created or developed by Webb and which is related to Webb's employment.

11. **Integration with Change in Control Severance Agreement:** If Webb becomes eligible for benefits under Section 3 of the Change in Control Severance Agreement executed concurrently herewith, the benefits provided by Section 4 of that Agreement shall be in lieu of, and not in addition to, the benefits provided by Section 8B of this Agreement.

12. **Miscellaneous:**

A. This Agreement and the Change in Control Severance Agreement and Indemnification Agreement entered into concurrently herewith contain the entire agreement of the parties on the subject of Webb'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. Webb 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 this 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 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 Webb 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 Webb 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. The Company will reimburse Webb for up to \$2,500 for legal fees incurred in connection with the negotiation and preparation of this Agreement.

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

FARMER BROS. CO.

By: /S/ ROGER M. LAVERTY
 Roger M. Laverty, Chief Executive Officer

EXHIBIT A

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 as of March 3, 2008 between myself and the Company. I understand that I am not entitled to this severance payment unless I sign this Agreement. I understand that in addition to this severance, the Company will pay me all of my accrued salary and vacation, to which I am entitled by law regardless of whether I sign this release.

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

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

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

Drew H. Webb

FARMER BROS. CO.

CHANGE IN CONTROL SEVERANCE AGREEMENT

EXECUTIVE OFFICERS

THIS CHANGE IN CONTROL SEVERANCE AGREEMENT (this “Agreement”), effective as of March 3, 2008 (the “Effective Date”), is made by and between FARMER BROS. CO., a Delaware corporation (the “Company”), and Drew H. Webb (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 December 31, 2008; provided, however, that (i) commencing on January 1, 2009 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.

1

(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 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:

(1) 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

(2) 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 3(e) 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

2

(3) 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 3(e) 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 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 termination of employment that is involuntary on the part of the Executive and 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 termination of employment that is voluntary on the part of the Executive but is due to:

(i) a significant reduction of the Executive's responsibilities, title or status resulting from a formal change in such title or status, or from the assignment to the Executive of any duties inconsistent with his title, duties, or responsibilities;

(ii) a reduction in the Executive's Base Salary or benefits;

(iii) the failure to award Executive a Bonus for any fiscal year which is at least fifty percent (50%) of the average Bonus awarded to Executive for the three (3) fiscal years prior to the occurrence of the Change in Control, provided that such reduction in Bonuses shall not constitute grounds for Resignation for Good Reason if the Bonus, or lack of Bonus, is determined in accordance with a written plan adopted by the Company prior to the occurrence of a Change in Control; or

3

(iv) a Company-required involuntary relocation of Executive's place of residence or a significant increase in the Executive's travel requirements.

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 during a Threatened Change in Control Period or Executive demonstrates to the Incumbent Board, excluding Executive and any other Company executives who are parties to Change in Control Agreements for Executive Officers, that grounds for a Resignation for Good Reason likely will occur if a Change in Control occurs. The determination of the Incumbent Board in that regard shall be conclusive.

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 continue to receive his Base Salary for the twenty-four (24) month period following the Executive's date of termination payable semi-monthly. The Executive shall also receive two (2) consecutive annual payments of fifty percent (50%) of Executive's average Bonus as reported in the Company's proxy statement for the last three (3) completed fiscal years or for the number of completed of fiscal years that Executive

has been in the employ of the Company if fewer than three, prior to the occurrence of the event triggering benefits under this Agreement. If a triggering event occurs before a bonus for fiscal 2008 is awarded to Executive under the Company's 2005 Incentive Compensation Plan, the Bonus amount shall be \$100,000, payable in two annual installments of \$50,000. The Bonus amount is payable annually within thirty (30) days after the end of the Company's fiscal year commencing with the first fiscal year-end after Executive's date of termination.

(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 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 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 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

4

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 shall have the option in his 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

5

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: <u>Chief Executive Officer</u>
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:	Drew H. Webb 10310 E. Sierra Pinta Drive Scottsdale, AZ 85255

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 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.

(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.

[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 hand, as of the date first above written.

"COMPANY"

Farmer Bros. Co., a Delaware corporation.

By: /S/ ROGER M. LAVERTY III
 Name: ROGER M. LAVERTY III
 Title: PRESIDENT AND CHIEF EXECUTIVE OFFICER

By: /S/ JOHN E. SIMMONS
 Name: JOHN E. SIMMONS
 Title: TREASURER AND CHIEF FINANCIAL OFFICER

"EXECUTIVE"

/S/ DREW. H. WEBB
 DREW H. WEBB



NEWS RELEASE
March 5, 2008
FARM - NASDAQ NATIONAL MARKET SYSTEM

Farmer Bros. Names Executive Vice President and Chief Operating Officer

TORRANCE, CALIF. — (BUSINESS WIRE) — March 5, 2008 — Farmer Bros. Co. (Nasdaq: FARM) announced today that it has named Drew H. Webb, an experienced food and beverage business executive, to the positions of Executive Vice President and Chief Operating Officer. The appointment became effective March 3, 2008.

Mr. Webb, 60, has more than 30 years of experience as a food industry executive. He has been an independent consultant for the past 12 years through his firm, DH Webb & Company, assisting a wide variety of food and beverage businesses. He also has served in a variety of general management, sales and marketing, distribution and manufacturing positions, including as Senior Vice President at ConAgra Foods, Vice President at Basic American Foods and General Manager of the Vitality Beverage System. He earned his bachelor's degree from University of Florida and an Executive MBA from Harvard Business School.

"We saw Drew's talents first hand when he assisted us with the integration of Coffee Bean International, and feel very fortunate that he's agreed to join our team," said Rocky Laverty, President and Chief Executive Officer of Farmer Bros. Co. "His experience and know-how will help us as we set our priorities and work to strengthen our operations and grow our customer base."

Mr. Webb will report to Mr. Laverty. He will have responsibility for Sales, Marketing and Corporate Development. He joins the executive team which includes Mr. Laverty, John Simmons, Treasurer and Chief Financial Officer and Mike King, Vice President of Sales.

About Farmer Bros.

Farmer Bros. Co. is an institutional coffee roaster that sells a variety of coffee and allied products to the food service industry and private-label customers such as retailers. The Company's signature Farmer Bros. trucks and vans bearing the "Consistently Good" logo

are seen throughout Farmer Brothers' 28-state service area. The Company's wholly owned Coffee Bean Intl. is one of the nation's leading specialty coffee roasters and wholesalers. Farmer Brothers has paid a dividend in every year since 1953, increased its dividend in every year since 1997, and its stock price has risen on a split-adjusted basis from \$1.80 a share in 1980. For more information, go to: www.farmerbroscousa.com.

Forward-Looking Statements

Certain statements contained in this press release regarding the risks, circumstances and financial trends that may affect our future operating results, financial position and cash flows are not based on historical fact and are forward-looking statements within the meaning of federal securities laws and regulations. These statements are based on management's current expectations, assumptions, estimates and observations of future events and include any statements that do not directly relate to any historical or current fact. These forward-looking statements can be identified by the use of words like "anticipates," "feels," "estimates," "projects," "expects," "plans," "believes," "intends," "will," "assumes" and other words of similar meaning. Owing to the uncertainties inherent in forward-looking statements, actual results could differ materially from those set forth in forward-looking statements. We intend these forward-looking statements to speak only at the time of this press release and do not undertake to update or revise these statements as more information becomes available except as required under federal securities laws and the rules and regulations of the SEC. Factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, fluctuations in availability and cost of green coffee, competition, organizational changes, our ability to successfully integrate the CBI Acquisition, the impact of a weaker economy, business conditions in the coffee industry and food industry in general, the Company's continued success in attracting new customers, variances from budgeted sales mix and growth rates, and weather and special or unusual events, as well as other risks described in this press release and the quarterly reports filed by the Company on Form 10-Q and the annual report filed by the Company on Form 10-K and other factors described from time to time in the Company's filings with the SEC.
