SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended September 30, 2000
Commission file number 0-1375

FARMER BROS. CO.

California	95-0725980
State of Incorporation	Federal ID Number
20333 S. Normandie Avenue, Torrance, California	90502
Registrant's Address	Zip

(310) 787-5200
Registrant's telephone number

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] NO [ ]

Number of shares of Common Stock outstanding: 1,926,414 as of September 30, 2000.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Dollars in thousands, except per share data)

FARMER BROS. CO.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the three months ended September 30,	
	2000	1999
Net sales	$52,015	$53,068
Cost of goods sold	19,712	20,298
	32,303	32,770
Selling expense	19,981	19,930
General and administrative expenses	2,864	1,991
	22,845	21,921
Income from operations	9,458	10,849
Other income:		
Dividend income	758	615
Interest income	2,991	2,270
Other, net	(129)	(254)
	3,620	2,631

Income before taxes	13,078	13,480
Income taxes	5,167	5,392
Income before cumulative effect of accounting change	7,911	8,088
Cumulative effect of accounting change, net of income taxes	(310)	-
Net income	$ 7,601	$ 8,088
Income per common share:		
Before cumulative effect of accounting change	$ 4.30	$4.32
Cumulative effect of accounting change	(0.17)	-
Net income per share	$4.13	$4.32
Weighted average shares outstanding	1,842,301	1,840,754
Dividends declared per share	$0.80	$0.75

The accompanying notes are an integral part of these financial statements.

FARMER BROS. CO.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2000	June 30, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,838	$ 15,504
Short term investments	224,115	114,346
Accounts and notes receivable, net	17,158	18,494
Inventories	36,131	36,770
Income tax receivable	1,340	1,340
Deferred income taxes	1,224	1,224
Prepaid expenses	584	882
Total current assets	295,390	188,560
Property, plant and equipment, net	39,587	38,741
Notes receivable	3,081	3,081
Long term investments	-	94,243
Other assets	24,606	23,975
Deferred income taxes	3,104	4,867
Total assets	$365,768	$353,467
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 5,585	$ 5,921
Accrued payroll expenses	4,689	5,953
Other	9,861	5,092
Total current liabilities	20,135	16,966
Accrued postretirement benefits	19,516	19,198
Other long term liabilities	4,190	4,190
	23,706	23,388
Commitments and contingencies	-	-
Shareholders' equity:		
Common stock, $1.00 par value, authorized 3,000,000 shares; 1,926,414 shares issued and outstanding	1,926	1,926
Additional paid-in capital	16,388	16,359
Retained earnings	317,278	311,153
Unearned ESOP shares	(13,665)	(13,679)
Accumulated other comprehensive income	-	(2,646)
Total shareholders' equity	321,927	313,113
Total liabilities and shareholders' equity	$365,768	$353,467

The accompanying notes are an integral part of these financial statements.

FARMER BROS. CO.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the three months ended September 30, 2000	1999
Cash flows from operating activities:		
Net income	$ 7,601	$ 8,088
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect of accounting changes	310	-
Depreciation	1,345	1,423
Deferred income taxes	1,763	-
Loss on sales of assets	(24)	(37)
ESOP Contribution expense	268	-
Net loss (gain) on investments	234	364
Net unrealized loss on investments reclassified as trading	2,336	-
Change in assets and liabilities:		
Investments classified as trading	(15,759)	-
Accounts and notes receivable	1,312	359
Inventories	639	(1,155)
Income tax receivable	-	249
Prepaid expenses and other assets	(351)	(866)
Accounts payable	(336)	(2,075)
Accrued payroll and expenses and other Liabilities	3,505	4,451
Other long term liabilities	318	416
Total adjustments	(4,440)	3,129
Net cash provided by operating activities	$ 3,161	$ 11,217

The accompanying notes are an integral part of these financial statements.

FARMER BROS. CO
CONSOLIDATED STATEMENTS OF CASH FLOWS
(CONTINUED)
(Unaudited)

	For the three months ended September 30, 2000	1999
Net cash provided by operating activities:	$ 3,161	$ 11,217
Cash flows from investing activities:		
Purchases of property, plant and equipment	(2,184)	(3,717)
Proceeds from sales of property, plant and equipment	34	52
Purchases of investments	-	(98,827)
Proceeds from sales of investments	-	90,920
Notes repaid	24	39
Net cash used in investing activities	(2,126)	(11,533)
Cash flows from financing activities:		
Dividends paid	(1,476)	(1,406)

ESOP loan	(225)	-
Net cash used in financing activities	(1,701)	(1,406)
Net decrease in cash and cash equivalents	(666)	(1,722)
Cash and cash equivalents at beginning of period	15,504	4,403
Cash and cash equivalents at end of period	$14,838	$ 2,681
Supplemental disclosure of cash flow information:		
Income tax payments	$ 53	$ 62

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements (Unaudited)

Note 1. Unaudited Financial Statements

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. It is our opinion that all adjustments of a normal recurring nature necessary for a fair statement of the results of operations for the interim periods have been made.

The results of operations in the three month period ended September 30, 2000 are not necessarily indicative of the results that may be expected in the fiscal year ending June 30, 2001.

Note 2. Summary Significant Accounting Policies

Derivatives

In June 1998 the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by Statements 137 and 138. The Statement requires the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in fair value of assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is immediately recognized in earnings. The adoption of Statement No. 133, as amended, on July 1, 2000, resulted in a cumulative effect of an accounting change of $515,000 being recognized in the Statement of Net Income, net of taxes, and a corresponding credit in other comprehensive income.

The Company purchases various derivative instruments as investments or to create natural economic hedges of its interest rate risk and commodity price risk. At September 30, 2000 derivative instruments are not designated as accounting hedges as defined by Statement 133. The fair value of derivative instruments is based upon broker quotes.

Investments, consisting of marketable debt and equity securities and money market instruments, are held for trading purposes and are stated at fair value. Gains and losses, both realized and unrealized, are included in other income and expense

Note 3 Investments

On July 1, 2000 the Company transferred all of its investments classified as "available for sale" at June 30, 2000 into the "trading" category. Accordingly, the Company recognized the accumulated unrealized loss of $3,894,000 in the consolidated statement of net income for the period ended September 30, 2000 as other income and a corresponding amount in other comprehensive income for the period ended September 30, 2000.

The following is a summary of trading investments at September 30, 2000.

(in thousands)	Fair Value
Corporate debt	$ 58,485
U.S. Treasury obligations	46,483
U.S. Agency obligations	71,380
Preferred stock	46,732
Futures, options and other derivative investments	1,035
	$224,115

Net unrealized holding gains on trading securities included in earnings is $1,813,000 at September 30, 2000.

Note 4. Inventories
(In thousands)

	Processed	Unprocessed	Total
September 30, 2000			
Coffee	$ 4,103	$ 9,225	$13,328
Allied products	11,433	4,737	16,170
Coffee brewing equipment	1,933	4,700	6,633
	$17,469	$18,662	$36,131
June 30, 2000			
Coffee	$ 4,007	$ 9,239	$13,246
Allied products	11,922	5,210	17,132
Coffee brewing equipment	2,034	4,358	6,392
	$17,963	$18,807	$36,770

Note 5. Employee Stock Ownership Plan

During the three month period ended September 30, 2000 the Company loaned the ESOP $225,000 which the ESOP used to purchase additional shares, and the Company charged $268,000 to compensation expense related to the ESOP. The difference between cost and fair market value of committed to be released shares is recorded as additional paid-in capital.

The ESOP shares as of September 30, 2000 are as follows:

Allocated shares	-
Committed to be released shares	4,392
Unallocated shares	83,783
Total ESOP shares	87,875

Note 6. Comprehensive Income

(In thousands)	For the three months ended September 30, 2000	1999
Net income	$ 7,601	$8,088
Unrealized investment gains (losses), net	2,646	(382)
Total comprehensive income	$10,247	$7,706

Management's Discussion and Analysis of Financial Condition and Results of Operations

Operating trends discussed in the Form 10-K for fiscal 2000 have continued into the first quarter of fiscal 2001. Green coffee costs during the first quarter of fiscal 2001 have decreased slightly since the June 30, 2000 year end and are lower than green coffee costs during the first quarter of fiscal 2000. Gross profit margins have remained strong, but it is not clear whether these margins can be sustained.

Net sales for the first quarter of fiscal 2001 decreased 2% to $52,015,000 as compared to $53,068,000 in the same quarter of fiscal 2000 and 4% as compared to $54,035,000 in the same quarter of fiscal 1999. Gross profit decreased 1% to $32,303,000 as compared to $32,770,000 in the same quarter of fiscal 2000 and increased 4% as compared to $31,115,000 in the same quarter of fiscal 1999.

Operating expenses in the first quarter of fiscal 2001, consisting of selling and general and administrative expenses, increased 4% to $22,845,000 as compared to $21,921,000 in the same quarter of fiscal 2000, and increased 5% as compared to $21,794,000 in the same quarter of fiscal 1999. The increase is primarily attributed to salaries and other compensation related expenses.

On July 1, 2000 we adopted the Financial Accounting Standards Board (FASB) Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by Statements 137 and 138. The statement requires the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not designated as hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in fair value of assets, liabilities or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The adoption of Statement No. 133 and 138 on July 1, 2000 resulted in $3,894,000 recognized in "Other expense," and $515,000 recognized as the "Cumulative effect of accounting change", adjusted for income taxes. The after tax cumulative effect adjustment of $310,000 represents approximately $0.17 per share.

Net income before the cumulative effect of accounting change decreased 6% to $7,911,000, or $4.30 per share, as compared to $8,088,000 or $4.32 per share and increased 1% as compared to $7,539,000 or $3.91 per share and increased 1% as compared to $7,539,000 or $3.91 per share in the same periods of fiscal 2000 and 1999, respectively.

Quarterly Summary of Results
(In thousands of dollars)

	09/30/99	12/31/99	03/31/00	06/30/00	09/30/00
Net sales	53,068	56,303	56,354	52,963	52,015
Gross profit	32,770	32,903	38,230	37,816	32,303
Operating income	10,849	10,459	13,913	13,744	9,458
Net income	8,088	8,316	10,364	10,808	7,601

As a percentage of sales

	09/30/99	12/31/99	03/31/00	06/30/00	09/30/00
Net sales	100.00	100.00	100.00	100.00	100.00
Gross profit	61.75	58.44	67.84	71.40	62.10
Operating income	20.44	18.58	24.69	25.95	18.18
Net income	15.24	14.77	18.39	20.41	14.61

In dollars

	09/30/99	12/31/99	03/31/00	06/30/00	09/30/00
Net income per share	4.32	4.45	5.60	5.85	4.13

Market Risk Disclosures
Financial Markets

Our portfolio of investment grade money market instruments includes bankers acceptances, discount commercial paper, medium term notes and federal agency and treasury securities. As of September 30, 2000, over 48% of these funds were invested in instruments with maturities shorter than one hundred eighty one days. The portfolio's interest rate risk is not hedged. Its average maturity is approximately 241 days and a 100 basis point move in the Fed Funds Rate is illustrated in the following table.

Interest Rate Changes
(In thousands)

	Market Value of September 30, 2000 Fixed Income Investments	Change in Market Value of Fixed Income Investments
- -100 b.p.	$187,350	$1,855
unchanged	185,495	-
+100 b.p.	183,640	(1,855)

We are exposed to market value risk arising from changes in interest rates on our portfolio of preferred stock. We review the interest rate sensitivity of these securities and (a) enter into "short positions" in futures contracts on U.S. Treasury securities or (b) hold put options on such futures contracts in order to reduce the impact of certain interest rate changes on such preferred stock. Specifically, we attempt to manage the risk arising from changes in the general level of interest rates.

The following table demonstrates the impact of varying interest rate changes based on the preferred stock holdings, futures and options positions, and market yield and price relationships at September 30, 2000. This table is predicated on an instantaneous change in the general level of interest rates and assumes predictable relationships between the prices of preferred stock holdings, the yields on U.S. Treasury securities, and related futures and options.

Interest Rate Changes
(In thousands)

	Market Value of September 30, 2000			Change in Market
	Preferred Stock	Futures & Options	Total Portfolio	Value of Total Portfolio
- -200 basis points ("b.p.")	$52,148.8	$0.0	$52,148.8	$6,021.6
- -100 b.p.	48,901.3	19.5	48,920.8	2,793.6
Unchanged	45,089.3	1,037.9	46,127.2	0.0
+100 b.p.	41,259.6	4,479.7	45,739.3	(388.0)
+200 b.p.	37,726.1	7,713.8	45,439.9	(687.3)

The number and type of future and option contracts entered into depends on, among other items, the specific maturity and issuer redemption provisions for each preferred stock held, the slope of the Treasury yield curve, the expected volatility of Treasury yields, and the costs of using futures and/or options. At September 30, 2000 and 1999 the derivatives consisted entirely of put options on a U.S. Treasury Bond futures contract.

Commodity Price Changes

We are exposed to commodity price risk arising from changes in the market price of green coffee. We price our inventory on the LIFO basis. In the normal course of business, we enter into commodity purchase agreements with suppliers and we purchase green coffee contracts.

The following table demonstrates the impact of changes in the price of green coffee on inventory and green coffee contracts at September 30, 2000. It assumes an immediate change in the price of green coffee, and the valuations of coffee index futures and put options and relevant commodity purchase agreements at September 30, 2000.

Commodity Risk Disclosure
(In thousands)

Coffee Cost Change	Coffee Inventory	Market Value of September 30, 2000 Futures & Options	Totals	Change in Market Value Derivatives	Inventory
- -10%	$11,995	$393,000	$12,388	$ 395	$(1,333)
unchanged	13,328	(2,000)	13,326	-	-
+10%	14,661	(397,000)	14,264	(395)	1,333

At September 30, 2000 the derivatives consisted mainly of commodity futures with maturities shorter than three months.

PART II OTHER INFORMATION

Item 1. Legal proceedings. not applicable.

Item 2. Changes in securities none.

Item 3. Defaults upon senior securities. none.

Item 4. Submission of matters to a vote of security holders. none.

Item 5. Other information none.

Item 6. Exhibits and reports on Form 8-K.
(a) Exhibits.
(2) Plan of acquisition, reorganization, arrangement, liquidation or succession. not applicable.

(4) Instruments defining the right of security holders, including indentures. not applicable.

(11)	Statement re computation of per share earning.	not applicable.
(15)	Letter re unaudited interim financial information	not applicable.
(18)	Letter re change in accounting principles.	not applicable.
(19)	Report furnished to security holders.	not applicable.
(22)	Published report regarding matters submitted to vote of security holders.	not applicable.
(23)	Consents of experts and counsel.	not applicable.
(24)	Power of attorney.	not applicable.
(27)	Financial Data Schedule	See attached Form EX-27.
(99)	Additional exhibits.	not applicable.

SIGNATURES

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 thereunto duly authorized.

Date: November 13, 2000

Farmer Bros. Co.
(Registrant)

/s/John E. Simmons
John E. Simmons
Treasurer and
Chief Financial Officer

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SEP-30-2000
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