

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **December 6, 2012**

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.

(a) 2007 Omnibus Plan

On December 6, 2012, at the 2012 Annual Meeting of Stockholders (the “Annual Meeting”), the stockholders of Farmer Bros. Co., a Delaware corporation (the “Company”), approved an amendment to Section 3.1(a) of the Farmer Bros. Co. 2007 Omnibus Plan (the “Omnibus Plan”) to increase the number of shares available for issuance thereunder by 125,000 from 1,000,000 to 1,125,000. A copy of the Omnibus Plan, as amended, is filed as Exhibit 10.1 to this Current Report on Form 8-K 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.

(d) Appointment of Directors

On December 6, 2012, at the Annual Meeting, the stockholders of the Company elected Randy E. Clark and Jeanne Farmer Grossman to serve as Class III directors of the Company for a three-year term of office expiring at the 2015 Annual Meeting of Stockholders. Mr. Clark has been appointed to the Audit, Compensation and Nominating Committees. Ms. Grossman will continue to serve as a member of the Compensation and Nominating Committees.

In connection with their service as directors, Mr. Clark and Ms. Grossman will receive the Company’s standard non-employee director compensation as described below under Item 8.01 and incorporated herein by reference. The Company expects to enter into the Company’s standard form of Indemnification Agreement for directors and officers with Mr. Clark, pursuant to which the Company will, to the extent permitted by applicable law, indemnify and hold harmless Mr. Clark 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 a director. The foregoing description is qualified in its entirety by the full text of the Indemnification Agreement, the form of which is filed as Exhibit 10.2 to this Current Report on Form 8-K (to update the schedule of indemnitees) and incorporated herein by reference. Ms. Grossman previously entered into the same agreement with the Company.

(e) Equity Awards

Non-Employee Directors

On December 7, 2012, the Board of Directors of the Company, in accordance with the provisions of the Omnibus Plan, granted to each of the Company’s non-employee members of the Board, 2,540 shares of restricted stock based on the closing price of the Company’s common stock as reported on the NASDAQ Global Market on December 7, 2012, the date of grant. The shares will vest ratably over three years, subject to the non-employee director’s continued service to the Company. The Board members who received this award were: Hamideh Assadi, Guenter W. Berger, Randy E. Clark, Jeanne Farmer Grossman, Martin A. Lynch and James J. McGarry. 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 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.

Named Executive Officers

On December 7, 2012, the Board of Directors of the Company, in accordance with the provisions of the Omnibus Plan, approved grants of non-qualified stock options and restricted stock to certain of the Company’s employees, including the following grants to the Company’s Named Executive Officers:

<u>Name</u>	<u>Title</u>	<u>Shares of Common Stock Issuable Upon Exercise of Options</u>	<u>Shares of Restricted Stock</u>
Michael H. Keown	President & Chief Executive Officer	70,000	8,840
Mark A. Harding	Senior Vice President of Operations	10,638	1,627
Thomas W. Mortensen	Senior Vice President of Route Sales	10,638	1,627
Hortensia R. Gómez	Vice President, Controller and Assistant Treasurer	4,151	635

The stock options have an exercise price equal to \$11.81 per share, which was the closing price of the Company's common stock as reported on the NASDAQ Global Market on December 7, 2012, the date of grant. The stock options have a seven year term expiring on December 7, 2019 and vest ratably over three years. 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 December 7, 2015. 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 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.

Jeffrey A. Wahba, Chief Financial Officer and Treasurer, who announced his intent to step down from his position effective February 28, 2013, received no equity awards.

Item 5.07. Submission of Matters to a Vote of Security Holders.

At the Annual Meeting, the stockholders of the Company: (i) elected Randy E. Clark and Jeanne Farmer Grossman to serve as Class III directors of the Company for a three-year term of office expiring at the 2015 Annual Meeting of Stockholders; (ii) ratified the selection of Ernst & Young LLP as the Company's independent registered public accountants for the fiscal year ending June 30, 2013; (iii) approved, on an advisory basis, the Company's executive compensation; and (iv) approved the amendment of the Omnibus Plan to increase the number of shares available for issuance under the Omnibus Plan. On December 10, 2012, the Company issued a press release announcing the stockholder voting results at the Annual Meeting. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

Set forth below, with respect to each such matter, are the number of votes cast for, against or withheld, as well as the number of abstentions and broker non-votes.

1. Election of Directors:

<u>Director Nominee</u>	<u>For</u>	<u>Withhold</u>	<u>Broker Non-Votes</u>
Randy E. Clark	13,236,392	461,424	1,661,480
Jeanne Farmer Grossman	12,976,235	721,581	1,661,480

2. Ratification of Selection of Independent Registered Public Accountants:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
8,490,613	6,777,852	90,831	0

3. Advisory Vote on Executive Compensation:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
8,682,461	2,615,137	2,400,218	1,661,480

4. Amendment to the Farmer Bros. Co. 2007 Omnibus Plan:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
11,790,411	1,865,715	41,690	1,661,480

Item 7.01 Regulation FD Disclosure.

At the Annual Meeting, Michael H. Keown, President and Chief Executive Officer and Jeffrey A. Wahba, Chief Financial Officer and Treasurer of the Company addressed the attendees. An edited transcript of their remarks is attached as Exhibit 99.2 to this Current Report on Form 8-K and incorporated herein by reference.

The transcript attached hereto as Exhibit 99.2 is being furnished pursuant to this Item 7.01 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and it shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or under the Exchange Act, whether made before or after the date hereof, except as expressly set forth by specific reference in such filing to this Current Report on Form 8-K. The furnishing of the transcript is not intended to constitute a representation that such furnishing is required by Regulation FD or that the transcript includes material investor information that is not otherwise publicly available.

The Company cautions you that certain statements contained in the transcript attached hereto as Exhibit 99.2, including, but not limited to, statements regarding the development and growth of our business, our intent, belief or current expectations, primarily with respect to future operating performance and the products and services we expect to offer and other statements contained therein regarding matters that are not historical facts 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. A forward-looking statement is neither a prediction nor a guarantee of future events or circumstances, and those future events or circumstances may not occur. Users should not place undue reliance on the forward-looking statements, which speak only as of the date of the presentation. The Company undertakes no obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by the federal securities laws. Factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, fluctuations in availability and cost of green coffee, competition, organizational changes, the impact of a weaker economy, business conditions in the coffee industry and food industry in general, our continued success in attracting new customers, variances from budgeted sales mix and growth rates, weather and special or unusual events, and changes in the quality or dividend stream of third parties' securities and other investment vehicles in which we have invested our assets, as well as other risks described from time to time in our filings with the Securities and Exchange Commission.

Item 8.01 Other Events.

Omission of Quarterly Dividend

On December 6, 2012, the Board of Directors omitted the payment of a quarterly dividend in the upcoming third quarter of fiscal 2013.

Executive Officers

On December 6, 2012, the Board of Directors appointed Guenter W. Berger as Chairman of the Board of Directors and appointed the following executive officers:

Name	Title
Michael H. Keown	President and Chief Executive Officer
Jeffrey A. Wahba	Chief Financial Officer and Treasurer
Mark A. Harding	Senior Vice President of Operations
Thomas W. Mortensen	Senior Vice President of Route Sales
Hortensia R. Gómez	Vice President, Controller and Assistant Treasurer
Teri L. Witteman	Secretary

Ms. Witteman, an attorney with the Pasadena-based law firm of Anglin, Flewelling, Rasmussen, Campbell & Trytten LLP (“AFRCT”), replaces John M. Anglin, a partner with the same firm, who stepped down as Secretary following the Annual Meeting. AFRCT is the Company's primary outside legal counsel. The Company expects to enter into the Company's standard form of Indemnification Agreement for directors and officers with Ms. Witteman described above in Item 5.02.

Committee Appointments

On December 6, 2012, the Board appointed the following directors to its standing committees:

Committee	Members
Audit Committee	Hamideh Assadi, Randy E. Clark and Martin A. Lynch (Chairman)
Compensation Committee	Hamideh Assadi, Randy E. Clark and Jeanne Farmer Grossman (Chairman)
Nominating Committee	Hamideh Assadi, Guenter W. Berger, Randy E. Clark, Jeanne Farmer Grossman, Martin A. Lynch and James J. McGarry (Chairman)

Director Compensation

On December 6, 2012, the Board of Directors of the Company adjusted fiscal 2013 non-employee director compensation as follows:

- an annual retainer of \$30,000 per year, payable quarterly in advance; and
- an annual grant of restricted stock under the Omnibus Plan having a value equal to \$30,000, each such grant to vest over three years in equal annual installments, subject to the non-employee director's continued service to the Company through each vesting date.

Each non-employee director also will receive: (i) a fee of \$1,500 for each meeting of the Board attended; (ii) a fee of \$2,500 for each meeting of the Compensation Committee or Audit Committee attended; and (iii) a fee of \$1,500 for each meeting of the Nominating Committee attended; provided, if more than one meeting (Board or committee) is held and attended on the same day, the maximum meeting fees are \$4,000. In addition, the Chairman of the Audit Committee will receive an additional annual retainer of \$15,000, and the Chairman of the Compensation Committee will receive an additional annual retainer of \$7,500.

The annual grant of restricted stock pursuant to the compensation arrangements described above will be made each year on the date on which the Company holds its annual meeting of stockholders or such other date as the Board may determine. The number of shares of Common Stock to be received in the grant of restricted stock will be based on the closing price per share of the Company's Common Stock on the date such grant is made.

The Company also reimburses all directors for reasonable travel expenses from outside the greater Los Angeles area, in accordance with Company policy, incurred in connection with attendance at Board and committee meetings.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits.**

Exhibit No.	Description
10.1	Farmer Bros. Co. 2007 Omnibus Plan, as amended (as approved by the stockholders at the 2012 Annual Meeting of Stockholders on December 6, 2012)*
10.2	Form of Indemnification Agreement for Directors and Officers of the Company, as adopted on May 18, 2006 and as amended on December 31, 2008 (with updated schedule of indemnitees attached) *
10.3	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)*
10.4	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)*
99.1	Press release of Farmer Bros. Co. announcing the results of stockholder voting at the 2012 Annual Meeting of Stockholders on December 6, 2012
99.2	Transcript of Remarks by Michael H. Keown, President and Chief Executive Officer and Jeffrey A. Wahba, Chief Financial Officer and Treasurer of Farmer Bros. Co. at the 2012 Annual Meeting of Stockholders on December 6, 2012

* 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: December 12, 2012

FARMER BROS. CO.

By: /S/ JEFFREY A. WAHBA

Name: Jeffrey A. Wahba

Title: Chief Financial Officer and Treasurer

EXHIBIT INDEX

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FARMER BROS. CO.
2007 OMNIBUS PLAN
 (Approved by the stockholders at the Annual Stockholders' Meeting on December 6, 2012)

ARTICLE 1
PURPOSE

The purpose of the Farmer Bros. Co. 2007 Omnibus Plan (the “**Plan**”) is to promote the success and enhance the stockholder value of Farmer Bros. Co., a Delaware corporation (the “**Company**”), by linking the personal interests of the members of the Board, Employees, and Consultants to those of Company stockholders and by providing such individuals with an incentive for performance to generate returns to Company stockholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company’s operation is largely dependent.

ARTICLE 2
DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 “**Administrator**” means the entity that conducts the general administration of the Plan as provided herein. With reference to the administration of the Plan with respect to Awards granted to Independent Directors, the term “**Administrator**” shall refer to the Board. With reference to the administration of the Plan with respect to any other Award, the term “**Administrator**” shall refer to the Committee unless the Board has assumed the authority for administration of the Plan generally as provided in Section 13.1. With reference to the duties of the Committee under the Plan which have been delegated to one or more persons pursuant to Section 13.5, the term “**Administrator**” shall refer to such person(s) unless the Committee or the Board has revoked such delegation.

2.2 “**Award**” means an Option, a Restricted Stock award, a Stock Appreciation Right award, a Dividend Equivalents award, a Stock Payment award, a Restricted Stock Unit award, a Performance-Based Award, a Dividend Equivalent award, a cash-based award or other incentive payable in cash or in shares of Stock granted to a Participant pursuant to the Plan.

2.3 “**Award Agreement**” means any written or electronic agreement, contract, or other instrument or document evidencing an Award.

2.4 “**Board**” means the Board of Directors of the Company.

2.5 “**Cause**,” unless otherwise defined in an employment or services agreement between the Participant and the Company or any Parent or Subsidiary, means a Participant’s dishonesty, fraud, gross or willful misconduct against the Company or any Parent or Subsidiary, unauthorized use or disclosure of confidential information or trade secrets of the Company or any Parent or Subsidiary, or conviction of, or plea of *nolo contendere* to, a crime punishable by law (except misdemeanor violations), in each case as determined by the Administrator, and its determination shall be conclusive and binding.

2.6 “**Change in Control**” means and includes each of the following:

(a) 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” (as determined pursuant to Rule 13d-3 promulgated under the Exchange Act) of the shares of Stock 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

(b) 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 2.6 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 (“**Successor Entity**”) 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

(c) 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 2.6 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.

The Administrator shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such Change in Control and any incidental matters relating thereto.

2.7 “**Code**” means the Internal Revenue Code of 1986, as amended from time to time, and the regulations issued thereunder.

2.8 “**Committee**” means the committee of the Board described in Article 13.

2.9 “**Consultant**” means any consultant or adviser if:

(a) The consultant or adviser renders bona fide services to the Company or any Parent or Subsidiary;

(b) The services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and

(c) The consultant or adviser is a person who has contracted directly with the Company or any Parent or Subsidiary to render such services.

2.10 “**Covered Employee**” means an Employee who is, or is likely to become, a “covered employee” within the meaning of Section 162(m)(3) of the Code.

2.11 “**Disability**” means a permanent and total disability within the meaning of Section 22(e)(3) of the Code, as it may be amended from time to time.

2.12 “**Dividend Equivalents**” means a right granted to a Participant pursuant to Article 8 to receive the equivalent value (in cash or Stock) of dividends paid on Stock.

2.13 “**Effective Date**” shall mean August 23, 2007.

2.14 “**Eligible Individual**” means any person who is a member of the Board, a Consultant or an Employee, as determined by the Administrator.

2.15 “**Employee**” means any officer or other employee (as defined in accordance with Section 3401(c) of the Code) of the Company or any Parent or Subsidiary.

2.16 “**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time.

2.17 “**Expiration Date**” has the meaning set forth in Section 14.3.

2.18 “**Fair Market Value**” means, as of any date, the value of Stock determined as follows:

(a) If the Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock as quoted on such exchange or system on the date of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean of the closing bid and asked prices for the Stock on the date of determination as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(c) In the absence of an established market for the Stock, the Fair Market Value thereof shall be determined in good faith by the Administrator.

2.19 “**Incentive Stock Option**” means an Option that is intended to be an incentive stock option and meets the requirements of Section 422 of the Code or any successor provision thereto.

2.20 “**Independent Director**” means a member of the Board who is not an Employee.

2.21 “**Non-Employee Director**” means a member of the Board who qualifies as a “Non-Employee Director” as defined in Rule 16b-3(b)(3) of the Exchange Act, or any successor rule.

2.22 “**Non-Qualified Stock Option**” means an Option that is not intended to be or otherwise does not qualify as an Incentive Stock Option.

2.23 “**Option**” means a right granted to a Participant pursuant to Article 5 of the Plan to purchase a specified number of shares of Stock at a specified price during specified time periods. An Option may be either an Incentive Stock Option or a Non-Qualified Stock Option.

2.24 “**Parent**” means any “parent corporation” as defined in Section 424(e) of the Code and any applicable regulations promulgated thereunder of the Company or any other entity which beneficially owns, directly or indirectly, a majority of the outstanding voting stock or voting power of the Company.

2.25 “**Participant**” means any Eligible Individual who, as a member of the Board, a Consultant or an Employee, has been granted an Award pursuant to the Plan.

2.26 “**Performance-Based Award**” means an Award granted to selected Covered Employees pursuant to Articles 6 and 8, but which is subject to the terms and conditions set forth in Article 9.

2.27 “**Performance Criteria**” means the criteria, either individually, alternatively or in any combination, that the Administrator selects for purposes of establishing the Performance Goal or Performance Goals for a Participant for a Performance Period. The Performance Criteria that will be used to establish Performance Goals are limited to the following: net earnings (either before or after interest, taxes, depreciation and amortization), sales or revenue, income or net income (either before or after taxes), operating income or net operating income, operating profit or net operating profit, cash flow (including, but not limited to, operating cash flow and free cash flow), economic profit (including economic profit margin), return on assets, return on capital, return on investment, return on operating revenue, return on equity or average stockholders’ equity, total stockholder return, growth in sales or return on sales, gross, operating or net profit margin, working capital, earnings per share, growth in earnings or earnings per share, price per share of Stock, market share, overhead or other expense reduction, growth in stockholder value relative to various indices, and strategic plan development and implementation, any of which may be used to measure the performance of the Company as a whole or with respect to any business unit, Subsidiary or business segment of the Company,

either individually, alternatively or in any combination, and may be measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous period results or to a designated comparison group, in each case as specified by the Administrator in the Award. The Administrator shall, within the time prescribed by Section 162(m) of the Code, define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period for such Participant.

2.28 **“Performance Goals”** means, for a Performance Period, the goals established in writing by the Administrator for the Performance Period based upon the Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a Subsidiary, division or other operational unit, or an individual. The Administrator, in its discretion, may, within the time prescribed by Section 162(m) of the Code, adjust or modify the calculation of Performance Goals for such Performance Period in order to prevent the dilution or enlargement of the rights of Participants (i) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event, or development, or (ii) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions.

2.29 **“Performance Period”** means the one or more periods of time, which may be of varying and overlapping durations, as the Administrator may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant’s right to, and the payment of, a Performance-Based Award.

2.30 **“Plan”** means this Farmer Bros. Co. 2007 Omnibus Plan, as it may be amended from time to time.

2.31 **“Qualified Performance-Based Compensation”** means any compensation that is intended to qualify as “qualified performance-based compensation” as described in Section 162(m)(4)(C) of the Code.

2.32 **“Restricted Stock”** means Stock awarded to a Participant pursuant to Article 6 that is subject to certain restrictions and may be subject to risk of forfeiture or repurchase.

2.33 **“Restricted Stock Unit”** means a right to receive a share of Stock during specified time periods granted pursuant to Section 8.3.

2.34 **“Securities Act”** means the Securities Act of 1933, as amended from time to time.

2.35 **“Section 409A Award”** has the meaning set forth in Section 10.1.

2.36 **“Stock”** means the common stock of the Company and such other securities of the Company that may be substituted for Stock pursuant to Article 12.

2.37 **“Stock Appreciation Right”** or **“SAR”** means a right granted pursuant to Article 7 to receive a payment equal to the excess of the Fair Market Value of a specified number of shares of Stock on the date the SAR is exercised over the Fair Market Value of such number of shares of Stock on the date the SAR was granted as set forth in the applicable Award Agreement.

2.38 **“Stock Payment”** means (a) a payment in the form of shares of Stock, or (b) an option or other right to purchase shares of Stock, as part of any bonus, deferred compensation or other arrangement, made in lieu of all or any portion of the compensation, granted pursuant to Section 8.2.

2.39 **“Subsidiary”** means any “subsidiary corporation” as defined in Section 424(f) of the Code and any applicable regulations promulgated thereunder of the Company or any other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company.

2.40 **“Successor Entity”** has the meaning set forth in Section 2.6.

2.41 **“Termination of Consultancy”** means the time when the engagement of a Participant as a Consultant to the Company or a Parent or Subsidiary is terminated for any reason, with or without cause, including, but not by way of limitation, by resignation, discharge, death or retirement, but excluding terminations where there is a simultaneous commencement of employment with the Company or any Parent or Subsidiary. The Administrator, in its absolute discretion, shall determine the effect of all matters and questions relating to Termination of Consultancy, including, but not by way of limitation, the question

of whether a Termination of Consultancy resulted from a discharge for good cause, and all questions of whether a particular leave of absence constitutes a Termination of Consultancy. Notwithstanding any other provision of the Plan, the Company or any Parent or Subsidiary has an absolute and unrestricted right to terminate a Consultant's service at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in writing.

2.42 **“Termination of Directorship”** shall mean the time when a Participant who is an Independent Director ceases to be a member of the Board for any reason, including, but not by way of limitation, a termination by resignation, failure to be elected, death or retirement. The Board, in its sole and absolute discretion, shall determine the effect of all matters and questions relating to Termination of Directorship with respect to Independent Directors.

2.43 **“Termination of Employment”** shall mean the time when the employee-employer relationship between a Participant and the Company or any Parent or Subsidiary is terminated for any reason, with or without cause, including, but not by way of limitation, a termination by resignation, discharge, death, disability or retirement; but excluding: (a) terminations where there is a simultaneous reemployment or continuing employment of a Participant by the Company or any Parent or Subsidiary, (b) at the discretion of the Administrator, terminations which result in a temporary severance of the employee-employer relationship, and (c) at the discretion of the Administrator, terminations which are followed by the simultaneous establishment of a consulting relationship by the Company or a Parent or Subsidiary with the former employee. The Administrator, in its absolute discretion, shall determine the effect of all matters and questions relating to Termination of Employment, including, but not by way of limitation, the question of whether a Termination of Employment resulted from a discharge for good cause, and all questions of whether a particular leave of absence constitutes a Termination of Employment; *provided, however*, that, with respect to Incentive Stock Options, unless otherwise determined by the Administrator in its discretion, a leave of absence, change in status from an employee to an independent contractor or other change in the employee-employer relationship shall constitute a Termination of Employment if, and to the extent that, such leave of absence, change in status or other change interrupts employment for the purposes of Section 422(a)(2) of the Code and the then applicable regulations and revenue rulings under said Section.

ARTICLE 3 SHARES SUBJECT TO THE PLAN

3.1 Number of Shares

(a) Subject to Article 12 and Section 3.1(b), the aggregate number of shares of Stock which may be issued or transferred pursuant to Awards under the Plan shall be 1,125,000 shares.

(b) Shares of Stock covered by an Award shall be counted as used at the time the Award is granted to a Participant. If any Award lapses, expires, terminates or is canceled prior to the issuance of shares thereunder or if shares of Stock are issued under the Plan to a Participant and are thereafter reacquired by the Company, the shares subject to such Awards and the reacquired shares shall again be available for issuance under the Plan. In addition to the shares of Stock that are actually issued to a Participant, the following items shall be counted against the total number of shares available for issuance under the Plan: (i) shares of Stock subject to an Award that are not delivered to a Participant because the Award is exercised through a reduction of shares of Stock subject to the Award (i.e., “net exercised”) (including an appreciation distribution in respect of a Stock Appreciation Right that is paid in shares of Stock); (ii) shares of Stock subject to an Award that are not delivered to a Participant because such shares are withheld in satisfaction of the withholding of taxes incurred in connection with the exercise of an Option or Stock Appreciation Right, or the issuance of shares under a Restricted Stock Award or Restricted Stock Unit Award or other Award; and (iii) shares that are tendered to the Company (either by actual delivery or attestation) to pay the exercise price of any stock Award. The following items shall not be counted against the total number of shares available for issuance under the Plan: (A) the payment in cash of dividends or Dividend Equivalents; and (B) any Award that is settled in cash rather than by issuance of Stock. All shares issued under the Plan may be either authorized and unissued shares or issued shares reacquired by the Company or shares held in trust for issuance under the Plan.

(c) The Administrator shall have the authority to grant Awards as an alternative to or as the form of payment for grants or rights earned or due under other compensation plans or arrangements of the Company.

(d) Notwithstanding the provisions of this Section 3.1, (i) no shares of Stock may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an Incentive Stock Option under Section 422 of the Code; and (ii) the maximum number of shares that may be issued upon the exercise of Incentive Stock Options shall equal the aggregate share number stated in Section 3.1(a), subject to adjustment as provided in Article 12; and provided,

further, that for purposes of Section 3.3, any such shares shall be counted in accordance with the requirements of Section 162(m) of the Code.

3.2 Stock Distributed. Any Stock distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Stock, treasury stock or Stock purchased on the open market.

3.3 Limitation on Number of Shares Subject to Awards. Notwithstanding any provision in the Plan to the contrary, and subject to Article 12, the maximum number of shares of Stock with respect to one or more Awards that may be granted to any one Participant during any calendar year shall be 250,000.

ARTICLE 4 ELIGIBILITY AND PARTICIPATION

4.1 Eligibility. Persons eligible to participate in this Plan include Employees, Consultants and members of the Board, as determined by the Administrator.

4.2 Participation. Subject to the provisions of the Plan, the Administrator may, from time to time, select from among all Eligible Individuals those to whom Awards shall be granted and shall determine the nature and amount of each Award. No individual shall have any right to be granted an Award pursuant to this Plan.

4.3 Foreign Participants. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Parents or Subsidiaries operate or have Eligible Individuals, the Administrator, in its sole discretion, shall have the power and authority to: (i) determine which Parents or Subsidiaries shall be covered by the Plan; (ii) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with applicable foreign laws; (iv) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable (any such subplans and/or modifications shall be attached to this Plan as appendices); *provided, however*, that no such subplans and/or modifications shall increase the share limitations contained in Sections 3.1 and 3.3 of the Plan; and (v) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals. Notwithstanding the foregoing, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act, the Code, any securities law or governing statute or any other applicable law.

ARTICLE 5 STOCK OPTIONS

5.1 General. The Administrator is authorized to grant Options to Eligible Individuals on the following terms and conditions:

(a) Exercise Price. The exercise price per share of Stock subject to an Option shall be determined by the Administrator and set forth in the Award Agreement; *provided* that the exercise price per share for any Option shall not be less than 100% of the Fair Market Value per share of the Stock on the date of grant.

(b) Time and Conditions of Exercise. The Administrator shall determine the time or times at which an Option may be exercised in whole or in part; *provided* that the term of any Option granted under the Plan shall not exceed ten years. The Administrator shall also determine the performance or other conditions, if any, that must be satisfied before all or part of an Option may be exercised; *provided* that in no event shall Options vest and be fully exercisable at any time earlier than one year from the grant date except as may be specifically provided as a result of an acceleration upon a Change in Control, Termination of Employment, Termination of Directorship, Termination of Consultancy or other event providing for accelerated vesting. The Administrator may extend the term of any outstanding Option in connection with any Termination of Employment, Termination of Directorship or Termination of Consultancy of the Participant holding such Option, or amend any other term or condition of such Option relating to such a Termination of Employment, Termination of Directorship or Termination of Consultancy.

(c) Payment. The Administrator shall determine the methods, terms and conditions by which the exercise price of an Option may be paid, and the form and manner of payment, including, without limitation, payment in the form of cash, a promissory note bearing interest at no less than such rate as shall then preclude the imputation of interest under the Code,

shares of Stock, or other property acceptable to the Administrator and payment through the delivery of a notice that the Participant has placed a market sell order with a broker with respect to shares of Stock then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price; *provided* that payment of such proceeds is then made to the Company upon settlement of such sale, and the methods by which shares of Stock shall be delivered or deemed to be delivered to Participants. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a member of the Board or an “executive officer” of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to pay the exercise price of an Option, or continue any extension of credit with respect to the exercise price of an Option with a loan from the Company or a loan arranged by the Company, in any method which would violate Section 13(k) of the Exchange Act.

(d) Evidence of Grant. All Options shall be evidenced by an Award Agreement between the Company and the Participant. The Award Agreement shall include such additional provisions as may be specified by the Administrator.

5.2 Incentive Stock Options. Incentive Stock Options may be granted only to employees (as defined in accordance with Section 3401(c) of the Code) of the Company or a Subsidiary which constitutes a “subsidiary corporation” of the Company within Section 424(f) of the Code or a Parent which constitutes a “parent corporation” of the Company within the meaning of Section 424(e) of the Code, and the terms of any Incentive Stock Options granted pursuant to the Plan must comply with the following additional provisions of this Section 5.2 in addition to the requirements of Section 5.1:

(a) Ten Percent Owners. An Incentive Stock Option shall be granted to any individual who, at the date of grant, owns stock possessing more than ten percent of the total combined voting power of all classes of Stock of the Company or any “subsidiary corporation” of the Company or “parent corporation” of the Company (each within the meaning of Section 424 of the Code) only if such Option is granted at an exercise price per share that is not less than 110% of the Fair Market Value per share of the Stock on the date of the grant and the Option is exercisable for no more than five years from the date of grant.

(b) Transfer Restriction. An Incentive Stock Option shall not be transferable by the Participant other than by will or by the laws of descent or distribution.

(c) Right to Exercise. During a Participant’s lifetime, an Incentive Stock Option may be exercised only by the Participant.

(d) Failure to Meet Requirements. Any Option (or portion thereof) purported to be an Incentive Stock Option which, for any reason, fails to meet the requirements of Section 422 of the Code shall be considered a Non-Qualified Stock Option.

5.3 Substitution of Stock Appreciation Rights. The Administrator may provide in the Award Agreement evidencing the grant of an Option that the Administrator, in its sole discretion, shall have to right to substitute a Stock Appreciation Right for such Option at any time prior to or upon exercise of such Option; *provided* that such Stock Appreciation Right shall be exercisable with respect to the same number of shares of Stock for which such substituted Option would have been exercisable.

ARTICLE 6 RESTRICTED STOCK AWARDS

6.1 Grant of Restricted Stock. The Administrator is authorized to make Awards of Restricted Stock to any Eligible Individual selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator. All Awards of Restricted Stock shall be evidenced by an Award Agreement. In no event shall an Award of Restricted Stock payable in shares vest sooner than one year after the date of grant. Notwithstanding the foregoing, the Administrator may accelerate vesting of any Award in the event of a Participant’s Termination of Employment, Termination of Directorship or Termination of Consultancy or a Change in Control.

6.2 Issuance and Restrictions. Restricted Stock shall be subject to such repurchase restrictions, forfeiture restrictions, restrictions on transferability and other restrictions as the Administrator may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive dividends on the Restricted Stock). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances or installments or otherwise as the Administrator determines at the time of the grant of the Award or thereafter. Alternatively, these restrictions may lapse pursuant to the satisfaction of one or more Performance Goals or other specific performance goals as the Administrator determines to be appropriate at the

time of the grant of the Award or thereafter, in each case on a specified date or dates or over any period or periods determined by the Administrator.

6.3 Repurchase or Forfeiture. Except as otherwise determined by the Administrator at the time of the grant of the Award or thereafter, upon a Participant's Termination of Employment, Termination of Directorship or Termination of Consultancy during the applicable restriction period, Restricted Stock that is at that time subject to restrictions shall be forfeited or subject to repurchase by the Company (or its assignee) under such terms as the Administrator shall determine; *provided, however*, that the Administrator may (a) provide in any Restricted Stock Award Agreement that restrictions or forfeiture conditions relating to Restricted Stock will be waived in whole or in part in the event of a Participant's Termination of Employment, Termination of Directorship or Termination of Consultancy under certain circumstances, and (b) in other cases waive in whole or in part restrictions or forfeiture conditions relating to Restricted Stock.

6.4 Certificates for Restricted Stock. Restricted Stock granted pursuant to the Plan may be evidenced in such manner as the Administrator shall determine. If certificates representing shares of Restricted Stock are registered in the name of the Participant, certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse or the Award Agreement may provide that the shares shall be held in escrow by an escrow agent designated by the Company.

ARTICLE 7 STOCK APPRECIATION RIGHTS

7.1 Grant of Stock Appreciation Rights. A Stock Appreciation Right may be granted to any Eligible Individual selected by the Administrator. A Stock Appreciation Right shall be subject to such terms and conditions not inconsistent with the Plan as the Administrator shall impose and shall be evidenced by an Award Agreement.

7.2 Terms of Stock Appreciation Rights

(a) A Stock Appreciation Right shall have a term set by the Administrator. A Stock Appreciation Right shall be exercisable in such installments as the Administrator may determine. A Stock Appreciation Right shall cover such number of shares of Stock as the Administrator may determine. The exercise price per share of Stock subject to each Stock Appreciation Right shall be set by the Administrator.

(b) A Stock Appreciation Right shall entitle the Participant (or other person entitled to exercise the Stock Appreciation Right pursuant to the Plan) to exercise all or a specified portion of the Stock Appreciation Right (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying (i) the amount (if any) by which the Fair Market Value of a share of Stock on the date of exercise of the Stock Appreciation Right exceeds the exercise price per share of the Stock Appreciation Right, by (ii) the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised, subject to any limitations the Administrator may impose.

7.3 Payment and Limitations on Exercise

(a) Subject to Sections 7.3(b) and (c), payment of the amounts determined under Sections 7.2(b) above shall be in cash, in Stock (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised) or a combination of both, as determined by the Administrator.

(b) To the extent payment for a Stock Appreciation Right is to be made in cash, the Award Agreement shall, to the extent necessary to comply with the requirements of Section 409A of the Code, specify the date of payment, which may be different than the date of exercise of the Stock Appreciation Right. If the date of payment for a Stock Appreciation Right is later than the date of exercise, the Award Agreement may specify that the Participant be entitled to earnings on such amount until paid.

(c) To the extent any payment under Section 7.2(b) is effected in Stock, it shall be made subject to satisfaction of all provisions of Article 5 above pertaining to Options.

ARTICLE 8
OTHER TYPES OF AWARDS

8.1 Dividend Equivalents

(a) Any Eligible Individual selected by the Administrator may be granted Dividend Equivalents based on the dividends on the shares of Stock that are subject to any Award, to be credited as of dividend payment dates, during the period between the date the Award is granted and the date the Award is exercised, vests or expires, as determined by the Administrator. Such Dividend Equivalents shall be converted to cash or additional shares of Stock by such formula and at such time and subject to such limitations as may be determined by the Administrator.

(b) Dividend Equivalents granted with respect to Options or SARs that are intended to be Qualified Performance-Based Compensation shall be payable, with respect to pre-exercise periods, regardless of whether such Option or SAR is subsequently exercised.

8.2 Stock Payments. Any Eligible Individual selected by the Administrator may receive Stock Payments in the manner determined from time to time by the Administrator; *provided*, that unless otherwise determined by the Administrator such Stock Payments shall be made in lieu of base salary, bonus, or other cash compensation otherwise payable to such Eligible Individual. The number of shares shall be determined by the Administrator and may be based upon the Performance Goals or other specific performance goals determined appropriate by the Administrator.

8.3 Restricted Stock Units. The Administrator is authorized to make Awards of Restricted Stock Units to any Eligible Individual selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator. At the time of grant, the Administrator shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate. Alternatively, Restricted Stock Units may become fully vested and nonforfeitable pursuant to the satisfaction of one or more Performance Goals or other specific performance goals as the Administrator determines to be appropriate at the time of the grant of the Restricted Stock Units or thereafter, in each case on a specified date or dates or over any period or periods determined by the Administrator. At the time of grant, the Administrator shall specify the maturity date applicable to each grant of Restricted Stock Units which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the Eligible Individual to whom the Award is granted. On the maturity date, the Company shall transfer to the Participant one unrestricted, fully transferable share of Stock for each Restricted Stock Unit that is vested and scheduled to be distributed on such date and not previously forfeited. The Administrator shall specify the purchase price, if any, to be paid by the Participant to the Company for such shares of Stock. In no event shall an Award of Restricted Stock Units payable in shares vest sooner than one year after the date of grant. Notwithstanding the foregoing, the Administrator may accelerate vesting of any Award in the event of a Participant's Termination of Employment, Termination of Directorship or Termination of Consultancy or a Change in Control.

8.4 Term. Except as otherwise provided herein, the term of any Award of Dividend Equivalents, Stock Payments or Restricted Stock Units shall be set by the Administrator in its discretion.

8.5 Exercise or Purchase Price. The Administrator may establish the exercise or purchase price, if any, of any Award of Stock Payments or Restricted Stock Units; *provided, however*, that such price shall not be less than the par value of a share of Stock on the date of grant, unless otherwise permitted by applicable state law.

8.6 Form of Payment. Payments with respect to any Awards granted under Sections 8.1, 8.2 or 8.3 shall be made in cash, in Stock or a combination of both, as determined by the Administrator.

8.7 Award Agreement. All Awards under this Article 8 shall be subject to such additional terms and conditions as determined by the Administrator and shall be evidenced by a written Award Agreement.

8.8 Other Stock or Cash-Based Awards. Subject to the terms of the Plan, the Administrator may grant other incentives payable in cash or in shares of Stock under the Plan as it determines to be in the best interests of the Company and subject to such other terms and conditions as it deems appropriate. The Administrator may grant such other Awards and designate the Participants to whom such Awards are to be awarded and determine the number of shares of Stock or the amount of cash payment subject to such Awards and the terms and conditions of each such Award. Such other Awards may, subject to the provisions of the Plan, entitle the Participant to a payment in cash or Stock only upon the attainment of performance goals and other terms and conditions specified by the Administrator. Notwithstanding the satisfaction of any performance goals, the amount

to be paid under such other Award may be adjusted on the basis of such further consideration as the Administrator shall determine, in its sole discretion. However, the Administrator may not, in any event, increase the amount earned under such other Awards upon satisfaction of any performance goal by any Covered Employee.

ARTICLE 9

PERFORMANCE-BASED AWARDS

9.1 Purpose. The purpose of this Article 9 is to provide the Administrator the ability to qualify Awards other than Options and SARs and that are granted pursuant to Articles 6 and 8 as Qualified Performance-Based Compensation. If the Administrator, in its discretion, decides to grant a Performance-Based Award to a Covered Employee, the provisions of this Article 9 shall control over any contrary provision contained in Articles 6 or 8; *provided, however*, that the Administrator may in its discretion grant Awards to Covered Employees that are based on Performance Criteria or Performance Goals but that do not satisfy the requirements of this Article 9.

9.2 Applicability. This Article 9 shall apply only to those Covered Employees selected by the Administrator to receive Performance-Based Awards. The designation of a Covered Employee as a Participant for a Performance Period shall not in any manner entitle the Participant to receive an Award for the period. Moreover, designation of a Covered Employee as a Participant for a particular Performance Period shall not require designation of such Covered Employee as a Participant in any subsequent Performance Period and designation of one Covered Employee as a Participant shall not require designation of any other Covered Employees as a Participant in such period or in any other period.

9.3 Procedures with Respect to Performance-Based Awards. To the extent necessary to comply with the Qualified Performance-Based Compensation requirements of Section 162(m)(4)(C) of the Code, with respect to any Award granted under Articles 6 and 8 which may be granted to one or more Covered Employees, no later than ninety (90) days following the commencement of any fiscal year in question or any other designated fiscal period or period of service (or such other time as may be required or permitted by Section 162(m) of the Code), the Administrator shall, in writing, (a) designate one or more Covered Employees, (b) select the Performance Criteria applicable to the Performance Period, (c) establish the Performance Goals, and amounts of such Awards, as applicable, which may be earned for such Performance Period, and (d) specify the relationship between Performance Criteria and the Performance Goals and the amounts of such Awards, as applicable, to be earned by each Covered Employee for such Performance Period. Following the completion of each Performance Period, the Administrator shall certify in writing whether the applicable Performance Goals have been achieved for such Performance Period. In determining the amount earned by a Covered Employee, the Administrator shall have the right to reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Administrator may deem relevant to the assessment of individual or corporate performance for the Performance Period.

9.4 Payment of Performance-Based Awards. Unless otherwise provided in the applicable Award Agreement, a Participant must be employed by the Company or a Parent or Subsidiary on the day a Performance-Based Award for such Performance Period is paid to the Participant. Furthermore, a Participant shall be eligible to receive payment pursuant to a Performance-Based Award for a Performance Period only if the Performance Goals for such period are achieved.

9.5 Additional Limitations. Notwithstanding any other provision of the Plan, any Award which is granted to a Covered Employee and is intended to constitute Qualified Performance-Based Compensation shall be subject to any additional limitations set forth in Section 162(m) of the Code (including any amendment to Section 162(m) of the Code) or any regulations or rulings issued thereunder that are requirements for qualification as qualified performance-based compensation as described in Section 162(m)(4)(C) of the Code, and the Plan shall be deemed amended to the extent necessary to conform to such requirements.

ARTICLE 10

COMPLIANCE WITH SECTION 409A OF THE CODE

10.1 Awards subject to Code Section 409A. Any Award that constitutes, or provides for, a deferral of compensation subject to Section 409A of the Code (a “**Section 409A Award**”) shall satisfy the requirements of Section 409A of the Code and this Article 10, to the extent applicable. The Award Agreement with respect to a Section 409A Award shall incorporate the terms and conditions required by Section 409A of the Code and this Article 10.

10.2 Distributions under a Section 409A Award.

(a) Subject to subsection (b), any shares of Stock or other property or amounts to be paid or distributed upon the grant, issuance, vesting, exercise or payment of a Section 409A Award shall be distributed in accordance with the requirements of Section 409A(a)(2) of the Code, and shall not be distributed earlier than:

- (i) the Participant's separation from service, as determined by the Secretary of the Treasury;
- (ii) the date the Participant becomes disabled;
- (iii) the Participant's death;
- (iv) a specified time (or pursuant to a fixed schedule) specified under the Award Agreement at the date of the deferral of such compensation;

(v) to the extent provided by the Secretary of the Treasury, a change in the ownership or effective control of the Company or a Parent or Subsidiary, or in the ownership of a substantial portion of the assets of the Company or a Parent or Subsidiary; or

- (vi) the occurrence of an unforeseeable emergency with respect to the Participant.

(b) In the case of a Participant who is a "specified employee," the requirement of paragraph (a)(i) shall be met only if the distributions with respect to the Section 409A Award may not be made before the date which is six months after the Participant's separation from service (or, if earlier, the date of the Participant's death). For purposes of this subsection (b), a Participant shall be a "specified employee" if such Participant is a key employee (as defined in Section 416(i) of the Code without regard to paragraph (5) thereof) of a corporation any stock of which is publicly traded on an established securities market or otherwise, as determined under Section 409A(a)(2)(B)(i) of the Code and the Treasury Regulations thereunder.

(c) The requirement of paragraph (a)(vi) shall be met only if, as determined under Treasury Regulations under Section 409A(a)(2)(B)(ii) of the Code, the amounts distributed with respect to the unforeseeable emergency do not exceed the amounts necessary to satisfy such unforeseeable emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such unforeseeable emergency is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship).

(d) For purposes of this Section, the terms specified therein shall have the respective meanings ascribed thereto under Section 409A of the Code and the Treasury Regulations thereunder.

10.3 Prohibition on Acceleration of Benefits. The time or schedule of any distribution or payment of any shares of Stock or other property or amounts under a Section 409A Award shall not be accelerated, except as otherwise permitted under Section 409A(a)(3) of the Code and the Treasury Regulations thereunder.

10.4 Elections under Section 409A Awards

(a) Any deferral election provided under or with respect to an Award to any Eligible Individual, or to the Participant holding a Section 409A Award, shall satisfy the requirements of Section 409A(a)(4)(B) of the Code, to the extent applicable, and, except as otherwise permitted under paragraph (i) or (ii) below, any such deferral election with respect to compensation for services performed during a taxable year shall be made not later than the close of the preceding taxable year, or at such other time as provided in the Treasury Regulations.

(i) In the case of the first year in which an Eligible Individual or a Participant holding a Section 409A Award, becomes eligible to participate in the Plan, any such deferral election may be made with respect to services to be performed subsequent to the election with thirty days after the date the Eligible Individual, or the Participant holding a Section 409A Award, becomes eligible to participate in the Plan, as provided under Section 409A(a)(4)(B)(ii) of the Code.

(ii) In the case of any performance-based compensation based on services performed by an Eligible Individual, or the Participant holding a Section 409A Award, over a period of at least twelve months, any such deferral

election may be made no later than six months before the end of the period, as provided under Section 409A(a)(4)(B)(iii) of the Code.

(b) In the event that a Section 409A Award permits, under a subsequent election by the Participant holding such Section 409A Award, a delay in a distribution or payment of any shares of Stock or other property or amounts under such Section 409A Award, or a change in the form of distribution or payment, such subsequent election shall satisfy the requirements of Section 409A(a)(4)(C) of the Code, and:

(i) such subsequent election may not take effect until at least twelve months after the date on which the election is made,

(ii) in the case such subsequent election relates to a distribution or payment not described in Section 10.2(a)(ii), (iii) or (vi), the first payment with respect to such election may be deferred for a period of not less than five years from the date such distribution or payment otherwise would have been made, and

(iii) in the case such subsequent election relates to a distribution or payment described in Section 10.2(a)(iv), such election may not be made less than twelve months prior to the date of the first scheduled distribution or payment under Section 10.2(a)(iv).

10.5 Compliance in Form and Operation. A Section 409A Award, and any election under or with respect to such Section 409A Award, shall comply in form and operation with the requirements of Section 409A of the Code and the Treasury Regulations thereunder.

ARTICLE 11

PROVISIONS APPLICABLE TO AWARDS

11.1 Stand-Alone and Tandem Awards. Awards granted pursuant to the Plan may, in the discretion of the Administrator, be granted either alone, in addition to, or in tandem with, any other Award granted pursuant to the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

11.2 Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include the term of an Award, the provisions applicable in the event of the Participant's Termination of Employment, Termination of Directorship or Termination of Consultancy, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award. The provisions governing Awards need not be the same with respect to each recipient.

11.3 Limits on Transfer

(a) Except as otherwise provided by the Administrator pursuant to Section 11.3(b), no right or interest of a Participant in any Award may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or a Parent or Subsidiary, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company or a Parent or Subsidiary. Except as otherwise provided by the Administrator pursuant to Section 11.3(b), no Award shall be assigned, transferred, or otherwise disposed of by a Participant other than by will or the laws of descent and distribution, unless and until such Award has been exercised, or the shares underlying such Award have been issued, and all restrictions applicable to such shares have lapsed.

(b) Notwithstanding Section 11.3(a), the Administrator, in its sole discretion, may permit an Award (other than an Incentive Stock Option) to be transferred to, exercised by and paid to any one or more Permitted Transferees (as defined below), subject to the following terms and conditions: (i) an Award transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than by will or the laws of descent and distribution; (ii) any Award which is transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Award as applicable to the original Participant (other than the ability to further transfer the Award); and (iii) the Participant and the Permitted Transferee shall execute any and all documents requested by the Administrator, including, without limitation documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under applicable federal and state securities laws and (C) evidence the transfer. For purposes of this Section 11.3(b), "**Permitted Transferee**" shall mean, with respect to a Participant, any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse,

sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Participant's household (other than a tenant or employee), a trust in which these persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than fifty percent of the voting interests, or any other transferee specifically approved by the Administrator.

11.4 Beneficiaries. Notwithstanding Section 11.3, a Participant may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Administrator. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Administrator.

11.5 Stock Certificates; Book-Entry Procedures

(a) Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing shares of Stock pursuant to the exercise of any Award, unless and until the Board has determined, with advice of counsel, that the issuance and delivery of such certificates is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the shares of Stock are listed or traded. All Stock certificates delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with federal, state, or foreign jurisdiction, securities or other laws, rules and regulations and the rules of any national securities exchange or automated quotation system on which the Stock is listed, quoted, or traded. The Administrator may place legends on any Stock certificate to reference restrictions applicable to the Stock. In addition to the terms and conditions provided herein, the Administrator may require that a Participant make such reasonable covenants, agreements, and representations as the Administrator, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Administrator shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Administrator.

(b) Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by applicable law, rule or regulation, the Company shall not deliver to any Participant certificates evidencing shares of Stock issued in connection with any Award and instead such shares of Stock shall be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

11.6 Paperless Exercise. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless exercise of Awards by a Participant may be permitted through the use of such an automated system.

ARTICLE 12 CHANGES IN CAPITAL STRUCTURE

12.1 Adjustments

(a) In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off, recapitalization, distribution of Company assets to stockholders (other than normal cash dividends), or any other corporate event affecting the Stock or the share price of the Stock, the Administrator shall make such proportionate adjustments, if any, as the Administrator in its discretion may deem appropriate to reflect such change with respect to (i) the aggregate number and type of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Sections 3.1 and 3.3, provided that any adjustment of the limitations in Section 3.1 shall be subject to the fourth sentence of Section 3.1); (ii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (iii) the grant, exercise or purchase price per share for any outstanding Awards under the Plan. Any adjustment affecting an Award intended as Qualified Performance-Based Compensation shall be made consistent with the requirements of Section 162(m) of the Code.

(b) In the event of any transaction or event described in Section 12.1(a) or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate (including without limitation any Change in Control), or of changes in applicable laws, regulations or accounting principles, and whenever the Administrator determines that such action is appropriate in order to prevent the dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles, the Administrator, in its sole discretion and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Participant's request, is hereby authorized to take any one or more of the following actions:

(i) To provide for either (A) termination of any such Award in exchange for an amount of cash, if any, equal to the amount that would have been received upon the exercise of such Award or realization of the Participant's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 12.1(b) the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment) or (B) the replacement of such Award with other rights or property selected by the Administrator in its sole discretion;

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices; and

(iii) To make adjustments in the number and type of shares of Stock (or other securities or property) subject to outstanding Awards, and in the number and kind of outstanding Restricted Stock and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding options, rights and awards and options, rights and awards which may be granted in the future;

(iv) To provide that such Award shall be exercisable or payable or fully vested with respect to all shares covered thereby, notwithstanding anything to the contrary in the Plan or the applicable Award Agreement; and

(v) To provide that the Award cannot vest, be exercised or become payable after such event.

12.2 Acceleration Upon a Change in Control. Notwithstanding Section 12.1(b), and except as may otherwise be provided in any applicable Award Agreement or other written agreement entered into between the Company and a Participant, if a Change in Control occurs and a Participant's Awards are not continued, converted, assumed, or replaced by (i) the Company or a Parent or Subsidiary of the Company, or (ii) a Successor Entity, such Awards shall become fully exercisable and/or payable, as applicable, and all forfeiture, repurchase and other restrictions on such Awards shall lapse immediately prior to such Change in Control. Subject to the foregoing, the Administrator shall have the discretion, exercisable at any time before a sale, merger, consolidation, reorganization, liquidation, dissolution or change in control of the Company, as defined by the Administrator, to take such further action as it determines to be necessary or advisable with respect to Awards. Such authorized action may include (but shall not be limited to) establishing, amending or waiving the type, terms, conditions or duration of, or restrictions on, Awards so as to provide for earlier, later, extended or additional time for exercise, lifting restrictions and other modifications, and the Administrator may take such actions with respect to all Participants, to certain categories of Participants or only to individual Participants. The Administrator may take such action before or after granting Awards to which the action relates and before or after any public announcement with respect to such sale, merger, consolidation, reorganization, liquidation, dissolution or change in control that is the reason for such action.

12.3 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Stock subject to an Award or the grant or exercise price of any Award.

ARTICLE 13
ADMINISTRATION

13.1 Administrator. The Administrator of the Plan shall be the Compensation Committee of the Board (or another committee or a subcommittee of the Board to which the Board delegates administration of the Plan) (such committee, the “**Committee**”), which Committee shall consist solely of two or more members of the Board each of whom is both an “outside director,” within the meaning of Section 162(m) of the Code, a Non-Employee Director and an “independent director” under the rules of the Nasdaq Stock Market. Notwithstanding the foregoing: (a) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to all Awards granted to Independent Directors, and for purposes of such Awards the term “**Administrator**” as used in this Plan shall be deemed to refer to the Board, and (b) the Committee may delegate its authority hereunder to the extent permitted by Section 13.5. Appointment of Committee members shall be effective upon acceptance of appointment. In its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Administrator under the Plan except with respect to matters which under Rule 16b-3 under the Exchange Act or Section 162(m) of the Code, or any regulations or rules issued thereunder, are required to be determined in the sole discretion of the Committee. Committee members may resign at any time by delivering written notice to the Board. Vacancies in the Committee may only be filled by the Board.

13.2 Action by the Administrator. A majority of the Administrator shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present, and, subject to applicable law, acts approved in writing by a majority of the Administrator in lieu of a meeting, shall be deemed the acts of the Administrator. Each member of the Administrator is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Parent or Subsidiary, the Company’s independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

13.3 Authority of Administrator. Subject to any specific designation in the Plan, the Administrator has the exclusive power, authority and discretion to:

- (a) Designate Participants to receive Awards;
- (b) Determine the type or types of Awards to be granted to each Participant;
- (c) Determine the number of Awards to be granted and the number of shares of Stock to which an Award will relate;
- (d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any reload provision, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Administrator in its sole discretion determines; *provided, however*, that the Administrator shall not have the authority to accelerate the vesting or waive the forfeiture of any Performance-Based Awards;
- (e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Stock, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;
- (f) Prescribe the form of each Award Agreement, which need not be identical for each Participant;
- (g) Decide all other matters that must be determined in connection with an Award;
- (h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;
- (i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement;

(j) determine whether, to what extent and under what circumstances cash, shares of Stock, other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the Participant; and

(k) Make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan.

13.4 **Decisions Binding.** The Administrator's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding, and conclusive on all parties.

13.5 **Delegation of Authority.** To the extent permitted by applicable law, the Committee may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards to Participants other than (a) senior executives of the Company who are subject to Section 16 of the Exchange Act, (b) Covered Employees, or (c) officers of the Company (or members of the Board) to whom authority to grant or amend Awards has been delegated hereunder. Any delegation hereunder shall be subject to the restrictions and limits that the Committee specifies at the time of such delegation, and the Committee may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 13.5 shall serve in such capacity at the pleasure of the Committee.

ARTICLE 14 EFFECTIVE AND EXPIRATION DATES

14.1 **Effective Date.** The Plan will be effective as of the Effective Date.

14.2 **Approval of Plan by Stockholders.** The Plan will be submitted for the approval of the Company's stockholders within twelve (12) months after the date of the Board's initial adoption of the Plan. Awards may be granted or awarded prior to such stockholder approval, *provided*, that such Awards shall not be exercisable nor shall such Awards vest prior to the time when the Plan is approved by the stockholders, and *provided further*, that if such approval has not been obtained at the end of said twelve-month period, all Awards previously granted or awarded under the Plan shall thereupon be canceled and become null and void. In addition, if the Board determines that Awards other than Options or Stock Appreciation Rights which may be granted to Section 162(m) Participants should continue to be eligible to qualify as performance-based compensation under Section 162(m)(4)(C) of the Code, the Performance Criteria must be disclosed to and approved by the Company's stockholders no later than the first stockholder meeting that occurs in the fifth year following the year in which the Company's stockholders previously approved the Plan, as amended and restated to include the Performance Criteria.

14.3 **Expiration Date.** The Plan will expire on, and no Award may be granted pursuant to the Plan after, the earlier of the tenth anniversary of (i) the date this Plan is approved by the Board or (ii) the date this Plan is approved by the Company's stockholders (the "**Expiration Date**"). Any Awards that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

ARTICLE 15 AMENDMENT, MODIFICATION, AND TERMINATION

15.1 **Amendment, Modification, And Termination.** The Board may terminate, amend or modify the Plan at any time and from time to time; *provided, however*, that (a) to the extent necessary to comply with any applicable law, regulation, or stock exchange rule, the Company shall obtain stockholder approval of any Plan amendment in such a manner and to such a degree as required, and (b) stockholder approval is required for any amendment to the Plan that increases the number of shares available under the Plan (other than any adjustment as provided by Article 12). Notwithstanding any provision in this Plan to the contrary, absent approval of the stockholders of the Company, no Option may be amended to reduce the per share exercise price of the shares subject to such Option below the per share exercise price as of the date the Option is granted and, except as permitted by Article 12, no Option may be granted in exchange for, or in connection with, the cancellation or surrender of an Option having a higher per share exercise price.

15.2 **Awards Previously Granted.** No termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted pursuant to the Plan without the prior written consent of the Participant.

ARTICLE 16
GENERAL PROVISIONS

16.1 No Rights to Awards. No Participant, Employee, or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Administrator is obligated to treat Participants, Employees, and other persons uniformly.

16.2 No Stockholders Rights. Except as otherwise provided herein, a Participant shall have none of the rights of a stockholder with respect to shares of Stock covered by any Award until the Participant becomes the record owner of such shares of Stock.

16.3 Withholding. The Company or any Parent or Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company an amount sufficient to satisfy federal, state, local and foreign taxes (including the Participant's employment tax obligations) required by law to be withheld with respect to any taxable event concerning a Participant arising as a result of this Plan. The Administrator may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company or a Parent or Subsidiary, as applicable, withhold shares of Stock otherwise issuable under an Award (or allow the return of shares of Stock) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of shares of Stock which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award within six months (or such other period as may be determined by the Administrator) after such shares of Stock were acquired by the Participant from the Company) in order to satisfy the Participant's federal, state, local and foreign income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall be limited to the number of shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income.

16.4 No Right to Employment or Services. Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Company or any Parent or Subsidiary to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employ or service of the Company or any Parent or Subsidiary.

16.5 Unfunded Status of Awards. The Plan is intended to be an unfunded plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Parent or Subsidiary.

16.6 Indemnification. To the extent allowable pursuant to applicable law, the Administrator (and each member thereof) shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; *provided* he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

16.7 Relationship to Other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Parent or Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

16.8 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

16.9 Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

16.10 Fractional Shares. No fractional shares of Stock shall be issued and the Administrator shall determine, in its discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding up or down as appropriate.

16.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any Participant who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 under the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

16.12 Government and Other Regulations. The obligation of the Company to make payment of awards in Stock or otherwise shall be subject to all applicable laws, rules, and regulations, and to such approvals by government agencies as may be required. The Company shall be under no obligation to register pursuant to the Securities Act, any of the shares of Stock paid pursuant to the Plan. If the shares paid pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Act, the Company may restrict the transfer of such shares in such manner as it deems advisable to ensure the availability of any such exemption.

16.13 Governing Law. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the conflicts of law principles thereof.

**[FORM OF]
INDEMNIFICATION AGREEMENT**

THIS INDEMNIFICATION AGREEMENT (this "Agreement") is made and entered into as of _____, by and between Farmer Bros. Co., a Delaware corporation (the "Company"), and _____ ("Indemnitee").

RECITALS

WHEREAS, highly competent persons have become more reluctant to serve publicly-held corporations as directors, officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the "Board") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Certificate of Incorporation (the "Charter") and the Bylaws of the Company require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to applicable provisions of the Delaware General Corporation Law (the "DGCL"). The Charter, the Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification;

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Charter, the Bylaws of the Company and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Company's Charter, Bylaws and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he or she be so indemnified;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein and Indemnitee's agreement to serve as a director or officer after the date hereof, the Company and Indemnitee do hereby covenant and agree as follows:

1. Definitions. As used in this Agreement:

(a) References to “agent” shall mean any person who is or was a director, officer, or employee of the Company or a Subsidiary of the Company or other person authorized by the Company to act for the Company, to include such person serving in such capacity as a director, officer, employee, fiduciary or other official of another corporation, partnership, limited liability company, joint venture, trust or other enterprise at the request of, for the convenience of, or to represent the interests of the Company or a Subsidiary of the Company.

(b) The terms “Beneficial Owner” and “Beneficial Ownership” shall have the meanings set forth in Rule 13d-3 promulgated under the Exchange Act as in effect on the date hereof.

(c) A “Change in Control” shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) Acquisition of Stock by Third Party. Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company’s then outstanding securities entitled to vote generally in the election of directors, unless (1) the change in the relative Beneficial Ownership of the Company’s securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors, or (2) such acquisition was approved in advance by the Continuing Directors and such acquisition would not constitute a Change in Control under part (iii) of this definition;

(ii) Change in Board of Directors. Individuals who, as of the date hereof, constitute the Board, and any new director whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two thirds of the directors then still in office who were directors on the date hereof or whose election for nomination for election was previously so approved (collectively, the “Continuing Directors”), cease for any reason to constitute at least a majority of the members of the Board;

(iii) Corporate Transactions. The effective date of a reorganization, merger or consolidation of the Company (a “Business Combination”), in each case, unless, following such Business Combination: (1) all or substantially all of the individuals and entities who were the Beneficial Owners of securities entitled to vote generally in the election of directors immediately prior to such Business Combination beneficially own, directly or indirectly, more than 51% of the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more Subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the securities entitled to vote generally in the election of directors; (2) no Person (excluding any corporation resulting from such Business Combination) is the Beneficial Owner, directly or indirectly, of 15% or more of the combined voting power of the then outstanding securities entitled to vote generally in the election of directors of such corporation except to the extent that such ownership existed prior to the Business Combination; and (3) at least a majority of the Board of Directors of the corporation resulting from such Business Combination were Continuing Directors at the time of the execution of the initial agreement, or of the action of the Board of Directors, providing for such Business Combination;

(iv) Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement or series of agreements for the sale or disposition by the Company of all or substantially all of the Company’s assets (or, if such approval is not required, the decision by the Board to proceed with such a liquidation, sale, or disposition in one transaction or a series of related transactions); or

(v) Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not the Company is then subject to such reporting requirement.

- (d) “Corporate Status” describes the status of a person who is or was a director, officer, trustee, general partner, managing member, fiduciary, employee or agent of the Company or of any other Enterprise which such person is or was serving at the request of the Company.
- (e) “Delaware Court” shall mean the Court of Chancery of the State of Delaware.
- (f) “Disinterested Director” shall mean a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.
- (g) “Enterprise” shall mean the Company and any other corporation, constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger to which the Company (or any of its wholly owned subsidiaries) is a party, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, employee or agent.
- (h) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.
- (i) “Expenses” shall include all direct and indirect costs, fees and expenses of any type or nature whatsoever, including, without limitation, attorneys’ fees and costs, retainers, court costs, transcript costs, fees and disbursements of experts, witness fees, fees and disbursements of private investigators and professional advisors, travel expenses, duplicating costs, printing and binding costs, telephone and fax transmission charges, postage, delivery service fees, secretarial services, reasonable compensation for time spent by Indemnitee for which he is not otherwise compensated for by the Company or any third party, and all other disbursements or expenses in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding or enforcing a right to indemnification under this Agreement. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.
- (j) “Independent Counsel” shall mean a law firm or a member of a law firm that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements); or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.
- (k) References to “fines” shall include any excise tax assessed on Indemnitee with respect to any employee benefit plan; references to “serving at the request of the Company” shall include any service as a director, officer, employee, agent or fiduciary of the Company which imposes duties on, or involves services by, such director, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner “not opposed to the best interests of the Company” as referred to in this Agreement.
- (l) The term “Person” shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act as in effect on the date hereof; provided, however, that “Person” shall exclude: (i) the Company; (ii) any Subsidiary of the Company; (iii) any employee benefit plan of the Company including, without limitation, the Company’s Employee Stock Ownership Plan, or of any Subsidiary of the Company, or any Person or entity organized, appointed or established by the Company for or pursuant to the terms of any such plan; (iv) a corporation owned directly or

indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company; and (v) Roy F. Farmer, deceased, his widow Emily Farmer and their descendants (collectively, "Farmer Family Members"), the estates of Farmer Family Members and the personal representatives thereof, and trusts, partnerships and other entities created by or for the benefit of Farmer Family Members and the trustees, partners and members thereof.

(m) A "Potential Change in Control" shall be deemed to have occurred if: (i) the Company enters into an agreement or arrangement, the consummation of which would result in the occurrence of a Change in Control; (ii) any Person or the Company publicly announces an intention to take or consider taking actions which if consummated would constitute a Change in Control; (iii) any Person who becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 5% or more of the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors increases its Beneficial Ownership of such securities by 5% or more over the percentage so owned by such Person on the date hereof; or (iv) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(n) The term "Proceeding" shall include any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative or investigative nature, in which Indemnitee was, is or will be involved as a party or otherwise by reason of the fact that Indemnitee is or was a director or officer of the Company, by reason of any action (or failure to act) taken by him or of any action (or failure to act) on his part while acting as a director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, employee or agent of any other Enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

(o) The term "Subsidiary," with respect to any Person, shall mean any corporation or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by that Person.

2. Agreement To Serve. Indemnitee agrees to serve and/or continue to serve as an agent of the Company, at its will (or under separate agreement, if such agreement exists), in the capacity Indemnitee currently serves as an agent of the Company; provided, however, that nothing contained in this Agreement is intended to or shall (i) restrict the ability of Indemnitee to resign at any time and for any reason from any current or future position or positions, (ii) create any right to continued employment of Indemnitee in any current or future position or positions, or (iii) restrict the ability of the Company to terminate the employment or agency of Indemnitee at any time and for any reason (subject to compliance with the terms of any employment or other applicable agreement to which the Company (or any of its Subsidiaries) and Indemnitee are parties).

3. Indemnification in Third-Party Proceedings. The Company shall indemnify and hold harmless Indemnitee in accordance with the provisions of this Section 3 if, by reason of his Corporate Status, Indemnitee was, is, or is threatened to be made, a party to or a participant (as a witness or otherwise) in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified against all Expenses, judgments, penalties, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that his conduct was unlawful.

4. Indemnification in Proceedings by or in the Right of the Company. The Company shall indemnify and hold harmless Indemnitee in accordance with the provisions of this Section 4 if, by reason of his Corporate Status, Indemnitee was, is, or is threatened to be made, a party to or a participant (as a witness or otherwise) in any Proceeding brought by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, Indemnitee

shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. Notwithstanding the foregoing, no indemnification shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that any court in which the Proceeding was brought or the Delaware Court shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such Expenses as the court shall deem proper.

5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify and hold harmless Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify and hold harmless Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. If Indemnitee is not wholly successful in such Proceeding, the Company also shall indemnify and hold harmless Indemnitee against all Expenses reasonably incurred in connection with a claim, issue or matter related to any claim, issue or matter on which Indemnitee was successful. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

6. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, he shall be indemnified and held harmless against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

7. Additional Indemnification

(a) Notwithstanding any limitation in Sections 3, 4 or 5, the Company shall indemnify and hold harmless Indemnitee if, by reason of his Corporate Status, Indemnitee is a party to or threatened to be made a party to or participant in any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties and amounts paid in settlement) actually and reasonably incurred by Indemnitee in connection with the Proceeding. No indemnity shall be made under this Section 7(a) on account of Indemnitee's conduct which constitutes a breach of Indemnitee's duty of loyalty to the Company or its stockholders or is an act or omission not in good faith or which involves intentional misconduct or a knowing violation of the law.

(b) Notwithstanding any limitation in Sections 3, 4, 5 or 7(a), the Company shall indemnify and hold harmless Indemnitee if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties and amounts paid in settlement) actually and reasonably incurred by Indemnitee in connection with the Proceeding.

8. Contribution

(a) Whether or not the indemnification provided in Sections 3, 4, 5 and 7 hereof is available, in respect of any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or proceeding without requiring Indemnitee to contribute to such payment and the Company hereby waives and relinquishes any right of contribution it may have

against Indemnitee. The Company shall not enter into any settlement of any action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

(b) Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall contribute to the amount of expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction from which such action, suit or proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the events that resulted in such expenses, judgments, fines or settlement amounts, as well as any other equitable considerations which the Law may require to be considered. The relative fault of the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

(c) The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by officers, directors or employees of the Company, other than Indemnitee, who may be jointly liable with Indemnitee.

(d) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

9. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been received by or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount actually received under any insurance policy, contract, agreement, other indemnity provision or otherwise;

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law;

(c) except as otherwise provided in Sections 14(e) and (f) hereof, prior to a Change in Control, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation

or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law;

(d) for any Expenses, judgments, liabilities, fines, penalties and amounts paid in settlement resulting from Indemnatee's conduct which is finally adjudged to have been willful misconduct, knowingly fraudulent or deliberately dishonest; or

(e) if a court of competent jurisdiction shall finally determine that any indemnification hereunder is unlawful.

10. Advances of Expenses; Defense of Claim

(a) Notwithstanding any provision of this Agreement to the contrary, and to the fullest extent permitted by applicable law, the Company shall advance all Expenses incurred by or on behalf of Indemnatee (or reasonably expected by Indemnatee to be incurred by Indemnatee within three months) in connection with any Proceeding by reason of Indemnatee's Corporate Status within ten (10) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnatee's ability to repay the Expenses and without regard to Indemnatee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all reasonable Expenses incurred pursuing a Proceeding to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. Indemnatee shall qualify for advances, to the fullest extent permitted by applicable law, solely upon the execution and delivery to the Company of an undertaking providing that Indemnatee undertakes to repay the advance to the extent that it is ultimately determined that Indemnatee is not entitled to be indemnified by the Company under the provisions of this Agreement, the Charter, the Bylaws of the Company, applicable law or otherwise. This Section 10(a) shall not apply to any claim made by Indemnatee for which indemnity is excluded pursuant to Section 9.

(b) The Company shall be entitled to participate in any Proceeding at its own expense.

(c) The Company shall not settle any action, claim or Proceeding (in whole or in part) which would impose any Expense, judgment, fine, penalty or limitation on Indemnatee without Indemnatee's prior written consent.

11. Procedure for Notification and Application for Indemnification

(a) Indemnatee agrees to notify promptly the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnatee to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnatee under this Agreement, or otherwise.

(b) Indemnatee may deliver to the Company a written application to indemnify and hold harmless Indemnatee in accordance with this Agreement. Such application(s) may be delivered from time to time and at such time(s) as Indemnatee deems appropriate in his sole discretion. Following such a written application for indemnification by Indemnatee, Indemnatee's entitlement to indemnification shall be determined according to Section 12(a) of this Agreement.

12. Procedure Upon Application for Indemnification

(a) A determination, if required by applicable law, with respect to Indemnatee's entitlement to indemnification shall be made in the specific case by one of the following methods, which shall be at the election of the Board: (i) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board or (ii) by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnatee. The Company promptly shall advise Indemnatee in writing with respect to any determination that Indemnatee is or is not entitled to

indemnification, including a description of any reason or basis for which indemnification has been denied. If it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall reasonably cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or Expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 12(a) hereof, the Independent Counsel shall be selected as provided in this Section 12(b). The Independent Counsel shall be selected by the Board of Directors, and the Company shall give written notice to Indemnitee advising him of the identity of the Independent Counsel so selected and certifying that the Independent Counsel so selected meets the requirements of "Independent Counsel" as defined in Section 1 of this Agreement. Indemnitee may, within ten (10) days after such written notice of selection shall have been received, deliver to the Company a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court of competent jurisdiction has determined that such objection is without merit. If, within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 11(b) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Delaware Court for resolution of any objection which shall have been made by Indemnitee to the Company's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the Delaware Court, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 12(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing). The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 12(a) hereof, regardless of the manner in which such Independent Counsel was selected or appointed.

13. Presumptions and Effect of Certain Proceedings

(a) In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(b) of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the person, persons or entity empowered or selected under Section 12 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within thirty (30) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a final judicial determination that any

or all such indemnification is expressly prohibited under applicable law; provided, however, that such 30-day period may be extended for a reasonable time, not to exceed an additional fifteen (15) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnatee to indemnification or create a presumption that Indemnatee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnatee had reasonable cause to believe that his conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnatee shall be deemed to have acted in good faith if Indemnatee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnatee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected by the Enterprise. The provisions of this Section 13(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnatee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any other director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Enterprise shall not be imputed to Indemnatee for purposes of determining the right to indemnification under this Agreement.

14. Remedies of Indemnatee

(a) In the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnatee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses, to the fullest extent permitted by applicable law, is not timely made pursuant to Section 10 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 12(a) of this Agreement within thirty (30) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5, 6, or the last sentence of Section 12(a) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, (v) a contribution payment is not made in a timely manner pursuant to Section 8 of this Agreement, or (vi) payment of indemnification pursuant to Section 3 or 4 of this Agreement is not made within ten (10) days after a determination has been made that Indemnatee is entitled to indemnification, Indemnatee shall be entitled to an adjudication by the Delaware Court to such indemnification, contribution or advancement of Expenses. Alternatively, Indemnatee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Except as set forth herein, the provisions of Delaware law (without regard to its conflict of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnatee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 12(a) of this Agreement that Indemnatee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 14 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnatee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 14, Indemnatee shall be presumed to be entitled to indemnification under this Agreement and the Company shall have the burden of proving Indemnatee is not entitled to indemnification or advancement of Expenses, as the case may be, and the Company may not refer to or introduce into evidence any determination pursuant to Section 12(a) of this Agreement adverse to Indemnatee for any purpose. If Indemnatee commences a judicial proceeding or arbitration pursuant to this Section 14, Indemnatee shall not be required to reimburse the Company for any advances pursuant to Section 10 until a final determination is made with respect to Indemnatee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

(c) If a determination shall have been made pursuant to Section 12(a) of this Agreement that Indemnatee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14, absent (i) a misstatement by Indemnatee of a material fact, or an omission of a material fact necessary to make Indemnatee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) The Company shall indemnify and hold harmless Indemnatee to the fullest extent permitted by law against all Expenses and, if requested by Indemnatee, shall (within ten (10) days after the Company's receipt of such written request) advance to Indemnatee, to the fullest extent permitted by applicable law, such Expenses which are incurred by Indemnatee in connection with any judicial proceeding or arbitration brought by Indemnatee (i) to enforce his rights under, or to recover damages for breach of, this Agreement or any other indemnification, advancement or contribution agreement or provision of the Charter, or the Company's Bylaws now or hereafter in effect; or (ii) for recovery or advances under any insurance policy maintained by any person for the benefit of Indemnatee, regardless of whether Indemnatee ultimately is determined to be entitled to such indemnification, advance, contribution or insurance recovery, as the case may be.

(f) Interest shall be paid by the Company to Indemnatee at the legal rate under Delaware law for amounts which the Company indemnifies or is obliged to indemnify for the period commencing with the date on which Indemnatee requests indemnification, contribution, reimbursement or advancement of any Expenses and ending with the date on which such payment is made to Indemnatee by the Company.

15. Establishment of Trust. In the event of a Potential Change in Control, the Company shall, upon written request by Indemnatee, create a "Trust" for the benefit of Indemnatee and from time to time upon written request of Indemnatee shall fund such Trust in an amount sufficient to satisfy any and all Expenses reasonably anticipated at the time of each such request to be incurred in connection with investigating, preparing for, participating in or defending any Proceedings, and any and all judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such judgments, fines penalties and amounts paid in settlement) in connection with any and all Proceedings from time to time actually paid or claimed, reasonably anticipated or proposed to be paid. The trustee of the Trust (the "Trustee") shall be a bank or trust company or other individual or entity chosen by Indemnatee and reasonably acceptable to the Company. Nothing in this Section 15 shall relieve the Company of any of its obligations under this Agreement. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by mutual agreement of Indemnatee and the Company or, if the Company and Indemnatee are unable to reach such an agreement, by Independent Counsel selected in accordance with Section 12(b) of this Agreement. The terms of the Trust shall provide that, except upon the consent of both Indemnatee and the Company, upon a Change in Control: (a) the Trust shall not be revoked or the principal thereof invaded, without the written consent of Indemnatee; (b) the Trustee shall advance, to the fullest extent permitted by applicable law, within two (2) business days of a request by Indemnatee and upon the execution and delivery to the Company of an undertaking providing that Indemnatee undertakes to repay the advance to the extent that it is ultimately determined that Indemnatee is not entitled to be indemnified by the Company, any and all Expenses to Indemnatee; (c) the Trust shall continue to be funded by the Company in accordance with the funding obligations set forth above; (d) the Trustee shall promptly pay to Indemnatee all amounts for which Indemnatee shall be entitled to indemnification pursuant to this Agreement or otherwise; and (e) all unexpended funds in such Trust shall revert to the Company upon mutual agreement by Indemnatee and the Company or, if Indemnatee and the Company are unable to reach such an agreement, by Independent Counsel selected in accordance with Section 12(b) of this Agreement, that Indemnatee has been fully indemnified under the terms of this Agreement. The Trust shall be governed by Delaware law (without regard to its conflicts of laws rules) and the Trustee shall consent to the exclusive jurisdiction of the Delaware Court in accordance with Section 23 of this Agreement.

16. Security. Notwithstanding anything herein to the contrary, to the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of Indemnitee.

17. Non-Exclusivity; Survival of Rights; Insurance; Subrogation

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Charter, the Company's Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in applicable law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Charter, the Company's Bylaws or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) The DGCL, the Charter and the Company's Bylaws permit the Company to purchase and maintain insurance or furnish similar protection or make other arrangements including, but not limited to, providing a trust fund, letter of credit, or surety bond ("Indemnification Arrangements") on behalf of Indemnitee against any liability asserted against him or incurred by or on behalf of him or in such capacity as a director, officer, employee or agent of the Company, or arising out of his status as such, whether or not the Company would have the power to indemnify him against such liability under the provisions of this Agreement or under the DGCL, as it may then be in effect. The purchase, establishment, and maintenance of any such Indemnification Arrangement shall not in any way limit or affect the rights and obligations of the Company or of Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnitee shall not in any way limit or affect the rights and obligations of the Company or the other party or parties thereto under any such Indemnification Arrangement.

(c) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, trustees, partners, managing members, fiduciaries, employees, or agents of the Company or of any other Enterprise which such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, trustee, partner, managing member, fiduciary, employee or agent under such policy or policies. If, at the time the Company receives notice from any source of a Proceeding as to which Indemnitee is a party or a participant (as a witness or otherwise), the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(d) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, fiduciary, employee or agent of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such Enterprise.

18. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee serves as a director or officer of the Company or as a director, officer, trustee, partner, managing member, fiduciary, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other Enterprise which Indemnitee serves at the request of the Company and shall continue thereafter so long as Indemnitee shall be subject to any possible Proceeding (including any rights of appeal thereto and any Proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement) by reason of his Corporate Status, whether or not he is acting in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement.

19. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

20. Enforcement and Binding Effect

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

(b) Without limiting any of the rights of Indemnitee under the Charter or Bylaws of the Company as they may be amended from time to time, this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof. If the DGCL or any other applicable law is amended after the date hereof to permit the Company to indemnify Indemnitee for Expenses or liabilities, or to indemnify Indemnitee with respect to any action or Proceeding, not contemplated by this Agreement, then this Agreement (without any further action by either party hereto) shall automatically be deemed to be amended to require that the Company indemnify Indemnitee to the fullest extent permitted by the DGCL.

(c) The indemnification and advancement of expenses provided by or granted pursuant to this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise at the Company's request, and shall inure to the benefit of Indemnitee and his spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(d) The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(e) The Company and Indemnitee agree herein that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be

precluded from seeking or obtaining any other relief to which he may be entitled. The Company and Indemnatee further agree that Indemnatee shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnatee by the court, and the Company hereby waives any such requirement of such a bond or undertaking.

21. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

22. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (i) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, or (ii) mailed by certified or registered mail with postage prepaid, on the third (3rd) business day after the date on which it is so mailed:

(a) If to Indemnatee, at the address indicated on the signature page of this Agreement, or such other address as Indemnatee shall provide in writing to the Company.

(b) If to the Company, to:
Farmer Bros. Co.
20333 South Normandie Avenue
Torrance, CA 90502
Attention: Corporate Secretary

or to any other address as may have been furnished to Indemnatee in writing by the Company.

23. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnatee pursuant to Section 14(a) of this Agreement, the Company and Indemnatee hereby irrevocably and unconditionally: (a) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court and not in any other state or federal court in the United States of America or any court in any other country; (b) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement; (c) appoint irrevocably, to the extent such party is not a resident of the State of Delaware, RL&F Service Corp., One Rodney Square, 10th Floor, 10th and King Streets, P.O. Box 551, Wilmington, Delaware 19899 as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware; (d) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court; and (e) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum, or is subject (in whole or in part) to a jury trial.

24. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

25. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

FARMER BROS. CO.

By: _____
Name:
Title:

INDEMNITEE

Name: _____
Address: _____

SCHEDULE OF INDEMNITEES

John M. Anglin
Hamideh Assadi
Guenter W. Berger
Kenneth R. Carson
Randy E. Clark
Lewis A. Coffman
Patrick G. Criteser
Larry B. Garrett
Hortensia R. Gómez
Jeanne Farmer Grossman
Mark A. Harding
Michael H. Keown
Michael J. King
Peter B. Knepper
Roger M. Lavery III
Martin A. Lynch
Thomas A. Maloof
James J. McGarry
John H. Merrell
Heidi L. Modaro
Thomas W. Mortensen
John Samore, Jr.
John E. Simmons
Jeffrey A. Wahba
Carol Farmer Waite
Drew H. Webb
Teri L. Wittman



Farmer Bros. Co. Reports Stockholder Voting Results

TORRANCE, Calif. – (GLOBENEWSWIRE) – Dec. 10, 2012 – Farmer Bros. Co. (NASDAQ: FARM) today announced that the Company's stockholders approved all proposals at the 2012 Annual Meeting of Stockholders held December 6, 2012.

At the "State of the Company" presentation to the stockholders, President and Chief Executive Officer, Michael H. Keown and Chief Financial Officer and Treasurer, Jeffrey Wahba discussed the Company's fiscal 2012 performance and outlook for fiscal 2013.

In discussing the Company's growth and leadership strategy, Mr. Keown said the Company plans to leverage its high quality coffees and teas, its industry-leading personnel, its expansive national route network and award-winning service to focus on growing the direct-store-delivery business in addition to addressing profitable major accounts. He added that restoring the high performance culture of Farmer Brothers and recognizing its responsibility as a corporate citizen to lead and be a part of the solution to global social, environmental and economic issues will be the Company's additional priorities.

Mr. Wahba echoed Mr. Keown's sentiment and said, the Company's fiscal 2012 accomplishments of increased product breadth, technical expertise and marketing and sales capabilities, and reduced operating expenses are expected to fuel fiscal 2013 growth.

The Company intends to file an edited version of that presentation on Form 8-K and present the report on the investor section of its website, www.farmerbros.com.

Mr. Randy E. Clark was elected and Ms. Jeanne Farmer Grossman was re-elected to the Board of Directors for three-year terms expiring in 2015. Stockholders ratified the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2013. In addition, the stockholders voted in favor of the advisory vote on executive compensation and approved an amendment to the Company's 2007 Omnibus Plan to increase the number of shares available for issuance under the Omnibus Plan. The Company will include details of the voting results on the various proposals on Form 8-K.

About Farmer Bros. Co.

Founded in 1912 and currently celebrating its milestone centennial, Farmer Bros. Co. is a manufacturer, wholesaler and distributor of coffee, tea and culinary products. We are a direct distributor of coffee to

restaurants, hotels, casinos, hospitals and other foodservice providers, and a provider of private brand coffee programs to Quick Serve Restaurants, grocery retailers, national drugstore chains, restaurant chains, convenience stores, and independent coffee houses, nationwide. Our product lines include roasted coffee, liquid coffee, coffee related products such as coffee filters, sugar and creamers, assorted teas, cappuccino, cocoa, spices, gelatins and puddings, soup bases, gravy and sauce mixes, pancake and biscuit mixes, and jellies and preserves. National foodservice brands include The Artisan Collection by Farmer Brothers™, Farmer Brothers®, Superior®, Metropolitan®, Island Medley Iced Tea®, Farmer Brothers Spice Products™, Sierra Tea™ and Orchard Hills Estate™. Regional foodservice and retail brands include Cain's®, Ireland® and McGarvey®. For more information, visit: www.farmerbros.com.

Forward-Looking Statements

Certain statements contained in this press release are not based on historical facts and are forward-looking statements within the meaning of federal securities laws and regulations. These statements are based on management's current expectations, assumptions, estimates and observations of future events and include any statements that do not directly relate to any historical or current fact. These forward-looking statements can be identified by the use of words like "anticipates," "estimates," "projects," "expects," "plans," "believes," "intends," "will," "assumes" and other words of similar meaning. Owing to the uncertainties inherent in forward-looking statements, actual results could differ materially from those set forth in forward-looking statements. The Company intends these forward-looking statements to speak only at the time of this press release and does not undertake to update or revise these statements as more information becomes available except as required under federal securities laws and the rules and regulations of the SEC. Factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, fluctuations in availability and cost of green coffee, competition, organizational changes, the impact of a weaker economy, 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, weather and special or unusual events, changes in the quality or dividend stream of the third parties securities and other investment vehicles in which the Company has invested its short-term assets, as well as other risks described in this press release and other factors described from time to time in the Company's filings with the SEC.

Source: Farmer Bros. Co.

Jeffrey Wahba (310) 787-5241



2012 Annual Stockholders Meeting

December 6, 2012

Agenda

- **Key Message Points**
- **Business Transition: Historical Perspective**
- **Framer Brothers Overview**
- **Financial Overview for FY 2012 and Q1 2013**
- **Questions**



Cautionary Statement Regarding Forward-Looking Statements

Certain statements contained in this presentation, including, but not limited to, statements regarding the development and growth of our business, our intent, belief or current expectations, primarily with respect to future operating performance and the products and services we expect to offer and other statements contained herein regarding matters that are not historical facts 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. A forward-looking statement is neither a prediction nor a guarantee of future events or circumstances, and those future events or circumstances may not occur. Stockholders and other readers should not place undue reliance on the forward-looking statements, which speak only as of the date of this presentation. The Company undertakes no obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by the federal securities laws. Factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, fluctuations in availability and cost of green coffee, competition, organizational changes, the impact of a weaker economy, business conditions in the coffee industry and food industry in general, our continued success in attracting new customers, variances from budgeted sales mix and growth rates, weather and special or unusual events, and changes in the quality or dividend stream of third parties’ securities and other investment vehicles in which we have invested our assets, as well as other factors described from time to time in our filings with the Securities and Exchange Commission.

Key Message Points

1

- Overall, we continue making progress improving the Company's financial results, capabilities, and employee engagement.

2

- We have spent considerable time finishing the recent integrations. This is intended to leverage our specialty coffee capabilities, lower costs, and attract major customers.

3

- We have made several important changes in our performance management process to better link each employee's performance to improved results and shareholder value.

Business Transition: Historical Perspective

PRE - 2007

- ➔ Primarily Traditional Coffee
- ➔ West Coast focused
- ➔ One brand:



- ➔ Known primarily for supplying small operators
- ➔ Basic coffee resources

TODAY

- ➔ Traditional, Premium & Specialty Coffees
- ➔ Three roasting facilities; DSD distribution in 48 states
- ➔ Multiple brands:



- ➔ 2010 Vendor of the Year for Sheetz, Inc. and Target Corporation
- ➔ 2012 Vendor of the Year for Einstein Brothers Restaurant Group
- ➔ Industry leading product development, roasting, sustainability, and risk management capabilities in coffee.

High Touch Customer Service Strategy Since 1912

Farmer Brothers

Farmer Brothers Overview

A leading manufacturer, wholesaler and distributor of coffee, tea and culinary products

- Founded in 1912
- Today, one of the country's largest direct store delivery (DSD) coffee companies

Differentiated business model

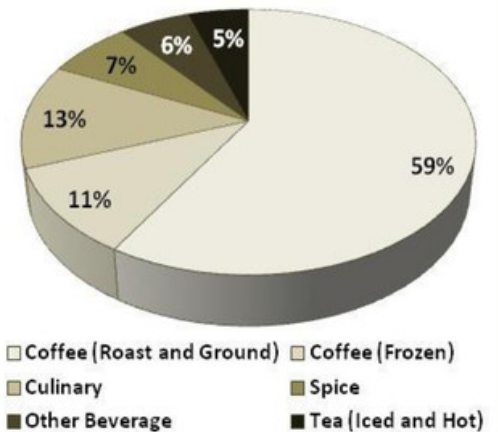
- One of the most complete local, regional and national DSD networks in the coffee industry
- Unique low cost production capabilities at all three quality tiers
- Unparalleled distribution network serving multiple segments of foodservice and retail channels

Experienced and motivated management team

- Significant experience across consumer branded, packaged good and beverage companies

FY12 Revenue

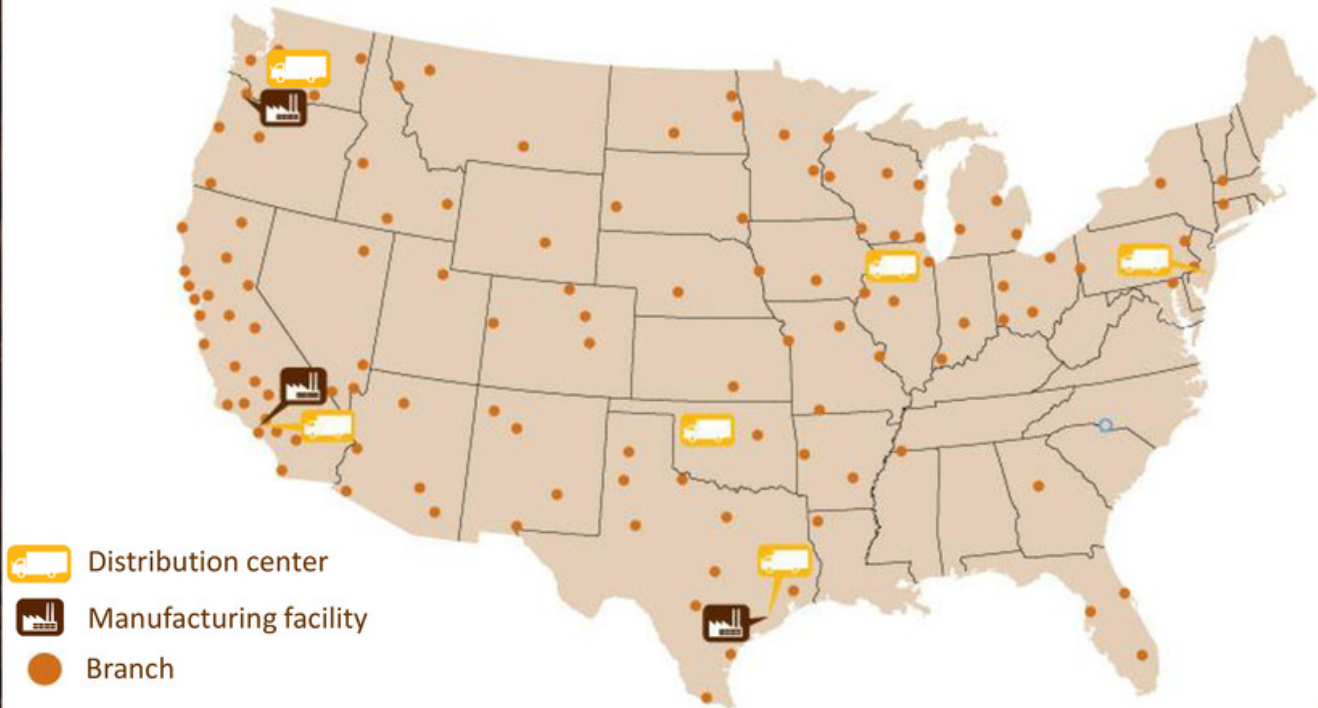
\$495.4M



Farmer Brothers

Nationwide Distribution Network

- 6 distribution centers and 117 branch warehouses
- Approximately 500 routes servicing 63,000 customers in 48 states



Farmer Brothers

Industry Drivers: Cautiously Optimistic

FISCAL STATE

Positive foodservice sales growth
balanced by unknown fiscal cliff.

Industry Growth

1-2% sales
growth in
foodservice
segments

Fiscal Cliff

Tax increases
+ cuts in
government
funding

COMPETITION

Resurgent competition in coffee market.



Revitalized
coffee products
in
coffeehouses



New
brew methods,
renewed
consumer interest



Entering coffee
with
"Georgia"
brewed coffee

COFFEE CONSUMPTION

Favorable trends and opportunities available.

- 64% of Americans drinking coffee daily
- 51% share growth in total coffee consumption - Ages 18-39 (from 38% to 57% - 2010 vs. 2012)
- 44% share growth in Specialty coffee consumption (from 37% to 54% - 2011 vs. 2012)
- 10% share growth in Iced/Frozen category (5 yr CAGR)
- 5% share growth in Espresso-based category (5 yr CAGR)

SUSTAINABILITY

Higher awareness and interest in sustainability.

61% of consumers
and
57% of foodservice operators
interested in
sustainable/green coffee options



Farmer Brothers

Sources : 1. Technomic, Google 2. Google 3. National Coffee Association 4. Datassentials (Farmer Bros. Proprietary Data)

Farmer Brothers' Growth Strategy

Strategy #1:

Focus on
Growing the
Street Business

- Leverage high quality coffees and teas
- Industry leading personnel, convenient DSD service
- Leverage route network in less competitive geographic markets

Strategy #2:

Increase
Product
Penetration

- Drive hot and iced tea penetration
- Product promotions focused on higher margin items
- Use culinary portfolio to increase average invoice size

Strategy #3:

Focus Resources
in High Growth
Categories

- Invest in R&D, and marketing
- Launch specialty coffee under Farmer Brothers
- Improved iced tea program
- Focus on high growth espresso and iced coffee categories

Strategy #4:

Attract
Profitable Major
Accounts

- Differentiate through QA, sustainability, product dev. and risk management programs
- Leverage industry leading supply and distribution network to be highest value foodservice coffee supplier

Farmer Brothers

Farmer Brothers' Growth Strategy (continued)

Strategy #5:

**Attack Non-Value
Added Costs**

- Reduce Inventory Across System
- Hedging Strategy
- Brand Rationalization
- Asset Optimization
- Operating Expense Reduction

Strategy #6:

**Improve Capability
and Align to Create
Shareholder Value**

- Align Employee Performance to Annual Operating Plan
- Clear Employee Evaluation Process
- Performance-Based Incentives
- Improve Engagement and Morale
- Develop Strategic Marketing Capability
- Improve Safety to Best in Class

Strategy #7:

**Create Strategic
Partnerships**

- Sturm – Cup/Pod
- Smuckers – Liquid Coffee
- Aramark – Supply & Brand Development

Farmer Brothers

DSD Model Focuses on Exceeding Customers' Needs Across Our Beverage Portfolio

- Important Products**
- Coffee & Tea are TOP profit categories for restaurants.
 - 1 in 4 operators agree: Coffee & Tea contribute to operation's overall image

Only DSD fulfills Top 3 Operator Needs!

Top 3 Operator Needs	DSD	Club/Depot	Broadline
1. Better variety of coffee/tea products	✓	✗	✓
2. Maintenance/Repair of coffee/tea equipment	✓	✗	✗
3. Training staff on new products + equipment	✓	✗	✗

Source: Datassentials – Proprietary Data

Farmer Brothers

Investing in the Future

UPGRADING PRODUCTION:

Adding state-of-the-art roasting and packaging equipment in Houston and Torrance facilities.

BUILDING & UPGRADING THE BRAND:

Integrating our brands under a strong leading company brand, simply: Farmer Brothers®.

LOADING THE TRUCK:

In September, we launched a new line of specialty coffees, the Artisan Collection by Farmer Brothers®, as well as Twinings® premium teas.

LEADING WITH EXPERTISE:

Focused training for all regional sales reps on specialty coffee and tea.



Farmer Brothers

Developing Model for National Accounts

Industry Leadership



Paul Thornton,
President Elect, SCAA

Connections at Origin



Large scale direct trade program in 6 countries

Risk Management



Innovative hedging tools

National DSD



Unparalleled reach in 48 states

QC & Product Development



State-of-the-art SCAA-certified coffee lab

Our National Customers

Market Insights



Partnerships with Datassential, Nielsen, Symphony IRI, & The Hartman Group

Innovation Lab



Public Domain Coffee® in Portland, OR

Brand Development



"Creativelab" on-site design agency

Sustainability Programs



Co-Founder: World Coffee Research

Dedicated Account Management



Vendor of the Year at Sheetz & Target (2010)
Einstein Golden Bagel (2012)

Farmer Brothers

Major Accounts

FOODSERVICE

RETAIL

C-Store	Restaurant	Hospitality	On-Site/Other	Specialty	Grocery/Mass	Wholesale
    	    	    	     	<p>NORDSTROM</p>    	    	  

Farmer Brothers

Significant Wins



Smithsonian
Institution



Farmer Brothers



**Improving Employee Performance
and
Creating Shareholder Value**

Building a High Performance Culture

We are focused on restoring the culture of Farmer Brothers

KEY STRATEGIES

Completing Integration

- We are now one company. We are aligning work and processes across the entire company.

Strategy Communication

- Ensuring all employees know where we are going, key strategies, and their role.

Setting Expectations/ Evaluations

- Ensuring all employees have a clear idea of what is expected & how they will be evaluated, tying to the Annual Operating Plan & creating shareholder value.

Rewarding Success/ Accomplishment

- In addition to performance reviews, we have added a program to celebrate quarterly and annual accomplishments which set a new standard.

Farmer Brothers

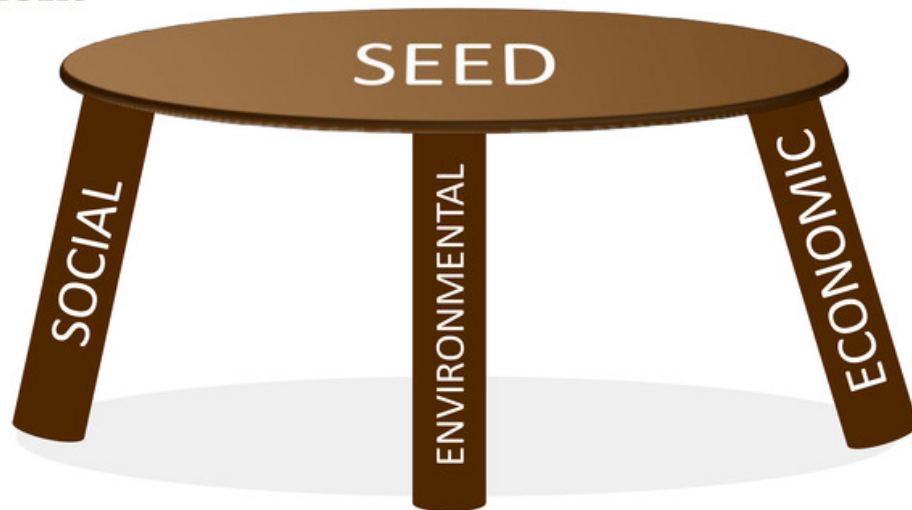


Corporate Responsibility & Sustainability

What is Corporate Responsibility?

- A corporate function that is a reaction to global social, environmental, and economic issues:
 - In 40 years, there will be two billion more people and many more engaged in our high-consumptive economy.
 - Resources are becoming scarcer and more expensive. Waste is becoming prohibitive.
- As a corporate citizen, we are part of the solution.
 - By monitoring our business practices and engaging stakeholders, we can discover a smarter, leaner way to do business.
 - By weaving a sustainable philosophy into our business values, we evolve as a leader in the coffee industry.

Our Model: **Social Environmental Economic** Development



Giving policy
Stewardship funds
Fair Trade
Healthful company culture
Increase worker retention
Healthful product

Track emissions
Recycle/Compost
Renewable resources
Material reduction
Rainforest Alliance
Organic

Cost control
Long-term viability
Attract new business
Waste reduction
Energy reduction
Water reduction

Farmer Brothers

Production Capabilities

TORRANCE



coffee, spices

HOUSTON



coffee, tea

PORTLAND



coffee

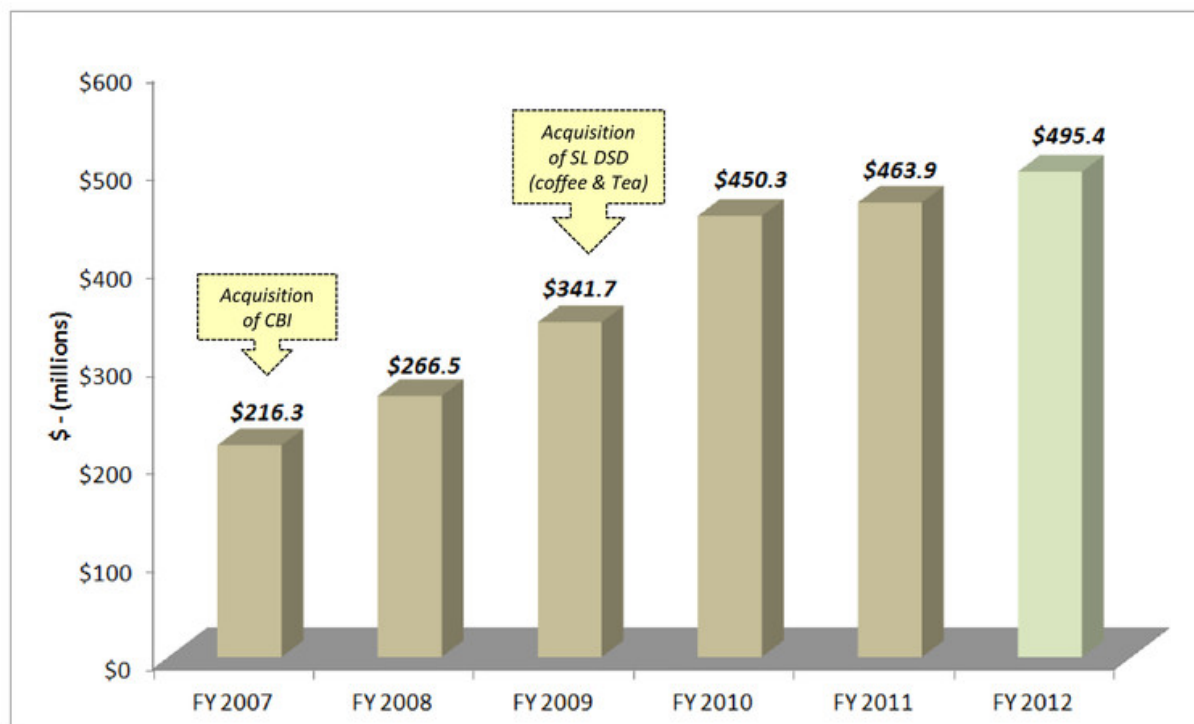


Farmer Brothers



Financial Overview

Revenue Growth Trend

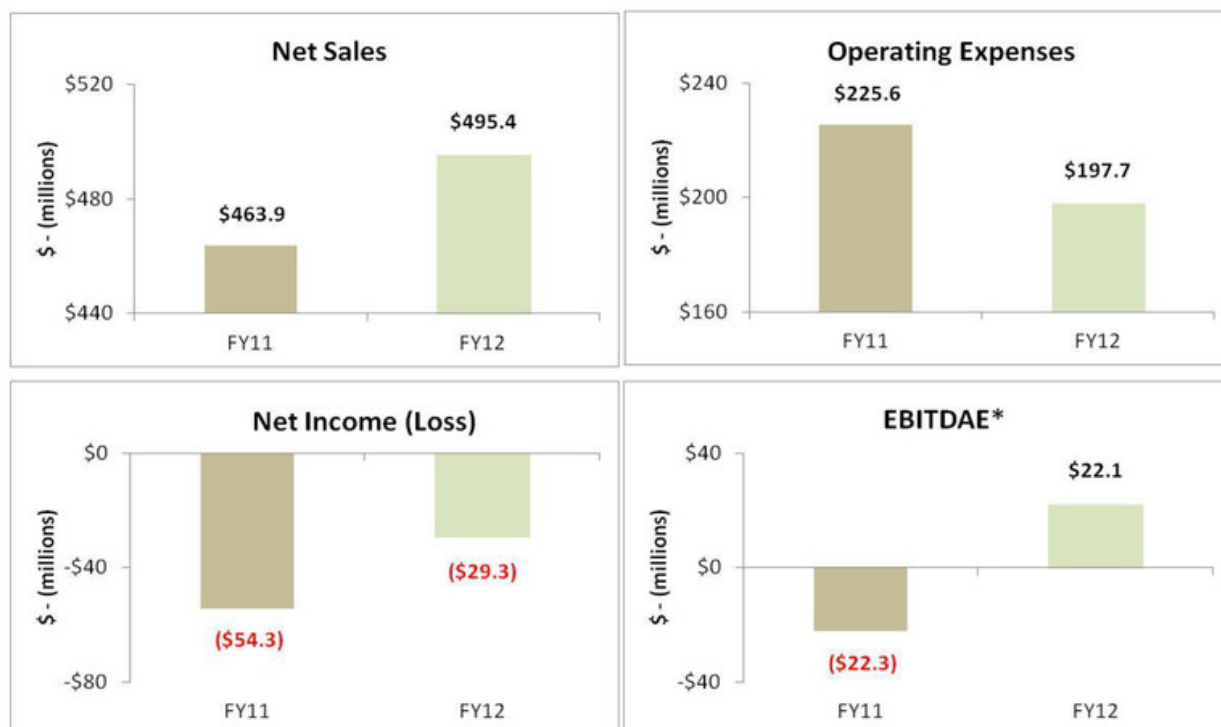


CBI acquisition – April 2007; Sara Lee DSD acquisition – February 2009

Fiscal Year ended June 30

Farmer Brothers

FY12 Financial Performance vs. FY11



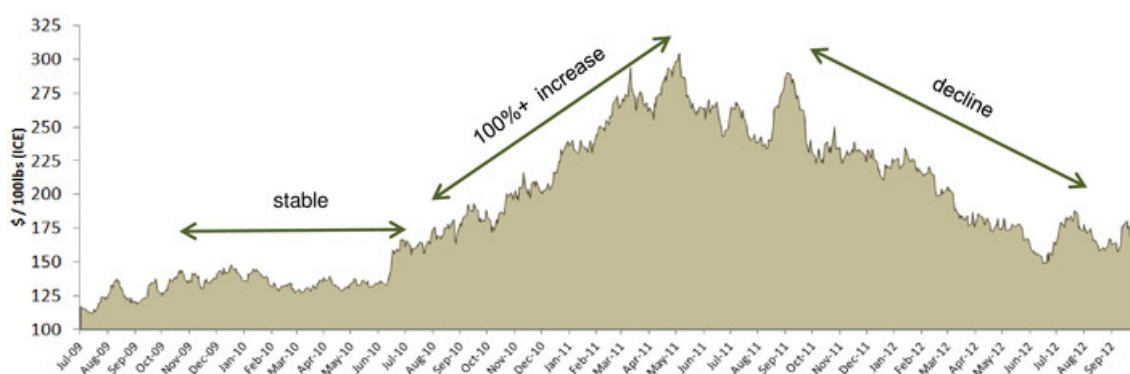
Fiscal Year ended June 30

* A reconciliation of EBITDAE to Net Income (Loss) is included in the Company's form 10-K filed with the SEC for the applicable fiscal year

Farmer Brothers

Cost of Coffee Has Become More Favorable

- Coffee commodity costs more than doubled from July 2010 to May 2011, but after a period of volatility have declined materially since September 2011
- Farmer Brothers increased its prices to cover the cost increase, but like its competitors, lagged somewhat behind the rapid run-up in costs
- Coffee commodity costs have retreated more recently, providing better margin opportunities, and the Company has “locked in” some of its future coffee purchases, which is expected to provide more margin stability going forward

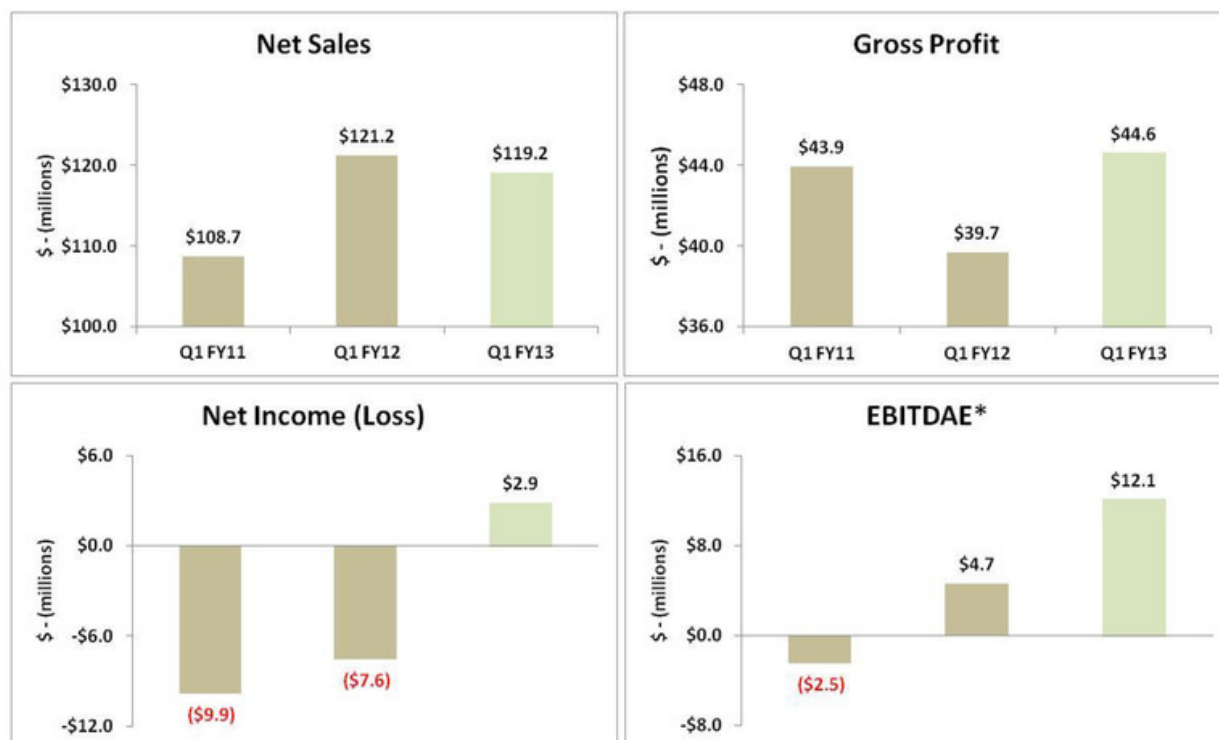


FY12 Accomplishments Leading to FY13 Growth

- ✓ Despite unfavorable external factors, increased top line by 7% and grew National Account business by over 20%
- ✓ Increased margin \$ per pound on coffee during the year and expect margins to continue to improve in the short term with the improvement in the coffee markets
- ✓ Developed the Artisan Collection, focusing our efforts to gain market share in the fast growing premium and specialty sectors of the market
- ✓ Aligned organization to meet current economic conditions – operated with 15% less headcount than at time of 2009 Sara Lee DSD acquisition
- ✓ Reduced operating expenses by nearly 15% year over year as a result of integration efforts
- ✓ Instituted a comprehensive hedging strategy to help smooth the impact of the recently volatile coffee markets
- ✓ Increased product breadth, technical expertise, and marketing and sales capabilities leading to notable increases in revenue per customer

Farmer Brothers

Q1 Financial Performance (FY13 vs. FY12 & FY11)



Q1 – fiscal year to date ending September 30.

* A reconciliation of EBITDAE to Net Income (Loss) is included in the Company's form 10-K filed with the SEC for the applicable fiscal year

Farmer Brothers

Farmer Bros. Co.
Transcript of the 2012 Annual Stockholders' Meeting
held December 6, 2012

Presented by:

Jeffrey A. Wahba, *Farmer Bros. Co. – CFO and Treasurer*

Michael H. Keown, *Farmer Bros. Co. – President and CEO*

Jeff Wahba - Farmer Bros. Co. - CFO and Treasurer

Well, welcome, everybody. We're thrilled to have you here for our 100th anniversary as well as our 59th Annual Meeting of the Stockholders of Farmer Brothers. Will the meeting please come to order? My name is Jeff Wahba. I'm the CFO and Treasurer of the Company and will chair this meeting today.

I'd like to introduce our Board of Directors and senior management. With us today are our President and CEO, Mike Keown; Guenter Berger, our Chairman; our board members, Hamideh Assadi, Jeanne Farmer Grossman, Jim McGarry, Marty Lynch; and John Anglin, who is Secretary of the Company. Other members of the Farmer Brothers Company senior management team in the audience today are Tom Mortensen, our Senior VP of Route Sales; Mark Harding, our Senior VP of Operations; and Hortensia Gomez, our VP and Controller. Also with us today is Kelly Tien, who is our audit partner with Ernst & Young, our auditors.

Each of you was given the rules of the meeting when you entered and I would like to waive the reading of the rules before we begin the business of the meeting. Wells Fargo, acting through its representative, Marty Knapp, has been appointed the Inspector of Election. The inspector has taken the required oath. The inspector's duties will include collection and tabulation of proxies and ballots and recording on the presence of a quorum and the results of the balloting.

Would all of you who are holding proxies please deliver them at this time to Mr. Knapp, if you have them? The proxies will constitute your ballot on proposals one through four, and it will not be necessary to submit a separate ballot unless you wish to change your vote. If any other matters are brought to a vote, we will ask the proxy holders for a voice vote or, if the chair deems it advisable, we will distribute ballots.

The Company's transfer agent has delivered his certificate that notice of this meeting, management's proxy statement, and the Company's annual report to stockholders were duly mailed on or about November 5, 2012 to all stockholders of record on the record date.

May I now have the report from the Inspector of Election concerning the presence of a quorum?

Marty Knapp - Wells Fargo - Inspector of Election

Mr. Chairman, I make this report as the Inspector of Election. On October 17, 2012, the record date picked by the board of directors, there were 16,314,154 shares of common stock at the Company entitled to vote at this meeting. There are present in person or by proxy at this meeting stockholders holding an aggregate of 15,358,744 common shares, representing 94% of the outstanding shares of capital stock of the Company which are entitled to vote at this meeting as determined on the record date, October 17, 2012; a quorum is present.

Jeff Wahba - Farmer Bros. Co. - CFO and Treasurer

Thank you. The meeting will proceed. May I have a motion that we will dispense with the reading of the minutes from last year's annual meeting? Thank you. And seconded? Now we will address the four proposals that the stockholders

have been asked to act upon. Each will be introduced and there will be an opportunity for discussion. We will then give you an opportunity to vote on all proposals by written ballot if you have not voted by proxy or wish to change your proxy vote.

The first proposal is proposal number one, the election of two directors to serve until the 2015 Annual Meeting of Stockholders. The board has nominated Jeanne Farmer Grossman and Randy E. Clark to the two available seats on the board. If the nominees are elected, they will be elected to a three-year term. Is there any discussion? [There was no discussion.] Alright.

The next proposal is ratification of the selection of Ernst & Young as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2013. Is there any discussion on this proposal? [There was no discussion.]

With that, the third proposal is the advisory vote on executive compensation. The resolution to be voted on is:

“Resolved that the Company's stockholders approve on an advisory basis the compensation of the Company's Named Executive Officers as disclosed pursuant to Securities and Exchange Commission rules and the Compensation Discussion and Analysis, the compensation tables, and the accompanying narrative disclosure in this Proxy Statement.”

Is there any discussion? [There was no discussion.] Fine.

The final proposal is the vote to approve the amendment to the Farmer Bros. Co. 2007 Omnibus Plan to increase the number of shares available for issuance under the plan from 1,000,000 to 1,125,000. Is there any discussion on this proposal? [There was no discussion.]

There being none, the chair declares the polls open for the election of directors, ratification of the selection of the independent accountants, the advisory vote on executive compensation, and approval of the amendment to the Farmer Bros. Co. 2007 Omnibus Plan. Anyone who has not yet delivered a proxy to the inspector should do so now. Does anyone wish a ballot? You need to deliver it? So you can give that to Mr. Knapp.

The polls will remain open for another couple of minutes unless anyone desires more time. We will take just a very brief break and we will give two minutes if anybody wishes to consider changing their vote or casting a ballot.

There being no indication that there are any further ballots to be submitted to Mr. Knapp, the meeting is reconvened. And has everyone had a sufficient opportunity to vote? Alright. Hearing no objection, the chair declares the polls to be closed. Will the inspector please deliver his report?

Marty Knapp - Wells Fargo - Inspector of Election

Mr. Chairman, I have completed the tabulation of the votes with respect to proposal one, the election of directors. For the election of the nominees to the board of directors, Mr. Clark and Ms. Grossman have received votes as follows -- Randy E. Clark, 13,235,840 votes for, 461,424 withheld, and there were broker non-votes of 1,661,480; Jeanne Farmer Grossman, 12,975,683 for, withheld were 721,581, and again, broker non-votes of 1,661,480.

For proposal two, the independent registered public accounting firm. I have also completed the tabulation of votes with respect to the proposal to ratify the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2013. The results of balloting for proposal two are as follows -- 8,490,061 for, 6,777,852 against, 90,831 abstentions, and zero broker non-votes. Of the total shares present or represented by proxy and entitled to vote, 55% voted in favor of the proposal to ratify the selection of Ernst & Young LLP as the Company's independent registered public accounting firm.

Proposal three, the advisory vote on executive compensation. I have also completed the tabulation of the votes with respect to the advisory vote on executive compensation. The tabulated votes on the say-on-pay proposal are as follows

-- there were 8,681,909 votes for, 2,615,137 against, 2,400,218 abstentions, and 1,661,480 broker non-votes. The proposal obtained the affirmative vote of a majority of the shares present or represented by proxy and entitled to vote.

Proposal four, the approval of the amendment to the Omnibus Plan. I have also completed the tabulation of the votes with respect to the amendment to the Farmer Bros. Co. 2007 Omnibus Plan to increase the number of shares available for issuance from 1,000,000 to 1,125,000. The tabulated results are follows -- there were 11,789,859 for, 1,865,715 against, 41,690 abstentions, and 1,661,480 broker non-votes. Of the total shares present or represented by proxy and entitled to vote, 76% voted in favor of the proposal to amend the Omnibus Plan.

The preliminary results of the balloting are as follows -- Randy E. Clark and Jeanne Farmer Grossman are elected to the board of directors for a three-year term; the ratification of the selection of Ernst & Young LLP as the independent registered public accountants of the Company for the year ending June 30, 2013 has been approved; the advisory proposal to approve executive compensation was adopted; and the proposal to approve the amendment to the Omnibus Plan was approved.

When the balloting has been finalized and certified, the Company will release the voted share tally in a Form 8-K filing with the Securities and Exchange Commission.

Jeff Wahba - Farmer Bros. Co. - CFO and Treasurer

Thank you very much.

With that, as we annually do, I will turn this over to our new CEO, Mike Keown, who will present his annual shareholders' presentation.

Mike Keown - Farmer Bros. Co. - President and CEO

Well, good morning. How's everybody doing this morning? Wonderful! 100 years, just think about 100 years for a second, from the time Roy Farmer sold the first coffee to, I believe it was Barbara Wurfel, if I have that right, to now. Flash forward 100 years. That makes Farmer Brothers as old as or older than four states. I'll give you two, Alaska and Hawaii. I will have your attention through the end of this presentation as you seek to remember the other two states.

But in all seriousness, I've had a front row seat to witness Farmer Brothers over the last 10 years coming from the coffee creamer business, and what I saw gave me a lot of enthusiasm for the potential in the future and for our next 100 years. I saw a Company in evolution over the last five or six years and a Company that I think is going to come out significantly stronger at the end of it because of the legacy that we have.

So before I start, I just wanted to say thank you, particularly to the retiree community. So many of you have reached out. We appreciate the legacy that you built over the last 100 years.. I'm assuming that we don't have any 100-year veterans in the room. I've learned at Farmer Brothers that could be the case; And I'm really excited for the future.

So, what I'm going to attempt to do in the next 20 or 30 minutes is answer the questions that you all have raised to me, whether you are a new shareholder or a more experienced shareholder, a more tenured shareholder. And the questions that I've gotten have been in kind of three buckets. First, tell me what you think. What have you been doing the last eight months or so that you've been on the job? What's your senior team doing? Give us a little historical perspective. But more importantly, give us a sense of what you're doing. What are the strategies, what are the initiatives that you're undertaking?

Slide No. 1 - Cover



And I'm going to attempt, hopefully, by the end of that, whether you're a newer shareholder or an older, more experienced shareholder, to bring you up to speed on that. Along that path, Jeff will come up and provide a more significant financial review and then we'll take questions.

Slide No. 2 - Agenda



By way of an agenda, I'm going to start with some key message points, go briefly through historical perspective, looking at 2007 and the period before and then what's happened since, most notably with the acquisitions, be it Sara Lee's DSD business and the Portland specialty coffee business. I'll give you a quick snapshot of Farmer Brothers as it sits today, but then spend most of the time on where we're going and what I see as an emerging vision for the future after eight months. As I mentioned, Jeff will come up and provide a more significant financial overview and then we'll do questions.

Slide No. 3 - Cautionary Statement

Cautionary Statement Regarding Forward-Looking Statements

Certain statements contained in this presentation, including, but not limited to, statements regarding the development and growth of our business, our intent, belief or current expectations, primarily with respect to future operating performance and the products and services we expect to offer and other statements contained herein regarding matters that are not historical facts 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. A forward-looking statement is neither a prediction nor a guarantee of future events or circumstances, and those future events or circumstances may not occur. Stockholders and other readers should not place undue reliance on the forward-looking statements, which speak only as of the date of this presentation. The Company undertakes no obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by the federal securities laws. Factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, fluctuations in availability and cost of green coffee, competition, organizational changes, the impact of a weaker economy, business conditions in the coffee industry and food industry in general, our continued success in attracting new customers, variances from budgeted sales mix and growth rates, weather and special or unusual events, and changes in the quality or dividend stream of third parties' securities and other investment vehicles in which we have invested our assets, as well as other factors described from time to time in our filings with the Securities and Exchange Commission.

Farmer Brothers

Before we begin, a bit of housekeeping, and I will summarize this while you scan along, but it is important I remind everybody of the cautionary language in the Safe Harbor Statement. Certain statements made during the day today that are not historical fact will represent my views, management's views, really as we see the business and the opportunities today.

These statements represent a point of view and I would urge all of you in the broader shareholder community to understand the risks associated with this business, many of which have been filed, in 10-Ks, 10-Qs, and other documents with the SEC, and we hope you consider these factors when you look at the volatility that's inherent in a commodity-oriented business like ours. That's that paragraph. If you have additional questions, we do have folks in the room who can address it more significantly.

Slide No. 4 - Key Message Points

Key Message Points

- 1 • Overall, we continue making progress improving the Company's financial results, capabilities, and employee engagement.
- 2 • We have spent considerable time finishing the recent integrations. This is intended to leverage our specialty coffee capabilities, lower costs, and attract major customers.
- 3 • We have made several important changes in our performance management process to better link each employee's performance to improved results and shareholder value.

Farmer Brothers

So let's jump in. Three key message points. Point number one, we are continuing to make progress in improving the Company's financial situation. As you know, we're coming out of a pretty dark era, but one that we are emerging from. And while the results are not where we had hoped to be, they are improving. With that, we're also making some significant improvements in the capabilities that we have in the organization that are making us more attractive to large national customers in particular.

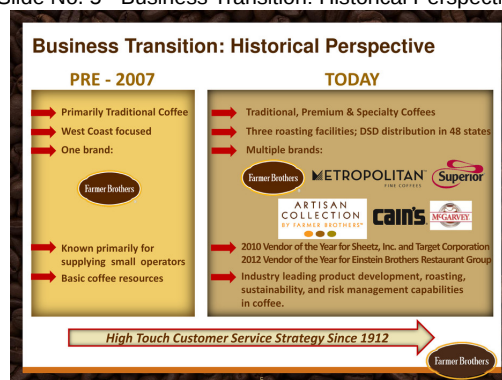
And the third area I'm proud that we're making progress in employee engagement. And for those of you who aren't familiar with how I'm using this term "engagement," there are multiple things in it. It's about morale, it's about ensuring employees know what they are doing every day and how they are going to be evaluated and how they make the

contribution and where this Company is going. And some of the surveys we've done would indicate we're not where we need to be, but we're much better than we've been over the last few years.

Number two, we have spent significant time completing the acquisitions with a focus on CBI, or our specialty coffee business. That's all being integrated to create more of one Farmer Brothers, one organization, and that's going to allow us to remove costs and really drive specialty coffee, which, as several of you may know, is roughly 40% of the coffee business at a much more significant level and make us a much more compelling customer -- provider of coffee to large customers and our core foodservice restaurant business.

And the last area that we'll spend some time on is how we are making sure that the performance of each employee -- myself, my team, cascading on down -- ties to creating shareholder value. It's been a source of question and concern for many of you. It's an area that we're spending time to ensure that everybody knows what they're doing. And if everybody does his or her job, we'll continue to march forward and create more value for all of us on a sustainable basis.

Slide No. 5 - Business Transition: Historical Perspective

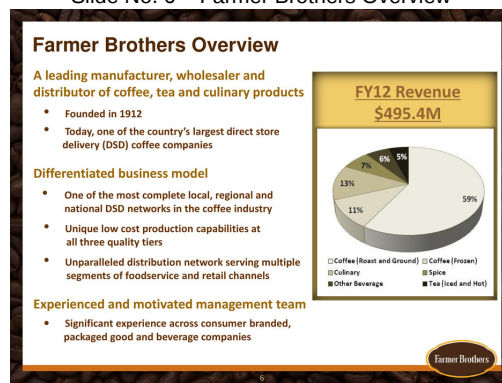


Okay, a little bit on the transition, and I'm not going to spend too much time here. But for those who have questioned, if you think about Farmer Brothers, there are really two eras that I see. One is 2007 and before, going back to 1912. Farmer Brothers was a very prosperous West Coast organization with one brand, the Farmer Brothers brand. We played more in the traditional and value part of the coffee equation, began to build some capability in spices and so forth, but had a very strong Western bias. And I'm seeing some head nods from some of the retired folks, so I hope I'm capturing that appropriately. But a very strong company financially with a very rich legacy of meeting customer demand, providing great service, and growing from that.

If you look at 2007 forward, we've made two acquisitions -- in 2007, Coffee Bean International; in 2009, the Sara Lee DSD business. And the evolution has been up in terms of quality in the portfolio, so we clearly play in the specialty coffee arena. But also, we're a true national company. And along the way, we have built capabilities in R&D. If you haven't been over to our research lab, it's truly world-class and one I've been thrilled to inherit and one we want to leverage more.

We have developed expertise in roasting, sustainability and hedging, and we're very proud to be winning awards in the industry from that service with companies like Target, if you're familiar Archer Farms, that brand, that's us; Sheetz; and most recently we won the prestigious Golden Bagel Award from Einstein Noah, which is actually very impressive since we're the first company not associated with bagels to have won that. So for a coffee manufacturer, that's really impressive and a testament to what we can do as an organization.

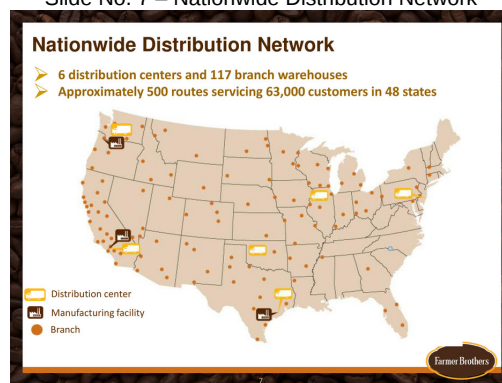
Slide No. 6 – Farmer Brothers Overview



Hopefully that gives you a little grounding in where we've been, where we're going. To give you a snapshot of who we are now, at just a very high level, so the organization is now roughly \$0.5 billion in revenues. What you see here is a graph of the places where we play. About 70% of our portfolio is in coffee, but we've got nice capabilities in spice, culinary, a fast-growing business, though very small at this point, in products like iced coffee, cappuccino and so forth - so a pretty robust portfolio.

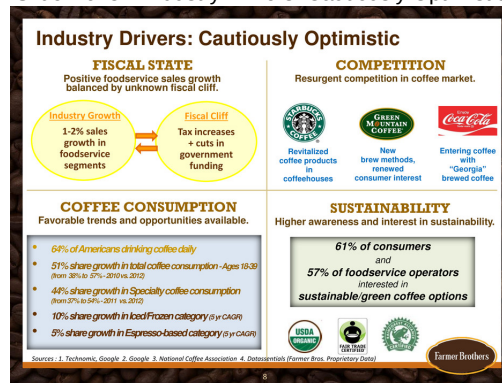
We've got a business model I'll discuss more, but basically we can get coffee to anybody how they want it. So if you're a large national customer and you want it delivered to your distribution center, we can do it. If you want it delivered to your store, we can do that. We've got great capabilities in how we make and distribute coffee, and I think you'll see over time we continue to build a management team that will provide the basis for longer-term success in the industry.

Slide No. 7 – Nationwide Distribution Network



This is our current distribution network. So the little dots are our branches. We have approximately 117 branches. We have roughly 500 routes that run from those. We have six primary distribution centers. Those are the trucks, so you can see we're well spread. And then three primary manufacturing plants – in Portland, Torrance and Houston.

And again, I'd underscore as we integrate CBI into the organization, those three plants in the system now work as one under the leadership of Mark Harding - who was introduced earlier - which allows us to move coffee back and forth and products back and forth through the asset base in a way that we haven't over the recent few years. So a national distribution footprint.



I'm going to shift gears now to the future. So recall we were going to spend a little time on the past, a little bit on the current, but now moving to the future. And I want to share with you the industry as I see it, and I hope what you see is a little yin and yang of counterbalancing forces. And I want to discuss these strategies and give you some context to understand how we're viewing the business.

The first one, in the upper left, is the fiscal state. For those who have been following, the foodservice industry fell on very difficult times with the economic downturn. In fact, the number one reason we lost customers is they simply went out of business over the last few years. That has been rebounding in a very consistent pattern over the last three or four years, no matter what the data source is. In fact, we're seeing low single digit sales growth now in most foodservice segments. There are still some that are sick, but for the most part the industry is coming our way.

Unfortunately, and I think you've probably heard a lot about this in the news, there are significant questions that could impact us about the fiscal cliff. So simple logic flow would be large tax increases may limit consumer disposable income at a significant level. And if that happens, that could hurt our business. It certainly means we need to be careful in who we partner with and ensure we have a growing customer base. It will be really interesting to see that. In its worst case scenario, if consumers have a significant reduction in their disposable income, it could provide a real challenge for us to navigate moving forward.

Next, coffee consumption. I'm going to move to the lower left. The good news is coffee consumption continues to increase in this country, which is a wonderful feeling. In fact, I believe Jeanne Farmer Grossman shared with me a recent article which a noted doctor said drink as much coffee as you can; it's very good for you in all sorts of ways. I endorse that; I hope you do. And feel free to help yourself to some more while we're here.

But while we have a little tailwind there, there are some changes in coffee dynamics we need to be ready for. So flavored coffees, creamed coffees are growing faster than black coffee. The traditional black coffee user is getting significantly older and we need to make sure that we're well positioned to a younger user who's grown up on Starbucks and iced coffee cappuccino; those types of things are how they define it, not quite our historical strength, but a wonderful opportunity.

Hispanics are drinking disproportionately more coffee now and we need to ensure that we're targeting those types of demographics with our products through our foodservice partners and so forth. So a little bit back and forth in terms of coffee consumption trends.

In competition, we've seen some resurgence in areas like the coffee houses. And I only use Starbucks as a manifestation of the entire coffee house industry, but if you were to go back to 2008 there is significant documentation of people who said the coffee houses will decline because consumers will no longer pay \$4.00 for a cup of coffee. But as the economy has turned around, we've seen Starbucks certainly revitalized and now entering the tea business. With Keurig there were some questions around where they were going. We've seen them come back. And most notably, Coca-Cola has announced its intent to enter the coffee business with its Georgia Brew Coffee. Do I think we can compete with

this? Yes, very clearly. Do I think it provides some challenges? Definitely. So again, some opportunity for us, but also some areas that we're going to need to be very tight in how we go.

And then the last area is sustainability. So I think I will give you a deeper dive into our Company's view and what we're doing in the area of sustainability. It's been well noted in the press as a trend and we are well positioned to address those needs, but with the consumer demand for more sustainably produced coffee, also comes a certain cost component that we need to understand and ensure we're protecting our margins. So in summary, moving forward are some obstacles, but some tailwinds as well, which should enable us to grow.

Slide No. 9 – Farmer Brothers' Growth Strategy

Strategy #1: Focus on Growing the Street Business	Strategy #2: Increase Product Penetration	Strategy #3: Focus Resources in High Growth Categories	Strategy #4: Attract Profitable Major Accounts
<ul style="list-style-type: none">• Leverage high quality coffees and teas• Industry leading personnel, convenient DSD service• Leverage route network in less competitive geographic markets	<ul style="list-style-type: none">• Drive hot and iced tea penetration• Product promotions focused on higher margin items• Use culinary portfolio to increase average invoice size	<ul style="list-style-type: none">• Invest in R&D, and marketing• Launch specialty coffee under Farmer Brothers• Improved iced tea program• Focus on high growth espresso and iced coffee categories	<ul style="list-style-type: none">• Differentiate through QA, sustainability, product dev. and risk management programs• Leverage industry leading supply and distribution network to be highest value foodservice coffee supplier

I'm going to move through the next two slides quickly, but I wanted to give you a sense of the strategies that myself, the senior team, the board have begun to embrace and refine and how we plan to navigate these waters moving forward.

Strategy one and two are closely connected, but our clear focus is to reinvigorate our DSD business, our route business. Think of it, for those who studied the Company, the business run by Tom Mortensen, and that requires several things. One, ensuring we have very high quality coffee and teas and a robust product portfolio. And we are ensuring that what's on the truck is exactly what our customers need. We have begun to invest more in training our route sales reps, so they're going through a coffee and tea mastery program to allow them to sell these wonderful coffees that perhaps they hadn't sold before.

And then, we're working through how we return to growth in adding more routes to the system. In fact, we're opening a branch in Charlotte and we want to begin to build a model that will allow us to reinvigorate, particularly in slightly smaller markets, [think as B and C] or maybe a step down or two from Los Angeles, but where we are seeing our profit and our organization thrive at a very high level.

As we do that, we want to sell more to each customer. So we are reinvigorating our tea program, both hot and iced, we're focusing our product promotions on the highest margin items. And so if you were a route sales rep, we want to ensure you've got everything you need and we want you to sell more of what we have to each customer.

Focusing on high revenue resources and high growth categories where we see some product development opportunities or in higher margin categories like the current launch. Have people heard of the Artisan Collection by Farmer Brothers? Truly world-class coffees. We announced them at the National Restaurant Association Show. We had tremendous industry response. In fact, it was mentioned as one of the top 10 surprises in the press because they taste just fantastic and give us an opportunity to go into the specialty coffee arena.

We want to make sure we're building our brand. We believe in the Farmer Brothers brand, and doing that with truly world-class products, be it in coffee, but also tea, and you'll see us do some work in espresso and iced coffee as well.

Attract major profitable customers. I'll describe this more in a slide or two, but we think there's an opportunity to leverage these strengths to get larger customers who value our work in sustainability, who value our ability to buy and source coffee sustainably in R&D and so forth.

In fact, I'll jump ahead -- I've already gotten the question; I know it's coming; I would tell you we do have a relationship with McDonald's as part of that. It's been hypothesized much. I will also tell you we will not be making anymore comments on that regarding size, scope, and so forth. I'll tell you, McDonald's is truly a world-class operation, and we're very pleased to partner with them and I'll leave it at that. So I hope you respect that. My senior team will not be giving any additional input on that as well...but good news.

Slide No. 10 – Farmer Brothers' Growth Strategy (continued)



Three other ones, and I'll get into these into a little more detail. Strategy five: Attack non-value-added costs. And there are multiple layers to that. It's how do we remove slow-moving SKUs from the system. And you might have seen in the annual report, we are in the process of taking out a significant number of slow-moving or low-margin items out of the system.

We're working on how we hedge better, how we buy coffee on a longer-term basis to avoid the issues that we might have faced a couple of years ago as the price of coffee went to \$3.00 a pound and how do we avoid those kind of shocks to our business in the future. I think you'll see us reduce the number of brands we have. We've done some really interesting research which would suggest the Farmers Brothers brand carries a wonderful equity and perhaps some of our other brands don't. So how do we leverage what we do well in our 100-year legacy and perhaps reduce some of the distractions?

And then, of course, operating expense reduction. And Jeff will give you a very clear view of what we've done and a little sense of what we intend to do. But clearly, our infrastructure needs to continue to become more efficient and effective and lower cost while we delight our customers. I'm going to save six, on shareholder value, because we're going to do a deeper dive on that.

Strategy number seven is how we create partnerships with larger scale entities. So there are really three. Some of you have asked, "Are you going to be in the pod business?" And I think the board made a very good decision, which is not to enter into what's becoming a larger, more competitive group directly, but to provide coffee to those who are making pods. And that's what we're doing with Sturm, which is a division of Tree House Foods.

Another example of a partnership is J.M. Smuckers. As many of you know, our liquid coffee business is something we are working on with them and we think there are some opportunities to build that relationship in the future. And then lastly is Aramark, a large distributor of coffee, and how do we work together with them to grow a pretty significant piece of our business.

More than you wanted to know, but I hope from that you begin to get the sense, for those who have asked the question, "So how do you see things moving forward? What are the strategies? What are some of the initiatives at a very high level?" And I'll certainly be happy to take questions on these items and others after or as you see fit.

DSD Model Focuses on Exceeding Customers' Needs Across Our Beverage Portfolio

Important Products

- Coffee & Tea are TOP profit categories for restaurants.
- 1 in 4 operators agree: Coffee & Tea contribute to operation's overall image

Only DSD fulfills Top 3 Operator Needs!

Top 3 Operator Needs	DSD	Club/Depot	Broadline
1. Better variety of coffee/tea products	✓	✗	✓
2. Maintenance/Repair of coffee/tea equipment	✓	✗	✗
3. Training staff on new products + equipment	✓	✗	✗

Source: Outsourceable - Proprietary Data

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Farmer Brothers

Strategy one and two were really around leveraging the DSD business, 500 routes. I just wanted to share a little bit about what we see the competitive model being. So there are three broad competitors, three broad models. One is the DSD, the regional roaster. Another might be club stores. And we get the question, "Hey, I can buy coffee at club a little bit cheaper than you. How do you plan to deal with that?" And then the last one would be broadliners, people who largely just drop coffee or other products off at the back of the store but don't do other things that we do.

We think the path forward is to ensure we've got the right products on the truck, really ensure that we provide great customer service and machine maintenance and value. So if you think of our core foodservice operator, coffee is a pivotal item for them in terms of bringing a customer in, in terms of their breakfast or lunch execution, but it's also a very high margin item for them. Gross margins in the restaurant business are north of 60 percent, so having that coffee run is enormously important. And our objective is to make sure that we are covering everything they need to grow their coffee business moving forward.

Where I believe that provides advantages versus a club or depot, where you can buy your coffee cheaper, they don't really help you stay in business. You can bring it in the back; the rest you need to do yourself. A broadliner might have a good variety, but not provide the maintenance, the menu guidance, the product portfolio to help them grow. So we think when we get these three things right, our DSD business is going to provide a lot of value to the shareholders and help us exceed our financial commitments.

Slide No. 12 – Investing in the Future

Investing in the Future

UPGRADING PRODUCTION:
Adding state-of-the-art roasting and packaging equipment in Houston and Torrance facilities.

BUILDING & UPGRADING THE BRAND:
Integrating our brands under a strong leading company brand, simply: Farmer Brothers®.

LOADING THE TRUCK:
In September, we launched a new line of specialty coffees, the Artisan Collection by Farmer Brothers®, as well as Twinings® premium teas.

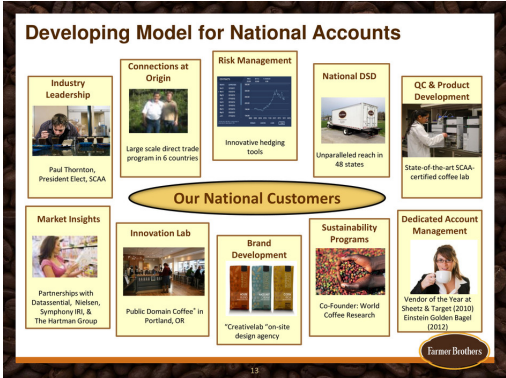
LEADING WITH EXPERTISE:
Focused training for all regional sales reps on specialty coffee and tea.

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Farmer Brothers

When you think of some of the initiatives we're leveraging now, it's about ensuring we're taking advantage of our roasting capabilities, it's ensuring that the products on the truck, like the Artisan line, give all our customers, but certainly the higher end, a good sense of where we're going. It's ensuring that our route sales representatives can go into any restaurant, from white tablecloth to more traditional downscale, and have the right products and help them grow their business and their brand. So that's strategy one and two in a little more detail.

Slide No. 13 – Developing Model for National Accounts



As we think of growing our national account business, which might be Einstein, Target, McDonald’s, they want to see a little bit more of our capabilities than what we might deliver on the street.

Areas that become enormously important -- and I'll just touch on a few -- are our sustainability programs. As many of you know, Farmer Brothers was a founding member of the World Coffee Research Fund. I'm currently on that board and it provides us a wonderful way to ensure that we really understand the economics that farmers face and others to ensure that we are sourcing sustainably, whether it's rainforest alliance or organic or free trade programs and so forth.

Providing unbelievable quality with our labs. And once again, I'd urge you, if you get a chance sometime, to perhaps walk over to the lab under the leadership of Jonathan Waite. It's just fantastic and a capability that customers love that helps transcend price as an issue.

Industry leadership. We have the incoming president of the Specialty Coffee Association of America in Paul Thornton. We also have the incoming head of the Pacific Coast Coffee Association in Jose Ramirez. So playing in those areas at a more significant level is good for our company, it's good for our brand, it allows us to reach out and give these large national customers an absolutely terrific partner.

Slide No. 14 – Major Accounts



I think many of you have seen this. It just shows some of our larger accounts. A couple of the more notable ones would be Einstein Noah, of course, Aramark, we talked a little bit about, Sheetz, where we've been winning awards, and you'll see we've been growing well in the C-Store space and, of course, Target. Recently, we've had a couple of significant wins. We've now started up with Walgreens. Walgreens is an 8,000 store drug chain. Maybe you've been there. We now supply their coffee.

Slide No. 15 – Significant Wins



I'm very proud to say we're the coffee of Washington, DC. Regardless of your politics, we have the Senate and we have the House. We are agnostic, we are pro-coffee. So we are very pleased -- and actually, we have the Smithsonian, which I'm actually proud of because I think it reflects 100 years, in my view, of being the best coffee in America and we should be in these major institutions and we should be in there at a very good margin. Anyway, we've also got a nice business with several drugstore chains and grocery chains out East -- Winn-Dixie, Food Lion, and, if you're from the Northeast, Hannaford's or Sweetbay are very significant there. So some nice wins.



I moved quickly through strategy six, which was around ensuring shareholder value. I want to give you a sense of that now, because the Company has been through a very tumultuous time. There have been some questions raised around, "How are we creating value? How do we ensure that people are doing their best every day and they're doing the right things?" And I wanted to give you a sense of that, because it's a topic that's very important to me and the senior team.



I want to talk through several initiatives that are happening now.

First, completing the integration. My view coming in, and I know that of others, is that we need one identity, and that is the identity of Farmer Brothers as an organization. And as we do that, each plant, each branch, each distribution center is enormously important, but our core is the 100-year history that's represented here in Torrance. To that end, all functions and all entities now work through the Torrance leadership group and, in essence, we're one Company, not disparate divisions. I think that is enormously important.

We've undertaken and built on a lot of work that's been done to ensure that people know the strategy, they know where we're going. We have town halls on a quarterly basis, and we've been very active in getting into all the plants, the distribution centers, and as many branches as we can to make sure people know what's expected of them, where we're going, and how what they do matters every day and how it's tied ultimately to my objectives and what I've committed to the board of directors.

Setting expectations and evaluations. My fundamental belief -- and it's shared by the board and the senior team -- is if people don't know how they're doing and don't know what's expected of them, they're not going to do their best every day. Conversely, when you come to work and you know what you're supposed to do and you're adding value it can be enormously powerful.

Over the last six months, under the leadership of Pat Quiggle, our Head of HR, 99% of the employees who we targeted to have performance reviews have had performance reviews. Basically, all of the employees who we wanted to have clear metrics guiding their business -- and it's not always appropriate for everybody, but it is certainly for the manager level and above -- to have written guidelines of what they're expected to do so they can stay focused truly on the tasks that generate shareholder value and know that that's how they'll be evaluated and how ultimately they tie through to my objectives, which sounds maybe a little bureaucratic or process-driven, but if you've ever come to work and didn't know it or maybe received a performance review and wondered if it was good, why it was, or if it wasn't so good, you know what it's like to not be managed as effectively as you should.

And then lastly, we're trying to bring back a sense of fun. So we have what are called the Farmer Brothers Leadership Awards now. It's a process by which we'll be celebrating the best of our employees on a quarterly basis and then have annual awards, which will be for customer service, cost reduction, implementing projects and so forth, and I think this will add a level of excitement and visibility.

I'm very excited to see that, as well as bringing back rewards based on service. So 20, 25 years, 30 years, 35, 40 -- we'll probably need to go in this organization to 45 and 50 because we have some very long-time employees, but we want to celebrate those accomplishments of adding value for a long time. And some of that had been washed out over the recent past.

Slide No. 18 – Corporate Responsibility and Sustainability



Corporate sustainability and then I'll be turning it over to Jeff. I've had some questions that usually go, "Hey, Mike, what are you doing here? I read that it's important. I read that Farmer Brothers is participating...What does it mean?" For those who don't know, corporate sustainability is really a name that's been given to customers', consumers' demand for products that are produced as good as they can be for the environment, be it low carbon footprint or recycling programs, energy usage, and so forth.

What is Corporate Responsibility?

- A corporate function that is a reaction to global social, environmental, and economic issues:
 - In 40 years, there will be two billion more people and many more engaged in our high-consumptive economy.
 - Resources are becoming scarcer and more expensive. Waste is becoming prohibitive.
- As a corporate citizen, we are part of the solution.
 - By monitoring our business practices and engaging stakeholders, we can discover a smarter, leaner way to do business.
 - By weaving a sustainable philosophy into our business values, we evolve as a leader in the coffee industry.

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And we have moved a very bright young woman named Sarah into that position. She's doing an absolutely terrific job guiding us through that. We've been recognized well for it. And basically, as a corporate citizen, we want to ensure that we're doing our part and this is our model.

Our Model: Social Environmental Economic Development

SEED

SOCIAL

ENVIRONMENTAL

ECONOMIC

Giving policy Stewardship funds Fair Trade Healthful company culture Increase worker retention Healthful product	Track emissions Recycle/Compost Renewable resources Material reduction Rainforest Alliance Organic	Cost control Long-term viability Attract new business Waste reduction Energy reduction Water reduction
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We believe that it's important that we're part of social change with a focus on fair trade, but also ensuring that our employees are in an environment that's safe and effective, that we're providing funds to help growers, third world countries, and so forth at a small level, but ensuring that we're participating there, particularly as our customers ask for it.

We've begun to track emissions and have initiatives to reduce our carbon footprint and energy usage, which is good for our business and our profitability. And then lastly, we've got a great way to control waste, energy, and water focusing on issues as big as how do we roast coffee and issues as small as turning off the lights at night, a particular pet peeve of mine as I walk the building.

Slide No. 21 – Production Capabilities



We're bringing those into all three production facilities. I won't go through each of the certifications, but the point is we can get coffee as our customers want it, whether it's organic, rainforest certified, rainforest alliance, and so forth. So significant work has gone on here. I wouldn't call it significant expense, but it really is important moving forward that we play in this arena and that we're a leader in the area, which we plan to be.

We've covered a lot of ground. In summary, I hope for the new shareholders, you've got a deeper understanding of the Company, in where we've been and where we're going. I hope this was some valuable information for those of you who have studied us and followed us. I'm sure there will be some additional questions moving forward. We're happy to take them, because I think it's really important that you as shareholders -- we're all shareholders -- understand how we see it. And we welcome your comments and your criticisms, preferably more comments, but we'll take them all.

And with that, I will turn it over to Jeff Wahba, who will provide a more in-depth financial overview. Thank you.

Slide No. 22 – Financial Overview



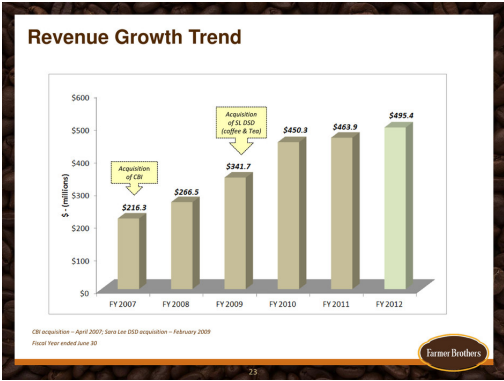
Jeff Wahba - Farmer Bros. Co. - CFO and Treasurer

What I'd like to do in the next five minutes or so is just give you a little historical perspective of where we've gone, where we are today, and a little bit of financial background in terms of a perspective of where the future looks.

As I sat here two years ago and had just finished a \$54 million net loss, never would I have expected that I'd be here two years later and be reporting a net profit for our last quarter. And to me, it's an extremely substantial improvement

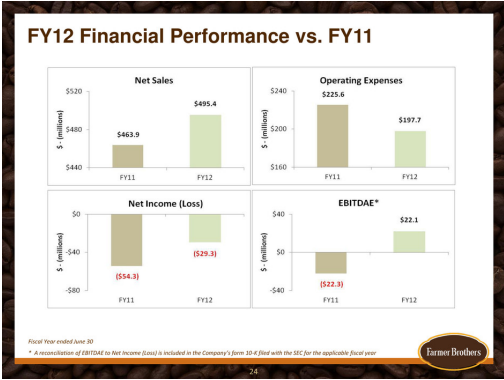
that the Company has made. It's been done by 1,800 plus employees. The good news is that we think that there's still a lot of low-hanging fruit and a lot of opportunity for future growth as we look to the future.

Slide No. 23 – Revenue Growth Trend



To give you that quick historical perspective, if we look at revenue over the last five years, the Company's grown very substantially. As Mike said, in 2007 we were a West Coast-focused, independent foodservice Company with about \$216 million in sales. And last year, we ended with just under \$500 million in revenue. During that time in 2007, we acquired the CBI division and then in 2009 the Sara Lee DSD division. I'd be the first to say, though, that adding revenue doesn't necessarily mean adding net profit. And clearly, as the revenue went up, the net profit numbers went in the opposite direction.

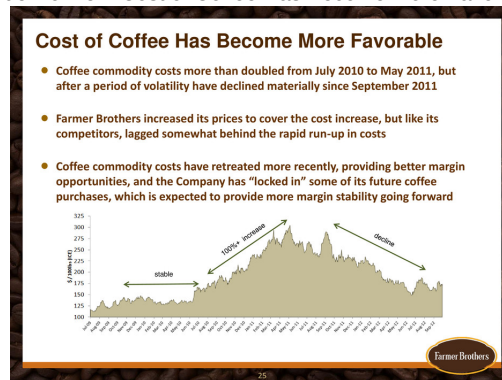
Slide No. 24 – FY 12 Financial Performance vs. FY 11



In the last two years we've seen some significant improvements, and I want to give you just a little perspective of what happened last year. So if you look in the upper left-hand box, we increased sales about 7%, from \$464 million to \$495 million. Operating expenses -- and this was really the impetus in terms of where our net income improved last year. We took operating expenses down almost \$30 million, from \$225 million in operating expenses to \$197 million. And that fueled our net income improvement from the \$54 million loss to a \$29 million loss.

We certainly, as we ended 2012, were very pleased by the results, but obviously on a long-term basis, having a \$29 million loss for a year is not where we want to be. Likewise, EBITDAE, which is a non-GAAP measure, improved almost over \$44 million last year and it's a proxy to some extent for what we call cash flow, from a negative EBITDAE of \$22 million to a positive EBITDAE of \$22.1 million.

Slide No. 25 – Cost of Coffee Has Become More Favorable



Last year, we focused on controlling operating expenses, and we brought those down \$30 million. The area over the last three years that we've had a more difficult time controlling was the cost of coffee. And in early 2010, coffee took some very dramatic increases. It went from about \$1.30 a pound to almost \$3.00 a pound in the early part of 2011. And since that time, it has come down.

And today the cost of coffee is below \$1.40 a pound, almost getting back to where it was two-and-a-half years ago. The cost of coffee is obviously our main cost of goods ingredient. And with the cost of coffee coming back down, over the last several quarters, it's helped fueled the improvement in gross margin.

Slide No. 26 – FY 12 Accomplishments Leading to FY 13 Growth



I'd just like to review some of the key things that we've done over the last 18 months to get us to where we are today. Despite some of the challenges, as Mike talked about, in the foodservice business, we saw revenue grow 7%. And very importantly, we saw our national account business grow 20%. This was an area in which five years ago we had almost no market share. We've taken a small market share and grown it substantially and continue, as we go into FY13, to see a number of big wins, as Mike pointed out. Just in the first quarter, we started shipping to Walgreens and the Food Lion chain, as an example.

We've increased our margin on a dollars per pound basis and we've been able to keep our price points at relatively consistent levels. And as the cost of coffee comes down, we're seeing the differential between our price points and our cost of goods improve on a quarter-by-quarter basis. Very importantly, the launch of the Artisan Collection has allowed us to increase our market share. And hopefully, as we go further into the future, even more so into the premium and

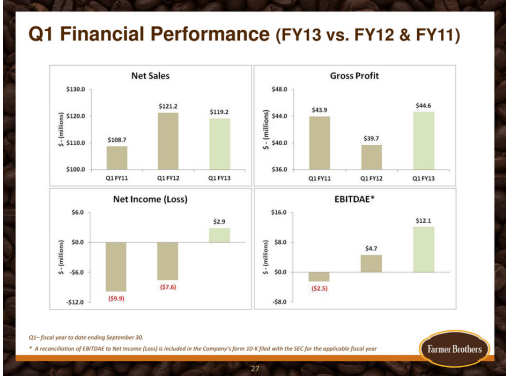
specialty area. And we hope that not only will it increase revenue in a market category that we've had relatively little share, but it will also improve gross margins.

We have aligned the organization to meet the current economic environment. Today we have about 15% less headcount than we did at the time of the Sara Lee transaction. And as we look at revenue per employee, it is at an all-time high in the Company's history. As I mentioned earlier, we reduced operating expenses last year by 15% and we continue to look for opportunities in FY13.

We also instituted a hedging program. The rapid increase in the cost of coffee in 2010 took us and probably all of our competitors a little bit by surprise. I think today if coffee went up as rapidly as it did in that time period, we would certainly have a good deal more protection with our hedging strategies than we did at that time

And finally, as we've been able to reduce expenses, we've taken some of those resources and invested them into field sales and marketing personnel. And today, we have about 30 more sales and marketing-related resources in the marketplace than we did a year and a half ago by being able to get some efficiencies in our back office operations and employ those resources to increase the top-line.

Slide No. 27 – Q1 Financial Performance (FY 13 vs. FY 12 & FY 11)



So finally, when we look at the first quarter, I'm extremely proud about how far the Company has come. Our net sales did decline just very modestly in the first quarter, in the upper left-hand box, but that is a number that we actually expected. About 25% of our business is from national accounts, and many of our national accounts are on a cost plus basis. So as the cost of coffee has come down, our price points to those national accounts have come down. It doesn't mean that our margin has changed at all because it is cost plus, but the average price point has decreased.

And so although our pounds went up significantly, we did see revenue decrease just slightly. Most importantly, what we take to the bank is our gross profit dollars. And as you can see in the upper right-hand box, gross profit this year increased from \$39.7 million to \$44.6 million. In the bottom left-hand corner, we went from a loss in the prior year quarter of \$7.6 million to earning \$2.9 million. I should point out that we did have the sale of a piece of real estate, and without that sale we would have been just about at break-even for the quarter. But still, almost an \$8 million improvement from the year before.

And then finally, when looking at EBITDAE, we went from \$4.7 million to \$12.1 million, almost a 300% increase year-over-year. So I think we're very pleased by the progress we made in the first quarter. There's certainly a lot of room for improvement as we look forward, but I think the future is bright from a financial perspective.

With that, I'd like to turn it back to Mike and we're open for any questions.