

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): **September 11, 2014**

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)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

(e) Approval of FY2014 Executive Officer Bonus Awards, Approval of FY2015 Executive Officer Base Salaries, and Approval of FY2015 Executive Officer Target Awards

Approval of FY2014 Executive Officer Bonus Awards

On September 11, 2014, the Compensation Committee of the Board of Directors of Farmer Bros. Co., a Delaware corporation (the “Company”), approved the following executive officer bonus awards for the fiscal year ended June 30, 2014 under the Farmer Bros. Co. 2005 Incentive Compensation Plan (the “Incentive Plan”), a copy of which was previously filed as Exhibit 10.10 to the Company’s Quarterly Report on Form 10-Q for the quarter ended December 31, 2013:

Name	Fiscal 2014 Target Award	Fiscal 2014 Target Award as Percentage of Fiscal 2014 Base Salary	Corporate Performance Goals (Weight)	Individual Performance Goals (Weight)	Fiscal 2014 Actual Bonus Award
Michael H. Keown	\$ 475,000	100%	90%	10%	\$ 688,748
Mark J. Nelson(1)(2)	\$ 180,000	60%	90%	10%	\$ 255,913
Thomas W. Mortensen(1)	\$ 132,500	50%	90%	10%	\$ 190,270
Mark A. Harding (1)(3)	\$ 130,689	50%	90%	10%	\$ 188,410

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- (1) Fiscal 2014 target awards for Messrs Nelson, Harding and Mortensen were based on each of their respective average monthly base salaries for fiscal 2014.
 - (2) Pursuant to Amendment No. 1 to Employment Agreement, dated as of January 1, 2014 (“Amendment No. 1 to Nelson Employment Agreement”), by and between Farmer Bros. Co. and Mark J. Nelson, a copy of which was previously filed as Exhibit 10.2 to the Company’s Current Report on Form 8-K filed with the SEC on March 5, 2014, the Applicable Percentage of Mr. Nelson’s Target Award, as such terms are defined in the Incentive Plan, increased from fifty percent (55%) of Mr. Nelson’s base annual salary to sixty percent (60%) of his base annual salary effective as of July 1, 2013 (for the entirety of fiscal 2014).
 - (3) Pursuant to the Separation Agreement, dated as of July 16, 2014, by and between Farmer Bros. Co. and Mark A. Harding, a copy of which was previously filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the SEC on July 17, 2014, Mr. Harding was entitled to receive an amount equal to his final bonus under the Incentive Plan for the Company’s fiscal year ended June 30, 2014, as determined by the Compensation Committee, which final bonus amount was required to be greater than or equal to \$130,689.

Fiscal 2014 bonuses were awarded based on the level of achievement of Company financial performance criteria and individual goals. The form of bonus award letter under the Incentive Plan for fiscal 2014 is filed herewith as Exhibit 10.1 and is incorporated herein by reference.

Approval of Executive Officer Base Salaries

On September 11, 2014, the Compensation Committee also approved changes in base salaries, which changes shall apply and be effective as of September 1, 2014, for the Company's executive officers, as follows:

Name	Title	Fiscal 2015 Annual Base Salary	Fiscal 2014 Annual Base Salary	Percentage Change Over Fiscal 2014 Base Salary
Michael H. Keown	President and Chief Executive Officer	\$507,000	\$475,000	6.7%
Mark J. Nelson(1)	Treasurer and Chief Financial Officer	\$320,000	\$310,000	3.2%
Thomas W. Mortensen	Senior Vice President of Route Sales	\$270,300	\$265,000	2.0%

- (1) Based on fiscal 2014 annual base salary in effect at the end of fiscal 2014 as increased effective January 1, 2014 pursuant to Amendment No. 1 to Nelson Employment Agreement.

Approval of FY2015 Executive Officer Target Awards

On September 11, 2014, the Compensation Committee also established fiscal 2015 target incentive compensation awards under the Incentive Plan for the Company's executive officers shown in the table below as a percentage of base salary. The target incentive percentages could result in target bonus dollar amounts, which are also shown in the table below.

Name	Title	Fiscal 2015 Target Award(1)	Percent of Fiscal 2015 Base Salary
Michael H. Keown	President and Chief Executive Officer	\$ 507,000	100%
Mark J. Nelson	Treasurer and Chief Financial Officer	\$ 208,000	65%
Thomas W. Mortensen	Senior Vice President of Route Sales	\$ 148,665	55%

- (1) Dollar amounts shown assume achievement at 100% of established targets and will change if base salary changes during fiscal 2015. The fiscal 2015 target awards shown for Messrs. Keown, Nelson, and Mortensen reflect the changes in their respective base salaries effective as of September 1, 2014.

The Compensation Committee determined that for purposes of fiscal 2015 bonus determinations under the Incentive Plan, the Company's financial performance will be gauged by the level of achievement of modified net income and modified operating cash flow, in each case as determined from the Company's audited financial statements. "Modified net income" is defined as net income (GAAP) before taxes and excluding any gains or losses from sales of assets. "Modified operating cash flow" is defined as net income from operations (GAAP) after taking into account adjustments for the following items: (i) depreciation and amortization, (ii) provision for doubtful accounts, (iii) changes in: (a) accounts and notes receivable, (b) inventories, (c) income tax receivables, (d) prepaid expenses, (e) other assets, (f) accounts payable, and (g) accrued payroll, expenses and other current liabilities. Subject to the Compensation Committee's discretion under the Incentive Plan, threshold modified net income equal to no less than 90% of the modified net income target approved by the Compensation Committee must be achieved in fiscal 2015 to earn any bonus payout under the Incentive Plan. Assuming this threshold is reached, then a percentage of achievement ranging from 90% to 200% will be assigned for each of modified net income and modified operating cash flow, respectively, in proportion to the level of modified net income and modified operating cash flow, respectively, achieved. Following that calculation of achievement for each of modified net income and operating cash flow, an overall Company financial performance achievement percentage will be calculated by giving modified net income percentage achievement 80% weight and giving modified operating cash flow 20% weight. The Compensation Committee also assigned individual goals for fiscal 2015 to each of the executive officers shown in the table above.

At the end of the fiscal year, bonus awards will be determined primarily by measuring the Company's financial performance and the executive officer's achievement of individual goals. The method for calculating bonus awards is set

forth in the form of target award notification letter under the Incentive Plan for fiscal 2015 filed herewith as Exhibit 10.2 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
10.1	Form of Bonus Award Letter (Fiscal 2014) under Farmer Bros. Co. 2005 Incentive Compensation Plan.*
10.2	Form of Target Award Notification Letter (Fiscal 2015) under Farmer Bros. Co. 2005 Incentive Compensation Plan.*

* 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: **September 17, 2014**

FARMER BROS. CO.

By: /s/ Mark J. Nelson

Mark J. Nelson

Treasurer and Chief Financial Officer

EXHIBIT INDEX

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* Management contract or compensatory plan or arrangement.

**FORM OF FISCAL 2014 AWARD LETTER UNDER
FARMER BROS. CO. 2005 INCENTIVE COMPENSATION PLAN**

Dear _____:

The Compensation Committee ("Committee") of Farmer Bros. Co. (the "Company") chose you to be a participant in fiscal 2014 in the Farmer Bros. Co. 2005 Incentive Compensation Plan (the "Plan"). Your target award for fiscal 2014 was _____% of your [average monthly] base salary for fiscal 2014, which the Committee determined based on your expected total compensation, job responsibilities, expected job performance, and the terms of your employment agreement[, as amended].

In general, your bonus for fiscal 2014 was determined primarily by measuring the Company's financial performance and your achievement of individual goals. In calculating your bonus under the Plan, Company financial performance was weighted at 90%, and individual performance was weighted at 10%.

The Company's financial performance was gauged by the level of achievement of modified net income and modified operating cash flow, in each case as determined from the Company's audited financial statements. "Modified net income" is defined as net income (GAAP) before taxes and excluding any gains or losses from sales of assets. "Modified operating cash flow" is defined as net income from operations (GAAP) after taking into account adjustments for the following items: (i) depreciation and amortization, (ii) provision for doubtful accounts, (iii) changes in: (a) accounts and notes receivable, (b) inventories, (c) income tax receivables, (d) prepaid expenses, (e) other assets, (f) accounts payable, and (g) accrued payroll, expenses and other current liabilities. Target performance for modified net income was \$____ million, and target performance for modified operating cash flow was \$____ million. Modified net income achievement was given 80% weight and modified operating cash flow was given 20% weight. Subject to the Committee's discretion under the Plan, weighted threshold achievement of 90% with respect to modified net income was required to be achieved in fiscal 2014 to earn any bonus payout under the Plan. A percentage of achievement ranging from 90% to 200% was assigned for each of modified net income and modified operating cash flow, respectively, in proportion to the level of modified net income and modified operating cash flow, respectively, achieved relative to the target performance for such measures. Based on the foregoing, the Committee determined that the Company's modified net income was approximately \$____ million and modified operating cash flow was approximately \$____ million, resulting in a "Company Overall Achievement Percentage" of achievement of ____%.

The Committee has determined your level of achievement of each of your assigned individual goals within a range of 0% to 200%, multiplied such percentage by the weight originally proposed for each such goal, added all individual goal achievement percentages together to get an overall achievement percentage for all individual goals. The Committee was entitled to take into account those goals as well as other factors and give each of them weight (or ignore them as factors) as it reasonably determined. Your individual goals for fiscal 2014, the weight given to each expressed as a percentage, and your level of achievement as determined by the Committee are as follows:

Goal	% Weight	Level of Achievement	Level of Achievement on Weighted Basis
-----	-----	%	%
-----	-----	%	%
TOTAL	100%	%	%

In the event that your overall achievement of individual goals exceeded 100%, the Committee limited any such amounts to 100%. The Committee evaluated the achievement of those listed goals as well as other reasonable factors it considered to be germane to your performance for the year and assigned a value of up to 10% with respect to your level of overall individual performance. The listed goals were not an exclusive list of goals and factors considered by the Committee in determining your level of individual achievement for fiscal 2014. Following that evaluation, your individual performance achievement was determined to be _____%, and this result was multiplied by the Company Overall Achievement Percentage, and the resulting figure, your "Individual Overall Achievement Percentage," was _____%.

The Company Overall Achievement Percentage and your Individual Overall Achievement Percentage were then added together and multiplied by your Target Bonus Percentage. The product was then further multiplied by your fiscal 2014 [average monthly] base salary. Based on the foregoing, the Committee has determined your fiscal 2014 final bonus award is \$_____.

You are advised that the Committee may or may not choose to exercise its discretion with respect to awards in the future. Further, you are reminded to promptly contact the Committee in the event circumstances dictate re-examination of originally assigned goals by the Committee.

The Committee has determined that your bonus award will be paid on a current basis under the Plan. All awards are governed by the Plan provisions which control any inconsistency with this letter.

Please let me know if you have any questions.

Very truly yours,
Jeanne Farmer Grossman
Compensation Committee Chair

**FORM OF TARGET AWARD NOTIFICATION LETTER (FISCAL 2015)
UNDER FARMER BROS. CO. 2005 INCENTIVE COMPENSATION PLAN**

Dear _____:

The Compensation Committee ("Committee") has chosen you to be a participant in the Farmer Bros. Co. 2005 Incentive Compensation Plan (the "Plan") for fiscal 2015. Your target award for fiscal 2015 is equal to _____% of your annual base salary ("Target Bonus Percentage"). If your base salary changes during the year, your target award will be the indicated percentage of twelve (12) times your average monthly base salary for fiscal 2015. Your target award was determined by the Committee based on your expected total compensation, job responsibilities, expected job performance, and the terms of your employment agreement[, as amended].

In general, your bonus for fiscal 2015 will be determined primarily by measuring the Company's financial performance and your achievement of individual goals which the Committee has assigned to you. The method for determining your bonus is described below.

Company Financial Performance

In calculating your bonus under the Plan, Company financial performance will be weighted at 90%. Company financial performance will be gauged by the level of achievement of modified net income and modified operating cash flow, in each case as determined from the Company's audited financial statements. "Modified net income" is defined as net income (GAAP) before taxes and excluding any gains or losses from sales of assets. "Modified operating cash flow" is defined as net income from operations (GAAP) after taking into account adjustments for the following items: (i) depreciation and amortization, (ii) provision for doubtful accounts, (iii) changes in: (a) accounts and notes receivable, (b) inventories, (c) income tax receivables, (d) prepaid expenses, (e) other assets, (f) accounts payable, and (g) accrued payroll, expenses and other current liabilities. Subject to the Committee's discretion under the Plan, threshold modified net income equal to no less than \$XXX million must be achieved in fiscal 2015 to earn any bonus payout under the Plan. Assuming this threshold is reached, then a percentage of achievement ranging from 90% to 200% will be assigned for each of modified net income and modified operating cash flow, respectively, in proportion to the level of modified net income and modified operating cash flow, respectively, achieved in relation to the targets for such amounts for fiscal 2015. Target modified net income for fiscal 2015 is \$XXX million and target modified operating cash flow for fiscal 2015 is \$XXX million. Following that calculation of achievement for each of modified net income and operating cash flow, an overall Company financial performance achievement percentage will be calculated by giving modified net income percentage achievement 80% weight and giving modified operating cash flow 20% weight. This resulting figure is the "Company Overall Achievement Percentage."

Individual Performance

In calculating your bonus under the Plan, individual performance will be weighted at 10%. The Committee has approved the following items for fiscal 2015, as a non-exclusive list of individual goals for the fiscal year, including the proposed weighting to be considered for such individual goals:

The foregoing goals are not an exclusive list. The Committee may take the foregoing into account as well as other factors and give each of them weight (or ignore them as factors) as it shall reasonably determine and will consider the proposed weight given to each of those listed goals. After the end of the fiscal year, the Committee will evaluate those listed goals as well as other reasonable factors it considers to be germane to your performance for the year and assign a value of up to 10% with respect to your level of overall individual performance. Your individual performance achievement will then be multiplied by the Company Overall Achievement Percentage, and the resulting figure is the "Individual Overall Achievement Percentage."

Bonus Determination

After the end of the fiscal year and promptly upon availability of the Company's audited financial statements, the Committee will determine the Company's level of modified net income and modified operating cash flow and the resulting Company Overall Achievement Percentage, as set forth above.

At such time, the Committee will also determine your percentage of individual performance achievement and resulting Individual Overall Achievement Percentage.

The Company Overall Achievement Percentage and the Individual Overall Achievement Percentage will be added together and multiplied by your Target Bonus Percentage. The product will be further multiplied by your fiscal 2015 annual base salary. The result will be the amount of your preliminary bonus award for fiscal 2015. The preliminary bonus award is subject to adjustment, upward or downward, by the Compensation Committee in its discretion. The Committee also has the discretion to alter the Company

financial performance measures and individual goals during the fiscal year and to decline to award any bonus should the Committee determine such actions to be warranted by a change in circumstances. Accordingly, no bonus is earned unless and until an award is actually made by the Committee after fiscal year-end.

Example

Assume that your annual base salary for fiscal 2015 is \$250,000 and did not change during the year, your target award is 40% of your annual base salary and that Company financial performance is to be weighted at 90% and individual goals are to be weighted at 10%. Assume that the percentage of achievement of the modified net income Company financial performance measure is 150% and the percentage of achievement of the modified operating cash flow Company financial performance measure is 120%, thus the Company Overall Achievement Percentage would be $(150\% \times 80\%) + (120\% \times 20\%) = 144\%$. Assume, further, that the Committee determined the level of achievement for your individual performance to be 8%, which when multiplied by the Company Overall Achievement Percentage of 144% would make your Individual Overall Achievement Percentage become $(144\% \times 8\%) = 11.5\%$, your bonus would be determined as follows: $(90\% \times 144\%) + (11.5\%) = 141.1\%$.

The preliminary bonus is the product of your total achievement percentage multiplied by your Target Bonus Percentage multiplied by your base salary. In the above example, the preliminary bonus amount is \$141,100 $(141.1\% \times 40\% \times \$250,000)$. The Committee has discretion to change your preliminary bonus amount to arrive at your final bonus amount. However, absent extraordinary circumstances, the Committee does not intend to exercise discretion to award bonuses if modified net income is not achieved at a level of at least 90% of the target established by the Committee.

The Committee intends that the bonus structure described above will encourage teamwork among key management personnel as well as individual achievement. The Company and individual goals are not intended to be easily achievable. The Committee can determine to pay awards on a current or deferred basis, or partly on each. Please promptly contact the Committee in the event circumstances dictate re-examination of goals assigned by the Committee.

All awards are governed by the Plan provisions which control any inconsistency with this letter.

Please let me know if you have any questions. We wish you great success for fiscal 2015!

Very truly yours,

Jeanne Farmer Grossman
Compensation Committee Chair