

**FARMER BROS. CO.**  
**CHARTER OF THE COMPENSATION COMMITTEE**  
**OF THE BOARD OF DIRECTORS**

**Purpose**

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Farmer Bros. Co. (the "Company") is established for the principal purposes of discharging the Board's responsibilities related to compensation of the Company's employees and executive officers, including approval of chief executive officer compensation and to prepare the report on executive compensation required to be included in the Company's annual proxy statement. This charter specifies the scope of authority and responsibility of the Committee.

**Organization, Membership and Meetings**

1. The Committee shall be comprised of at least three (3) directors, at least two (2) of whom must meet the independence, expertise and other qualification standards required by the federal securities laws and as may be required by the listing standards of The Nasdaq Stock Market, Inc. or other securities exchange upon which the Company's securities are traded.

2. Members of the Committee shall be appointed by the Board. Members may be replaced by the Board at any time, but shall otherwise serve until a successor has been named.

3. The Committee shall meet at least once each year, with the authority to convene additional meetings, as circumstances require. The Committee may invite members of management, legal counsel or others to attend meetings and to provide relevant information.

4. The Committee may form and delegate authority to subcommittees when appropriate, or to one or more members of the Committee.

5. The Committee may elect a Chairman of the Committee who, if elected, shall preside at all meetings. At all meetings of the Committee, a majority of the members of the Committee shall constitute a quorum for the transaction of business, and the act of a majority of the members of the Committee present at a meeting at which a quorum is in attendance shall be the act of the Committee. Members of the Committee may participate in any meeting by means of a conference telephone or similar communications equipment by means of which persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting. The Committee shall maintain written minutes of its meetings, which minutes will be filed in the corporate minute book. Any person present at a meeting may be appointed by the Committee as Secretary to record the minutes. The Committee may adopt additional rules of procedure, but when a matter of procedure is not

addressed by Committee rules, the procedure specified by the Company's Bylaws shall be followed.

### **Committee Authority, Responsibilities and Duties**

The Committee shall have the following authority, responsibilities and duties:

1. To review and approve on an annual basis the procedures and substances of the Company's compensation policy for executive officers.
2. Evaluate at least annually the executive officers' performance in light of established goals and objectives and, based on such evaluation, have sole authority to determine the executive officers' annual compensation.
3. Review and make recommendations to the Board with respect to compensation for other executive officers, incentive compensation plans and equity based compensation plans.
4. Review and make recommendations to the Board with respect to the compensation of directors.
5. Administer, interpret and determine awards pursuant to the Company's Incentive Compensation Plan, as it may be amended.
6. Conduct a performance evaluation of the Committee and review and assess this charter's adequacy at least annually.
7. The authority to engage, and pay the fees and expenses of search firms, consulting firms, independent counsel, advisors and experts deemed necessary, as determined by the Committee, to permit the Committee to perform its duties under this charter. The fees and expenses of these search firms, consulting firms, independent counsel, advisors and experts shall be paid by the Company, and the Company shall provide all other funding necessary for the Committee to perform its functions and responsibilities.
8. Perform such other activities consistent with this charter, the Company's Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.
9. Report to stockholders in the Company's annual proxy statement about officer compensation as required by Securities and Exchange Commission rules.
10. Perform other functions as requested by the Board of Directors.

*Reporting Responsibilities*

The Committee shall report to the Board periodically or as required by the nature of its duties on its activities and shall make recommendations to the Board as the Committee decides are appropriate.

Adopted: August 16, 2004