

Greenway Joy M
Form 4
December 06, 2012

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2015
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Greenway Joy M

2. Issuer Name and Ticker or Trading Symbol
VISTEON CORP [VC]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
ONE VILLAGE CENTER DRIVE

(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
12/05/2012

____ Director
 Officer (give title below)
____ 10% Owner
____ Other (specify below)
Vice President

VAN BUREN
TOWNSHIP, MI 48111

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)	
Common Stock	12/05/2012		S	24,958	D	\$ 50.3355	28,599	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

57

—

—

Net periodic benefit cost (credit)

\$
816

\$
(392
)

\$
21

\$
(17
)

\$
377

\$
375

Other changes recognized in OCI

Net loss

\$
20,913

Explanation of Responses:

\$
9,803

\$
859

\$
356

\$
750

\$
165

Amortization of net loss

(1,411
)

(1,153
)

(68
)

(57
)

—

—

Total recognized in OCI

\$
19,502

\$
8,650

\$

Explanation of Responses:

791

\$
299

\$
750

\$
165

Total recognized in net periodic benefit cost and OCI

\$
20,318

\$
8,258

\$
812

\$
282

\$
1,127

\$
540

Weighted-average assumptions used to determine net periodic benefit cost

Discount rate

4.40
%

4.15
%

4.40
%

4.15
%

4.40
%

4.15
%

Expected long-term return on plan assets

7.50
%

7.50
%

7.50
%

7.50
%

7.50
%

7.50
%

Rate of compensation increase

N/A

N/A

N/A

N/A

Explanation of Responses:

N/A

N/A

Basis Used to Determine Expected Long-term Return on Plan Assets

The expected long-term return on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan and the Long-Term Capital Market Assumptions (CMA) 2014. The capital market assumptions were developed with a primary focus on forward-looking valuation models and market indicators. The key fundamental economic inputs for these models are future inflation, economic growth, and interest rate environment. Due to the long-term nature of the pension obligations, the investment horizon for the CMA 2014 is 20 to 30 years. In addition to forward-looking models, historical analysis of market data and trends was reflected, as well as the outlook of recognized economists, organizations and consensus CMA from other credible studies.

Description of Investment Policy

The Company's investment strategy is to build an efficient, well-diversified portfolio based on a long-term, strategic outlook of the investment markets. The investment markets outlook utilizes both the historical-based and forward-looking return forecasts to establish future return expectations for various asset classes. These return expectations are used to develop a core asset allocation based on the specific needs of each plan. The core asset allocation utilizes investment portfolios of various asset classes and multiple investment managers in order to maximize the plan's return while providing multiple layers of diversification to help minimize risk.

76

Farmer Bros. Co.
Notes to Consolidated Financial Statements (continued)

Additional Disclosures

(\$ in thousands)	Farmer Bros. Plan June 30,		Brewmatic Plan June 30,		Hourly Employees' Plan June 30,		
	2016	2015	2016	2015	2016	2015	
Comparison of obligations to plan assets							
Projected benefit obligation	\$ 152,325	\$ 136,962	\$ 4,574	\$ 4,064	\$ 4,329	\$ 3,145	
Accumulated benefit obligation	\$ 152,325	\$ 136,962	\$ 4,574	\$ 4,064	\$ 4,329	\$ 3,145	
Fair value of plan assets at measurement date	\$ 91,201	\$ 94,815	\$ 2,989	\$ 3,291	\$ 2,447	\$ 2,104	
Plan assets by category							
Equity securities	\$ 58,094	\$ 47,340	\$ 1,909	\$ 1,638	\$ 1,542	\$ 1,050	
Debt securities	27,586	37,789	899	1,322	758	839	
Real estate	5,521	9,686	181	331	147	215	
Total	\$ 91,201	\$ 94,815	\$ 2,989	\$ 3,291	\$ 2,447	\$ 2,104	
Plan assets by category							
Equity securities	64	% 50	% 64	% 50	% 63	% 50	%
Debt securities	30	% 40	% 30	% 40	% 31	% 40	%
Real estate	6	% 10	% 6	% 10	% 6	% 10	%
Total	100.0	% 100	% 100	% 100	% 100	% 100	%

Fair values of plan assets were as follows:

(In thousands)	June 30, 2016			
	Total	Level 1	Level 2	Level 3
Farmer Bros. Plan	\$ 91,201	\$ —	\$ —	\$ —
Brewmatic Plan	\$ 2,989	\$ —	\$ —	\$ —
Hourly Employees' Plan	\$ 2,447	\$ —	\$ —	\$ —

(In thousands)	June 30, 2015			
	Total	Level 1	Level 2	Level 3
Farmer Bros. Plan	\$ 94,815	\$ —	\$ —	\$ —
Brewmatic Plan	\$ 3,291	\$ —	\$ —	\$ —
Hourly Employees' Plan	\$ 2,104	\$ —	\$ —	\$ —

As of June 30, 2016, approximately 6% of the assets of each of the Farmer Bros. Plan, the Brewmatic Plan and the Hourly Employees' Plan were invested in pooled separate accounts which invested mainly in commercial real estate and included mortgage loans which were backed by the associated properties. These underlying real estate investments are able to be redeemed at net asset value per share and therefore, are considered Level 2 assets.

The following is the target asset allocation for the Company's single employer pension plans—Farmer Bros. Plan, Brewmatic Plan and Hourly Employees' Plan—for fiscal 2017:

	Fiscal 2017
U.S. large cap equity securities	42.8 %
U.S. small cap equity securities	5.2 %
International equity securities	16.0 %
Debt securities	30.0 %
Real estate	6.0 %

Explanation of Responses:

Edgar Filing: Greenway Joy M - Form 4

Total 100.0%

77

Farmer Bros. Co.
Notes to Consolidated Financial Statements (continued)

Estimated Amounts in OCI Expected To Be Recognized

In fiscal 2017, the Company expects to recognize as a component of net periodic benefit cost \$1.1 million for the Farmer Bros. Plan, \$71,000 for the Brewmatic Plan, and \$0.5 million for the Hourly Employees' Plan.

Estimated Future Contributions and Refunds

In fiscal 2017, the Company expects to contribute \$2.0 million to the Farmer Bros. Plan, \$0.1 million to the Brewmatic Plan, and \$0.3 million to the Hourly Employees' Plan. The Company is not aware of any refunds expected from single employer pension plans.

Estimated Future Benefit Payments

The following benefit payments are expected to be paid over the next 10 fiscal years:

(In thousands)	Farmer Bros. Plan	Brewmatic Plan	Hourly Employees' Plan
Year Ending:			
June 30, 2017	\$7,310	\$ 320	\$ 81
June 30, 2018	\$7,520	\$ 310	\$ 110
June 30, 2019	\$7,760	\$ 310	\$ 120
June 30, 2020	\$8,040	\$ 300	\$ 140
June 30, 2021	\$8,250	\$ 290	\$ 170
June 30, 2022 to June 30, 2026	\$42,770	\$ 1,340	\$ 1,170

These amounts are based on current data and assumptions and reflect expected future service, as appropriate.

Multiemployer Pension Plans

The Company participates in two multiemployer defined benefit pension plans that are union sponsored and collectively bargained for the benefit of certain employees subject to collective bargaining agreements, of which the Western Conference of Teamsters Pension Plan ("WCTPP") is individually significant. The Company makes contributions to these plans generally based on the number of hours worked by the participants in accordance with the provisions of negotiated labor contracts.

The risks of participating in multiemployer pension plans are different from single-employer plans in that: (i) assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; (ii) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and (iii) if the Company stops participating in the multiemployer plan, the Company may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company's participation in WCTPP is outlined in the table below. The Pension Protection Act ("PPA") Zone Status available in the Company's fiscal year 2016 and fiscal year 2015 is for the plan's year ended December 31, 2015 and December 31, 2014, respectively. The zone status is based on information obtained from WCTPP and is certified by WCTPP's actuary. Among other factors, plans in the green zone are generally more than 80% funded. Based on WCTPP's annual report on Form 5500, WCTPP was 91.7% and 91.9% funded for its plan year beginning January 1, 2015 and 2014, respectively. The "FIP/RP Status Pending/Implemented" column indicates if a funding improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented.

Pension Plan	Employer Identification Number	Pension Plan Number	PPA Zone Status July 1, 2015	PPA Zone Status July 1, 2014	FIP/RP Status Pending/Implemented	Surcharge Imposed	Expiration Date of Collective Bargaining Agreements
Western Conference of Teamsters Pension Plan	91-6145047	001	Green	Green	No	No	January 31, 2020

Explanation of Responses:

Farmer Bros. Co.
Notes to Consolidated Financial Statements (continued)

Based upon the most recent information available from the trustees managing WCTPP, the Company's share of the unfunded vested benefit liability for the plan was estimated to be approximately \$9.1 million if the withdrawal had occurred in calendar year 2015. These estimates were calculated by the trustees managing WCTPP. Although the Company believes the most recent plan data available from WCTPP was used in computing this 2015 estimate, the actual withdrawal liability amount is subject to change based on, among other things, the plan's investment returns and benefit levels, interest rates, financial difficulty of other participating employers in the plan such as bankruptcy, and continued participation by the Company and other employers in the plan, each of which could impact the ultimate withdrawal liability.

If withdrawal liability were to be triggered, the withdrawal liability assessment can be paid in a lump sum or on a monthly basis. The amount of the monthly payment is determined as follows: Average number of hours reported to the pension plan trust during the three consecutive years with highest number of hours in the 10-year period prior to the withdrawal is multiplied by the highest hourly contribution rate during the 10-year period ending with the plan year in which the withdrawal occurred to determine the amount of withdrawal liability that has to be paid annually. The annual amount is divided by 12 to arrive at the monthly payment due. If monthly payments are elected, interest is assessed on the unpaid balance after 12 months at the rate of 7% per annum.

In fiscal 2012, the Company withdrew from the Local 807 Labor-Management Pension Fund ("Pension Fund") and recorded a charge of \$4.3 million associated with withdrawal from this plan, representing the present value of the estimated withdrawal liability expected to be paid in quarterly installments of \$0.1 million over 80 quarters. On November 18, 2014, the Pension Fund sent the Company a notice of assessment of withdrawal liability in the amount of \$4.4 million, which the Pension Fund adjusted to \$4.9 million on January 5, 2015. The Company is in the process of negotiating a reduced liability amount. The Company has commenced quarterly installment payments to the Pension Fund of \$91,000 pending the final settlement of the liability. The total estimated withdrawal liability of \$3.8 million and \$4.3 million, respectively, is reflected in the Company's consolidated balance sheets at June 30, 2016 and June 30, 2015, with the short-term and long-term portions reflected in current and long-term liabilities, respectively. The Company may incur certain pension-related costs in connection with the Corporate Relocation Plan. Future collective bargaining negotiations may result in the Company withdrawing from the remaining multiemployer pension plans in which it participates and, if successful, the Company may incur a withdrawal liability, the amount of which could be material to the Company's results of operations and cash flows.

Company contributions to the multiemployer pension plans:

	All	
(In thousands)	WCTPP(1)(2)(3)	Other Plans(4)
Year Ended:		
June 30, 2016	\$ 2,587	\$ 39
June 30, 2015	\$ 3,593	\$ 41
June 30, 2014	\$ 3,153	\$ 34

(1) Individually significant plan.

(2) Less than 5% of total contribution to WCTPP based on WCTPP's most recent annual report on Form 5500 for the calendar year ended December 31, 2015.

The Company guarantees that one hundred seventy-three (173) hours will be contributed upon for all employees (3) who are compensated for all available straight time hours for each calendar month. An additional 6.5% of the basic contribution must be paid for PEER or the Program for Enhanced Early Retirement.

(4) Includes one plan that is not individually significant.

The Company's contribution to multiemployer plans decreased in fiscal 2016 as compared to fiscal 2015 and 2014, as a result of reduction in employees due to the Corporate Relocation Plan. The Company expects to contribute an aggregate of \$3.3 million towards multiemployer pension plans in fiscal 2017.

Multiemployer Plans Other Than Pension Plans

79

Farmer Bros. Co.
Notes to Consolidated Financial Statements (continued)

The Company participates in ten multiemployer defined contribution plans other than pension plans that provide medical, vision, dental and disability benefits for active, union-represented employees subject to collective bargaining agreements. The plans are subject to the provisions of the Employee Retirement Income Security Act of 1974, and provide that participating employers make monthly contributions to the plans in an amount as specified in the collective bargaining agreements. Also, the plans provide that participants make self-payments to the plans, the amounts of which are negotiated through the collective bargaining process. The Company's participation in these plans is governed by collective bargaining agreements which expire on or before January 31, 2020. The Company's aggregate contributions to multiemployer plans other than pension plans in the fiscal years ended June 30, 2016, 2015 and 2014 were \$6.3 million, \$6.9 million and \$6.6 million, respectively. The Company expects to contribute an aggregate of \$6.5 million towards multiemployer plans other than pension plans in fiscal 2017.

401(k) Plan

The Company's 401(k) Plan is available to all eligible employees who have worked more than 1,000 hours during a calendar year and were employed at the end of the calendar year. Participants in the 401(k) Plan may choose to contribute a percentage of their annual pay subject to the maximum contribution allowed by the Internal Revenue Service. The Company's matching contribution is discretionary, based on approval by the Company's Board of Directors. For the calendar years 2016, 2015 and 2014, the Company's Board of Directors approved a Company matching contribution of 50% of an employee's annual contribution to the 401(k) Plan, up to 6% of the employee's eligible income. The matching contributions (and any earnings thereon) vest at the rate of 20% for each of the participant's first 5 years of vesting service, so that a participant is fully vested in his or her matching contribution account after 5 years of vesting service, subject to accelerated vesting under certain circumstances in connection with the Corporate Relocation Plan due to the closure of the Company's Torrance facility or a reduction-in-force at another Company facility designated by the Administrative Committee of the Farmer Bros. Co. Qualified Employee Retirement Plans. A participant is automatically vested in the event of death, disability or attainment of age 65 while employed by the Company. Employees are 100% vested in their contributions. For employees subject to a collective bargaining agreement, the match is only available if so provided in the labor agreement.

The Company recorded matching contributions of \$1.6 million, \$1.4 million and \$1.3 million in operating expenses for the fiscal years ended June 30, 2016, 2015 and 2014, respectively.

Postretirement Benefits

The Company sponsors a postretirement defined benefit plan that covers qualified non-union retirees and certain qualified union retirees ("Retiree Medical Plan"). The plan provides medical, dental and vision coverage for retirees under age 65 and medical coverage only for retirees age 65 and above. Under this postretirement plan, the Company's contributions toward premiums for retiree medical, dental and vision coverage for participants and dependents are scaled based on length of service, with greater Company contributions for retirees with greater length of service, subject to a maximum monthly Company contribution. The Company's retiree medical, dental and vision plan is unfunded, and its liability was calculated using an assumed discount rate of 3.7% at June 30, 2016. The Company projects an initial medical trend rate of 9.0% in fiscal 2017, ultimately reducing to 4.5% in 10 years.

The Company also provides a postretirement death benefit ("Death Benefit") to certain of its employees and retirees, subject, in the case of current employees, to continued employment with the Company until retirement and certain other conditions related to the manner of employment termination and manner of death. The Company records the actuarially determined liability for the present value of the postretirement death benefit. The Company has purchased life insurance policies to fund the postretirement death benefit wherein the Company owns the policy but the postretirement death benefit is paid to the employee's or retiree's beneficiary. The Company records an asset for the fair value of the life insurance policies which equates to the cash surrender value of the policies. In fiscal 2016, the Company actuarially determined that no postretirement benefit costs related to the Corporate Relocation Plan were required to be recognized.

Farmer Bros. Co.

Notes to Consolidated Financial Statements (continued)

Retiree Medical Plan and Death Benefit

The following table shows the components of net periodic postretirement benefit cost for the Retiree Medical Plan and Death Benefit for the fiscal years ended June 30, 2016, 2015 and 2014. Net periodic postretirement benefit cost for fiscal 2016 was based on employee census information as of July 1, 2015 and asset information as of June 30, 2016.

(In thousands)	Year Ended June 30,		
	2016	2015	2014
Components of Net Periodic Postretirement Benefit Cost (credit):			
Service cost	\$1,388	\$1,195	\$936
Interest cost	1,194	943	810
Amortization of net gains	(196)	(500)	(880)
Amortization of prior service credit	(1,757)	(1,757)	(1,757)
Net periodic postretirement benefit cost (credit)	\$629	\$(119)	\$(891)

The difference between the assets and the Accumulated Postretirement Benefit Obligation (APBO) at the adoption of ASC 715-60 was established as a transition (asset) obligation and is amortized over the average expected future service for active employees as measured at the date of adoption. Any plan amendments that retroactively increase benefits create prior service cost. The increase in the APBO due to any plan amendment is established as a base and amortized over the average remaining years of service to the full eligibility date of active participants who are not yet fully eligible for benefits at the plan amendment date. Gains and losses due to experience different than that assumed or from changes in actuarial assumptions are not immediately recognized. The tables below show the remaining bases for the transition (asset) obligation, prior service cost (credit), and the calculation of the amortizable gain or loss.

Amortization Schedule

Transition (Asset)

Obligation: The

transition (asset)

obligations have been

fully amortized.

Prior service cost (credit) (\$ in thousands):

Date Established	Balance at July 1, 2015	Annual Amortization	Years Remaining	Curtailment	Balance at June 30, 2016
January 1, 2008	\$(962)	\$ 230	3.2	—	\$(732)
July 1, 2012	(13,001)	1,526	7.5	—	(11,475)
	\$(13,963)	\$ 1,756			\$(12,207)

(\$ in thousands)	Year Ended June 30,		Year Ended June 30,	
	2016	2015	2016	2015
Amortization of Net (Gain) Loss:				
Net (gain) loss as of July 1	\$(8,710)	\$(3,655)	\$690	\$690
Net (gain) loss subject to amortization	(8,710)	(3,655)	690	690
Corridor (10% of greater of APBO or assets)	1,724	1,723	(729)	(729)
Net (gain) loss in excess of corridor	\$(6,986)	\$(1,932)	\$—	\$—

Explanation of Responses:

Amortization years	10.0	10.8	7.7	8.7
--------------------	------	------	-----	-----

81

Farmer Bros. Co.
Notes to Consolidated Financial Statements (continued)

The following tables provide a reconciliation of the benefit obligation and plan assets:

(In thousands)	Year Ended	
	June 30,	
	2016	2015
Change in Benefit Obligation:		
Projected postretirement benefit obligation at beginning of year	\$24,522	\$20,889
Service cost	1,388	1,195
Interest cost	1,194	943
Participant contributions	795	711
Actuarial losses	(4,259)	2,751
Benefits paid	(1,773)	(1,967)
Projected postretirement benefit obligation at end of year	\$21,867	\$24,522

(In thousands)	Year Ended June 30,	
	2016	2015
Change in Plan Assets:		
Fair value of plan assets at beginning of year	\$—	\$—
Employer contributions	978	1,256
Participant contributions	795	711
Benefits paid	(1,773)	(1,967)
Fair value of plan assets at end of year	—	—
Projected postretirement benefit obligation at end of year	\$21,867	\$24,522
Funded status of plan	\$(21,867)	\$(24,522)

(In thousands)	June 30,	
	2016	2015
Amounts Recognized in the Consolidated Balance Sheets Consist of:		
Non-current assets	\$—	\$—
Current liabilities	(1,060)	(1,051)
Non-current liabilities	(20,807)	(23,471)
Total	\$(21,867)	\$(24,522)

(In thousands)	Year Ended June 30,	
	2016	2015
Amounts Recognized in Accumulated OCI Consist of:		
Net gain	\$(7,027)	\$(2,965)
Transition obligation	(12,207)	(13,963)
Total accumulated OCI	\$(19,234)	\$(16,928)

(In thousands)	Year Ended	
	June 30,	
	2016	2015
Other Changes in Plan Assets and Benefit Obligations Recognized in OCI:		
Unrecognized actuarial loss	\$(4,259)	\$2,751
Amortization of net loss	196	500
Amortization of prior service cost	1,757	1,757

Explanation of Responses:

Edgar Filing: Greenway Joy M - Form 4

Total recognized in OCI	(2,306)	5,008
Net periodic benefit credit	629	(119)
Total recognized in net periodic benefit cost and OCI	\$(1,677)	\$4,889

82

Farmer Bros. Co.
Notes to Consolidated Financial Statements (continued)

The estimated net gain and prior service credit that will be amortized from accumulated OCI into net periodic benefit cost in fiscal 2017 are \$0.6 million and \$1.8 million, respectively.

(In thousands)

Estimated Future Benefit Payments:

Year Ending:

June 30, 2017	\$1,080
June 30, 2018	\$1,102
June 30, 2019	\$1,143
June 30, 2020	\$1,176
June 30, 2021	\$1,210
June 30, 2022 to June 30, 2026	\$6,246

Expected Contributions:

June 30, 2017	\$1,080
---------------	---------

Sensitivity in Fiscal 2017 Results

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one percentage point change in assumed health care cost trend rates would have the following effects in fiscal 2017:

(In thousands)	1-Percentage Point	
	Increase	Decrease
Effect on total of service and interest cost components	\$181	\$(154)
Effect on accumulated postretirement benefit obligation	\$1,664	\$(1,423)

Note 15. Bank Loan

The Company maintains a \$75.0 million senior secured revolving credit facility (“Revolving Facility”) with JPMorgan Chase Bank, N.A. and SunTrust Bank (collectively, the “Lenders”), with a sublimit on letters of credit and swingline loans of \$30.0 million and \$15.0 million, respectively. The Revolving Facility includes an accordion feature whereby the Company may increase the Revolving Commitment by up to an additional \$50.0 million, subject to certain conditions. Advances are based on the Company’s eligible accounts receivable, eligible inventory, and the value of certain real property and trademarks, less required reserves. The commitment fee ranges from 0.25% to 0.375% per annum based on average revolver usage. Outstanding obligations are collateralized by all of the Company’s assets, excluding certain real property not included in the borrowing base, machinery and equipment (other than inventory), and the Company’s preferred stock portfolio. Borrowings under the Revolving Facility bear interest based on average historical excess availability levels with a range of PRIME - 0.25% to PRIME + 0.50% or Adjusted LIBO Rate + 1.25% to Adjusted LIBO Rate + 2.00%. The Company is subject to a variety of affirmative and negative covenants of types customary in an asset-based lending facility, including financial covenants relating to the maintenance of a fixed charge coverage ratio in certain circumstances, and the right of the Lenders to establish reserve requirements, which may reduce the amount of credit otherwise available to the Company. The Company is allowed to pay dividends, provided, among other things, certain excess availability requirements are met, and no event of default exists or has occurred and is continuing as of the date of any such payment and after giving effect thereto. The Revolving Facility expires on March 2, 2020.

At June 30, 2016, the Company was eligible to borrow up to a total of \$58.6 million under the Revolving Facility and had outstanding borrowings of \$0.1 million, utilized \$11.9 million of the letters of credit sublimit, and had excess availability under the Revolving Facility of \$46.6 million. At June 30, 2016, the weighted average interest rate on the Company’s outstanding borrowings under the Revolving Facility was 1.64% and the Company was in compliance with all of the restrictive covenants under the Revolving Facility.

Farmer Bros. Co.
Notes to Consolidated Financial Statements (continued)

Note 16. Employee Stock Ownership Plan

The Company's ESOP was established in 2000. The plan is a leveraged ESOP in which the Company is the lender. The loans are repaid from the Company's discretionary plan contributions over the original 15 year term with a variable rate of interest. The annual interest rate was 1.99% at June 30, 2016, which is updated on a quarterly basis.

As of and for the years
ended June 30,
2016 2015 2014

Loan amount (in thousands) \$6,434 \$11,234 \$16,035

Shares are held by the plan trustee for allocation among participants as the loan is repaid. The unencumbered shares are allocated to participants using a compensation-based formula. Subject to vesting requirements, allocated shares are owned by participants and shares are held by the plan trustee until the participant retires.

Historically, the Company used the dividends, if any, on ESOP shares to pay down the loans, and allocated to the ESOP participants shares equivalent to the fair market value of the dividends they would have received. No dividends were paid in fiscal 2016, 2015 or 2014.

During the fiscal years ended June 30, 2016, 2015 and 2014, the Company charged \$3.4 million, \$4.4 million and \$3.3 million, respectively, to compensation expense related to the ESOP. The decrease in ESOP expense in fiscal 2016 is primarily due to the reduction in the number of shares being allocated to participant accounts as a result of paying down the loan amount. The increase in ESOP expense in fiscal 2015 as compared to fiscal 2014 was due to the increase in the fair market value of the Company's shares which determines the ESOP expense recorded. The difference between cost and fair market value of committed to be released shares, which was \$36,000, \$1.0 million and \$0.3 million for the fiscal years ended June 30, 2016, 2015 and 2014, respectively, is recorded as additional paid-in capital.

	June 30,	
	2016	2015
Allocated shares	1,941,934	1,970,117
Committed to be released shares	169,603	172,398
Unallocated shares	220,925	390,528
Total ESOP shares	2,332,462	2,533,043

(In thousands)

Fair value of ESOP shares \$74,779 \$59,527

Note 17. Share-based Compensation

Non-qualified stock options with time-based vesting ("NQOs")

In fiscal 2016, the Company granted 21,595 shares issuable upon the exercise of NQOs with a weighted average exercise price of \$29.48 per share to eligible employees under the Amended Equity Plan which vest ratably over a three-year period.

Following are the weighted average assumptions used in the Black-Scholes valuation model for NQOs granted during the fiscal years ended June 30, 2016, 2015 and 2014

	Year Ended June 30,		
	2016	2015	2014
Weighted average fair value of NQOs	\$12.63	\$10.38	\$9.17
Risk-free interest rate	1.6 %	1.5 %	1.7 %
Dividend yield	— %	— %	— %
Average expected term	5.1 years	5.1 years	6 years
Expected stock price volatility	47.1 %	47.9 %	50.4 %

Explanation of Responses:

Edgar Filing: Greenway Joy M - Form 4

The Company's assumption regarding expected stock price volatility is based on the historical volatility of the Company's stock price. The risk-free interest rate is based on U.S. Treasury zero-coupon issues at the date of grant with a remaining term

84

Farmer Bros. Co.
Notes to Consolidated Financial Statements (continued)

equal to the expected life of the stock options. The average expected term is based on historical weighted time outstanding and the expected weighted time outstanding calculated by assuming the settlement of outstanding awards at the midpoint between the vesting date and the end of the contractual term of the award. Currently, management estimates an annual forfeiture rate of 4.8% based on actual forfeiture experience. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The following table summarizes NQO activity for the three most recent fiscal years:

Outstanding NQOs:	Number of NQOs	Weighted Average Exercise Price (\$)	Weighted Average Grant Date Fair Value (\$)	Weighted Average Remaining Life (Years)	Aggregate Intrinsic Value (\$ in thousands)
Outstanding at June 30, 2013	557,427	12.81	5.44	5.1	1,620
Granted	1,927	18.68	9.17	6.4	—
Exercised	(112,964)	13.10	5.81	—	895
Cancelled/Forfeited	(33,936)	16.63	6.13	—	—
Outstanding at June 30, 2014	412,454	12.44	5.30	4.4	3,782
Granted	25,703	23.91	10.38	6.8	—
Exercised	(95,723)	16.17	5.86	—	747
Cancelled/Forfeited	(13,134)	11.26	5.00	—	—
Outstanding at June 30, 2015	329,300	12.30	5.54	3.9	3,700
Granted	21,595	29.48	12.63	6.4	—
Exercised	(112,895)	12.35	5.37	—	1,853
Cancelled/Forfeited	(18,371)	13.45	6.17	—	—
Outstanding at June 30, 2016	219,629	13.87	6.28	3.7	3,995
Vested and exercisable, June 30, 2016	180,298	11.06	5.13	3.1	3,800
Vested and expected to vest, June 30, 2016	217,160	13.72	6.22	3.6	3,983

The aggregate intrinsic values outstanding at the end of each fiscal period in the table above represent the total pretax intrinsic value, based on the Company's closing stock price of \$32.06 at June 30, 2016, \$23.50 at June 30, 2015 and \$21.61 at June 30, 2014, representing the last trading day of the respective fiscal years, which would have been received by NQO holders had all award holders exercised their NQOs that were in-the-money as of those dates. The aggregate intrinsic value of stock option exercises in each fiscal period above represents the difference between the exercise price and the value of the Company's common stock at the time of exercise. NQOs outstanding that are expected to vest are net of estimated forfeitures.

Total fair value of NQOs vested during fiscal 2016, 2015 and 2014 was \$0.3 million, \$0.5 million and \$0.7 million, respectively. The Company received \$1.4 million in proceeds from exercises of vested NQOs in fiscal 2016, and \$1.5 million in proceeds from exercises of vested NQOs in each of fiscal 2015 and 2014.

Farmer Bros. Co.
Notes to Consolidated Financial Statements (continued)

The following table summarizes nonvested NQO activity for the three most recent fiscal years:

Nonvested NQOs:	Number of NQOs	Weighted Average Exercise Price (\$)	Weighted Average Grant Date Fair Value (\$)	Weighted Average Remaining Life (Years)
Outstanding at June 30, 2013	315,661	10.80	5.12	6.1
Granted	1,927	18.68	9.17	6.4
Vested	(133,957)	11.02	5.21	—
Forfeited	(15,833)	11.48	5.49	—
Outstanding at June 30, 2014	167,798	10.65	5.06	5.3
Granted	25,703	23.91	10.38	6.8
Vested	(101,172)	9.87	4.72	—
Forfeited	(12,134)	10.31	4.91	—
Outstanding at June 30, 2015	80,195	15.94	7.21	5.2
Granted	21,595	29.48	12.63	6.4
Vested	(47,418)	14.05	6.44	—
Forfeited	(15,641)	12.95	6.09	—
Outstanding at June 30, 2016	38,731	27.02	11.63	6.1

As of June 30, 2016 and 2015, there was \$0.4 million of unrecognized compensation cost related to NQOs. The unrecognized compensation cost related to NQOs at June 30, 2016 is expected to be recognized over the weighted average period of 2.2 years. Total compensation expense for NQOs was \$0.2 million, \$0.4 million and \$0.6 million in fiscal 2016, 2015 and 2014, respectively.

Non-qualified stock options with performance-based and time-based vesting (“PNQs”)

In the fiscal year ended June 30, 2016, the Company granted a total of 143,466 shares with an exercise price of \$29.48 per share to eligible employees under the Amended Equity Plan. With the exception of a portion of the award to the Company’s President and Chief Executive Officer as described below, these PNQs vest over a three-year period with one-third of the total number of shares subject to each such PNQ becoming exercisable each year on the anniversary of the grant date, based on the Company’s achievement of modified net income targets for fiscal 2016 (“Fiscal 2016 Target”) as approved by the Compensation Committee, subject to the participant’s employment by the Company or service on the Board of Directors of the Company on the applicable vesting date and the acceleration provisions contained in the Amended Equity Plan and the applicable award agreement. But if actual modified net income for fiscal 2016 is less than the Fiscal 2016 Target, then 20% of the total shares issuable under such grant will be forfeited. On June 3, 2016, the Compensation Committee of the Board of Directors of the Company determined that a portion of the non-qualified stock option granted to Michael H. Keown, the Company's President and Chief Executive Officer, on December 3, 2015 (the “Original Option”) was invalid because such portion caused the total number of option shares granted to Mr. Keown in calendar year 2015 to exceed the limit of 75,000 shares that may be granted to a participant in a single calendar year under the Amended Equity Plan by 22,862 shares. Therefore, the Compensation Committee reduced the total number of shares of common stock issuable under the Original Option by 22,862 shares. The reduction of the 22,862 excess option shares brought the total number of option shares granted to Mr. Keown in calendar 2015 within the limitation of the Amended Equity Plan.

In addition, on June 3, 2016, the Compensation Committee, in accordance with the provisions of the Amended Equity Plan, granted Mr. Keown a non-qualified stock option to purchase 22,862 shares of the Company's common stock (the “New Option”) with an exercise price of \$29.48 per share, which was the greater of the exercise price of the Original Option and the closing price of the Company's common stock as reported on the NASDAQ Global Market on June 3, 2016, the date of grant. The New Option is subject to the same terms and conditions of the Original Option including

an expiration date of December 3, 2022, and the three-year vesting schedule, except that to comply with the Amended Equity Plan's minimum vesting schedule of one year from the grant date, one-third of shares issuable under the New Option will vest on June 3, 2017, and the remainder of the New Option shares will vest one-third each on the second and third anniversaries of the grant date of the Original Option,

86

Farmer Bros. Co.
Notes to Consolidated Financial Statements (continued)

based on the Company's achievement of the same performance goals as the Original Option, subject to Mr. Keown's continued employment on the applicable vesting date.

In the fiscal year ended June 30, 2015, the Company granted 121,024 shares issuable upon the exercise of PNQs with an exercise price of \$23.44 per share to eligible employees under the Amended Equity Plan. These PNQs vest over a three-year period with one-third of the total number of shares subject to each such PNQ becoming exercisable each year on the anniversary of the grant date, based on the Company's achievement of modified net income targets for fiscal years within the performance period as approved by the Compensation Committee, subject to catch-up vesting of previously unvested shares in a subsequent year within the three year period in which a cumulative modified net income target as approved by the Compensation Committee is achieved, in each case, subject to the participant's employment by the Company or service on the Board of Directors of the Company on the applicable vesting date and the acceleration provisions contained in the Amended Equity Plan and the applicable award agreement.

In the fiscal year ended June 30, 2014, the Company granted a total of 112,442 shares issuable upon the exercise of PNQs with a weighted average exercise price of \$21.27 per share to eligible employees under the Amended Equity Plan. These PNQs vest over a three-year period with one-third of the total number of shares subject to each such PNQ vesting on the first anniversary of the grant date based on the Company's achievement of a modified net income target for the first fiscal year of the performance period as approved by the Compensation Committee, and the remaining two-thirds of the total number of shares subject to each PNQ vesting on the third anniversary of the grant date based on the Company's achievement of a cumulative modified net income target for all three years during the performance period as approved by the Compensation Committee, in each case, subject to the participant's employment by the Company or service on the Board of Directors of the Company on the applicable vesting date. No PNQs were granted prior to fiscal 2014.

Following are the assumptions used in the Black-Scholes valuation model for PNQs granted during the fiscal years ended June 30, 2016, 2015 and 2014:

	Year Ended June 30,		
	2016	2015	2014
Weighted average fair value of PNQs	\$11.38	\$10.16	\$10.49
Risk-free interest rate	1.6	% 1.5	% 1.8
Dividend yield	—	—	% —
Average expected term (years)	4.9	5.0	6.0
Expected stock price volatility	42.5	% 47.9	% 50.5

Farmer Bros. Co.
Notes to Consolidated Financial Statements (continued)

The following table summarizes PNQ activity for the three most recent fiscal years:

Outstanding PNQs:	Number of PNQs	Weighted Average Exercise Price (\$)	Weighted Average Grant Date Fair Value (\$)	Weighted Average Remaining Life (Years)	Aggregate Intrinsic Value (\$ in thousands)
Outstanding at June 30, 2013	—	—	—	—	—
Granted	112,442	21.27	10.49	6.5	—
Cancelled/Forfeited	—	—	—	—	—
Outstanding at June 30, 2014	112,442	21.27	10.49	6.5	38
Granted	121,024	23.44	10.16	6.6	—
Cancelled/Forfeited	(9,399)	21.33	10.52	—	—
Outstanding at June 30, 2015	224,067	22.44	10.31	6.0	237
Granted	143,466	29.48	11.38	6.2	—
Exercised	(14,144)	21.20	10.45	0	107
Cancelled/Forfeited	(64,790)	23.20	10.37	0	—
Outstanding at June 30, 2016	288,599	25.83	10.82	5.7	1,798
Vested and exercisable, June 30, 2016	48,132	22.52	10.31	5.1	459
Vested and expected to vest, June 30, 2016	274,919	25.75	10.81	5.7	1,736

The aggregate intrinsic values outstanding at the end of each fiscal period in the table above represent the total pretax intrinsic values, based on the Company's closing stock price of \$32.06 at June 30, 2016, \$23.50 at June 30, 2015 and \$21.61 at June 30, 2014 representing the last trading day of the respective fiscal years, which would have been received by PNQ holders had all award holders exercised their PNQs that were in-the-money as of those dates. The aggregate intrinsic value of stock option exercises in fiscal 2016 represents the difference between the exercise price and the value of the Company's common stock at the time of exercise. PNQs outstanding that are expected to vest are net of estimated forfeitures.

Total fair value of PNQs vested during the fiscal years ended June 30, 2016 and 2015 was \$0.3 million and \$0.4 million, respectively. No PNQs vested during the fiscal year ended June 30, 2014. The Company received \$0.3 million in proceeds from exercises of vested PNQs in fiscal 2016, and no PNQs were exercised during the fiscal years ended June 30, 2015 or 2014.

As of June 30, 2016, the Company met the performance target for the first year of the fiscal 2014 and 2015 awards and expects that it will achieve the performance targets set forth in the PNQ agreements for the remainder of the fiscal 2014, fiscal 2015 and fiscal 2016 awards.

The following table summarizes nonvested NQO activity for the two most recent fiscal years:

Nonvested PNQs:	Number of PNQs	Weighted Average Exercise Price (\$)	Weighted Average Grant Date Fair Value (\$)	Weighted Average Remaining Life (Years)
Outstanding at June 30, 2014	112,442	21.27	10.49	6.5
Granted	121,024	23.44	10.16	6.6
Vested	(34,959)	21.27	10.49	—
Forfeited	(9,399)	21.33	10.52	—
Outstanding at June 30, 2015	189,108	22.66	10.28	6.2
Granted	143,466	29.48	11.38	6.2

Explanation of Responses:

Edgar Filing: Greenway Joy M - Form 4

Vested	(27,317)	10.16	23.44	—
Forfeited	(64,790)	23.20	10.37	—
Outstanding at June 30, 2016	240,467	26.49	10.92	5.9

88

Farmer Bros. Co.
Notes to Consolidated Financial Statements (continued)

As of June 30, 2016 and 2015, there was \$1.9 million and \$1.5 million, respectively, of unrecognized compensation cost related to PNQs. The unrecognized compensation cost related to PNQs at June 30, 2016 is expected to be recognized over the weighted average period of 1.5 years. Total compensation expense related to PNQs in fiscal 2016, 2015 and 2014 was \$0.5 million, \$0.5 million and \$0.3 million, respectively.

Restricted Stock

During fiscal 2016, 2015 and 2014 the Company granted a total of 10,170 shares, 13,256 shares and 9,200 shares of restricted stock under the Amended Equity Plan, respectively, with a weighted average grant date fair value of \$29.99, \$23.64, and \$20.48 per share, respectively, to eligible employees and directors. Shares of restricted stock generally vest at the end of three years for eligible employees. Shares of restricted stock generally vest ratably over a period of three years for directors. During the fiscal year ended June 30, 2016, 24,841 shares of restricted stock vested, of which 5,177 shares were withheld to meet the employees' minimum statutory tax withholding and retired.

The following table summarizes restricted stock activity for the three most recent fiscal years:

Outstanding and Nonvested Restricted Stock Awards:	Shares Awarded	Weighted Average Grant Date Fair Value (\$)	Weighted Average Remaining Life (Years)	Aggregate Intrinsic Value (\$ in thousands)
Outstanding at June 30, 2013	139,360	9.87	1.9	1,959
Granted	9,200	20.48	—	188
Exercised/Released	(38,212)	11.59	—	820
Cancelled/Forfeited	(14,136)	9.38	—	—
Outstanding at June 30, 2014	96,212	10.27	1.5	2,079
Granted	13,256	23.64	—	313
Exercised/Released(1)	(53,402)	8.43	—	1,377
Cancelled/Forfeited	(8,984)	8.36	—	—
Outstanding at June 30, 2015	47,082	16.48	1.2	1,106
Granted	10,170	29.99	—	305
Exercised/Released(2)	(24,841)	14.08	—	747
Cancelled/Forfeited	(8,619)	13.06	—	—
Outstanding at June 30, 2016	23,792	26.00	1.8	763
Expected to vest, June 30, 2016	22,253	25.91	1.8	713

(1) Includes 4,297 shares that were withheld to meet the employees' minimum statutory tax withholding and retired..

(2) Includes 5,177 shares that were withheld to meet the employees' minimum statutory tax withholding and retired.

The aggregate intrinsic value of shares outstanding at the end of each fiscal period in the table above represent the total pretax intrinsic values, based on the Company's closing stock price of \$32.06 at June 30, 2016, \$23.50 at June 30, 2015 and \$21.61 at June 30, 2014, representing the last trading day of the respective fiscal years. Restricted stock that is expected to vest is net of estimated forfeitures.

As of June 30, 2016 and 2015, there was \$0.5 million of unrecognized compensation cost related to restricted stock. The unrecognized compensation cost related to restricted stock at June 30, 2016 is expected to be recognized over the weighted average period of 2.0 years. Total compensation expense for restricted stock was \$0.2 million, \$0.3 million and \$0.5 million, for the fiscal years ended June 30, 2016, 2015 and 2014, respectively.

Farmer Bros. Co.
Notes to Consolidated Financial Statements (continued)

Note 18. Other Current Liabilities

Other current liabilities consist of the following:

(In thousands)	June 30,	
	2016	2015
Accrued postretirement benefits	\$1,060	\$1,051
Accrued workers' compensation liabilities	3,225	2,382
Short-term pension liabilities	347	347
Earnout payable—RLC acquisition	100	100
Other (including net taxes payable)	2,214	2,272
Other current liabilities	\$6,946	\$6,152

Note 19. Other Long-Term Liabilities

Other long-term liabilities include the following:

(In thousands)	June 30,	
	2016	2015
New Facility lease obligation(1)	\$28,110	\$—
Earnout payable—RLC acquisition(2)	100	200
Derivative liabilities, non-current	—	25
Other long-term liabilities	\$28,210	\$225

(1) Lease obligation associated with construction of the New Facility (see [Note 4](#)).

(2) Earnout payable to RLC (see [Note 2](#)).

Note 20. Income Taxes

The current and deferred components of the provision for income taxes consist of the following:

(In thousands)	June 30,		
	2016	2015	2014
Current:			
Federal	\$214	\$(30)	\$293
State	103	309	275
Total current income tax expense	317	279	568
Deferred:			
Federal	(66,648)	106	99
State	(13,666)	17	38
Total deferred income tax (benefit) expense	(80,314)	123	137
Income tax (benefit) expense	\$(79,997)	\$402	\$705

Income tax expense or benefit from continuing operations is generally determined without regard to other categories of earnings, such as discontinued operations and OCI. An exception is provided in ASC 740, "Tax Provisions," when there is aggregate income from categories other than continuing operations and a loss from continuing operations in the current year. In this case, the income tax benefit allocated to continuing operations is the amount by which the loss from continuing operations reduces the income tax expense recorded with respect to the other categories of earnings, even when a valuation allowance has been established against the deferred tax assets. In instances where a valuation allowance is established against current year losses, income from other sources, including gain from postretirement benefits recorded as a component of OCI, is considered when determining whether sufficient future taxable income exists to realize the deferred tax assets.

Farmer Bros. Co.
Notes to Consolidated Financial Statements (continued)

As a result, for the fiscal years ended June 30, 2016, 2015 and 2014, the Company recorded income tax expense of \$2.0 million, \$0, and \$0, respectively, in OCI related to the gain on postretirement benefits, and recorded a corresponding income tax benefit of \$2.0 million, \$0, and \$0, respectively, in continuing operations.

A reconciliation of income tax (benefit) expense to the federal statutory tax rate is as follows:

(In thousands)	June 30,		
	2016	2015	2014
Statutory tax rate	35	% 34	% 34
Income tax expense at statutory rate	\$3,472	\$358	\$4,365
State income tax expense, net of federal tax benefit	557	260	749
Dividend income exclusion	(140)	(54)	—
Valuation allowance	(83,230)	(185)	(4,292)
Change in tax rate	(1,061)	—	—
Retiree life insurance	135	—	—
Change in contingency reserve (net)	—	—	(39)
Other (net)	270	23	(78)
Income tax (benefit) expense	\$(79,997)	\$402	\$705

The primary components of the temporary differences which give rise to the Company's net deferred tax liabilities are as follows:

(In thousands)	June 30,		
	2016	2015	2014
Deferred tax assets:			
Postretirement benefits	\$33,273	\$31,100	\$19,800
Accrued liabilities	11,760	10,091	6,156
Net operating loss carryforwards	38,196	41,544	40,275
Intangible assets	71	594	1,126
Other	6,881	6,794	7,253
Total deferred tax assets	90,181	90,123	74,610
Deferred tax liabilities:			
Unrealized gain on investments	(609)	(2,242)	—
Fixed assets	(5,370)	(2,647)	(1,902)
Other	(1,789)	(1,943)	(1,538)
Total deferred tax liabilities	(7,768)	(6,832)	(3,440)
Valuation allowance	(1,627)	(84,857)	(72,613)
Net deferred tax assets (liabilities)	\$80,786	\$(1,566)	\$(1,443)

At June 30, 2016, the Company had approximately \$99.7 million in federal and \$88.6 million in state net operating loss carryforwards that will begin to expire in the years ending June 30, 2030 and June 30, 2017, respectively.

Additionally, at June 30, 2016, the Company had \$0.8 million of federal business tax credits that begin to expire in June 30, 2025.

As of June 30, 2016, the Company has generated approximately \$1.2 million of excess tax benefits related to stock compensation, the benefit of which will be recorded to additional paid in capital if and when realized.

At June 30, 2016, the Company had total deferred tax assets of \$90.2 million and net deferred tax assets before valuation allowance of \$82.4 million.

The Company evaluated its deferred tax assets quarterly to determine if a valuation is required. In the fourth quarter of fiscal 2016, the Company considered whether a valuation allowance should be recorded against deferred tax assets based on the likelihood that the benefits of the deferred tax assets would or would not ultimately be realized in future periods. In making

Farmer Bros. Co.
Notes to Consolidated Financial Statements (continued)

such assessment, significant weight was given to evidence that could be objectively verified such as recent operating results and less consideration was given to less objective indicators such as future income projections. After consideration of positive and negative evidence, including the recent history of income, the Company concluded that it is more likely than not that the Company will generate future income sufficient to realize the majority of the Company's deferred tax assets as of June 30, 2016. Accordingly, the Company has recorded a reduction in its valuation allowance in fiscal 2016 in the amount of \$83.2 million.

The Company cannot conclude that certain state net operating loss carry forwards and tax credit carryovers will be utilized before expiration. Accordingly, the Company will maintain a valuation allowance of \$1.6 million to offset this deferred tax asset. The valuation allowance decreased \$83.2 million and \$12.3 million, respectively, in fiscal 2016 and 2015 and increased \$9.9 million in fiscal 2014. The Company will continue to monitor all available evidence, both positive and negative, in determining whether it is more likely than not that the Company will realize its remaining deferred tax assets.

A tabular reconciliation of the total amounts (in absolute values) of unrecognized tax benefits is as follows:

(In thousands)	Year Ended	
	June 30, 2015	2014
Unrecognized tax benefits at beginning of year	\$—	—\$3,211
Decreases in tax positions for prior years	—	(30)
Settlements	—	(3,181)
Unrecognized tax benefits at end of year	\$—	—\$—

At June 30, 2016 and 2015, the Company has no unrecognized tax benefits.

The Company made a determination in the quarter ended June 30, 2014 that it would not, at that time, pursue certain refund claims requested on its amended tax returns for the fiscal years ended June 30, 2003 through June 30, 2008. The Internal Revenue Service previously denied these refund claims upon audit and maintained that decision upon appeal. The Company released its tax reserve related to these refunds in the fourth quarter of fiscal 2014.

The Company files income tax returns in the U.S. and in various state jurisdictions with varying statutes of limitations. The Company is no longer subject to U.S. income tax examinations for the fiscal years prior to June 30, 2012. The Internal Revenue Service is currently auditing the Company's tax years ended June 30, 2013 and 2014.

The Company's policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense. In each of the fiscal years ended June 30, 2016 and 2015, the Company recorded \$0 in accrued interest and penalties associated with uncertain tax positions. Additionally, the Company recorded income of \$0 related to interest and penalties on uncertain tax positions in the fiscal years ended June 30, 2016, 2015 and 2014, respectively.

Note 21. Net Income Per Common Share

(In thousands, except share and per share amounts)	Year ended June 30,		
	2016	2015	2014
Net income attributable to common stockholders—basic	\$89,812	\$ 651	\$ 12,063
Net income attributable to nonvested restricted stockholders	106	1	69
Net income	\$89,918	\$ 652	\$ 12,132
Weighted average common shares outstanding—basic	16,502,526	16,127,610	15,909,631
Effect of dilutive securities:			
Shares issuable under stock options	124,879	139,524	104,956
Weighted average common shares outstanding—diluted	16,627,405	16,267,134	16,014,587
Net income per common share—basic	\$5.45	\$ 0.04	\$ 0.76
Net income per common share—diluted	\$5.41	\$ 0.04	\$ 0.76

Farmer Bros. Co.
Notes to Consolidated Financial Statements (continued)

Note 22. Commitments and Contingencies

Leases

On July 17, 2015, the Company entered into the Lease Agreement, with lessor pursuant to which the Company leased the New Facility (see Note 4). The Company recorded an asset related to the New Facility lease obligation included in property, plant and equipment of \$28.1 million at June 30, 2016 with an offsetting liability of \$28.1 million for the lease obligation included in "Other long-term liabilities" on the Company's consolidated balance sheet at June 30, 2016. There were no such amounts recorded at June 30, 2015 (see Note 19). On June 15, 2016, the Company exercised its option to purchase the partially constructed New Facility under the Lease Agreement. The terms of the Company's capital leases vary from 12 months to 84 months with varying expiration dates through 2021.

The Company is also obligated under operating leases for branch warehouses, distribution centers and its production facility in Portland, Oregon. Some operating leases have renewal options that allow the Company, as lessee, to extend the leases. The Company has one operating lease with a term greater than five years that expires in 2018 and has a ten year renewal option, and operating leases for computer hardware with terms that do not exceed three years. Rent expense for the fiscal years ended June 30, 2016, 2015 and 2014 was \$4.5 million, \$3.8 million and \$3.7 million, respectively.

Contractual obligations for future fiscal years are as follows:

(In thousands)	Contractual Obligations						
	Capital Lease Obligations	Operating Lease Obligations	New Facility Purchase Option Exercise Price(1)	Pension Plan Obligations	Postretirement Benefits Other Than Pension Plans	Revolving Credit Facility	Purchase Commitments (2)
Year Ended June 30,							
2017	\$1,443	\$ 4,093	\$ 58,779	\$ 8,075	\$ 1,080	\$ 109	\$ 72,217
2018	\$880	\$ 3,366	\$—	\$ 8,304	\$ 1,102	\$ —	\$ —
2019	\$125	\$ 2,561	\$—	\$ 8,554	\$ 1,143	\$ —	\$ —
2020	\$52	\$ 1,279	\$—	\$ 8,844	\$ 1,176	\$ —	\$ —
2021	\$4	\$ 441	\$—	\$ 9,074	\$ 1,210	\$ —	\$ —
Thereafter	\$—	\$ 61	\$—	\$ 47,099	\$ 6,246	\$ —	\$ —
		\$ 11,801	\$ 58,779	\$ 89,950	\$ 11,957	\$ 109	\$ 72,217
Total minimum lease payments	\$2,504						
Less: imputed interest (0.82% to 10.7%)	\$(145)						
Present value of future minimum lease payments	\$2,359						
Less: current portion	\$1,323						
Long-term capital lease obligations	\$1,036						

(1) Includes estimated purchase option exercise price pursuant to the Lease Agreement for the partially constructed New Facility. The table above reflects purchase option exercise price based on the budget and after completion of the construction, payable in fiscal year ending June 30, 2017 (see Note 4). The actual purchase option exercise price will be based on actual construction-related costs for the partially constructed facility as of the purchase option closing date.

(2) Purchase commitments include commitments under coffee purchase contracts for which all delivery terms have been finalized but the related coffee has not been received as of June 30, 2016. Amounts shown in the table above: (a)

include all coffee purchase contracts that the Company considers to be from normal purchases; and (b) do not include amounts related to derivative instruments that are recorded at fair value on the Company's consolidated balance sheets.

93

Farmer Bros. Co.
Notes to Consolidated Financial Statements (continued)

Self-Insurance

At June 30, 2016 and 2015, the Company had posted a \$7.4 million and \$7.0 million letter of credit, respectively, as a security deposit with the State of California Department of Industrial Relations Self-Insurance Plans for participation in the alternative security program for California self-insurers for workers' compensation liability. At June 30, 2016 and 2015, the Company had posted a \$4.3 million letter of credit as a security deposit for self-insuring workers' compensation, general liability and auto insurance coverages outside of California.

Non-cancelable Purchase Orders

As of June 30, 2016, the Company had committed to purchase green coffee inventory totaling \$62.5 million under fixed-price contracts, equipment for the New Facility totaling \$3.3 million and other inventory totaling \$6.3 million under non-cancelable purchase orders.

Legal Proceedings

Council for Education and Research on Toxics ("CERT") v. Brad Berry Company Ltd., et al., Superior Court of the State of California, County of Los Angeles

On August 31, 2012, CERT filed an amendment to a private enforcement action adding a number of companies as defendants, including CBI, which sell coffee in California. The suit alleges that the defendants have failed to issue clear and reasonable warnings in accordance with Proposition 65 that the coffee they produce, distribute and sell contains acrylamide. This lawsuit was filed in Los Angeles Superior Court (the "Court"). CERT has demanded that the alleged violators remove acrylamide from their coffee or provide Proposition 65 warnings on their products and pay \$2,500 per day for each and every violation while they are in violation of Proposition 65.

Acrylamide is produced naturally in connection with the heating of many foods, especially starchy foods, and is believed to be caused by the Maillard reaction, though it has also been found in unheated foods such as olives. With respect to coffee, acrylamide is produced when coffee beans are heated during the roasting process-it is the roasting itself that produces the acrylamide. While there has been a significant amount of research concerning proposals for treatments and other processes aimed at reducing acrylamide content of different types of foods, to our knowledge there is currently no known strategy for reducing acrylamide in coffee without negatively impacting the sensorial properties of the product.

The Company has joined a Joint Defense Group and, along with the other co-defendants, has answered the complaint, denying, generally, the allegations of the complaint, including the claimed violation of Proposition 65 and further denying CERT's right to any relief or damages, including the right to require a warning on products. The Joint Defense Group contends that based on proper scientific analysis and proper application of the standards set forth in Proposition 65, exposures to acrylamide from the coffee products pose no significant risk of cancer and, thus, these exposures are exempt from Proposition 65's warning requirement.

To date, the pleadings stage of the case has been completed. The Court has phased trial so that the "no significant risk level" defense, the First Amendment defense, and the preemption defense will be tried first. Fact discovery and expert discovery on these "Phase 1" defenses have been completed, and the parties filed trial briefs. Trial commenced on September 8, 2014, and testimony completed on November 4, 2014, for the three Phase 1 defenses. Following two continuances, the court heard on April 9, 2015 final arguments on the Phase 1 issues. On July 25, 2015, the Court issued its Proposed Statement of Decision with respect to Phase 1 defenses against the defendants, which was confirmed, on September 2, 2015 in the Final Statement of Decision. The Court has stated that all defendants would be included in "Phase 2," though this remains unresolved, including the extent of the involvement or participation in discovery. Following permission from the Court, on October 14, 2015 the Joint Defense Group filed a writ petition for an interlocutory appeal. In late December 2015, plaintiff's counsel served letters proposing a new plan to file the anticipated motion for summary adjudication and a new set of discovery on all defendants. On January 14, 2016, the Court of Appeals denied the Joint Defense Group's writ petition thereby denying the interlocutory appeal. On February 16, 2016, CERT filed a motion for summary adjudication arguing that based upon facts that had been stipulated by

defendants, CERT had proven its prima facie case and all that remains is a determination of whether any affirmative defenses are available to defendants. On March 16, 2016, the Court reinstated the stay on discovery for all defendant parties except for the four largest defendants, so the Company is not currently obligated to participate in discovery. Following a hearing on April 20, 2016, the Court granted

Farmer Bros. Co.
Notes to Consolidated Financial Statements (continued)

CERT's motion for summary adjudication on its prima facie case. Plaintiff filed its motion for summary adjudication of affirmative defenses on May 16, 2016 and the defendants' opposition brief was filed on July 22, 2016. Certain discovery responses were scheduled to be due by September 9, 2016. At an August 19, 2016 hearing on Plaintiff's motion for summary adjudication and defendants' opposition with respect to the affirmative defenses, the Court denied Plaintiff's motion, thus the Joint Defense Group will continue to be able to present the affirmative defenses at trial. At this time, the Company is not able to predict the probability of the outcome or estimate of loss, if any, related to this matter.

Steve Hernandez vs. Farmer Bros. Co., Superior Court of State of California, County of Los Angeles

On July 24, 2015, former Company employee Hernandez filed a putative class action complaint for damages alleging a single cause of action for unfair competition under the California Business & Professions Code. The claim purports to seek disgorgement of profits for alleged violations of various provisions of the California Labor Code relating to: failing to pay overtime, failing to provide meal breaks, failing to pay minimum wage, failing to pay wages timely during employment and upon termination, failing to provide accurate and complete wage statements, and failing to reimburse business-related expenses. Hernandez's complaint seeks restitution in an unspecified amount and injunctive relief, in addition to attorneys' fees and expenses. Hernandez alleges that the putative class is all "current and former hourly-paid or non-exempt individuals" for the four (4) years preceding the filing of the complaint through final judgment, and Hernandez also purports to reserve the right to establish sub-classes as appropriate. On November 12, 2015, a separate putative class representative, Monica Zuno, filed claim under the same class action; the Court has related this case to the Hernandez case. On November 17, 2015, the unified case was assigned to a judge, and this judge ordered the stay on discovery to remain intact until after a decision on the Company's demurrer action. The plaintiff filed an Opposition to the Demurrer and, in response, on January 5, 2016, the Company filed a reply to this Opposition to the Demurrer. On February 2, 2016, the Court held a hearing on the demurrer and found in the Company's favor, sustaining the demurrer in its entirety without leave to amend as to the plaintiff Hernandez, and so dismissing Hernandez's claims and the related putative class. Claims on behalf of the plaintiff Zuno remain at this time, pending the filing of an amended complaint on behalf of this remaining plaintiff and reduced putative class. The Company provided responses to discovery following a lift by the Court of the stay on discovery. The Court has set a case management conference for October 18, 2016 to give Plaintiff's counsel time to review the discovery documents the Company produced and determine whether Plaintiff intends to proceed with the case as a putative class action or on an individual basis only. At this time, we are not able to predict the probability of the outcome or estimate of loss, if any, related to this matter.

The Company is a party to various other pending legal and administrative proceedings. It is management's opinion that the outcome of such proceedings will not have a material impact on the Company's financial position, results of operations, or cash flows.

Note 23. Selected Quarterly Financial Data (Unaudited)

The following tables set forth certain unaudited quarterly information for each of the eight fiscal quarters in the two year period ended June 30, 2016. This quarterly information has been prepared on a consistent basis with the audited consolidated financial statements and, in the opinion of management, includes all adjustments which management believes are necessary for a fair presentation of the information for the periods presented.

The Company's quarterly operating results may fluctuate significantly as a result of a variety of factors, and operating results for any fiscal quarter are not necessarily indicative of results for a full fiscal year or future fiscal quarters.

Farmer Bros. Co.

Notes to Consolidated Financial Statements (continued)

	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016
(In thousands, except per share data)				
Net sales	\$ 133,445	\$ 142,307	\$ 134,468	\$ 134,162
Gross profit	\$ 50,579	\$ 52,908	\$ 52,560	\$ 52,428
(Loss) income from operations	\$(563)	\$ 5,361	\$ 306	\$ 3,075
Net (loss) income	\$(1,074)	\$ 5,561	\$ 1,192	\$ 84,239
Net (loss) income) per common share—basic	\$(0.07)	\$ 0.34	\$ 0.07	\$ 5.09
Net (loss) income per common share—diluted	\$(0.07)	\$ 0.34	\$ 0.07	\$ 5.05

	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015
(In thousands, except per share data)				
Net sales	\$ 135,984	\$ 144,809	\$ 132,507	\$ 132,582
Gross profit	\$ 48,121	\$ 53,142	\$ 46,569	\$ 49,204
Income (loss) from operations	\$ 2,601	\$ 3,505	\$(1,405)	\$(1,417)
Net income (loss)	\$ 2,515	\$ 2,896	\$(2,572)	\$(2,187)
Net income (loss) per common share—basic	\$ 0.16	\$ 0.18	\$(0.16)	\$(0.13)
Net income (loss) per common share—diluted	\$ 0.16	\$ 0.18	\$(0.16)	\$(0.13)

In the fourth quarter of fiscal 2016, the Company concluded that it is more likely than not that the Company will generate future earnings sufficient to realize the majority of the Company's deferred tax assets as of June 30, 2016. Accordingly, the Company recorded a reduction in its valuation allowance in the fourth quarter of fiscal 2016 in the amount of \$83.2 million. See [Note 20](#).

Note 24. Subsequent Events

Completion of the Sale of Assets

On July 15, 2016, the Company completed the sale of certain property, including the Company's former headquarters, located at 20333 S. Normandie Avenue, Torrance, CA 90502 (the "Torrance Property"), consisting of approximately 665,000 square feet of buildings located on approximately 20.33 acres of land, for an aggregate cash sale price of \$43.0 million. The Company received net proceeds of \$42.5 million from the sale of the Torrance Property, after customary adjustments for closing costs and documentary transfer taxes.

Asset Purchase Agreement

On September 9, 2016, a newly-formed, wholly-owned subsidiary of the Company, as the Buyer, and China Mist Brands, Inc., dba China Mist Tea Company ("China Mist"), as the Seller, entered into a definitive agreement to purchase substantially all of the assets and certain specified liabilities of China Mist, a provider of flavored iced teas and iced green teas, for an aggregate purchase price of \$11.3 million, with \$10.8 million to be paid in cash at closing and \$0.5 million to be paid as earnout subject to certain conditions. The transaction is expected to close during the second quarter of fiscal 2017.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act, are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. As of June 30, 2016, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(e) promulgated under the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2016, our disclosure controls and procedures are effective.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting refers to the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions or that the degree of compliance with policies or procedures may deteriorate.

With the participation of the Chief Executive Officer and Chief Financial Officer, our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in the 2013 "Internal Control—Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our internal control over financial reporting was effective as of June 30, 2016.

The effectiveness of our internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act) during our fiscal quarter ended June 30, 2016, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Farmer Bros. Co.
Torrance, California

We have audited the internal control over financial reporting of Farmer Bros. Co. and subsidiaries (the "Company") as of June 30, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2016, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended June 30, 2016 of the Company and our report dated September 13, 2016 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP
Dallas, Texas
September 13, 2016

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be set forth in the Proxy Statement and is incorporated in this report by reference.

Code of Conduct and Ethics

We maintain a written Code of Conduct and Ethics for all employees, officers and directors, including our principal executive officer, principal financial officer, principal accounting officer or controller, and other persons performing similar functions. To view this Code of Conduct and Ethics free of charge, please visit our website at www.farmerbros.com (This website address is not intended to function as a hyperlink, and the information contained in our website is not intended to be a part of this filing). We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of this Code of Conduct and Ethics, if any, by posting such information on our website as set forth above.

Compliance with Section 16(a) of the Exchange Act

To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required during the fiscal year ended June 30, 2016, its officers, directors and ten percent stockholders complied with all applicable Section 16(a) filing requirements, except that, Michael H. Keown, the Company's President and Chief executive Officer, filed a late Form 4 in December 2015 reporting the sale of vested restricted shares to cover tax withholding requirements and with the exception of those filings listed in the Company's Proxy Statement expected to be dated and filed with the SEC not later than 120 days after the conclusion of the Company's fiscal year ended June 30, 2016.

Item 11. Executive Compensation

The information required by this item will be set forth in the Proxy Statement and is incorporated in this report by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be set forth in the Proxy Statement and is incorporated in this report by reference.

Equity Compensation Plan Information

Information about our equity compensation plans at June 30, 2016 that were either approved or not approved by our stockholders was as follows:

Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Options	Weighted Average Price of Outstanding Options	Number of Shares Remaining Available for Future Issuance(2)
Equity compensation plans approved by stockholders(1)	508,228	\$20.66	151,857
Equity compensation plans not approved by stockholders	—	—	—
Total	508,228	\$20.66	151,857

(1) Includes shares issued under the Amended Equity Plan and its predecessor plan, the Farmer Bros. Co. 2007 Omnibus Plan.

(2) Shares available for future issuance under the Amended Equity Plan may be awarded in the form of performance-based stock options, restricted stock awards, another cash-based award or other incentive payable in cash. Shares covered by an award will 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 are issued under the Amended Equity Plan to a participant and are thereafter reacquired by the Company, the shares subject to such awards and the reacquired shares will again be available for issuance under the Amended Equity Plan. In addition to the shares that are actually issued to a participant, the following items will be counted against the total number of shares available for issuance under the Amended Equity Plan: (i) shares subject to an award that are not delivered to a participant because the award is exercised through a reduction of shares subject to the award (i.e., “net exercised”); (ii) shares 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 or issuance of shares under certain types of awards; and (iii) shares that are tendered to the Company to pay the exercise price of any option. The following items will not be counted against the total number of shares available for issuance under the Amended Equity Plan: (A) the payment in cash of dividends; and (B) any award that is settled in cash rather than by issuance of stock.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be set forth in the Proxy Statement and is incorporated in this report by reference.

Item 14. Principal Accountant Fees and Services

The information required by this item will be set forth in the Proxy Statement and is incorporated in this report by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) List of Financial Statements and Financial Statement Schedules:

1. Financial Statements included in Part II, Item 8 of this report:

Consolidated Balance Sheets as of June 30, 2016 and 2015

Consolidated Statements of Operations for the Years Ended June 30, 2016, 2015 and 2014

Consolidated Statements of Comprehensive Income (Loss) for the Years Ended June 30, 2016, 2015 and 2014

Consolidated Statements of Cash Flows for the Years Ended June 30, 2016, 2015 and 2014

Consolidated Statements of Stockholders' Equity for the Years Ended June 30, 2016, 2015 and 2014

Notes to Consolidated Financial Statements

2. Financial Statement Schedules: Financial Statement Schedules are omitted as they are not applicable, or the required information is given in the consolidated financial statements and notes thereto.

3. The exhibits to this Annual Report on Form 10-K are listed on the accompanying index to exhibits and are incorporated herein by reference or are filed as part of the Annual Report on Form 10-K. Each management contract or compensation plan required to be filed as an exhibit is identified by an asterisk (*).

(b) Exhibits: See Exhibit Index.

Item 16. Form 10-K Summary

None.

101

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FARMER BROS. CO.

By: /s/Michael H.
Keown
Michael H.
Keown
President and
Chief
Executive
Officer
(chief
executive
officer)
September 13,
2016

By: /s/Isaac N.
Johnston, Jr.
Isaac N.
Johnston, Jr.
Treasurer and
Chief
Financial
Officer
(principal
financial and
accounting
officer)
September 13,
2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Randy E. Clark Chairman of the Board and Director September 13, 2016
Randy E. Clark

/s/ Guenter W. Berger Chairman Emeritus and Director September 13, 2016
Guenter W. Berger

/s/ Hamideh Assadi Director September 13, 2016
Hamideh Assadi

Director

Explanation of Responses:

Edgar Filing: Greenway Joy M - Form 4

Jeanne Farmer Grossman

/s/ Michael H. Keown Director September 13, 2016
Michael H. Keown

/s/ Charles F. Marcy Director September 13, 2016
Charles F. Marcy

/s/ Christopher P. Mottern Director September 13, 2016
Christopher P. Mottern

102

EXHIBIT INDEX

- 2.1 Asset Purchase Agreement, dated as of November 16, 2015, by and between Farmer Bros. Co. and Harris Spice Company Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on November 30, 2015 and incorporated herein by reference).*
- 3.1 Certificate of Incorporation (filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K filed with the SEC on September 16, 2014 and incorporated herein by reference).
- 3.2 Amended and Restated Bylaws (filed as Exhibit 3.2 to the Company's Quarterly on Form 10-Q filed with the SEC on May 6, 2016 and incorporated herein by reference).
- 3.3 Certificate of Elimination (filed as Exhibit 3.3 to the Company's Registration Statement on Form 8-A/A filed with the SEC on September 24, 2015 and incorporated herein by reference).
- 4.1 Specimen Stock Certificate (filed as Exhibit 4.1 to the Company's Registration Statement on Form 8-A/A filed with the SEC on September 24, 2015 and incorporated herein by reference)
- 4.2 Registration Rights Agreement, dated as of June 16, 2016, among Farmer Bros. Co. and the Investors identified on the signature pages thereto (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 21, 2016 and incorporated herein by reference).
- 10.1 Credit Agreement, dated as of March 2, 2015, by and among Farmer Bros. Co., Coffee Bean International, Inc., FBC Finance Company, Coffee Bean Holding Co., Inc., the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K for the period ended March 6, 2015 and incorporated herein by reference).
- 10.2 Pledge and Security Agreement, dated as of March 2, 2015, by and among Farmer Bros. Co., Coffee Bean International, Inc., FBC Finance Company, Coffee Bean Holding Co., Inc. and JPMorgan Chase Bank, N.A., as Administrative Agent (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K for the period ended March 6, 2015 and incorporated herein by reference).
- 10.3 Farmer Bros. Co. Pension Plan for Salaried Employees (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 filed with the SEC on November 5, 2012 and incorporated herein by reference).**
- 10.4 Amendment No. 1 to Farmer Bros. Co. Retirement Plan effective June 30, 2011 (filed herewith).**
- 10.5 Action of the Administrative Committee of the Farmer Bros. Co. Qualified Employee Retirement Plans amending the Farmer Bros. Co. Retirement Plan, effective as of December 6, 2012 (filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 filed with the SEC on May 6, 2013 and incorporated herein by reference).**
- 10.6

Edgar Filing: Greenway Joy M - Form 4

Farmer Bros. Co. 2005 Incentive Compensation Plan (filed as Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2013 filed with the SEC on February 10, 2014 and incorporated herein by reference).**

10.7 Amendment to Farmer Bros. Co. 2005 Incentive Compensation Plan (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 10, 2014 and incorporated herein by reference).**

10.8 Farmer Bros. Co. Amended and Restated Employee Stock Ownership Plan, as adopted by the Board of Directors on December 9, 2010 and effective as of January 1, 2010 (filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 6, 2016 and incorporated herein by reference).**

103

Edgar Filing: Greenway Joy M - Form 4

- 10.9 Action of the Administrative Committee of the Farmer Bros. Co. Qualified Employee Retirement Plans amending the Farmer Bros. Co. Amended and Restated Employee Stock Ownership Plan, effective as of January 1, 2012 (filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2012 filed with the SEC on September 7, 2012 and incorporated herein by reference).*
- 10.10 Action of the Administrative Committee of the Farmer Bros. Co. Qualified Employee Retirement Plans amending the Farmer Bros. Co. Amended and Restated Employee Stock Ownership Plan, effective as of January 1, 2015 (filed as Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 filed with the SEC on November 9, 2015 and incorporated herein by reference).**
- 10.11 Action of the Administrative Committee of the Farmer Bros. Co. Qualified Employee Retirement Plans amending the Farmer Bros. Co. Amended and Restated Employee Stock Ownership Plan, effective as of January 1, 2015 (filed as Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 filed with the SEC on November 9, 2015 and incorporated herein by reference).**
- 10.12 ESOP Loan Agreement including ESOP Pledge Agreement and Promissory Note, dated March 28, 2000, between Farmer Bros. Co. and Wells Fargo Bank, N.A., Trustee for the Farmer Bros Co. Employee Stock Ownership Plan (filed as Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 6, 2016 and incorporated herein by reference).
- 10.13 Amendment No. 1 to ESOP Loan Agreement, dated June 30, 2003, between Farmer Bros. Co. and Wells Fargo Bank, N.A., Trustee for the Farmer Bros Co. Employee Stock Ownership Plan (filed as Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 6, 2016 and incorporated herein by reference).
- 10.14 ESOP Loan Agreement No. 2 including ESOP Pledge Agreement and Promissory Note, dated July 21, 2003 between Farmer Bros. Co. and Wells Fargo Bank, N.A., Trustee for the Farmer Bros Co. Employee Stock Ownership Plan (filed as Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 6, 2016 and incorporated herein by reference).
- 10.15 Employment Agreement, dated March 9, 2012, by and between Farmer Bros. Co. and Michael H. Keown (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 13, 2012 and incorporated herein by reference).**
- 10.16 Employment Agreement, dated as of April 1, 2013, by and between Farmer Bros. Co. and Mark J. Nelson (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 4, 2013 and incorporated herein by reference).**
- 10.17 Amendment No. 1 to Employment Agreement, dated as of January 1, 2014, by and between Farmer Bros. Co. and Mark J. Nelson (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on March 5, 2014 and incorporated herein by reference).**
- 10.18 Amendment No. 2 to Employment Agreement, dated as of November 23, 2015, between Farmer Bros. Co. and Mark J. Nelson (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on November 30, 2015 and incorporated herein by reference).**
- 10.19 Employment Agreement, dated as of December 2, 2014, by and between Farmer Bros. Co. and Barry C. Fischetto (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December

5, 2014 and incorporated herein by reference).**

Employment Agreement, effective as of May 27, 2015, by and between Farmer Bros. Co. and Scott W. Bixby 10.20 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 20, 2015 and incorporated herein by reference).**

104

Edgar Filing: Greenway Joy M - Form 4

- 10.21 Employment Agreement, effective as of August 6, 2015, by and between Farmer Bros. Co. and Thomas J. Mattei, Jr. (filed as Exhibit 10.20 to the Company's Annual Report on Form 10-K filed with the SEC on September 14, 2015 and incorporated herein by reference).**
- 10.22 Separation Agreement, dated as of July 16, 2014, by and between Farmer Bros. Co. and Mark A. Harding (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 17, 2014 and incorporated herein by reference).**
- 10.23 Farmer Bros. Co. 2007 Omnibus Plan, as amended (as approved by the stockholders at the 2012 Annual Meeting of Stockholders on December 6, 2012) (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 12, 2012 and incorporated herein by reference).**
- 10.24 Farmer Bros. Co. Amended and Restated 2007 Long-Term Incentive Plan (as approved by the stockholders at the 2013 Annual Meeting of Stockholders on December 5, 2013) (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on December 11, 2013 and incorporated herein by reference).**
- 10.25 Addendum to Farmer Bros. Co. Amended and Restated 2007 Long-Term Incentive Plan (filed as Exhibit 10.30 to the Company's Quarterly Report on Form 10-Q filed with the SEC on February 9, 2015 and incorporated herein by reference).**
- 10.26 Form of Farmer Bros. Co. 2007 Omnibus Plan Stock Option Grant Notice and Stock Option Agreement (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on April 4, 2013 and incorporated herein by reference).**
- 10.27 Stock Ownership Guidelines for Directors and Executive Officers (filed herewith).**
- 10.28 Form of Award Letter (Fiscal 2014) under Farmer Bros. Co. 2005 Incentive Compensation Plan (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 17, 2014 and incorporated herein by reference).**
- 10.29 Form of Target Award Notification Letter (Fiscal 2015) under Farmer Bros. Co. 2005 Incentive Compensation Plan (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on September 17, 2014 and incorporated herein by reference).**
- 10.30 Form of Change in Control Severance Agreement for Executive Officers of the Company (with schedule of executive officers attached) (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on September 29, 2015 and incorporated herein by reference).**
- 10.31 Form of Indemnification Agreement for Directors and Officers of the Company, as adopted on December 5, 2013 (with schedule of indemnitees attached) (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on September 29, 2015 and incorporated herein by reference).**
- 10.32 Lease Agreement, dated as of July 17, 2015, by and between Farmer Bros. Co. as Tenant, and WF-FB NLTX, LLC as Landlord (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 23, 2015 and incorporated herein by reference).

Edgar Filing: Greenway Joy M - Form 4

10.33 First Amendment to Lease Agreement dated as of December 29, 2015, by and between Farmer Bros. Co. as Tenant, and WF-FB NLTX, LLC as Landlord (filed as Exhibit 10.36 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 6, 2016 and incorporated herein by reference).

10.34 Amendment No. 2 to Lease Agreement dated as of March 10, 2016, by and between Farmer Bros. Co. as Tenant, and WF-FB NLTX, LLC as Landlord (filed as Exhibit 10.37 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 6, 2016 and incorporated herein by reference).

105

10.35 Development Management Agreement dated as of July 17, 2015, by and between Farmer Bros. Co., as Tenant and Stream Realty Partners-DFW, L.P., as Developer (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on July 23, 2015 and incorporated herein by reference).

10.36 First Amendment to Development Management Agreement dated as of January 1, 2016, by and between Farmer Bros. Co., as Tenant and Stream Realty Partners-DFW, L.P., as Developer (filed as Exhibit 10.39 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 6, 2016 and incorporated herein by reference).

10.37 Second Amendment to Development Management Agreement dated as of March 25, 2016, by and between Farmer Bros. Co., as Tenant and Stream Realty Partners-DFW, L.P., as Developer (filed as Exhibit 10.40 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 6, 2016 and incorporated herein by reference).

10.38 Agreement of Purchase and Sale and Joint Escrow Instructions, dated as of April 11, 2016, by and between Farmer Bros. Co. as Seller, and Bridge Acquisition, LLC as Buyer (filed as Exhibit 10.41 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 6, 2016 and incorporated herein by reference).

10.39 First Amendment to Agreement of Purchase and Sale and Joint Escrow Instructions, dated as of June 1, 2016, by and between Farmer Bros. Co. and Bridge Acquisition, LLC (filed herewith).

14.1 Farmer Bros. Co. Code of Conduct and Ethics adopted on August 26, 2010 and updated February 2013 and September 7, 2016 (filed herewith).

21.1 List of all Subsidiaries of Farmer Bros. Co. (filed herewith)

23.1 Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm (filed herewith)

31.1 Principal Executive Officer Certification Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).

31.2 Principal Financial and Accounting Officer Certification Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).

32.1 Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).

32.2 Principal Financial and Accounting Officer Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).

101 The following financial statements from the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2016, formatted in eXtensible Business Reporting Language: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Stockholders' Equity, and (vi) Notes to Consolidated Financial Statements (furnished herewith).

*

Edgar Filing: Greenway Joy M - Form 4

Pursuant to Item 601(b)(2) of Regulation S-K, the schedules and/or exhibits to this agreement have been omitted. The Registrant undertakes to supplementally furnish copies of the omitted schedules and/or exhibits to the Securities and Exchange Commission upon request.

**Management contract or compensatory plan or arrangement.

106