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September 12, 2003

Via Federal Express

Farmer Bros. Co.
20333 South Normandie Avenue
Torrance, CA 90502

Re: Proposed Shareholder Resolution
Submitted By Franklin Mutual Advisers, LLC.

Gentlemen:

You have requested our opinion as to whether the shareholder proposal (the "Proposal") submitted to Farmer Bros. Co., a California corporation (the "Company"), by Franklin Mutual Advisers, LLC on behalf of its advisory clients Mutual Beacon Fund and Mutual Discovery Fund, each a series of Franklin Mutual Series Fund Inc. (collectively the "Proponent"), would, if adopted and implemented, contravene the provisions of the California Corporations Code (the "CCC"), and whether the Proposal is a proper subject for action by the Company's shareholders under California law.

In connection with your request for our opinion, you have furnished us with copies of the Proponent's letter to the Company, dated July 31, 2003, and the Proposal and supporting statement which accompanied such letter. We also have reviewed the Company's Amended and Restated Articles of Incorporation (the "Articles of Incorporation"), and the Company's Bylaws (the "Bylaws"), each in their current form, and such other documents as we deemed necessary. We have assumed the conformity to the original documents of all documents submitted to us as copies and the authenticity of the originals of such documents.

The Proponent has proposed a binding shareholder resolution to limit indemnification of all of the Company's current directors, and one former director, with respect to certain types of claims that may arise as a result of breaches of duty by such directors during the period from July 2002 until the date of the resolution. The text of the proposed shareholder resolution is as follows:

PROPOSAL: INDEMNIFICATION OF DIRECTORS

RESOLVED, that it is not proper for Farmer Bros. Co. (the "Company") to indemnify the current and former directors named below against expenses, judgments, fines settlements and other amounts incurred in connection with any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, concerning violations of law or breaches of duty during the period from July 2002 until the date of this resolution relating to (a) disclosures of information to investors, (b) compliance with the Investment Company Act of 1940, or (c) actions to benefit the Company's controlling persons which are not in the best interests of all of the Company's shareholders, because these directors did not meet the applicable standards of conduct established by the California Corporations Code and the Company's Bylaws.

John M. Anglin,
Guenter W. Berger,
Lewis A. Coffman,
Roy E. Farmer,
Roy F. Farmer,
Thomas A. Maloof,
John H. Merrell, and
John Samore, Jr.

The Proposal was accompanied by a statement of the Proponent in support thereof (the "Supporting Statement"). A copy of the Proposal and the Supporting Statement are attached as Exhibit A.

Members of our firm are admitted to the bar of the State of California, and we do not express any opinion as to the laws of any other jurisdiction except the laws of the State of California.

Analysis of Invalidity of Proposal Under California Law

In our opinion, based upon and subject to the qualifications set forth in this letter, the Proposal contravenes California law, and the Proposal is not a proper subject for action by the Company's shareholders. Therefore, the Proposal is invalid and improper under the laws of the State of California.

1. The Proposal Would Contravene CCC Section 317(e)

In our opinion, the Proposal contravenes CCC Section 317(e) for at least two reasons: (a) it seeks to deny indemnification under CCC Section 317(e) in the

absence of a pending or threatened claim for indemnification, and (b) it seeks to exclude improperly other lawful methods of indemnification under CCC Section 317(e).

(a) CCC Section 317(e) provides, in part, as follows:

Except as provided in subdivision (d), any indemnification under this section shall be made by the corporation only if authorized **in the specific case** [emphasis added], upon a determination that indemnification of the agent is proper in the circumstances because the agent **has met the applicable standard of conduct** [emphasis added] set forth in subdivision (b) or (c)....

According to the Supporting Statement, "As shareholders, we have the right under Section 317(e)(3) of the California Corporations Code ("CCC") to decide, in the absence of a court decision, whether our Company's funds should be used to indemnify directors for their litigation expenses." To our knowledge based on representations from the Company, and for purposes of this opinion, we assume that no threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, concerning violations of law or breaches of duty have been brought against any of the directors (collectively, "Actions"), and that no directors are seeking indemnification for any Actions, relating to (a) disclosures of information to investors, (b) compliance with the Investment Company Act of 1940, or (c) actions to benefit the Company's controlling persons which are not in the best interests of all of the Company's shareholders (collectively, (a), (b) and (c) are referred to herein as the "Target Issues").

The reference in CCC Section 317(e) to, "any indemnification under this section shall be made by the corporation only if authorized **in the specific case** [emphasis added], upon a determination that indemnification of the agent is proper in the circumstances because the agent **has met the applicable standard of conduct** [emphasis added]...", clearly indicates that any determination regarding the propriety of indemnification under CCC Section 317(e) must be made only after there is a pending or threatened claim giving rise to a claim for indemnification. In our opinion, indemnification can be neither granted or denied pursuant to CCC Section 317(e) in advance of an actual claim where the actual circumstances can be considered. Since there are no pending or threatened Actions against any of the directors related to the Target Issues and no claim for indemnification has been made, the Proposal, which purports to be brought under CCC Section 317(e)(3), cannot be brought properly under such statute and, therefore, contravenes such statute.

(b) In the absence of a successful defense on the merits by the agent, in which case indemnification is mandatory pursuant to CCC Section 317(d), CCC Section

317(e) authorizes indemnification when the agent has met the applicable standard of conduct as determined by any of the following four methods:

- (1) A majority vote of a quorum consisting of directors who are not parties to such proceeding;
- (2) If such quorum of directors is not obtainable, by independent legal counsel in a written opinion;
- (3) Approval of the shareholders (Section 153), with the shares owned by the person to be indemnified not being entitled to vote thereon; or
- (4) The court in which the proceeding is or was pending upon application made by the corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not the application by the agent, attorney or other person is opposed by the corporation.

However, the Supporting Statement only refers to one of the four methods (subparagraph (4) above), i.e. "if a court determines that a director met the applicable standard of conduct." The Proposal seeks to preemptively deny the other three methods that are specifically authorized by the statute, and neither the Proposal, nor the Supporting Statement, refers to the two alternative methods of granting indemnification described in CCC Section 317(e)(1) and CCC Section 317(e)(2), namely by a majority vote of a disinterested quorum of directors and if such quorum of directors is not obtainable, by independent legal counsel in a written opinion. Nothing in CCC Section 313(e) suggests that failure to approve indemnification under one subsection would preclude indemnification under the other authorized means. Therefore, the Proposal improperly seeks to deny the ability of the Company to grant indemnification to the directors pursuant to CCC Section 317(e)(1) and CCC Section 317(e)(2). With respect to any Actions related to the Target Issues should they arise in the future, however, the Proposal purports to deny the shareholders of the Company the ability to grant indemnification pursuant to CCC Section 317(e)(3) at a later date, in the event a specific case arises related to the Target Issues. In our opinion, this denial of a statutory right to indemnification, in the absence of a threatened or pending Action, or a claim for indemnification, would also contravene CCC Section 317(e) because there are no facts on which to base a determination of whether the applicable standards have been met.

2. The Proposal is Not a Proper Subject for Action by the Shareholders

In our opinion, the Proposal is not a proper subject of action by the Shareholders for at least two reasons: (a) it seeks to deny the directors of the Company the ability to determine the propriety of a director's claim for indemnification as provided

by statute, and (b) it conflicts with a provision in the Articles of Incorporation that is intended to indemnify directors in excess of indemnification otherwise permitted by Section 317.

(a) As described above CCC Section 317(e)(1) provides that a quorum of disinterested directors may determine the propriety of a director's claim for indemnification, and if such a quorum is not obtainable, then the directors of the Company may seek to obtain the written opinion of legal counsel in accordance with CCC Section 317(e)(2). CCC Section 300(a) provides that the "business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the board." Determining the propriety of an indemnification claim is within such power and duty of the directors to manage the affairs of the Company. The Proposal is not a proper action for the shareholders because, if implemented, it would improperly intrude on such power and duty of the directors as expressly contemplated by statute and the Company's Articles of Incorporation. Furthermore, the Proposal seeks to do so both on a retroactive and prospective basis, without any pending or threatened Action or any claim by any director for indemnification.

Article Fifth, Section 2 of the Articles of Incorporation states in pertinent part: "The corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) through bylaw provisions, agreements with the agents, vote of shareholders or disinterested directors, or otherwise in excess of the indemnification otherwise permitted by Section 317 . . ." In addition, Article Fifth, Section 1 of the Articles of Incorporation, consistent with Section 204.5 of the CCC provides that: "The liability of the directors of the Corporation for monetary damages shall be eliminated to the fullest extent permissible under California law."

The Proposal is in conflict with the Company's Articles of Incorporation because it purports to revoke or limit the Company's authority to indemnify directors relative to the Target Issues and limit their liability to the fullest extent possible under California law as provided in the Articles of Incorporation. Indeed the Proposal also seeks to do so on a retroactive and prospective basis, which would deny the directors certain protections already afforded them in the Articles of Incorporation. In our view, the Proposal is in conflict with this provision in the Articles of Incorporation, and since the shareholders may not amend the Articles of Incorporation without the approval of the Company's board of directors in accordance with CCC Section 902, the Proposal does not present a proper subject for action by the Company's shareholders.

* * *

Based upon and subject to the foregoing, it is our opinion that the shareholder resolution contemplated by the Proposal contravenes California law and is not a proper subject for action by the Company's shareholders at the Annual Meeting and

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that a California court, presented with the question of the resolution's validity, would so conclude.

This opinion is furnished to you solely for your benefit in connection with the Proposal and, except as set forth in the next sentence, is not to be used, circulated, quoted or otherwise referred to for any other purpose or relied upon by any other person without our express written permission. We hereby consent to your furnishing a copy of this opinion to the Staff of the Securities and Exchange Commission in connection with a no-action request with respect to the Proposal.

Very truly yours,

*Stinson Corp. St. Louis Bank's
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CCP*