

ORIGINAL FILED

FEB 13 2004

**LOS ANGELES
SUPERIOR COURT**

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12 Attorneys for Petitioner

**Case assigned to
Judge**

**SUPERIOR COURT OF CALIFORNIA
COUNTY OF LOS ANGELES**

13 PETER F. BRENNAN, as delegate,
14 Petitioner,

15 vs.

16 FARMER BROS. COMPANY, JOHN E.
17 SIMMONS, and ROY F. FARMER,
18 Respondents.

CASE NO. **BS088343**

**PETITION FOR ENFORCEMENT OF
RIGHT TO INSPECT RECORDS OF
FARMER BROS. COMPANY**

Petitioner, for cause of action against Respondents, alleges.

1. Farmer Bros. Company ("Farmer Bros.") is a corporation organized in 1951 under the laws of the state of California. The principal place of business of Farmer Bros. is located at 20333 South Normandie Avenue, Torrance, California 90502.

2. John E. Simmons is the Chief Financial Officer of Farmer Bros. and has held that position at all times relevant to the matters set forth in this petition. Roy F. Farmer is the Chief Executive Officer of Farmer Bros. and has held that position at all times relevant to the matters set forth in this petition.

3. Pursuant to a lawful power of attorney, Petitioner is the delegate of Marc S. Heilweil, who is a present holder and owner of shares of capital stock of Farmer Bros., and, as such, is concerned with the prosperity and welfare of Farmer Bros., is interested in its success, and now desires to ascertain the condition of his investment.

1 4 By press release dated December 24, 2003, Farmer Bros. announced several
2 important new matters, including settlement agreements and transactions with affiliates involving more
3 than 20% of Farmer Bros.' outstanding stock, changes in control of the Farmer Bros. Employee Stock
4 Ownership Plan ("ESOP") which may own 18.7% of Farmer Bros. stock, a proposed stock split, and
5 the engagement of an investment banker. Petitioner has no knowledge of the investment implications
6 of these important new matters for Farmer Bros., except such as has been communicated publicly by
7 Farmer Bros. management, which has had exclusive control of Farmer Bros.' affairs for over fifty years.

8 5. The shareholders have not had the benefit of a detailed report of the investment
9 implications of these important new matters.

10 6. Farmer Bros. maintains detailed corporate books and records of many types
11 including, without limitation, records of the transactions announced on December 24, 2003, a journal
12 showing its business transactions, a ledger into which the transactions are posted, and a record of the
13 Board of Directors.

14 7. On information and belief, all Farmer Bros. corporate books and records are
15 now in the offices of the corporation in Torrance, California, and are under the control and within the
16 custody of the corporation and one or more of the individual defendants.

17 8. On January 12, 2004, pursuant to Section 1601 of the California Corporations
18 Code, Petitioner demanded, in writing, of the individual and corporate respondents, the opportunity
19 of inspecting the corporate books and records of Farmer Bros., with the right of making copies and
20 taking extracts therefrom, at such reasonable time as the Respondents should fix.

21 9. The Respondents have failed to comply with this demand.

22 10. Petitioner, as delegate to shareholder Marc S. Heilweil, is interested in the true
23 investment condition of Farmer Bros., especially in light of the important new matters

24 11. The purposes of Plaintiff's demand are (a) to evaluate the benefits investors may
25 realize from the important new actions announced by the Company on January 24, 2003; (b) to
26 evaluate the performance of the current Board of Directors; (c) to determine whether the Company's
27 assets are being used properly for the benefit of shareholders; and (d) to consider voting decisions on
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1 matters to be presented at the annual meeting now scheduled for February 23, 2004. These purposes
2 are reasonably related to Petitioner's interest as delegate for shareholder Marc S. Heilweil

3 12. Petitioner is not competent to make the sought inspection effectively without
4 the aid of counsel.

5 13. Petitioner is entirely without remedy in this matter, unless it be afforded him by
6 the proper writ from this Court and the Court's intervention on his behalf.

7 14. Petitioner is informed, and believes, and therefore alleges, that the failure of
8 Farmer Bros. to comply with the demand for inspection of the books and records was without any
9 justification whatsoever, and that petitioner has incurred, and will continue to incur, reasonable
10 expenses, including attorney's fees, in enforcing the right set forth in this petition.

11 Wherefore, petitioner requests that the Court issue a peremptory writ of mandamus
12 ordering the respondents to produce for Petitioner, at the office of Farmer Bros., in Torrance,
13 California, all the books and records described in the January 12, 2003 Demand Letter, a copy of which
14 is attached hereto, at such time as the Court shall fix, for their inspection by petitioner, with the right
15 to make copies and extracts thereof, and further ordering that Petitioner may be
16 accompanied by counsel; that Petitioner recover all reasonable costs of this proceeding, including
17 attorney's fees; and for such other and proper relief as the court may deem proper.

18 Dated: February 13, 2004

GLANCY BINKOW & GOLDBERG LLP

19
20 By 
Mark I. Labaton

21 1801 Avenue of the Stars
22 Suite 311
23 Los Angeles, CA 90067
24 Telephone: (310) 201-9150

**GOODKIND LABATON RUDOFF
& SUCHAROW LLP**

25 Thomas A. Dobbs
26 Richard L. Marasse

27 100 Park Avenue, 12th floor
28 New York, New York 10017-5563
Telephone: (212) 907-0700
Facsimile: (212) 818-0477

VERIFICATION

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

I, PETER F. BRENNAN, as Delegate, am the Petitioner in the within action,
and do hereby depose and state:

1. I have read the foregoing Petition For Enforcement of Right to Inspect
Records of Farmer Bros. Company.
2. I am informed and believe that the matters stated therein are true and correct.

SIGNED UNDER THE PENALTIES OF PERJURY THIS 12 DAY OF
FEBRUARY, 2004.



PETER F. BRENNAN

Peter F. Brennan
c/o MidCap Investors, LLC
237 Park Avenue, 9th Floor
New York, New York 10017

Telephone: 212/692-7648; Facsimile: 212/692-7657

January 12, 2004

By telecopier: 310/320-2436

Mr. John E. Simmons
Secretary of the Corporation
Farmer Bros. Co.
20333 South Normandie Avenue
Torrance, California 90502

Re: Demand to inspect records

Dear Mr. Simmons:

Acting as a shareholder delegate according to the accompanying power of attorney, I note that more than fifteen days has passed without public reports by Farmer Bros. Co. (the "Company") of documents or other detailed information relating to several important matters announced by the Company in a December 24, 2003 press release. These matters included settlement agreements and transactions with affiliates involving more than 20% of the Company's outstanding stock, changes in the control of the ESOP which may reportedly own 18.7% of the Company's stock, a proposed stock split, and the engagement of an investment banker.

I therefore demand, pursuant to Section 1601 of the California Corporations Code, that the Company produce, for inspection and copying during normal business hours, the following accounting books and records and minutes of proceedings of the shareholders and the board and committees of the board ("Records") of the Company and its subsidiaries:

1. All Records, including any agreements, contracts, reports, analyses, valuations, opinions or other information presented or submitted in relation to proceedings, concerning the following matters addressed in the Company's December 24, 2003 announcement:
 - A. The settlement agreement with the Crowe family.
 - B. The Company's offer to sell the ESOP approximately 125,000 shares of stock acquired from Crowe interests.
 - C. Company agreement to loan funds to ESOP.
 - D. Changes in the governance provisions of the ESOP.
 - E. Replacement of the ESOP's committee members.
 - F. A split of the Company's stock, and any other actions or policies to enhance the marketability or liquidity of the Company's stock.
 - G. The engagement of Credit Suisse First Boston, and of any other advisers addressing the Company's strategic options.
2. To the extent not produced in response to the previous items, all Records, including any agreements, contracts, reports, analyses, valuations, opinions or

January 12, 2004

Page 2 of 2

other information presented or submitted in relation to proceedings, concerning the consideration of matters relating to the items listed above during the period from January 1, 2000 until the present, including but not limited to the following examples:

- A. Determination of the amount and form of contributions to the ESOP, including reports by Valuemetrics Advisors or others engaged to advise the Company on its compensation practices or on competitive industry compensation practices.
 - B. Need for changes in the management of the ESOP.
 - C. ESOP's purchases of stock in advance of pension accruals with funding by loans from the Company, and any consideration of conventional alternatives.
3. Records of all loans and other securities transactions between the Company and the ESOP.

The purposes of this demand are (a) to evaluate the benefits investors may realize from the actions announced by the Company on December 24, 2003, (b) to evaluate the performance of the Company's current directors, (c) to determine whether the Company's assets are being used properly for the benefit of shareholders, and (d) to consider voting decisions on matters to be presented at the annual meeting now scheduled for January 21, 2004.

In addition to this demand, I reiterate the demand for Records made initially in my letter to you of March 13, 2003. The Company has not yet provided those Records, and should do so now.

To the extent that any of the demanded Records may include trade secrets or other information that should be treated as confidential, you should identify the particular material. I will welcome your proposal of a standard form of a confidentiality agreement applicable to that information. It should be understood, however, that I may communicate any non-confidential information to others.

Under any circumstances, neither your response to these demands nor any of my communications will relieve the Company's management of its responsibility for providing information to public investors in compliance with applicable SEC regulations.

Please let me know if you have any questions about these demands.

Very truly yours,



Peter F. Brennan,
as Delegate

AFFIDAVIT THAT POWER OF ATTORNEY IS IN FULL FORCE

STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

Peter F. Brennan, being duly sworn, deposes and says:

- 1. The Shareholder within did, in writing, appoint me as the Shareholder's true and lawful ATTORNEY-IN-FACT in the within Power of Attorney.
- 2. I have no actual knowledge or actual notice of revocation or termination of the Power of Attorney from any cause, or knowledge of any facts indicating the same.
- 3. I make this affidavit for the purpose of inducing Farmer Bros. Co. to accept my authority to act as the ATTORNEY-IN-FACT, as provided in the within Power of Attorney, with full knowledge that this affidavit will be relied upon for that purpose.

Peter Brennan

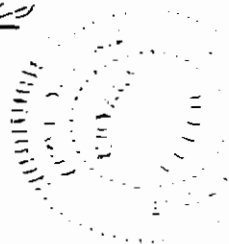
Attorney-in-Fact

Sworn to before me on this 12 day of January, 2004.

Ann B. Tsalkis

Notary Public

ANN B. TSALKIS
Notary Public, State of New York
Reg. No. 01186059892
Qualified in Queens County
Commission Expires 6/11/2007



DURABLE POWER OF ATTORNEY

The undersigned, Marc S. Heilweil, having an address c/o Spectrum Advisory Services, Inc., 1050 Crown Point Parkway, Suite 950, Atlanta, Georgia 30338 ("Shareholder"), and being the owner of 50 shares of the common stock FARMER BROS. CO. ("Company"), hereby appoints PETER F. BRENNAN, having an address c/o American Farmers 1 237 Park Avenue, New York, New York 10017 ("Delegate"), as the undersigned's agent (attorney-in-fact) to take any and actions which Shareholder, as a shareholder of the Company, could take in accordance with any applicable statutory common law, including, without limitation, as provided for in Sections 1601 and 1603-1605 of the California Corporate Code, to request, demand, obtain, inspect copy and otherwise deal with, on Shareholder's behalf, any and all information of the Company deemed by the Delegate to be relevant to Shareholder's interests as a shareholder, but specifically withholding the Delegate the authority to enter into any confidentiality agreement with the Company or to accept any other restriction upon Delegate's or Shareholder's use or disclosure of any such information for any purpose deemed by the Delegate to relate to Shareholder's interests as a shareholder, and otherwise granting unto said Delegate full power and authority to do and perform each and every lawful act and thing which Shareholder might or could do in person in connection with the aforesaid matter that Delegate believes necessary, proper or convenient. Shareholder ratifies and confirms all that Delegate in fact does or causes to be done under the authority granted in this Power.

Delegate shall not be liable to Shareholder or any of shareholder's successors in interest for any action taken or not taken in good faith, but shall be liable for any willful misconduct or gross negligence.

This power of attorney shall not be affected by subsequent incapacity of the Shareholder, and shall remain in full force and effect until revoked by the Shareholder.

Persons dealing with Delegate may rely fully on a photostatic copy of this Power.

Signed this 13 day of March, 2003
 By: Marc Heilweil

State of Georgia)
 County of De Kalb) S.S.

On March 13 before me, Peter F. Brennan, a notary public in the state of Georgia, personally appeared Marc Heilweil, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he or she executed the same in his or her authorized capacity, and that by his or her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.
 Signature Peter F. Brennan (Seal)



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PROOF OF SERVICE BY MAIL

I, the undersigned, say:

I am a citizen of the United States and am employed in the office of a member of the Bar of this Court. I am over the age of 18 and not a party to the within action. My business address is 1801 Avenue of the Stars, Suite 311, Los Angeles, California 90067.

On February 13, 2004, I served the following:

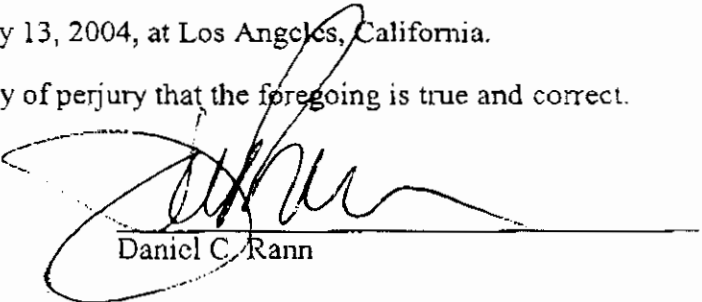
- 1 **PETITION FOR ENFORCEMENT OF RIGHT TO INSPECT RECORDS OF FARMER BROS. COMPANY**

on the parties shown below by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid in the United States mail at Los Angeles, California.

SEE SERVICE LIST

Executed on February 13, 2004, at Los Angeles, California.

I certify under penalty of perjury that the foregoing is true and correct.



Daniel C. Rann

SERVICE LIST

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Eric S. Waxman, Esq.
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