

EXHIBIT B

**DETERMINATIVE DOCUMENT PURSUANT TO 15 U.S.C. § 16(b):
OPTION AGREEMENT BETWEEN DAIRY FARMERS OF AMERICA, INC.
AND ALLEN FAMILY LIMITED PARTNERSHIP**

REDACTED

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PUBLIC VERSION

OPTION AGREEMENT

This OPTION AGREEMENT is dated and made effective as of the 15th day of May, 2006, among DAIRY FARMERS OF AMERICA, INC., a Kansas cooperative marketing association ("DFA"), and ALLEN FAMILY LIMITED PARTNERSHIP, a Pennsylvania limited partnership ("AFLP").

RECITALS

WHEREAS, AFLP is the owner of one hundred percent (100%) of the common member interests ("AFLP Interests") of Southern Belle Dairy Co., LLC, a Delaware limited liability company ("Southern Belle"); and

WHEREAS, DFA is or will become the owner of the [REDACTED] of Series A Preferred Capital Interest and the [REDACTED] of Series B Preferred Capital Interest in Southern Belle, plus all lines of credit or other loans from Mid-Am Capital, L.L.C., ("DFA Interests"); and

WHEREAS, DFA is a defendant in an action filed by the United States of America through its Department of Justice ("DOJ") and by the Commonwealth of Kentucky and pending in the United States District Court for the Eastern District of Kentucky originally titled *United States of America and the Commonwealth of Kentucky v. Dairy Farmers of America, Inc. and Southern Belle Dairy Co., LLC*, Civil Action No. 6:03-cv-208-KSF (the "DOJ Litigation");

WHEREAS, DFA and AFLP have been in discussions regarding the possibility of entering into a purchase agreement ("Purchase Agreement") relating to all of the AFLP Interests, subject to and conditioned on (i) full and final settlement of the DOJ Litigation and (ii) DFA's ability and the DOJ's acceptance and/or acquiescence to DFA concurrently entering into a definitive purchase agreement relating to the sale of the DFA and AFLP Interests and/or the sale of all or substantially all of the operational assets of Southern Belle Dairy ("Assets") with a third-party purchaser ("Acquirer"), pursuant to which an Acquirer would purchase both the DFA and the AFLP Interests and/or the Assets from DFA (the "Acquisition Agreement"); and

WHEREAS, in furtherance of the discussions and as a condition precedent to the DFA's obligation to purchase the AFLP Interests from AFLP, and for the additional consideration set forth herein, the AFLP desires to grant, and herein does grant, to DFA an option to purchase the AFLP Interests according to the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises herein and the representations, warranties, covenants and agreements contained herein, the receipt and legal sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Option. AFLP hereby grants to DFA an unconditional, irrevocable option (the "Option") to purchase, subject to the terms and conditions hereof, the AFLP Interests for the total sum of [REDACTED] ("Purchase Price") payable in cash at the time of closing. The Option shall terminate upon the earliest to occur of: (i) the written mutual agreement of DFA and AFLP to terminate the Option; or (ii) the delivery of at least ten (10) days prior written notice from DFA to AFLP that DFA has decided to terminate the Option. The

Option may only be exercised during the period from the date hereof through the first date to occur of clause (i) or (ii) of the immediately preceding sentence (the "Option Period").

2. Option Grant Payment. Upon the execution of this Option Agreement by the parties hereto, DFA shall remit to AFLP the amount of One Thousand Dollars (\$1,000) and other good and valuable consideration, the receipt of which is hereby acknowledged by AFLP for the grant of the Option by AFLP pursuant to this Agreement.

3. Exercise of Option by DFA.

(a) DFA shall exercise the Option for the AFLP Interests, but only upon (i) full and final settlement of the DOJ Litigation and (ii) DFA's ability and DOJ's acceptance and/or acquiescence to DFA concurrently entering into a definitive Acquisition Agreement relating to the sale of the AFLP and DFA Interests and/or the sale of all or substantially all of the Assets with an Acquirer during the Option Period. The Option may not be exercised in part, but may only be exercised for all of the AFLP Interests subject to this Agreement and as set forth in the Purchase Agreement.

(b) At the closing ("Closing"), DFA shall pay to AFLP the Purchase Price by wire transfer of immediately available funds to an account designated by such AFLP or by delivery of a certified check to the AFLP address listed on the signature page to this Agreement.

(c) At the Closing, and upon confirmation of the satisfaction of the conditions set forth in Section 3(a)(i) and (ii) above, simultaneously with the payment of the Purchase Price as provided for hereinabove, (i) DFA will execute the Acquisition Agreement pursuant to terms and conditions mutually agreed between DFA and such Acquirer.

4. Conditions Precedent to Closing by DFA. AFLP, as manager of Southern Belle Dairy, LLC, hereby represents and warrants to DFA as follows:

(a) AFLP shall offer to furnish to all prospective Acquirers from DFA, subject to customary confidentiality assurances, all information and documents relating to the AFLP Interests or Assets of the Southern Belle Dairy provided in a due diligence process except such information or documents subject to the attorney-client privilege or attorney work-product doctrine. AFLP shall make available such information to the United States and the Commonwealth of Kentucky at the same time that such information is made available to any such prospective Acquirer.

(b) AFLP shall permit prospective Acquirers from DFA of the AFLP Interests and/or the Assets to have reasonable access to personnel and make inspections of the physical facilities of the Southern Belle Dairy; access to any and all environmental, zoning and other permit documents and information; and access to any and all financial, operational or other documents and information customarily provided as part of a due diligence process.

(c) AFLP shall provide the Acquirer from DFA and the United States information relating to the personnel involved in the operation of the Southern Belle Dairy to enable the Acquirer to make offers of employment. AFLP shall not interfere with any negotiations by the Acquirer to employ any employee whose primary responsibility is the production, sale, marketing or distribution of products from the Southern Belle Dairy.

(d) AFLP shall not take any action that will impede in any way the operation of the Southern Belle Dairy or the divestiture of the AFLP and DFA Interests and/or the Assets by DFA.

(e) AFLP shall not change the authorized or issued AFLP or DFA Interests or grant any option or right to purchase such Interests other than as set forth herein.

(f) AFLP shall not amend the organizational document of Southern Belle.

(g) AFLP shall not damage or cause the loss of any material customer, asset or property of Southern Belle Dairy

(h) AFLP shall not incur any indebtedness or borrow money in excess of Three Hundred Thousand Dollars (\$300,000).

(i) AFLP shall not cause a material change in the accounting methods used by Southern Belle Dairy.

(j) AFLP shall not enter into a sale or transfer of any of the assets of Southern Belle Dairy except in the ordinary course of business.

(k) AFLP shall not enter into any contract or agreement to do any of the foregoing.

5. Representations, Warranties and Covenants of AFLP

(a) AFLP hereby represents and warrants to DFA the following: (i) AFLP has sole and exclusive record title to and ownership of the AFLP Interests that are the subject of this Agreement; (ii) the AFLP Interests are free and clear of any liens, restrictions, claims, charges, options, rights of first refusal or encumbrances, with no defects of title whatsoever, except as provided in the Second Amended and Restated Limited Liability Company Agreement of Southern Belle Dairy Co., LLC; (iii) with respect to any AFLP Interests which were acquired by gift or inheritance, all federal and state estate or gift tax returns, as the case may be, required to be filed were duly and timely filed, and all taxes payable with respect thereto were paid; (iv) AFLP has the requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby; (v) the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by AFLP and authorized by the required governing body prior to the date hereof and no other proceedings on the part of AFLP or consents from or filings with any person or entity or regulatory body are necessary to authorize this Agreement, for AFLP to perform its obligations hereunder or to consummate the transactions contemplated hereby, except as provided in the Second Amended and Restated Limited Liability Company Agreement of Southern Belle Dairy Co., LLC; (vi) this Agreement has been duly and validly executed and delivered by AFLP; and (vii) this Agreement constitutes a legal, valid and binding obligation of AFLP, enforceable against AFLP in accordance with its terms.

(b) AFLP hereby covenants that, during the period described in the following sentence, it will maintain ownership interest in and to all of the AFLP Interests, and will not, directly or indirectly, offer for sale, sell, distribute, grant any option, right to purchase, suffer any lien or encumbrance upon, pledge, hypothecate or otherwise dispose of any of the AFLP Interests. The restrictions in the foregoing sentence shall apply from the date of this Agreement

until the earlier to occur of (i) the purchase of all of the AFLP Interests pursuant to the exercise of the Option or (ii) the termination of the Option Period.

(c) AFLP hereby represents and warrants to DFA and covenants for the benefit of DFA that at Closing, AFLP shall deliver such executed instruments of assignment, as applicable, evidencing the sale and transfer of the AFLP Interests to DFA or a bill of sale and any other documents, instruments or certificates necessary to evidence the transfer of any of the Assets.

6. Representations, Warranties and Covenants of DFA. DFA hereby represents and warrants to AFLP as follows: (i) DFA has the requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (ii) contingent on and subject to full and final settlement of the DOJ Litigation and the simultaneous execution of an Acquisition Agreement with an Acquirer as described herein and subject to the conditions set forth herein, the execution and delivery of this Agreement by DFA and the performance of its obligations hereunder, have been duly and validly authorized by the Board of Directors of DFA and no other corporate proceedings on the part of the DFA or consents from or filings with any person or entity or regulatory body, other than the provisions of the Revised and Restated Limited Liability Company Agreement of Southern Belle, are necessary to authorize this Agreement, for DFA to perform its obligations hereunder; (iii) this Agreement has been duly and validly executed and delivered by DFA; and (iv) this Agreement constitutes a legal, valid and binding obligation of the DFA enforceable against DFA in accordance with its terms, subject to full and final settlement of the DOJ Litigation and ability of DFA to simultaneously execute of an Acquisition Agreement with an Acquirer of the Assets and/or the DFA and AFLP Interests from DFA, and subject to the conditions set forth herein.

7. Amendments; Entire Agreement. This Agreement may not be modified except by written instrument executed by the parties hereto. This Agreement contains the entire agreement among the parties hereto with respect to the transactions contemplated hereby and supersedes all prior understandings, representations, warranties, promises and undertakings between the parties hereto with respect to the transactions contemplated hereby.

8. Assignment. Neither of the parties hereto may assign any of its rights or obligations under this Agreement or the Option created hereunder to any other person without the express written consent of the other party.

9. Validity. If any term, provision, covenant or restriction contained in this Agreement is held by a court or a federal or state regulatory agency of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions and covenants and restrictions contained in this Agreement shall remain in full force and effect, and shall in no way be affected, impaired or invalidated; provided that each party is able to receive substantially all of the rights and substantially all of the benefits it is to have had/or receive, as applicable, under this Agreement.

10. Notices. All notices, requests, claims, demands and other communications hereunder shall be deemed to have been duly given when delivered in person, by fax, telecopy, or by registered or certified mail (postage prepaid, return receipt requested) at the address set forth on the signature page hereto.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be

performed entirely in that State and without regard to any of its conflicts of law principles which could result in the application of the laws of another jurisdiction.

12. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement. This Agreement may be executed by facsimile signature, which shall constitute a legal and valid signature for all purposes hereof. This Agreement shall not be effective until counterparts executed by AFLP and DFA have been delivered to each of them.

13. Costs. Except as otherwise expressly provided for herein, each of the parties hereto shall bear and pay all costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including fees and expenses of its accountants and counsel.

14. Additional Documents. In the event of the exercise of the Option by DFA, DFA and AFLP agree to execute and deliver all other documents and instruments and take all other action that may be reasonably requested in writing by the other party hereto in order to consummate the transactions provided for by such exercise and to effectuate the intent of this Agreement, but not including any indemnities, warranties, representations or similar covenants other than with respect to good title to the AFLP interests to be assigned and transferred.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed individually or on its behalf by its officers thereunto duly authorized, all as of the date first above written.

ALLEN FAMILY LIMITED PARTNERSHIP

By: Robert W. Allen
Name: Robert W. Allen
Title: General Partner
2400 Ballybunton Road
Center Valley, Pennsylvania 18034

DAIRY FARMERS OF AMERICA, INC.

By: David A. Geisler
Name: DAVID A. GEISLER
Title: SENIOR VICE-PRESIDENT / LEGAL
10220 North Ambassador Drive
Kansas City, Missouri 64153

ACKNOWLEDGEMENT AND CONSENT

The undersigned specifically acknowledges and consents to the transactions as set forth in the Agreement and will cooperate to effectuate the consummation of said transactions insofar as legally necessary and reasonably appropriate.

MID-AM CAPITAL, L.L.C.

By: Dairy Farmers of America, Inc.,
as sole manager

By: David G. Meyer
Name: DAVID G. MEYER
Title: SENIOR VICE PRESIDENT / FINANCE