

Tuesday, January 16, 2001



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Hearing Clerk
Room 1081
South Building
U.S. Department of Agriculture
Washington, DC 20250

To Whom It May Concern:

All of us at The Eli's Cheesecake Company take great pride in being a success story for Chicago and Illinois. What started as a dream of my dad in the kitchen of his restaurant, Eli's the Place for Steak, and then made its public debut at the first Taste of Chicago in 1980, has grown to become one of America's largest specialty cheesecake bakeries. Eli's Cheesecake World, our home on Chicago's northwest side, is a state of the art 62,000 sq. ft. bakery, café and visitors center. Since we moved into this bakery in October of 1996, our employment has more than doubled from about 100 to over 225. Today Eli's Cheesecakes are available throughout the United States and in a number of foreign countries including England and Japan. We produce over 18,000 cheesecakes each day – which translates into over 65,000,000 slices this year.

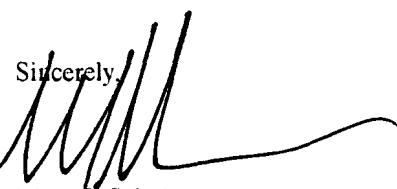
With all of these great things happening to us, we are now faced with a potentially disastrous economic impact if the new regulations for the pricing of butterfat within Class III milk are not reversed or stayed. We became aware of these pending changes only several weeks ago when our suppliers of cream cheese told us of the "Tentative Final Decision to the Class III and Class IV Pricing Formulas in All Federal Milk Orders." These rules came about after hearings (that we were not made aware of) that were held back in May. As we have learned, these rules were mandated by Congress in the Consolidated Appropriation Act, 2000.

As we have also learned, none of our suppliers had any idea of the far reaching impact of the rules as published—which effectively increase the price of cream cheese by 15% to 20% while lowering the price of lower fat cheeses, such as mozzarella. Incredibly, the proposed changes are expected to have limited impact on returns to dairy farmers. The exact impact on us is yet unknown, but we expect it to be well in excess of several hundred thousand dollars a year as cream cheese represents a substantial portion of our total material purchases. A permanent cost increase of this magnitude will cause us to rethink our expansion in our facility and hiring. In fact, the combination of this rule with a slowing economy could threaten our existence.

We would respectfully ask for your consideration in either staying the implementation of these rules or seeing them repealed. We further believe that the Decision announced on December 1, 2000 and taking effect 30 days later on January 1, 2001 did not provide adequate time for examination and public comment. Failing a stay or reversal, the Eli's Cheesecake Company would like to be on the record as strongly opposed to the Tentative Final Decision on Class III and IV milk formula changes. As long as they remain in effect, they will have a substantial impact on our ability to grow our business and plan for the future.

If you need me at any time, I can be reached at 773-308-7037 (office), 773-447-1315 (wireless) or via e-mail at mschulman@elicheesecake.com.

Sincerely,



Marc S. Schulman
President

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