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June 24, 2014

Mr. Todd Staples  
Commissioner  
Texas Department of Agriculture  
P.O. Box 12847  
Austin, Texas 78711

Dear Commissioner Staples:

Thank you very much for your letter about Chipotle's beef program. As part of our mission to change the way people think about and eat fast food, we are always happy to engage in dialogue with industry leaders and policy makers about our food culture and the decisions we make with regard to the food we serve. For that reason I would like to take the opportunity to respond to your letter, which I believe to be based on an incomplete understanding of our beef sourcing as I described it in my recent Huffington Post editorial.

Chipotle is—and always has been—devoted to working closely with American farmers, ranchers, and other supply partners. These producers are the foundation of the food we serve every day in our restaurants, and we could not run our business without them. That is why many of my colleagues and I spend time traveling the country to visit farms from which we source our ingredients, and why our purchasing team devotes a considerable portion of their time to doing the same.

In your letter, you reference Chipotle's "decision to forego American beef." This statement indicates a selective reading of the Huffington Post editorial and is simply not accurate. We feel the editorial clearly states that the majority of the beef we serve our customers will continue to come from the U.S., as it always has. For example, last year Chipotle purchased more than 52 million pounds of U.S. beef, a volume more than 13% greater than the previous year. In fact, over the last three years, the amount of U.S. beef we purchase has grown by 35%. Yet the simple reality is that at this time our demand for beef that meets our protocols cannot be met by the U.S. supply alone.

Chipotle's beef protocols include requirements that cattle are raised without antibiotics (including ionophores) or added hormones on a 100% vegetarian diet. (I should note here that our protocols recognize the importance of treating sick animals with therapeutic doses of antibiotics when necessary; we simply require that these animals be removed from the antibiotic-free program.) Given that these protocols differ from standard practices in the beef industry, the ranchers who produce beef that meets these protocols receive a premium price from Chipotle and other purchasers. I would be more than happy to provide more information about our sourcing protocols to you and your team, as well as any ranchers interested in supplying beef to Chipotle, as we are always interested in working with additional suppliers who raise their animals according to our standards.

Beyond the ways in which our protocols outline how animals are raised, our beef sourcing is complicated by other considerations. First among these is our inability to buy all of the meat harvested from any single animal. For example, we purchase cuts that represent about 23% of the carcass (or 13% of the live weight) of the animal. In order for the cuts we do buy to be

available for us, our suppliers rely on other customers to buy the cuts that we do not. Since we buy only 23% of the carcass, our supply is limited by the demand for the other 77%. As a result, our demand for certain cuts from animals raised in a way that meets our protocols may exceed the availability of those cuts if there is insufficient demand for the rest of the animal.

Given your role as Texas Agriculture Commissioner, you are well acquainted with the complexity of the American food and farming system. Chipotle's supply chain is no exception. Like all companies of our size, Chipotle works with our suppliers to uphold a set of animal husbandry standards developed over the years in partnership with a broad range of farmers, animal welfare specialists, and other experts. These standards are constantly improving to reflect the latest science and thinking within this community. They reflect our values and our commitment to serving our customers what we consider the highest-possible quality ingredients, at a price that makes Chipotle's food accessible.

We know that no one, including us, has all of the answers, which is why we will never stop trying to improve both the way we think about food and the ingredients themselves. Furthermore, we respect the right of every farmer, rancher and grower to follow practices that make sense for their business, even if they do not make sense for ours.

Thank you very much for the opportunity to engage in this dialogue.

Best Regards,

A handwritten signature in blue ink, appearing to read 'Steve Eills', with a stylized, cursive flourish at the end.

Steve Eills  
Chairman & Co-CEO