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BUSINESS

CDC Declares Chipotle-Linked E-Coli Outbreaks Over

Federal investigators couldn't identify a food item responsible for the illnesses

By JESSE NEWMAN and JULIE JARGON

Updated Feb. 1, 2016 2:26 p.m. ET

Two E. coli outbreaks that sickened 60 customers of Chipotle Mexican Grill Inc. and contributed to a sharp decline in traffic at its restaurants appear to be over, the U.S. Centers for Disease Control and Prevention said Monday.

Federal investigators said they couldn't identify a contaminated food or ingredient responsible for the illnesses, which occurred late last year in 14 states.

Though evidence collected by investigators following the two outbreaks indicated that a common meal or ingredient served at Chipotle restaurants likely was responsible, health officials couldn't pinpoint a specific source, according to the CDC.

“We are pleased that the CDC has concluded its investigation and we have offered our full cooperation throughout,” Chipotle spokesman Chris Arnold said in a statement. “We have taken significant steps to improve the safety of all of the food we serve, and we are confident that the changes we have made mean that every item on our menu is delicious and safe.”

Since the CDC's last update to the public on Dec. 21, two more people were reported ill, in Delaware and Kentucky, raising the number of cases in the larger of the two outbreaks from 53 to 55, according to the agency. The most-recent illness connected to that outbreak began on Dec. 1. No additional illnesses were reported in the smaller outbreak, which sickened five people in three states and was associated with a different strain of E. coli.

Chipotle shares were up about 4.5% on Monday, closing at \$472 at the end of trading. The stock jumped earlier in the session following a report by The Wall Street Journal on Sunday that the CDC was expected to soon declare the outbreaks over.

Sales at Chipotle restaurants and the company's stock price have been sliding since the first E. coli cases linked to the larger outbreak appeared in the Pacific Northwest in late October. That outbreak expanded as customers in other states reported getting sick after eating at Chipotle restaurants.

No deaths were reported in either outbreak, but 22 of the 60 total people who became ill were hospitalized.

The burrito maker also has been hobbled by salmonella cases in Minnesota in August that sickened 64, and outbreaks of norovirus linked to Chipotles in California and Boston that sickened hundreds.

Eden Gillott Bowe, president of Santa Monica, Calif.-based crisis management firm Gillott Communications LLC, said that even though the E. coli outbreaks likely are over, Chipotle still has its work cut out for it. "Consumers care about only one thing: Will this happen again? To regain its credibility, Chipotle needs to make certain it doesn't," she said.

"The primary task for Chipotle now is reassuring the public its food is safe. This will take a while, but as memories of the problems fade, consumers will return."

Chipotle has said it is planning an advertising and social-media campaign to entice customers back into its restaurants.

Though many people have avoided Chipotle in recent months, teenagers and young adults largely have remained loyal to the company, according to market-research firm NPD Group Inc.

The firm said in the quarter ended in December, total visits to Chipotle were down 5% compared with a 19% traffic gain in the year-ago quarter, though the younger customers increased their visits to Chipotle by double-digit percentage points in 2015.

“Their willingness to overlook any food-safety concerns to eat at Chipotle could be a result of unabashed loyalty or lack of awareness,” the firm said.

Chipotle’s woes have produced no clear winner among rival restaurant chains, according to NPD, which said customers who have recently steered clear of the restaurant have gone to various other “fast casual” chains as well as to fast-food outlets.

Investors will get a better sense of how the E. coli and other outbreaks affected Chipotle when the company reports its fourth-quarter earnings on Tuesday.

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