

Chipotle Mexican Grill, Inc.
Reconciliation of Non-GAAP Financial Measures
(in thousands, except per share amounts)

The following provides a reconciliation of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Net income	\$ 38,204	\$ 19,610	\$ 144,534	\$ 132,460
<i>Percentage increase/(decrease) from prior year period</i>	94.8%	-	9.1%	-
<i>Non-GAAP adjustments:</i>				
Restaurant closure costs ⁽¹⁾	10,198	-	35,364	-
<i>Corporate Restructuring:</i>				
Lease termination and other office closure costs ⁽²⁾	314	-	16,613	-
Employee related restructuring costs ⁽³⁾	8,795	-	12,695	-
Stock-based compensation ⁽⁴⁾	6,087	-	(339)	-
Other adjustments ⁽⁵⁾	644	30,000	3,644	30,000
Total non-GAAP adjustments	\$ 26,038	\$ 30,000	\$ 67,977	\$ 30,000
Tax effect of non-GAAP adjustments ⁽⁶⁾	(3,590)	(11,766)	(7,158)	(11,766)
After tax impact of non-GAAP adjustments	\$ 22,448	\$ 18,234	\$ 60,819	\$ 18,234
Adjusted net income	\$ 60,652	\$ 37,844	\$ 205,353	\$ 150,694
<i>Percentage increase from prior period</i>	60.3%	-	36.3%	-
<i>Diluted weighted-average number of common shares</i>				
outstanding	28,017	28,439	27,967	28,696
Diluted earnings per share	\$ 1.36	\$ 0.69	\$ 5.17	\$ 4.62
<i>Percentage increase/(decrease) from prior period</i>	97.1%	-	11.9%	-
Adjusted diluted earnings per share	\$ 2.16	\$ 1.33	\$ 7.34	\$ 5.25
<i>Percentage increase from prior year period</i>	62.4%	-	39.8%	-

(1) Restaurant asset impairment costs and accelerated depreciation for planned restaurant closures announced in June 2018 due to underperformance. During the three months ended September 30, 2018, we closed 32 Chipotle restaurants in connection with this initiative. During the nine months ended September 30, 2018, we closed 33 Chipotle restaurants and five Pizzeria Locale restaurants in connection with this initiative.

(2) Costs for office lease termination, accelerated depreciation, impairment charges for office-related assets, duplicate rent expense and other office closure expenses.

(3) Costs for employee severance and other transition expenses, recruitment and relocation costs, and third party and other employee-related costs.

(4) Costs for modification of stock awards to extend or accelerate vesting for employees severing from the company, offset by a reduction of expense due to forfeiture of original awards for these employees.

(5) For the three months ended September 30, 2018, consists of costs for professional services for an initiative undertaken as part of our ongoing business transformation. For the nine months ended September 30, 2018, also includes the uninsured portion of a judgment in a single legal proceeding, in an amount exceeding the range typically seen in the ordinary-course, single-plaintiff litigation matters. For the three and nine months ended September 30, 2017, consists of a nonrecurring charge we recorded related to the data security incident that occurred in the first six months of 2017.

(6) For the three and nine months ended September 30, 2018, we have included a write-off of deferred tax assets related to expired stock awards of \$4,487 and \$9,919, respectively.

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(continued)

	Three months ended September 30, 2018
Effective income tax rate	36.8 %
Tax effect of non-GAAP adjustments	(6.9)
Adjusted income tax rate	<u>29.9 %</u>