

CHIPOTLE MEXICAN GRILL INC
Form DEF 14A
April 07, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

CHIPOTLE MEXICAN GRILL, INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Edgar Filing: CHIPOTLE MEXICAN GRILL INC - Form DEF 14A

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Chipotle Mexican Grill, Inc
1543 Wazee Street, Suite 200
Denver, CO 80202

April 7, 2008

DEAR SHAREHOLDER:

You are cordially invited to attend the annual meeting of shareholders of Chipotle Mexican Grill, Inc., which will be held on May 21, 2008 at 8:00 a.m. local time at the Oxford Hotel, 1600 Seventeenth Street, Denver, Colorado. Details of the business to be conducted at the annual meeting are given in the notice of meeting and proxy statement that follow.

We are taking advantage of new rules of the Securities and Exchange Commission that allow us to furnish your proxy materials over the Internet. We believe that this will allow us to lower the cost and environmental impact of our annual meeting. More details are included in the materials that follow.

Please vote promptly by following the instructions in this proxy statement or in the Notice of Internet Availability of Proxy Materials that was mailed to you.

Sincerely,

/s/ Steve Ells
Chairman of the Board and Chief Executive Officer

NOTICE OF MEETING

The 2008 annual meeting of shareholders of Chipotle Mexican Grill, Inc. will be held on May 21, 2008 at 8:00 a.m. local time at the Oxford Hotel, 1600 Seventeenth Street, Denver, Colorado, 80202. Shareholders will consider and take action on the following matters:

1. Election of two directors, each to serve a three-year term (Proposal A);
 2. Approval of the Chipotle Mexican Grill, Inc. Amended and Restated 2006 Cash Incentive Plan (Proposal B);
 3. Approval of the Chipotle Mexican Grill, Inc. Amended and Restated 2006 Stock Incentive Plan (Proposal C);
 4. Approval of the Chipotle Mexican Grill, Inc. Employee Stock Purchase Plan (Proposal D);
 5. Ratification of the selection of Ernst & Young LLP as the company's independent registered public accounting firm for the 2008 fiscal year (Proposal E); and
 6. Such other business as may properly come before the meeting or any adjournments or postponements of the meeting.
- Information with respect to the above matters is set forth in the proxy statement that accompanies this notice.

The record date for the meeting has been fixed by the Board of Directors as the close of business on March 31, 2008. Shareholders of record at that time are entitled to vote at the meeting.

By order of the Board of Directors

/s/ Monty Moran
President, Chief Operating Officer, Secretary and
Director

April 7, 2008

Please execute your vote promptly by following the instructions included on the Notice of Availability of Proxy Materials that was mailed to you.

CHIPOTLE MEXICAN GRILL, INC.

1543 Wazee Street, Suite 200

Denver, Colorado 80202

PROXY STATEMENT

ANNUAL MEETING INFORMATION

This proxy statement contains information related to the annual meeting of shareholders of Chipotle Mexican Grill, Inc. to be held on Wednesday, May 21, 2008, beginning at 8:00 a.m. at the Oxford Hotel, 1600 Seventeenth Street, Denver, Colorado. This proxy statement was prepared under the direction of the company's Board of Directors to solicit your proxy for use at the annual meeting. It will be made available to shareholders on or about April 7, 2008.

Who is entitled to vote and how many votes do I have?

If you were a shareholder of record of our Class A common stock or our Class B common stock on March 31, 2008, you are entitled to vote at the annual meeting, or at any postponement or adjournment of the annual meeting. On each matter to be voted on, you may cast one vote for each share of Class A common stock you hold and ten votes for each share of Class B common stock you hold. As of March 31, 2008 there were 14,553,855 shares of Class A common stock and 18,424,690 shares of Class B common stock outstanding and entitled to vote.

What am I voting on?

You will be asked to vote on five proposals:

- | | |
|-------------------|--|
| Proposal A | Election of two directors: John S. Charlesworth and Montgomery F. Moran |
| Proposal B | Approval of the Amended and Restated 2006 Cash Incentive Plan, including amendments to (i) increase the amount of awards that may be made to any one participant in a fiscal year; and (ii) make additional changes to the plan as described in Proposal B |
| Proposal C | Approval of the Amended and Restated 2006 Stock Incentive Plan, including amendments to (i) increase the aggregate number of shares available for issuance under the plan; and (ii) make additional changes to the plan as described in Proposal C |
| Proposal D | Approval of the Chipotle Mexican Grill, Inc. Employee Stock Purchase Plan |
| Proposal E | Ratification of the selection of Ernst & Young LLP as the company's independent registered public accounting firm for fiscal 2008 |

The Board of Directors is not aware of any other matters to be presented for action at the meeting.

How does the Board of Directors recommend I vote on the proposals?

The Board of Directors recommends a vote **FOR** each proposal.

How do I vote?

If you hold your shares through a broker, bank, or other nominee in street name, you need to submit voting instructions to your broker, bank or other nominee in order to cast your vote. In most instances, you can do this over the Internet or by telephone, or if you have received or request a hard copy of this proxy statement

and accompanying form of proxy you may mark, sign, date and mail your proxy card in the postage-paid envelope provided. The Notice of Internet Availability of Proxy Materials that was mailed to you has specific instructions for how to submit your vote. Your vote is revocable by following the procedures outlined in the proxy statement. However, since you are not a shareholder of record you may not vote your shares in person at the meeting without obtaining authorization from your broker, bank or other nominee.

If you are a shareholder of record, you can vote your shares over the Internet or by using a toll-free telephone number, as described in the Notice of Internet Availability of Proxy Materials that was mailed to you, or if you have received or request a hard copy of this proxy statement and accompanying form of proxy card you may mark, sign, date and mail your proxy card in the postage-paid envelope provided. Your designation of a proxy is revocable by following the procedures outlined in the proxy statement. The method by which you vote will not limit your right to vote in person at the annual meeting.

If you receive hard copy materials and sign and return your proxy card without specifying choices, your shares will be voted as recommended by the Board of Directors.

Can I Change My Vote?

You can revoke your proxy at any time before it is voted at the annual meeting by:

 sending a written notice of revocation to our corporate Secretary at our principal offices, 1543 Wazee Street, Suite 200, Denver, CO 80202; or

 if you are a shareholder of record, by attending the annual meeting and voting in person.

Attendance at the annual meeting will not by itself revoke your proxy. If you hold shares in street name you must contact your broker, bank or other nominee to change your vote or obtain a proxy to vote your shares if you wish to cast your vote in person at the meeting.

What constitutes a quorum?

A quorum is necessary to conduct business at the annual meeting. At any meeting of our shareholders, the holders of a majority in voting power of our outstanding shares of capital stock entitled to vote at the meeting, present in person or by proxy, constitutes a quorum for all purposes. You are part of the quorum if you have voted by proxy. Abstentions, broker non-votes and votes withheld from director nominees count as shares present at the meeting for purposes of determining whether a quorum exists. A broker non-vote occurs when a broker, bank or other nominee who holds shares for another does not vote on a particular item because the nominee has not received instructions from the owner of the shares and does not have discretionary voting authority for that item.

What vote is required to approve each proposal?

Proposal A The two nominees for director receiving the highest number of votes cast in person or by proxy at the annual meeting will be elected. If you mark your proxy to withhold your vote for a particular nominee on your proxy card, your vote will not count either for or against the nominee.

**Proposals
B, C, D and E**

Approval of the Amended and Restated 2006 Cash Incentive Plan, approval of the Amended and Restated 2006 Stock Incentive Plan, approval of the Employee Stock Purchase Plan and the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2008 each require the affirmative vote of a majority of the votes cast at the annual meeting in order to be approved. Abstentions and broker non-votes are not counted as votes cast and will have no effect on the outcome of these proposals.

How is this proxy statement being delivered?

Pursuant to new rules of the Securities and Exchange Commission, we have elected to deliver our proxy materials electronically over the Internet. Accordingly, we are distributing a Notice of Internet Availability of Proxy Materials to our shareholders of record and beneficial owners at the close of business on March 31, 2008. On the date of distribution of the Notice of Internet Availability of Proxy Materials, all shareholders and beneficial owners will have the ability to access all of the proxy materials at the URL address included in the Notice of Internet Availability of Proxy Materials. These proxy materials are also available free of charge upon request at 1-800-579-1639, or by e-mail at sendmaterial@proxymaterial.com, or by writing to Chipotle Mexican Grill, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

If you would like to receive the Notice of Internet Availability of Proxy Materials via e-mail rather than regular mail in future years, please follow the instructions on the Notice of Internet Availability of Proxy Materials, or by enrolling on the Investors page of our web site at www.chipotle.com. Delivering future notices by e-mail will help us reduce the cost and environmental impact of our annual meeting.

Who is bearing the cost of this proxy solicitation?

We will bear the cost of preparing, assembling and mailing the Notice of Internet Availability of Proxy Materials; of making these proxy materials available on the Internet and providing hard copies of the materials to shareholders who request them; and of reimbursing brokers, nominees, fiduciaries and other custodians for the out-of-pocket and clerical expenses of transmitting copies of the Notice of Internet Availability of Proxy Materials and the proxy materials themselves to the beneficial owners of the shares. A few of our officers and employees may participate in the solicitation of proxies, without additional compensation, by telephone, e-mail or other electronic means or in person.

BENEFICIAL OWNERSHIP OF OUR COMMON STOCK

The following tables set forth information as of March 31, 2008, as to the beneficial ownership of shares of each class of our common stock by:

each person (or group of affiliated persons) known to us to beneficially own more than 5% of either class of our common stock;

each of our executive officers;

each of our directors; and

all of our executive officers and directors as a group.

The number of shares beneficially owned by each shareholder is determined under Securities and Exchange Commission rules and generally includes voting or investment power over shares. The information does not necessarily indicate beneficial ownership for any other purpose. The percentage of beneficial ownership shown in the following tables is based on 14,553,855 outstanding shares of Class A common stock and 18,424,690 outstanding shares of Class B common stock as of March 31, 2008. For purposes of calculating each person's or group's percentage ownership, shares of Class A common stock issuable pursuant to stock options exercisable within 60 days after March 31, 2008, are included as outstanding and beneficially owned for that person or group but are not treated as outstanding for the purpose of computing the percentage ownership of any other person or group.

Name of Shareholder	Class A Common Stock	Percentage of Class	Class B Common Stock	Percentage of Class	Total Voting Percentage Owned	Total Equity Percentage Owned
<i>Beneficial holders of 5% or more of either class of common stock</i>						
American Century Companies, Inc. (1)	840,787	5.78%			*	2.55%
Capital World Investors (2)	1,774,030	12.19%	2,257,000	12.25%	12.25%	12.22%
FMR Corp. (3)	2,737,950	18.81%			1.38%	8.30%
Franklin Resources, Inc. (4)			931,376	5.06%	4.68%	2.82%
Marsico Capital Management, LLC (5)	1,227,352	8.43%			*	3.72%
Pequot Capital Management, Inc. (6)			1,026,300	5.57%	5.16%	3.11%
Renaissance Technologies LLC (7)	858,700	5.90%			*	2.60%
T. Rowe Price Associates, Inc. (8)	7,000	*	1,980,700	10.75%	9.97%	6.03%
Tremblant Capital Group (9)			1,097,064	5.95%	5.52%	3.33%
Turner Investment Partners, Inc. (10)	1,773,462	12.19%			*	5.38%

Name of Shareholder	Class A Common Stock	Percentage of Class	Class B Common Stock	Percentage of Class	Total Voting Percentage Owned	Total Equity Percentage Owned
<i>Directors and executive officers</i>						
Steve Ells (11)(12)	55,100	*	403,250	2.19%	2.06%	1.39%
John Hartung (13)	55,000	*	267	*	*	*
Montgomery Moran (12)(14)	37,803	*	153,333	*	*	*
Robert Wilner (15)	42,000	*	43	*	*	*
Rex Jones (16)	17,513	*			*	*
Bob Blessing	8,000	*			*	*
Albert Baldocchi (12)(17)	24,892	*	162,841	*	*	*
John Charlesworth	14,892	*			*	*
Neil Flanzraich	384	*			*	*
Patrick Flynn	28,892	*			*	*
Darlene Friedman (12)(18)	892	*	9,000	*	*	*
All D&O's as a group (11 people) (19)	285,368	1.96%	728,734	3.96%	3.81%	3.07%

* Less than one percent (1%)

- (1) Based on a report on Schedule 13G filed on February 13, 2008. The address of American Century Companies, Inc. is 4500 Main Street, 9th Floor, Kansas City, Missouri 64111.
- (2) Based on a report on Schedule 13G filed on January 10, 2008. The address of Capital World Investors is 333 South Hope Street, Los Angeles, California 90071.
- (3) Based on a report on Schedule 13G/A filed on February 14, 2008. The address of FMR, LLC is 82 Devonshire Street, Boston, Massachusetts 02109.
- (4) Based on a report on Schedule 13G filed on January 31, 2008. The address of Franklin Resources, Inc. is One Franklin Parkway, San Mateo, California 94403.
- (5) Based on a report on Schedule 13G/A filed on February 14, 2008. Shares of Class A common stock beneficially owned by Marsico Capital Management, LLC, or MCM, are owned by various institutional and individual investors for which MCM serves as investment adviser or sub-adviser with the power to direct investments. MCM also retains sole voting power of certain of the shares. Although for purposes of certain reporting requirements of the Securities Exchange Act of 1934 MCM may be deemed to be the beneficial owner of these securities, MCM expressly disclaims that it is, in fact, the beneficial owner of the shares. The address of MCM is 1200 17th Street, Suite 1600, Denver, Colorado 80202.
- (6) Based on a report on Schedule 13G filed on February 13, 2008. The address of Pequot Capital Management, Inc. is 500 Nyala Farm Road, Westport, Connecticut 06880.
- (7) Based on a report on Schedule 13G filed on February 13, 2008. The address of Renaissance Technologies LLC is 800 Third Avenue, New York, New York 10022.
- (8) Based on a report on Schedule 13G/A filed on February 13, 2008 and information supplementally provided by T. Rowe Price Associates, Inc. Shares of Class B common stock beneficially owned by T. Rowe Price Associates, Inc. (Price Associates) are owned by various

Edgar Filing: CHIPOTLE MEXICAN GRILL INC - Form DEF 14A

individual and institutional investors including T. Rowe Price Mid-Cap Growth Fund, Inc. (which owns 1,491,000 shares, representing 8.09% of the shares of Class B common stock outstanding), which Price Associates serves as investment adviser with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities. The address of Price Associates is 100 E. Pratt Street, Baltimore, Maryland 21202.

- (9) Based on a report on Schedule 13G/A filed on February 14, 2008. The address of Tremblant Capital Group is 767 Fifth Avenue, New York, New York 10153.
- (10) Based on a report on Schedule 13G filed on March 10, 2008. The address of Turner Investment Partners, Inc. is 1205 Westlakes Drive, Suite 100, Berwyn, Pennsylvania 19312.
- (11) Shares of Class A common stock beneficially owned by Mr. Ells include 55,000 shares of restricted stock subject to forfeiture, which vest in equal amounts on February 20, 2009 and 2010, subject to Mr. Ells' continued employment on those dates. If the Chipotle Mexican Grill, Inc. Amended and Restated 2006 Stock Incentive Plan is approved as proposed in Proposal C, we expect that these shares of restricted stock will be replaced with performance-contingent shares of restricted stock as further described on page 26.
- (12) Shares of Class B common stock reflected as beneficially owned by Mr. Ells, Mr. Moran, Mr. Baldocchi and Ms. Friedman are entitled to piggyback registration rights.
- (13) Shares of Class A common stock beneficially owned by Mr. Hartung include 20,600 shares jointly owned by Mr. Hartung and his spouse, and 20,000 shares of restricted stock subject to forfeiture, which vest in equal amounts on February 20, 2009 and 2010 subject to Mr. Hartung's continued employment on those dates. If the Chipotle Mexican Grill, Inc. Amended and Restated 2006 Stock Incentive Plan is approved as proposed in Proposal C, we expect that the shares of restricted stock owned by Mr. Hartung will be replaced with performance-contingent shares of restricted stock as further described on page 26. Shares of Class B common stock beneficially owned by Mr. Hartung include 81 shares jointly owned by Mr. Hartung and his spouse and 186 shares beneficially owned by his minor children. Mr. Hartung disclaims beneficial ownership of the shares beneficially owned by his children.
- (14) Shares of Class A common stock beneficially owned by Mr. Moran include 30,000 shares of restricted stock subject to forfeiture, which vest in equal amounts on February 20, 2009 and 2010, subject to Mr. Moran's continued employment on those dates. If the Chipotle Mexican Grill, Inc. Amended and Restated 2006 Stock Incentive Plan is approved as proposed in Proposal C, we expect that these shares of restricted stock will be replaced with performance-contingent shares of restricted stock as further described on page 26.
- (15) Shares of Class A common stock beneficially owned by Mr. Wilner include 15,000 shares of restricted stock subject to forfeiture, which vest in equal amounts on February 20, 2009 and 2010 subject to Mr. Wilner's continued employment on those dates. If the Chipotle Mexican Grill, Inc. Amended and Restated 2006 Stock Incentive Plan is approved as proposed in Proposal C, we expect that these shares of restricted stock will be replaced with performance-contingent shares of restricted stock as further described on page 26.
- (16) Shares of Class A common stock beneficially owned by Mr. Jones include 5,333 vested options to purchase shares of Class A common stock at an exercise price of \$22.35 which expire July 14, 2010, and 4,545 shares held by a revocable trust of which Mr. Jones is a co-trustee.
- (17) Shares of Class B common stock beneficially owned by Mr. Baldocchi include 140,623 shares owned jointly by Mr. Baldocchi and his spouse. The shares beneficially owned by Mr. Baldocchi are pledged as collateral to secure a personal line of credit.
- (18) Shares of Class B common stock beneficially owned by Ms. Friedman are held by a revocable trust of which Ms. Friedman is a co-trustee.
- (19) See Notes (11) through (18).

PROPOSAL A

ELECTION OF TWO DIRECTORS

Our Board of Directors has seven members divided into three classes. The initial term of office of our Class III directors will end at this year's annual meeting of shareholders. The current term of office of our Class I directors will end at the annual meeting of shareholders in 2009 and the term of our Class II directors will end at the annual meeting in 2010. Each director serves a three year term and will continue in office until a successor has been elected and qualified, subject to the director's earlier resignation, retirement or removal from office.

John Charlesworth and Monty Moran are currently serving as Class III directors and are the proposed nominees for election as directors to serve for a three year term expiring at the 2011 annual meeting of shareholders. Both of the nominees were nominated by the Board upon the recommendation of the Nominating and Corporate Governance Committee, and have consented to serve if elected. If either nominee is unable to serve or will not serve for any reason, the persons designated on the accompanying form of proxy will vote for other candidates in accordance with their judgment. We are not aware of any reason why the nominees would not be able to serve if elected.

The two nominees receiving a plurality of votes cast at the meeting will be elected as Class III directors. Abstentions, withheld votes and broker non-votes will not be treated as a vote for or against any particular director and will not affect the outcome of the election of directors.

The Board of Directors unanimously recommends a vote FOR the election of Messrs. Charlesworth and Moran as Class III directors.

INFORMATION REGARDING THE BOARD OF DIRECTORS

Biographical Information

The following is biographical information about each of the two nominees and each current director. The respective current terms of all directors expire on the dates set forth below or until their successors are elected and have qualified.

Class III directors whose terms expire at the 2008

annual meeting and who are nominees for terms

expiring at the 2011 annual meeting of shareholders	Principal Occupation	Age	Director Since
John S. Charlesworth	Mr. Charlesworth has served as a director of Chipotle since 1999. He is currently the sole owner/member of Hunt Business Enterprises LLC and EZ Street LLC. Before retiring in 2000, Mr. Charlesworth worked for McDonald's for 26 years, most recently as president of its midwestern division from July 1997 to December 2000. He holds a Bachelor of Science degree in business, majoring in economics, from Virginia Polytechnic Institute.	61	1999

Class III directors whose terms expire at the 2008

annual meeting and who are nominees for terms

expiring at the 2011 annual meeting of shareholders	Principal Occupation	Age	Director Since
Montgomery F. (Monty) Moran	Mr. Moran is our President and Chief Operating Officer. He was appointed as President and COO in March 2005, and was appointed to the Board of Directors in December 2006. Mr. Moran previously served as chief executive officer of the Denver law firm Messner & Reeves, LLC, where he was employed since 1996, and as general counsel of Chipotle. Mr. Moran holds a Bachelor of Arts degree in communications from the University of Colorado and a law degree from Pepperdine University.	41	2006

Class I directors whose terms expire at the 2009

annual meeting

Steve Ells	Mr. Ells founded Chipotle in 1993. He is Chief Executive Officer and was appointed Chairman of the Board in 2005, and has served as a director since 1996. Prior to launching Chipotle, Mr. Ells worked for two years at Stars restaurant in San Francisco. He is a member of the board of directors of The Land Institute. Mr. Ells graduated from the University of Colorado with a Bachelor of Arts degree in art history, and is also a 1990 Culinary Institute of America graduate.	42	1996
Patrick J. Flynn	Mr. Flynn has served on the Board of Directors of Chipotle since 1998. He has been retired since January 2, 2001. Prior to retiring, Mr. Flynn spent 39 years at McDonald's where he held a variety of executive and management positions, most recently as Executive Vice President responsible for strategic planning and acquisitions.	65	1998

Class II directors whose terms expire at the 2010

annual meeting of shareholders

Albert S. Baldocchi	Mr. Baldocchi has served on the Board of Directors of Chipotle since 1997. He has been self-employed since 2000 as a financial consultant and strategic advisor for a variety of privately-held companies with a specialization in multi-unit restaurant companies. Mr. Baldocchi holds a Bachelor of Science degree in chemical engineering from the University of California at Berkeley and an MBA from Stanford University.	54	1997
---------------------	---	----	------

Class II directors whose terms expire at the 2010

annual meeting of shareholders	Principal Occupation	Age	Director Since
Neil W. Flanzraich	Mr. Flanzraich has been a private investor since February 2006. From 1998 through its sale in January 2006 to TEVA Pharmaceuticals Industries, Ltd., he served as Vice Chairman and President of IVAX Corporation, an international pharmaceutical company. From 1995 to 1998, Mr. Flanzraich served as Chairman of the Life Sciences Legal Practice Group of Heller Ehrman LLP, a law firm, and from 1991 to 1995, Mr. Flanzraich served as Senior Vice President and a member of the Corporate Operating Committee of Syntex Corporation, an international pharmaceutical company. He is also a director of Continucare Corporation (Amex:CNU), Equity One Inc. (NYSE:EQY), Javelin Pharmaceuticals, Inc. (Amex:JAV), Neurochem Inc. (Nasdaq:NRMX), and RAE Systems, Inc. (Amex:RAE). Mr. Flanzraich received an A.B. from Harvard College (phi beta kappa, magna cum laude) and a J.D. from Harvard Law School (magna cum laude).	64	2007
Darlene J. Friedman	Ms. Friedman has served on the Board of Directors of Chipotle since 1995. Prior to retiring in 1995, Ms. Friedman spent 19 years at Syntex Corporation where she held a variety of management positions, most recently as Senior Vice President of Human Resources. While at Syntex Corporation, Ms. Friedman was a member of the corporate executive committee and the management committee. Ms. Friedman holds a Bachelor of Arts in psychology from the University of California at Berkeley and an MBA from the University of Colorado.	65	1995

The Board of Directors held four meetings in 2007. All directors attended at least 75% of the meetings of the Board and of committees of which they were members during 2007. The Board has requested that each member of the Board attend our annual shareholder meetings absent extenuating circumstances, and all directors attended the 2007 annual meeting of shareholders.

A Majority of our Board Members are Independent

Our Board of Directors, under direction of the Nominating and Corporate Governance Committee, reviews the independence of our directors to determine whether any relationships, transactions or arrangements involving any director or any family member or affiliate of a director may be deemed to compromise the director's independence from us, including under the independence standards contained in the rules of the New York Stock Exchange. Based on that review, in March 2008 the Board determined that none of our directors have any relationships, transactions or arrangements that would compromise their independence, except Messrs. Eells and

Moran, who are each our employees. In particular, the Board determined that the registration rights granted to Mr. Baldocchi and Ms. Friedman, as described below under Certain Relationships and Related Party Transactions, do not constitute a material relationship that would create material conflicts of interest or otherwise compromise the independence of Mr. Baldocchi or Ms. Friedman in attending to their duties as directors. Accordingly, the Board concluded that each director other than Messrs. ELLS and Moran qualifies as an independent director.

Committees of the Board

Our Board of Directors has three standing committees: (1) the Audit Committee, (2) the Compensation Committee, and (3) the Nominating and Corporate Governance Committee, each composed entirely of persons the Board has determined to be independent. Each committee operates pursuant to a written charter adopted by our Board of Directors which sets forth the committee's role and responsibilities and provides for an annual evaluation of its performance. The charters of all three standing committees are available on the Investors page of our corporate website at www.chipotle.com under the Corporate Governance link, and will be provided to any shareholder without charge upon the shareholder's written request to our corporate Secretary.

Audit Committee

In accordance with its charter, the Audit Committee acts to (a) oversee the integrity of our financial statements, system of internal controls, risk management and compliance with legal and regulatory requirements, and (b) provide an open avenue of communication among our independent auditors, accountants, internal audit and financial management. The committee's responsibilities include review of the qualifications, independence and performance of the independent auditors, who report directly to the Audit Committee. The committee retains, determines the compensation of, evaluates, and when appropriate replaces our independent auditors and pre-approves audit and permitted non-audit services provided by our independent auditors. The Audit Committee has adopted the Policy Relating to Pre-Approval of Audit and Permitted Non-Audit Services under which audit and non-audit services to be provided to us by our independent auditors are pre-approved. This policy is summarized on page 33 of this proxy statement.

The Audit Committee is required to establish procedures to handle complaints received regarding our accounting, internal controls or auditing matters. It is also required to ensure the confidentiality of employees who have provided information or expressed concern regarding questionable accounting or auditing practices. The Audit Committee may retain independent advisors at our expense that it considers necessary for the completion of its duties.

The Audit Committee held nine meetings in 2007. The members of the Audit Committee are Messrs. Baldocchi (Chairperson), Charlesworth and Flanzraich. Mr. Flanzraich was appointed to the Audit Committee in September 2007 upon the resignation of Mr. Flynn from the committee. Our Board of Directors has determined that all of the Audit Committee members meet the enhanced independence requirements required of audit committee members by regulations of the SEC, and are financially literate as defined in the listing standards of the NYSE. The Board has further determined that Mr. Baldocchi qualifies as an Audit Committee Financial Expert as defined in SEC regulations.

No member of the Audit Committee served on more than three audit or similar committees of publicly held companies, including Chipotle, in 2007. A report of the Audit Committee is found under the heading Audit Committee Report on page 32.

Compensation Committee

The Compensation Committee oversees our executive compensation policies and programs. In accordance with its charter, the committee determines the compensation level of our Chairman and Chief Executive Officer based on an evaluation of his performance against corporate goals and objectives approved by the committee, and also approves the compensation level of our other executive officers following an evaluation of their performance and recommendation by the Chief Executive Officer. The manner in which the committee makes determinations as to the compensation of our executive officers is described in more detail below under Compensation Discussion and Analysis Overview of Executive Compensation Determinations.

The Compensation Committee charter also grants the committee the authority to: review and make recommendations to the Board with respect to the establishment of any new incentive compensation and equity-based plans; review and approve the terms of written employment agreements and post-service arrangements for executive officers; review our compensation programs generally to confirm that those plans provide reasonable benefits to us; recommend compensation to be paid to our outside directors; review disclosures to be filed with the SEC and distributed to our shareholders regarding executive compensation and recommend to the full Board the filing of such disclosures; assist the Board with its functions relating to our compensation and benefits programs generally; and other administrative matters with regard to our compensation programs and policies. The committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the committee, except where such delegation is not allowed by law.

The Compensation Committee has also been appointed by the full Board to administer our 2006 Stock Incentive Plan, and makes awards under the plan as described below under Compensation Discussion and Analysis Components of Compensation Long-Term Incentives. The committee delegates its authority under the plan to our executive officers to make grants to non-executive officer level employees, within limitations specified by the committee in its delegation of authority.

The Compensation Committee retains outside executive compensation consulting firms to provide the committee with advice regarding compensation matters and to conduct an annual review of our executive compensation programs. For purposes of making compensation decisions for 2007, the committee worked with Hewitt Associates, LLC. In November 2007, the committee began to work with Compensation Strategies, Inc. on executive compensation matters. Hewitt worked, and Compensation Strategies, continues to work, with our chief administrative officer and other employees to provide us with advice on the design of our company-wide compensation programs and policies and other matters relating to compensation, in addition to working with the committee on executive compensation matters. A substantial majority of the fees we paid to Hewitt in 2007 were in connection with the firm's work with the committee on executive compensation, and all of the fees paid to Compensation Strategies during 2007 were in connection with the firm's work with the committee on executive compensation. The committee ratified the terms of our engagement of Hewitt and directly engaged Compensation Strategies, and considers each firm to have had sufficient independence from our company and executive officers to allow the firms to offer objective advice.

The Compensation Committee held seven meetings in 2007 and acted by written consent one time. The members of the committee are Ms. Friedman (Chairperson) and Mr. Flynn. Our Board of Directors has determined that each member of the Compensation Committee qualifies as a Non-Employee Director under SEC Rule 16b-3 and as an Outside Director under Section 162(m) of the Internal Revenue Code of 1986, as amended. A report of the Compensation Committee is found under the heading Compensation Discussion and Analysis Compensation Committee Report on page 41.

Nominating and Corporate Governance Committee

The responsibilities of the Nominating and Corporate Governance Committee include recommending to the Board improvements in our corporate governance principles, periodically (at least annually) reviewing the adequacy of such principles, and recommending to the Board appropriate guidelines and criteria to determine the qualifications to serve and continue to serve as a director. The Nominating and Corporate Governance Committee identifies and reviews the qualifications of, and recommends to the Board, (i) individuals to be nominated by the Board for election to the Board by our shareholders at each annual meeting, (ii) individuals to be nominated and elected to fill any vacancy on the Board which occurs for any reason (including increasing the size of the Board) and (iii) appointments to committees of the Board.

The committee periodically reviews the size, composition and organization of the Board and its committees and recommends any policies, changes or other action it deems necessary or appropriate, including recommendations to the Board regarding retirement age, resignation or removal of a director, independence requirements, frequency of Board meetings and terms of directors. The committee also reviews the nomination by our shareholders of candidates for election to the Board if such nominations are within the time limits and meet other requirements established by our bylaws. The committee oversees the evaluation of the performance of the Board and its committees and reviews and makes recommendations regarding succession plans for positions held by executive officers.

The Nominating and Corporate Governance Committee held three meetings in 2007. The members of the committee are Mr. Flynn (Chairperson) and Ms. Friedman.

Compensation of Directors

Directors who are also employees of Chipotle do not receive compensation for their services as directors. Directors who are not employees of Chipotle receive an annual retainer of \$80,000, of which \$40,000 is paid in cash and \$40,000 is paid in shares of our Class A common stock based on the closing price of the stock on the grant date, which is on the date of our annual shareholders meeting each year. Each director who is not an employee of Chipotle also receives a \$1,500 cash payment for each meeting of the Board of Directors he or she attends and \$1,000 for each meeting of a committee of the Board of Directors he or she attends (\$500 in the case of telephonic attendance at an in-person committee meeting). Annual cash retainers are paid to the chairperson of each committee of the Board of Directors as follows: \$20,000 for the Audit Committee Chairperson, \$5,000 for each of the Compensation Committee Chairperson and the Nominating and Corporate Governance Committee Chairperson, and \$3,000 for the chairperson of any other committee established by the Board of Directors. Directors are also reimbursed for expenses incurred in connection with their service as directors, including travel expenses for meetings. We have also adopted a requirement that each non-employee director is expected to own Chipotle common stock with a market value of at least \$100,000 within four years of the director's appointment or election to the Board.

The compensation of each of our independent directors in 2007 is set forth below.

Name	Fees earned or paid in cash	Stock awards (1)	Total
Albert S. Baldocchi	\$ 75,000	\$ 40,008	\$ 115,008
John S. Charlesworth	\$ 55,000		