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.

Adjusted Net Income and Adjusted Diluted Earnings Per Share

	Three months ended June 30,			Six months ended June 30,				
		2019		2018		2019		2018
Net income	\$	91,028	\$	46,884	\$	179,160	\$	106,330
Non-GAAP adjustments:								
Restaurant closure costs:								
Operating lease asset impairment and other restaurant closure costs ⁽¹⁾		480		25,166		580		25,166
Accelerated depreciation ⁽²⁾		-		-		82		-
Duplicate rent expense ⁽³⁾		305		-		826		-
Corporate Restructuring:								
Operating lease asset impairment and other office closure costs ⁽⁴⁾		325		16,299		1,720		16,299
Accelerated depreciation ⁽²⁾		27		-		109		-
Duplicate rent expense ⁽³⁾		961		-		2,159		-
Employee related restructuring costs ⁽⁵⁾		2,638		(2,526)		5,861		(2,526)
Legal Proceedings ⁽⁶⁾		19,600		3,000		19,600		3,000
Other Adjustments ⁽⁷⁾		-		-		930		-
Total non-GAAP adjustments	\$	24,336	\$	41,939	\$	31,867	\$	41,939
Tax effect of non-GAAP adjustments ⁽⁸⁾		(2,514)		(8,587)		(2,687)		(8,587)
After tax impact of non-GAAP adjustments	\$	21,822	\$	33,352	\$	29,180	\$	33,352
Adjusted net income	\$	112,850	\$	80,236	\$	208,340	\$	139,682
Diluted weighted-average number of								
common shares outstanding		28,300		27,935		28,209		27,942
Diluted earnings per share	\$	3.22	\$	1.68	\$	6.35	\$	3.81
Adjusted diluted earnings per share	\$	3.99	\$	2.87	\$	7.39	\$	5.00

⁽¹⁾ Operating lease asset impairment charges, and other closure expenses for restaurant closures announced in June 2018 due to underperformance.

⁽²⁾ Accelerated depreciation for restaurant and office closures announced in June 2018 due to underperformance and the corporate restructuring.

⁽³⁾ Duplicate rent expense for the corporate headquarter relocation and office consolidation announced in May 2018 and for closed restaurants.

⁽⁴⁾ Operating lease asset impairment charges and other closure expenses for the corporate headquarter relocation and office consolidation announced in May 2018.

⁽⁵⁾ Costs for employee severance, stock modifications, transition expenses, recruitment, relocation costs, third party and other employee-related costs.

⁽⁶⁾ For 2019, estimated costs relating to several existing legal proceedings and, for 2018, the uninsured portion of a judgment in a single legal proceeding. These amounts are expected to exceed typical costs for these types of legal proceedings.

⁽⁷⁾ For the six months ended June 30, 2019, consists of an asset impairment charge related to a reconfiguration of our human resource capital management system to support the restructured organization.

⁽⁸⁾ For the three months ended June 30, 2019, includes a \$3,843 adjustment for non-tax deductible costs related to litigation matters. For the six months ended June 30, 2019, includes a \$3,843 adjustment for non-taxable costs related to litigation and includes a write-off of deferred tax assets related to expired stock awards of \$1,583.

Chipotle Mexican Grill, Inc. Reconciliation of Non-GAAP Financial Measures (continued)

Three months ended June 30

	June 30,			
	2019	2018		
Effective income tax rate	26.6 %	33.3 %		
Tax effect of non-GAAP adjustments	(2.7)	(4.8)		
Adjusted income tax rate	23.9 %	28.5 %		