

CHIPOTLE MEXICAN GRILL INC  
Form SC 13D  
September 06, 2016

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 13D**

**(Rule 13d-101)**

**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT**

**TO § 240.13d-1(a) AND AMENDMENTS THERETO FILED**

**PURSUANT TO § 240.13d-2(a)**

**Under the Securities Exchange Act of 1934**

**Chipotle Mexican Grill, Inc.**

**(Name of Issuer)**

**Common Stock, par value \$0.01 per share**

**(Title of Class of Securities)**

**169656105**

**(CUSIP Number)**

**Stephen Fraidin, Esq.**

**Steve Milankov, Esq.**

**Pershing Square Capital Management, L.P.**

**888 Seventh Avenue, 42nd Floor**

**New York, New York 10019**

**(212) 813-3700**

**With a copy to:**

**Richard M. Brand, Esq.**

**Gregory P. Patti, Esq.**

**Cadwalader, Wickersham & Taft LLP**

**One World Financial Center**

**New York, NY 10281**

**(212) 504-6000**

**(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)**

**August 24, 2016**

**(Date of Event which Requires Filing of this Statement)**

Edgar Filing: CHIPOTLE MEXICAN GRILL INC - Form SC 13D

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. "

**Note:** Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 ( Act ) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 169656105

1 NAME OF REPORTING PERSON

Pershing Square Capital Management, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a) " (b) "

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

OO (See Item 3)

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) "

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

NUMBER OF

SHARES

NONE

BENEFICIALLY 8 SHARED VOTING POWER

OWNED BY

EACH

2,882,463

9 SOLE DISPOSITIVE POWER

REPORTING

PERSON

NONE

WITH

10 SHARED DISPOSITIVE POWER

2,882,463

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,882,463

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) ..

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

9.9%\*

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IA

\* This calculation is based on 29,115,783 shares of Common Stock outstanding as of July 18, 2016 as reported in the Issuer's Quarterly Report on Form 10-Q filed on July 22, 2016 for the quarterly period ended June 30, 2016.

CUSIP No. 169656105

1 NAME OF REPORTING PERSON

PS Management GP, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a) " (b) "

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

OO (See Item 3)

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) "

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

NUMBER OF

SHARES

NONE

BENEFICIALLY 8 SHARED VOTING POWER

OWNED BY

EACH

2,882,463

9 SOLE DISPOSITIVE POWER

REPORTING

PERSON

NONE

WITH 10 SHARED DISPOSITIVE POWER

2,882,463

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,882,463

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) ..

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

9.9%\*

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

\* This calculation is based on 29,115,783 shares of Common Stock outstanding as of July 18, 2016 as reported in the Issuer's Quarterly Report on Form 10-Q filed on July 22, 2016 for the quarterly period ended June 30, 2016.

CUSIP No. 169656105

1 NAME OF REPORTING PERSON

William A. Ackman

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a) " (b) "

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

OO (See Item 3)

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) "

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

7 SOLE VOTING POWER

NUMBER OF

SHARES

NONE

BENEFICIALLY 8 SHARED VOTING POWER

OWNED BY

EACH

2,882,463

9 SOLE DISPOSITIVE POWER

REPORTING

PERSON

NONE

WITH

10 SHARED DISPOSITIVE POWER

2,882,463



11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,882,463

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) ..

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

9.9%\*

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

\* This calculation is based on 29,115,783 shares of Common Stock outstanding as of July 18, 2016 as reported in the Issuer's Quarterly Report on Form 10-Q filed on July 22, 2016 for the quarterly period ended June 30, 2016.

**Item 1. Security and Issuer**

This statement on Schedule 13D relates to the common stock, par value \$0.01 per share (the Common Stock ), of Chipotle Mexican Grill, Inc., a Delaware corporation (the Issuer ). The principal executive offices of the Issuer are located at 1401 Wynkoop Street, Suite 500, Denver, CO 80202.

The Reporting Persons (as defined below) beneficially own 2,882,463 shares of Common Stock (the Subject Shares ), which number includes: 554,213 shares of Common Stock and 2,328,250 shares underlying forward purchase contracts.

The Subject Shares represent approximately 9.9% of the outstanding shares of Common Stock based on 29,115,783 shares of Common Stock outstanding as of July 18, 2016 as reported in the Issuer's Quarterly Report on Form 10-Q filed on July 22, 2016 for the quarterly period ended June 30, 2016.

**Item 2. Identity and Background**

(a), (f) This statement is being filed by:

(i) Pershing Square Capital Management, L.P., a Delaware limited partnership (Pershing Square );

(ii) PS Management GP, LLC, a Delaware limited liability company (PS Management ); and

(iii) William A. Ackman, a citizen of the United States of America (together with Pershing Square and PS Management, the Reporting Persons ).

The Reporting Persons have entered into a joint filing agreement, dated as of September 6, 2016, a copy of which is filed herewith as Exhibit 99.1.

(b) The address of the principal business and principal office of each of the Reporting Persons is 888 Seventh Avenue, 42nd Floor, New York, New York 10019.

(c) Pershing Square's principal business is to serve as investment advisor to certain affiliated funds, including Pershing Square, L.P., a Delaware limited partnership (PS ), Pershing Square II, L.P., a Delaware limited partnership (PS II ), Pershing Square International, Ltd., a Cayman Islands exempted company (PS International ), and Pershing Square Holdings, Ltd., a limited liability company incorporated in Guernsey (PSH ) and together with PS, PS II and PS International, the Pershing Square Funds ).

PS Management's principal business is to serve as the sole general partner of Pershing Square.

The principal occupation of William A. Ackman is to serve as the Chief Executive Officer of Pershing Square and the managing member of PS Management.

(d), (e) During the last five years, none of the Reporting Persons (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violations with respect to such laws.

**Item 3. Source and Amount of Funds or Other Consideration**

The source of funding for the transactions pursuant to which the Reporting Persons obtained beneficial ownership of the Subject Shares was derived from the respective capital of the Pershing Square Funds, and from the net proceeds the Pershing Square Funds received from writing, and in certain cases, unwinding, the various derivatives described below.

The Pershing Square Funds purchased 554,213 shares of Common Stock for aggregate consideration (including brokerage commissions) of \$224,491,131.

The Pershing Square Funds entered into over-the-counter forward purchase contracts providing for the purchase of 2,328,250 shares of Common Stock for a net purchase price of \$974,342,953 (less rebate amounts for early settlement, if applicable).

The Pershing Square Funds wrote and unwound listed American-style put options referencing shares of Common Stock for net proceeds of \$1,667,375. In addition, the Pershing Square Funds wrote out-of-the-money, over-the-counter European-style put options referencing forward purchase contracts providing for the purchase of shares of Common Stock for net proceeds of \$410,500.

**Item 4. Purpose of Transaction**

The Issuer is a leading fast casual restaurant company that the Reporting Persons believe has a strong brand, differentiated offering, enormous growth opportunity, and visionary leadership. The Reporting Persons believe that the Issuer's Common Stock is undervalued and is an attractive investment.

The Reporting Persons intend to engage in discussions with the Issuer and Issuer's management and board of directors, other stockholders of the Issuer and other interested parties that may relate to the governance and board composition, business, operations, cost structure, management, assets, capitalization, financial condition, strategic plans, and the future of the Issuer.

The Reporting Persons may also propose or take one or more of the actions described in subsections (a) through (j) of Item 4 of Schedule 13D, including but not limited to, solicitation of proxies, and may discuss such actions with the Issuer and Issuer's management and the board of directors, other stockholders of the Issuer and other interested parties.

The Reporting Persons intend to review their investments in the Issuer on a continuing basis. Depending on various factors and subject to the obligations described herein, including, without limitation, the Issuer's financial position and strategic direction, actions taken by the board of directors, price levels of shares of Common Stock, other investment opportunities available to the Reporting Persons, concentration of positions in the portfolios managed by the Reporting Persons, tax considerations for investors in the Pershing Square Funds, market conditions and general economic and industry conditions, the Reporting Persons may take such actions with respect to their investments in the Issuer as they deem appropriate, including, without limitation, purchasing additional shares of Common Stock or other financial instruments related to the Issuer or selling some or all of their beneficial or economic holdings, engaging in hedging or similar transactions with respect to the securities relating to the Issuer and/or otherwise changing their intention with respect to any and all matters referred to in Item 4 of Schedule 13D.

**Item 5. Interest in Securities of the Issuer**

(a), (b) Information about the number and percentage of shares of Common Stock beneficially owned by the Reporting Persons is set forth in Item 1, and that information is incorporated by reference herein.

Pershing Square, as the investment adviser to the Pershing Square Funds, may be deemed to have the shared power to vote or direct the vote of (and the shared power to dispose or direct the disposition of) the Subject Shares. As the general partner of Pershing Square, PS Management may be deemed to have the shared power to vote or to direct the vote of (and the shared power to dispose or direct the disposition of) the Subject Shares. By virtue of William A. Ackman's position as the Chief Executive Officer of Pershing Square and managing member of PS Management, William A. Ackman may be deemed to have the shared power to vote or direct the vote of (and the shared power to dispose or direct the disposition of) the Subject Shares and, therefore, William A. Ackman may be deemed to be a beneficial owner of the Subject Shares.

(c) Exhibit 99.2, which is filed herewith and incorporated by reference into this Item 5(c) as if restated in full, describes all of the transactions in the Common Stock or derivatives relating to Common Stock that were effected in the past 60 days by the Reporting Persons for the benefit of the Pershing Square Funds. Except as set forth in Exhibit 99.2, no reportable transactions were effected by any Reporting Person within the last 60 days.

(d) The Pershing Square Funds have the right to receive dividends from, and the proceeds from the sale of, the shares of the Common Stock covered by this Schedule 13D. No other person is known to the Reporting Persons to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the shares of the Common Stock covered by this Schedule 13D.

(e) Not applicable.

**Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer**

As of September 6, 2016, the Pershing Square Funds own 2,328,250 over-the-counter forward purchase contracts having a net purchase price of \$974,342,953 (less rebate amounts for early settlement, if applicable). The counterparty to such over-the-counter forward purchase contracts is UBS AG.

None of the forward purchase contracts gives the Reporting Persons direct or indirect voting, investment or dispositive control over any securities of the Issuer or requires the counterparty thereto to acquire, hold, vote or dispose of any securities of the Issuer.

The foregoing summary of the over-the-counter forward purchase contracts is qualified in its entirety by reference to the actual language of such contracts, the form of which is filed as Exhibits 99.3, and which is incorporated herein by reference. Supplemental financial terms of these contracts are detailed in Exhibit 99.2 for transactions in the last 60 days.

Except as described herein, the Reporting Persons have no contracts, arrangements, understandings or relationships (legal or otherwise) with respect to any securities of the Issuer.

**Item 7. Material to be Filed as Exhibits**

- Exhibit 99.1 Joint Filing Agreement, dated as of September 6, 2016, among Pershing Square, PS Management and William A. Ackman.
- Exhibit 99.2 Trading data.
- Exhibit 99.3 Form of Confirmation for Forward Purchase Contracts.

**SIGNATURE**

After reasonable inquiry and to the best of each of the undersigned's knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: September 6, 2016

**PERSHING SQUARE CAPITAL  
MANAGEMENT, L.P.**

By: PS Management GP, LLC, its General  
Partner

By /s/ William A. Ackman  
William A. Ackman  
Managing Member

**PS MANAGEMENT GP, LLC**

By /s/ William A. Ackman  
William A. Ackman  
Managing Member

/s/ William A. Ackman  
William A. Ackman

**INDEX TO EXHIBITS**

| <b>Exhibit</b> | <b>Description</b>                                                                                                 |
|----------------|--------------------------------------------------------------------------------------------------------------------|
| Exhibit 99.1   | Joint Filing Agreement, dated as of September 6, 2016, among Pershing Square, PS Management and William A. Ackman. |
| Exhibit 99.2   | Trading data.                                                                                                      |
| Exhibit 99.3   | Form of Confirmation for Forward Purchase Contracts.                                                               |