CHIPOTLE MEXICAN GRILL INC
Form 424B1
October 05, 2006

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PROSPECTUS OFFER TO EXCHANGE

McDONALD'S CORPORATION

Offer to Exchange Up to
16,539,967 Shares of Class B Common Stock of

CHIPOTLE MEXICAN GRILL, INC.

Which are owned by McDonald's Corporation for
Outstanding Shares of Common Stock of

McDONALD'S CORPORATION

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON OCTOBER 5, 2006 UNLESS THE EXCHANGE OFFER IS EXTENDED OR TERMINATED.

McDonald's is offering to exchange up to 16,539,967 shares of Chipotle class B common stock in the aggregate for outstanding shares of McDonald's common stock that are validly tendered and not properly withdrawn.

For each $1.00 of McDonald's common stock accepted in the exchange offer, you will receive approximately $1.11 of Chipotle class B common stock, subject to a limit of 0.9157 shares of Chipotle class B common stock per share of McDonald's common stock. In addition, the exchange offer does not provide for a minimum exchange ratio. IF THE LIMIT IS IN EFFECT, YOU WILL RECEIVE LESS THAN $1.11 OF CHIPOTLE CLASS B COMMON STOCK FOR EACH $1.00 OF MCDONALD'S COMMON STOCK THAT YOU TENDER, AND YOU COULD RECEIVE MUCH LESS.

The value of the two stocks will be determined by reference to the average of the daily volume-weighted average prices, or daily VWAP, of McDonald's common stock and Chipotle class A common stock on the New York Stock Exchange on the last two trading days of the exchange offer. See "The Exchange Offer Terms of the Exchange Offer" beginning on page 46. The McDonald's common stock and the Chipotle class A common stock are listed on the New York Stock Exchange under the symbols "MCD" and "CMG," respectively. The Chipotle class B common stock has been approved for listing on the New York Stock Exchange under the symbol "CMG.B." The reported last sales prices of McDonald's common stock and Chipotle class A common stock on the New York Stock Exchange were $36.52 and $49.85 per share on September 7, 2006 and $39.59 and $49.60 per share on September 28, 2006, respectively. The indicative exchange ratio that would have been in effect following the official close of trading on the New York Stock Exchange on September 7, 2006, based on the daily VWAPs of McDonald's common stock and Chipotle class A common stock on September 6 and September 7, would have provided for 0.8095 shares of Chipotle class B common stock to be exchanged for every share of McDonald's common stock accepted.

There is currently no trading market for the Chipotle class B common stock, and the value of the Chipotle class B common stock that you will receive in the exchange offer is based on the price of the Chipotle class A common stock. As a result, if immediately after the exchange offer the Chipotle class B common stock were to trade at a discount to the Chipotle class A common stock, you would effectively receive less than $1.11 of Chipotle class B common stock for each $1.00 of McDonald's common stock accepted in the exchange offer.

Subject to the possible automatic extension of the exchange offer described below, the final exchange ratio used to determine the number of shares of Chipotle class B common stock that you will receive for each share of McDonald's common stock accepted in the exchange offer will be announced by 4:30 p.m., New York City time, on the expiration date of the exchange offer. At such time, the final exchange ratio will be available at www.chipotleexchange.com and from the information agent at 1-866-821-2614 (toll-free in the United States) or at 1-212-440-9800 (elsewhere). McDonald's will announce whether the limit on the number of shares that can be received for each share of McDonald's common stock tendered is in effect at the expiration of the originally contemplated exchange offer period, through www.chipotleexchange.com and by press release, no later than 4:30 p.m. on the original expiration date. If the limit is in effect at that time, then the exchange ratio will be fixed at the limit and the exchange offer will be automatically extended until 12:00 midnight of the second

following trading day to permit shareholders to tender or withdraw their shares of McDonald's common stock during those days. Throughout the exchange offer, indicative exchange ratios (calculated in the manner described in this Prospectus-Offer to Exchange) will also be available on that website and from the information agent.

You should read carefully the terms and conditions of the exchange offer described in this Prospectus Offer to Exchange. None of McDonald's, Chipotle or any of their respective directors or officers or the dealer manager makes any recommendation as to whether you should tender your shares of McDonald's common stock. You must make your own decision after reading this document and consulting with your advisors.

McDonald's obligation to exchange shares of Chipotle class B common stock for shares of McDonald's common stock is subject to the conditions, including the "minimum amount" condition, listed under "The Exchange Offer Conditions to Completion of the Exchange Offer," beginning on page 61. There is no historical trading market for the Chipotle class B common stock because McDonald's and a limited number of shareholders have owned all of the outstanding shares of Chipotle class B common stock since their issuance. On matters subject to shareholder vote, shares of Chipotle class A common stock are entitled to one vote per share and shares of Chipotle class B common stock are generally entitled to ten votes per share, as described in "Description of Capital Stock of Chipotle" beginning on page 132.

See "Risk Factors" beginning on page 22 for a discussion of factors that you should consider in connection with the exchange offer.

The U.S. Securities and Exchange Commission and state securities regulators have not approved or disapproved of the securities to be exchanged under this Prospectus Offer to Exchange or determined if this Prospectus Offer to Exchange is truthful or complete. Any representation to the contrary is a criminal offense.

The dealer manager for the exchange offer is:

MORGAN STANLEY

The date of this Prospectus Offer to Exchange is October 3, 2006

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This Prospectus Offer to Exchange incorporates by reference important business and financial information about McDonald's from documents filed with the U.S. Securities and Exchange Commission ("SEC") that have not been included herein or delivered herewith. This information is available without charge at the website that the SEC maintains at http://www.sec.gov, as well as from other sources. See "Where You Can Find More Information About McDonald's and Chipotle." In addition, you may ask any questions about the exchange offer or request copies of the exchange offer documents and the other information incorporated by reference in this Prospectus Offer to Exchange from McDonald's, without charge, upon written or oral request to the information agent, Georgeson Inc., located at 17 State Street, New York, New York 10004 at 1-866-821-2614 (toll-free in the United States) or at 1-212-440-9800 (elsewhere). In order to receive timely delivery of those materials, you must make your requests no later than five business days before expiration of the exchange offer.

This Prospectus Offer to Exchange is not an offer to sell or exchange and it is not a solicitation of an offer to buy any shares of McDonald's common stock or Chipotle class B common stock in any jurisdiction in which the offer, sale or exchange is not permitted. The restrictions set out below apply to persons in the specified countries. There may be additional restrictions that apply in other countries. Non-U.S. shareholders should consult their advisors in considering whether they may participate in the exchange offer in accordance with the laws of their home countries and, if they do participate, whether there are any restrictions or limitations on transactions in the Chipotle class B common stock that may apply in their home countries. McDonald's, Chipotle and the dealer manager cannot provide any assurance about whether such limitations may exist. See "The Exchange Offer Legal and Other Limitations; Certain Matters Relating to Non-U.S. Jurisdictions" for additional information about limitations on the exchange offer outside the United States.

Australia

This Prospectus Offer to Exchange does not constitute a disclosure document under Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia (the "Australian Corporations Act") and has not been, and will not be, lodged with the Australian Securities and Investments Commission.

No offer of securities is being made in Australia, and the distribution or receipt of this document in Australia does not constitute an offer of securities capable of acceptance by any person in Australia, except in the limited circumstances described in this Prospectus Offer to Exchange relying on certain exemptions in section 708 of the Australian Corporations Act.

Canada

The exchange offer is not being made directly or indirectly in, nor is the exchange offer capable of acceptance from, Canada or by use of the mails, or any means or instrumentality of Canada and cannot be accepted by any such use, means or instrumentality or otherwise from within Canada. Copies of the Prospectus Offer to Exchange and any related offering documents are being mailed to holders of McDonald's common stock with registered addresses in Canada for information purposes only.

European Economic Area

In relation to each Member State of the European Economic Area (the "EEA") which has implemented the Prospectus Directive (each, a "Relevant Member State"), no offer to the public of any shares of Chipotle class B common stock as contemplated by this document may be made in that Relevant Member State, except in the limited circumstances specified in this Prospectus Offer to Exchange, provided that no such offer of shares of Chipotle class B common stock shall result in a requirement for the publication by McDonald's or any manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

Japan

The exchange offer is not being made directly or indirectly in, nor is the exchange offer capable of acceptance from, Japan. Copies of the Prospectus Offer to Exchange and any related offering documents are being mailed to holders of McDonald's common stock with registered addresses in Japan for information purposes only.

United Kingdom

This Prospectus Offer to Exchange is only being distributed to and directed at (i) persons outside the United Kingdom, (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons, "relevant persons"). Shares of Chipotle class B common stock are only available to, and any invitation, offer or agreement to subscribe or otherwise acquire such shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER

McDonald's board of directors has authorized the disposition of its remaining interest in Chipotle, consisting of 16,539,967 shares of Chipotle class B common stock, which represented approximately 82.2% of the voting interest and 50.8% of the economic interest in Chipotle as of June 30, 2006. Following the disposition, Chipotle will be wholly independent from McDonald's. The following are answers to common questions about the separation of Chipotle from McDonald's.

1.
Why has McDonald's decided to separate Chipotle from McDonald's?

McDonald's board of directors has authorized the separation in order, among other things, to enable McDonald's to focus its management and financial resources on the McDonald's brand. McDonald's also believes that Chipotle's separation from McDonald's will afford Chipotle increased flexibility and decision-making power to pursue its own strategic objectives.

2.
Why did McDonald's choose an exchange offer as the way to separate Chipotle from McDonald's?

McDonald's believes that the exchange offer, also referred to as the "split-off," is a tax-efficient way to divest its interest in Chipotle. It gives McDonald's shareholders an opportunity to adjust their investment between McDonald's and Chipotle on a tax-free basis for U.S. federal income tax purposes (except with respect to cash received in lieu of a fractional share) and is generally expected to be tax-free to McDonald's and Chipotle.

McDonald's and Chipotle also have significantly different competitive strengths and operating strategies. The exchange offer is an efficient means of placing Chipotle class B common stock with holders who wish to own an interest in Chipotle. By comparison, a separation effected exclusively by spin-off would result in all McDonald's shareholders becoming owners of Chipotle, regardless of their desire to own shares of Chipotle.

3.
What are the main ways that the relationship between Chipotle and McDonald's will change after the separation is completed?

The separation will establish Chipotle as wholly independent from McDonald's. Because McDonald's will no longer own any interest in Chipotle, Chipotle will be free to pursue its own initiatives, regardless of whether those initiatives are consistent with McDonald's view. After the separation, Chipotle will also be responsible for securing all of its own management, financial, tax, accounting, legal and other resources. Chipotle and McDonald's are in the process of completing the transition to Chipotle (or its service providers) of substantially all services that McDonald's previously provided to Chipotle. The companies expect the transition to be complete concurrently with the separation, except for certain limited information technology systems and facilities services that may continue to be provided by McDonald's for no more than 24 months following the completion of the exchange offer.

After the separation, Chipotle may also lose some other benefits of its relationship with McDonald's, such as with respect to supply or service arrangements available to it as a subsidiary of McDonald's. Chipotle has been evaluating and pursuing alternatives to minimize any potential disruption to its operations caused by the separation from McDonald's.

4.
What will be the financial impact on Chipotle of its separation from McDonald's?

Chipotle estimates the incremental costs of employee benefits, insurance and information technology services due to its separation from McDonald's to be between $1.0 million and $2.0 million in the first year. Chipotle is currently negotiating with its distribution centers and beverage suppliers and cannot quantify the incremental costs, if any, of those services upon its separation from McDonald's.

5.
Who may participate in the exchange offer and will it be extended outside the United States?

Any U.S. holder of McDonald's common stock during the exchange offer period, which will be at least 20 business days, may participate in the exchange offer, including directors and officers of McDonald's, Chipotle and their respective subsidiaries. The decision whether to exchange McDonald's common stock held in the McDonald's Corporation Profit Sharing and Savings Plan and the McDonald's Ventures 401(k) Plan will be made by an independent fiduciary appointed under those plans.

Although McDonald's has mailed the Preliminary Prospectus Offer to Exchange dated September 8, 2006 to its shareholders to the extent required by U.S. law, including shareholders located outside the United States, this Prospectus Offer to Exchange is not an offer to sell or exchange and it is not a solicitation of an offer to buy any shares of McDonald's common stock or Chipotle class B common stock in any jurisdiction in which such offer, sale or exchange is not permitted.

Countries outside the United States generally have their own legal requirements that govern securities offerings made to persons resident in those countries and often impose stringent requirements about the form and content of offers made to the general public. McDonald's has not taken any action under those non-U.S. regulations to facilitate a public offer to exchange the Chipotle class B common stock outside the United States. Therefore, the ability of any non-U.S. person to tender McDonald's common stock in the exchange offer will depend on whether there is an exemption available under the laws of such person's home country that would permit the person to participate in the exchange offer without the need for McDonald's to take any action to facilitate a public offering in that country or otherwise. For example, some countries exempt transactions from the rules governing public offerings if they involve persons who meet certain eligibility requirements relating to their status as sophisticated or professional investors.

All tendering holders must make certain representations in the letter of transmittal, including (in the case of non-U.S. holders) as to the availability of an exemption under their home country laws that would allow them to participate in the exchange offer without the need for McDonald's to take any action to facilitate a public offering in that country or otherwise. McDonald's will rely on those representations and, unless the exchange offer is terminated, plans to accept shares tendered by persons who properly complete the letter of transmittal and provide any other required documentation on a timely basis and as otherwise described herein.

Non-U.S. shareholders should consult their advisors in considering whether they may participate in the exchange offer in accordance with the laws of their home countries and, if they do participate, whether there are any restrictions or limitations on transactions in the Chipotle class B common stock that may apply in their home countries. McDonald's, Chipotle and the dealer manager cannot provide any assurance about whether such limitations may exist. See "The Exchange Offer Legal and Other Limitations; Certain Matters Relating to Non-U.S. Jurisdictions" for additional information about limitations on the exchange offer outside the United States.

6.
How many shares of Chipotle class B common stock will I receive for my shares of McDonald's common stock accepted in the exchange offer?

The exchange offer is designed to permit you to exchange your shares of McDonald's common stock for shares of Chipotle class B common stock at a 10% discount to the per-share value of Chipotle class B common stock, calculated as set forth in this Prospectus Offer to Exchange. Stated another way, for each $1.00 of your McDonald's common stock accepted in the exchange offer, you will receive approximately $1.11 of Chipotle class B common stock, based on the calculated per-share values determined by reference to the average of the "daily volume-weighted average price" of

McDonald's common stock and Chipotle class A common stock on the New York Stock Exchange on the last two trading days of the exchange offer. Please note, however, that:

- The number of shares you can receive is subject to a limit of 0.9157 shares of Chipotle class B common stock for each share of McDonald's common stock accepted in the exchange offer. **If the limit is in effect, you will receive less than $1.11 of Chipotle class B common stock for each $1.00 of McDonald's common stock, depending on the calculated per-share values of McDonald's common stock and Chipotle class B common stock at the expiration date of the exchange offer, and you could receive much less**. The exchange offer does not provide for a minimum exchange ratio; and

- Because the exchange offer is subject to proration, the number of shares McDonald's accepts in the exchange offer may be less than the number of shares you tender.

McDonald's will announce whether the limit on the number of shares that can be received for each share of McDonald's common stock tendered is in effect at the expiration of the originally contemplated exchange offer period, through www.chipotleexchange.com and by press release, no later than 4:30 p.m. on the original expiration date. If the limit is in effect at that time, then the exchange ratio will be fixed at the limit and the exchange offer will be extended until 12:00 midnight of the second following trading day to permit shareholders to tender or withdraw their shares of McDonald's common stock during those days.

7.

Why is there a limit on the number of shares of Chipotle class B common stock I can receive for each share of McDonald's common stock that I tender?

The number of shares you can receive is subject to a limit of 0.9157 shares of Chipotle class B common stock for each share of McDonald's common stock accepted in the exchange offer. **If the limit is in effect, you will receive less than $1.11 of Chipotle class B common stock for each $1.00 of McDonald's common stock that you tender, and you could receive much less**.

This limit was calculated based on a 20% discount for Chipotle class B common stock based on the closing prices of McDonald's common stock and Chipotle class A common stock on September 7, 2006 (the day before the date of the Preliminary Prospectus Offer to Exchange dated September 8, 2006). McDonald's set this limit to ensure that an unusual or unexpected drop in the trading price of Chipotle class A common stock, relative to the trading price of McDonald's common stock, would not result in an unduly high number of shares of Chipotle class B common stock being exchanged per share of McDonald's common stock accepted in the exchange offer.

8.

What will happen if the limit is in effect?

McDonald's will announce whether the limit on the number of shares that can be received for each share of McDonald's common stock tendered is in effect at the expiration of the originally contemplated exchange offer period, through www.chipotleexchange.com and by press release, no later than 4:30 p.m. on the original expiration date. If the limit is in effect at that time, then the exchange ratio will be fixed at the limit and the exchange offer will be extended until 12:00 midnight of the second following trading day to permit shareholders to tender or withdraw their shares of McDonald's common stock during those days. Any changes in the prices of the shares of McDonald's common stock or Chipotle class A common stock on those additional days of the exchange offer will not, however, affect the exchange ratio. In other words, the number of shares of Chipotle class B common stock the holders will receive will not change as a result of changes in the prices of Chipotle class A common stock or McDonald's common stock on those additional days that would otherwise have affected the ratio had those movements occurred during the originally contemplated exchange offer period.

9.

How are the calculated per-share values of McDonald's common stock and Chipotle class B common stock determined for purposes of calculating the number of shares of Chipotle class B common stock to be received in the exchange offer?

The calculated per-share value of a share of McDonald's common stock for purposes of the exchange offer will equal the average of the "daily volume-weighted average price" of McDonald's common stock on each of the last two trading days of the originally contemplated exchange offer period.

The calculated per-share value of a share of Chipotle class B common stock for purposes of the exchange offer will equal the average of the "daily volume-weighted average price" of Chipotle class A common stock on each of the last two trading days of the exchange offer. Because there is no trading market for the Chipotle class B common stock, the Chipotle class A common stock is believed to be the most appropriate measure of the value of the Chipotle class B common stock. The calculated per-share value of Chipotle class B common stock is determined by reference to the "daily volume-weighted average price" of Chipotle class A common stock on the last two trading days of the originally contemplated exchange offer period.

The last two trading days of the originally contemplated exchange offer period are October 4, 2006 and October 5, 2006. Although those dates could change if the exchange offer is extended, those dates will not change for purposes of calculating the per-share values if that extension occurs solely as a result of the automatic extension of the exchange offer triggered by the limit. If the limit is in effect, the exchange ratio will be fixed and the calculated per-share values of the two stocks based on the daily volume-weighted average price will no longer affect the exchange ratio. See "The Exchange Offer Automatic Extension Maximum Limit Extension" beginning on page 60.

10.

What is the "daily volume-weighted average price?"

The "daily volume-weighted average price" for McDonald's common stock or Chipotle class A common stock, as the case may be, will be the volume-weighted average price per share of that stock on the New York Stock Exchange during the period beginning at 9:30 a.m., New York City time (or such other time as is the official open of trading on the New York Stock Exchange) and ending at 4:00 p.m., New York City time (or such other time as is the official close of trading on the New York Stock Exchange), as calculated by Xignite, Inc., except that, on the last trading day of the originally contemplated exchange offer period, such data will only take into account any adjustments made to reported trades included by 4:10 p.m., New York City time, on that day.

11.

Where can I find the daily volume-weighted average prices of McDonald's common stock and Chipotle class A common stock during the exchange offer period?

McDonald's will maintain a web page at www.chipotleexchange.com that provides the "daily volume-weighted average price" of both McDonald's common stock and Chipotle class A common stock, together with indicative exchange ratios, for each day during the exchange offer. During the last two trading days of the originally contemplated exchange offer period, when the values of McDonald's common stock and Chipotle class A common stock are calculated for the purposes of the exchange offer, the web page will show the indicative exchange ratios based on indicative calculated per-share values which will equal (i) on the next-to-last day, the actual daily volume-weighted average prices during the elapsed portion of that day; and (ii) on the last day, the daily volume-weighted average prices of the next-to-last day averaged with the actual daily volume-weighted average prices during the elapsed portion of that last day. During this period, the indicative exchange ratios and calculated per-share values will be updated every 30 minutes (on approximately the hour and half-hour mark). This information will reflect a 20-minute reporting delay.

12.

How and when will I know the final exchange ratio?

Subject to the possible automatic extension of the exchange offer described below, the final exchange ratio showing the number of shares of Chipotle class B common stock that you will receive for each share of McDonald's common stock accepted in the exchange offer will be available at www.chipotleexchange.com by 4:30 p.m., New York City time, on the expiration date of the exchange offer and separately announced by press release. In addition, as described below, indicative exchange ratios will be available throughout the exchange offer period. You may also contact the information agent to obtain these indicative exchange ratios and the final exchange ratio at its toll-free number provided on the back cover of this Prospectus Offer to Exchange.

McDonald's will announce whether the limit on the number of shares that can be received for each share of McDonald's common stock tendered is in effect at the expiration of the originally contemplated exchange offer period, through www.chipotleexchange.com and by press release, no later than 4:30 p.m. on the original expiration date. If the limit is in effect at that time, then the exchange ratio will be fixed at the limit and the exchange offer will be extended until 12:00 midnight of the second following trading day to permit shareholders to tender or withdraw their shares of McDonald's common stock during those days.

13.

Will indicative exchange ratios be provided during the tender offer period?

Yes. Indicative exchange ratios will be available at www.chipotleexchange.com by 4:30 p.m., New York City time, on each day during the exchange offer period, calculated as though that day were the expiration date of the exchange offer. For example, by 4:30 p.m., New York City time, on September 21, 2006, we will show an indicative exchange ratio based on the average of the "daily volume-weighted average price" of McDonald's common stock and Chipotle class A common stock on September 20, 2006 and September 21, 2006. The indicative exchange ratio will also reflect whether the limit on the exchange ratio, described above, would have been in effect. You may also contact the information agent at its toll-free number to obtain these indicative exchange ratios.

In addition, for purposes of illustration, we have provided a table that indicates the number of shares of Chipotle class B common stock that you would receive per share of McDonald's common stock, calculated on the basis described above and taking into account the maximum limit, assuming a range of averages of the "daily volume-weighted average price" of McDonald's common stock and Chipotle class A common stock on the last two trading days of the exchange offer. See "The Exchange Offer Terms of the Exchange Offer" beginning on page 46.

14.

What if the McDonald's common stock or the Chipotle class A common stock does not trade on the next-to-last or the last day of the exchange offer?

If a market disruption event occurs with respect to the McDonald's common stock or the Chipotle class A common stock on either of the two days during which the calculated per-share value of each share of McDonald's common stock and Chipotle class B common stock was originally expected to be determined, the exchange offer period will be automatically extended and the calculated per-share value of each share of McDonald's common stock and Chipotle class B common stock will be determined on the immediately succeeding trading day or days, as the case may be, on which no market disruption event occurs with respect to both the McDonald's common stock and the Chipotle class A common stock. If, however, a market disruption event occurs as specified above and continues for a period of at least five consecutive business days, McDonald's may terminate the exchange offer if, in its reasonable judgment, the continuing market disruption event has impaired the benefits of the exchange offer. For specific information as to what would constitute a market disruption event, see "The Exchange Offer Automatic Extension" beginning on page 60.

15.

Are there circumstances under which I would receive fewer shares of Chipotle class B common stock than I would have received if the exchange ratio were determined using the closing prices of the two stocks on the expiration date of the exchange offer?

Yes. For example, if the trading price of McDonald's common stock were to increase during the last two days of the exchange offer, the calculated per-share value of McDonald's common stock would likely be lower than the closing price of McDonald's common stock on the expiration date of the exchange offer. As a result, you may receive less Chipotle class B common stock for each $1.00 of McDonald's common stock than you would have if that per-share value were calculated on the basis of the closing price of McDonald's common stock on the expiration date. Similarly, if the trading price of Chipotle class A common stock were to decrease during the last two days of the exchange offer, the calculated per-share value of Chipotle class B common stock would likely be higher than the closing price of Chipotle class A common stock on the expiration date of the exchange offer. This could also result in your receiving fewer shares of Chipotle class B common stock for each $1.00 of McDonald's common stock than you would otherwise receive if that per-share value were calculated on the basis of the closing price of Chipotle class A common stock on the expiration date.

In addition, if the limit on the number of shares that can be received for each share of McDonald's common stock tendered is in effect at the expiration of the originally contemplated exchange offer period and the exchange offer is automatically extended until 12:00 midnight of the second following trading day, then the number of shares you will receive in exchange for each share of McDonald's common stock tendered will be fixed at the limit and will not relate to the closing prices on the expiration date of the exchange offer.

The value of Chipotle class B common stock you receive may not remain above the value of McDonald's common stock you exchange following the expiration date of the exchange offer.

16.

Will I receive any fractional shares of Chipotle class B common stock in the exchange offer?

No. Fractional shares of Chipotle class B common stock will not be distributed in the exchange offer. Instead, you will receive cash in lieu of a fractional share. The exchange agent, acting as agent for the McDonald's shareholders otherwise entitled to receive a fractional share of Chipotle class B common stock, will aggregate all fractional shares that would otherwise have been required to be distributed and cause them to be sold in the open market for the accounts of those shareholders.

17.

Will all the shares of McDonald's common stock that I tender be accepted in the exchange offer?

Not necessarily. McDonald's holds 16,539,967 shares of Chipotle class B common stock. Depending on the number of shares of McDonald's common stock validly tendered in the exchange offer and not properly withdrawn, and the calculated per-share values of McDonald's common stock and Chipotle class B common stock determined as described above, McDonald's may have to limit the number of shares of McDonald's common stock that it accepts in the exchange offer through a proration process. Any proration of the number of shares accepted in the exchange offer will be determined on the basis of the proration mechanics described under "The Exchange Offer Proration; Odd-Lots" beginning on page 50.

18.

Will I be able to withdraw the shares of McDonald's common stock I tender after the final exchange ratio has been determined?

Yes. The final exchange ratio used to determine the number of shares of Chipotle class B common stock that you will receive for each share of McDonald's common stock accepted in the exchange offer will be announced by 4:30 p.m., New York City time, on the originally contemplated expiration date of the exchange offer, which is currently anticipated to be October 5, 2006. The expiration date may be extended (automatically or otherwise) or the exchange offer may be terminated. You have a right to withdraw shares of McDonald's common stock you have tendered at any time before 12:00 midnight, New York City time, on the expiration date. See "The Exchange Offer Withdrawal Rights" beginning on page 57.

In order to withdraw your shares, you (or, in lieu thereof, if you hold your shares through a broker, dealer, commercial bank, trust company or similar institution, that institution on your behalf) must provide a written notice of withdrawal or facsimile transmission notice of withdrawal to the exchange agent. The information that must be included in that notice is specified under "The Exchange Offer Withdrawal Rights" beginning on page 57.

If you hold your shares through a broker, dealer, commercial bank, trust company or similar institution, you should consult that institution on the procedures you must comply with and the time by which such procedures must be completed in order for that institution to provide a written notice of withdrawal or facsimile notice of withdrawal to the exchange agent on your behalf before 12:00 midnight, New York City time, on the expiration date. If you hold your shares through such an institution, that institution must deliver the notice of withdrawal with respect to any shares you wish to withdraw. In such a case, as a beneficial owner and not a registered shareholder, you will not be able to provide a notice of withdrawal for such shares directly to the exchange agent.

In addition, if the limit on the number of shares of Chipotle class B common stock that can be received for each share of McDonald's common stock tendered is in effect at the expiration of the originally contemplated exchange offer period, then the exchange ratio will be fixed at the limit and the exchange offer will be extended until 12:00 midnight of the second following trading day to permit shareholders to tender or withdraw their shares of McDonald's common stock during those days, either directly or by acting through a broker, dealer, commercial bank, trust company or similar institution on their behalf.

19.

Are there any conditions to McDonald's obligation to complete the exchange offer?

Yes. McDonald's is not required to complete the exchange offer unless the conditions beginning on page 61 are satisfied or waived before the expiration of the exchange offer. For example, McDonald's is not required to complete the exchange offer unless at least 4,961,990 shares of Chipotle class B common stock would be distributed in exchange for shares of McDonald's common stock that are tendered in the exchange offer. We refer to the minimum number of shares of McDonald's common stock that must be tendered in order for at least 4,961,990 shares of Chipotle class B common stock to be distributed in the exchange offer in this Prospectus-Offer to Exchange as the "minimum amount." McDonald's may waive any or all of the conditions to the exchange offer, including the requirement that the minimum amount of shares of McDonald's common stock be tendered, subject to limited exceptions. Chipotle has no right to waive any of the conditions to the exchange offer.

20.

How many shares of McDonald's common stock will McDonald's acquire if the exchange offer is completed?

The number of shares of McDonald's common stock that will be accepted if the exchange offer is completed will depend on the final exchange ratio and the number of shares of McDonald's common stock tendered. McDonald's holds 16,539,967 shares of Chipotle class B common stock. Accordingly, the largest possible number of shares of McDonald's common stock that will be accepted equals 16,539,967 divided by the final exchange ratio. For example, assuming that the final exchange ratio is 0.9157 (the maximum number of shares of Chipotle class B common stock that could be exchanged for one share of McDonald's common stock), then McDonald's would accept up to 18,062,648 shares of McDonald's common stock.

21.

What happens if more than the minimum amount of shares are tendered, but not enough shares of McDonald's common stock are tendered to allow McDonald's to exchange all of the shares of Chipotle class B common stock it owns?

In that case, McDonald's will distribute to its shareholders, on a pro rata basis, all of its remaining shares of Chipotle class B common stock promptly following the completion of the exchange offer. We refer to this distribution as the "spin-off." The spin-off will be a special dividend distribution with respect to McDonald's common stock, and the record date for holders to receive shares in any spin-off will be set promptly following the expiration of the exchange offer.

22.

What happens if the exchange offer is oversubscribed and McDonald's is unable to fulfill all tenders of McDonald's common stock at the exchange ratio?

In that case, all shares of McDonald's common stock that are validly tendered will generally be accepted for exchange on a pro rata basis in proportion to the number of shares tendered. We refer to this as "proration." Shareholders (other than participants in the McDonald's Corporation Profit Sharing and Savings Plan and the McDonald's Ventures 401(k) Plan) who beneficially own "odd-lots" (less than 100 shares of McDonald's common stock) and who validly tender all their shares will not be subject to proration. For instance, if you beneficially own 50 shares of McDonald's common stock and tender all 50 shares, your odd-lot will not be subject to proration. If, however, you hold less than 100 shares of McDonald's common stock, but do not tender all of your shares, you will be subject to proration to the same extent as holders of more than 100 shares if the exchange offer is oversubscribed. Beneficial holders of 100 or more shares of McDonald's common stock are not eligible for this preference, even if those holders have separate stock certificates representing less than 100 shares.

Proration for each tendering shareholder will be based on the number of shares of McDonald's common stock tendered by that shareholder in the exchange offer, and not on that shareholder's aggregate ownership of McDonald's common stock. Any shares of McDonald's common stock not accepted for exchange as a result of proration will be returned to tendering shareholders. McDonald's will announce its preliminary determination of the extent to which tenders will be prorated by press release by 9:00 a.m., New York City time, on the business day following the expiration of the exchange offer. We refer to this determination as the "preliminary proration factor." McDonald's will announce its final determination of the extent to which tenders will be prorated by press release promptly after this determination is made. We refer to this determination as the "final proration factor."

23.

How long will the exchange offer be open?

The period during which you are permitted to tender your shares of McDonald's common stock in the exchange offer will expire at 12:00 midnight, New York City time, on the currently expected expiration date, October 5, 2006, unless the exchange offer is extended (automatically or otherwise) or terminated. In addition, if the limit on the number of shares that can be received for each share of McDonald's common stock tendered is in effect at the expiration of the originally contemplated exchange offer period, then the exchange ratio will be fixed at the limit and the exchange offer will be extended until 12:00 midnight of the second following trading day. McDonald's may terminate the exchange offer in the circumstances described in "The Exchange Offer Extension; Termination; Amendment" beginning on page 59.

24.

Under what circumstances can the exchange offer be extended by McDonald's?

McDonald's can extend the exchange offer at any time, in its sole discretion, and regardless of whether any condition to the exchange offer has been satisfied or waived. If McDonald's extends the exchange offer, it must publicly announce the extension by press release at any time prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date.

25.

How do I decide whether to participate in the exchange offer?

Whether you should participate in the exchange offer depends on many factors. You should examine carefully your specific financial position, plans and needs before you decide whether to participate, as well as the relative risks associated with an investment in Chipotle and McDonald's.

In addition, you should consider all of the factors described in "Risk Factors" beginning on page 22. None of McDonald's, Chipotle or any of their respective directors or officers or the dealer manager makes any recommendation as to whether you should tender your shares of McDonald's common stock. You must make your own decision after carefully reading this document and consulting with your advisors in light of your own particular circumstances. You are strongly encouraged to read this document very carefully.

26.

How do I participate in the exchange offer?

The procedures you must follow to participate in the exchange offer will depend on whether you hold your shares of McDonald's common stock in certificated form, in uncertificated form registered directly in your name in McDonald's share register ("Direct Registration Shares"), in uncertificated form through the McDonald's Corporation Direct Stock Purchase Plan (such shares, "MCDirect Shares"), through a broker, dealer, commercial bank, trust company or similar institution or through a McDonald's employee benefit plan. For specific instructions about how to participate, see "The Exchange Offer Procedures for Tendering" beginning on page 52.

27.

Can I tender only a part of my McDonald's common stock in the exchange offer?

Yes. You may tender all, some or none of your McDonald's common stock.

28.

What do I do if I want to retain all of my McDonald's common stock?

If you want to retain your McDonald's common stock, you do not need to take any action in connection with the exchange offer.

29.

Can I change my mind after I tender my McDonald's common stock?

Yes. You may withdraw shares tendered at any time before the exchange offer expires. See "The Exchange Offer Withdrawal Rights" beginning on page 57. If you change your mind again before the expiration of the exchange offer, you can re-tender your McDonald's common stock by following the tender procedures again.

30.

How soon will I receive delivery of my Chipotle common stock once I have tendered my McDonald's common stock?

The exchange agent will cause shares of Chipotle class B common stock to be credited to you in book-entry form as soon as practicable after acceptance of shares of McDonald's common stock in the exchange offer and determination of the final proration factor, if any. See the "The Exchange Offer Delivery of Chipotle Class B Stock; Book-Entry Accounts" beginning on page 58.

31.

Will the Chipotle class B common stock be listed on an exchange following the completion of the exchange offer?

Yes. The Chipotle class B common stock has been approved for listing on the New York Stock Exchange under the symbol "CMG.B". McDonald's will not be required to complete the exchange offer if the shares of Chipotle class B common stock are not approved for listing on the New York Stock Exchange.

32.

Why is the value of Chipotle class A common stock being used to measure the value of Chipotle class B common stock?

Although there is no trading market for the Chipotle class B common stock, the class A common stock is believed to be an appropriate, readily ascertainable proxy for the value of the class B common stock due to the substantial identity in the attributes of the two classes of stock. The holders of class A common stock and class B common stock generally have identical rights, except that holders of class A common stock are entitled to one vote per share while holders of class B common stock are entitled to ten votes per share on matters to be voted on by shareholders, other than with respect to a limited number of matters specified in Chipotle's restated certificate of incorporation (such as approval of transactions by which a third party might acquire control of Chipotle). As of August 31, 2006, there were approximately 14.1 million shares of Chipotle class A common stock issued and outstanding (which excluded shares issuable upon the exercise of outstanding stock options and shares reserved for future issuance under Chipotle's 2006 Stock Incentive Plan) and 18.5 million shares of Chipotle class B common stock issued and outstanding.

33.

Will trading prices for the Chipotle class A common stock and the Chipotle class B common stock be different?

There is currently no trading market for the Chipotle class B common stock, and neither McDonald's nor Chipotle can assure you that one will develop. The Chipotle class A common stock is listed on the New York Stock Exchange under the symbol "CMG," and the Chipotle class B common stock has been approved for listing on the New York Stock Exchange under the symbol "CMG.B." Neither McDonald's nor Chipotle can predict whether there will be any disparity in the trading prices for the two classes of stock once both are listed on the New York Stock Exchange. However, as a result of the greater voting rights of the Chipotle class B common stock and the number of outstanding shares of Chipotle class B common stock as compared to the Chipotle class A common stock, the Chipotle class B common stock may trade at a premium to the Chipotle class A common stock.

You should note that if immediately after the exchange offer the Chipotle class B common stock were to trade at a discount to the Chipotle class A common stock, that would result in your effectively receiving less than $1.11 of Chipotle class B common stock for each $1.00 of McDonald's common stock accepted in the exchange offer.

34.

Will shares of Chipotle class B common stock be convertible into shares of Chipotle class A common stock following the completion of the exchange offer?

No. Following the completion of the exchange offer, shares of Chipotle class B common stock will no longer be convertible into shares of Chipotle class A common stock. See "Description of Capital Stock of Chipotle" beginning on page 132.

35.

Does the Chipotle class B common stock have different voting rights from the class A common stock? How do they share in dividends?

On matters subject to shareholder vote, holders of Chipotle class A common stock are entitled to one vote per share, while holders of Chipotle class B common stock are generally entitled to ten votes per share. Holders of Chipotle class A common stock and class B common stock will share equally on a per-share basis in any dividend declared by Chipotle's board of directors, subject to any preferential rights of holders of any outstanding shares of Chipotle preferred stock. Chipotle did not pay any dividends on its common stock in 2004, 2005 or 2006 and anticipates that it will retain future earnings for the operation and expansion of its business. See "Description of Capital Stock of Chipotle" beginning on page 132 and "Comparison of Shareholder Rights" beginning on page 135.

36.

Will the differences in voting rights between the Chipotle class A common stock and the Chipotle class B common stock affect the exchange ratio?

No.

37.

Does McDonald's own any shares of Chipotle class A common stock?

No. McDonald's does not own any shares of Chipotle class A common stock.

38.

How long will Chipotle maintain two classes of common stock?

Chipotle plans to maintain the two classes of common stock indefinitely.

39.

Will I be taxed on the shares of Chipotle common stock that I receive in the exchange offer?

McDonald's has received an opinion of counsel confirming the tax-free status, for U.S. federal income tax purposes, of the exchange offer and any spin-off to McDonald's and its shareholders (except with respect to any cash received in lieu of a fractional share). It is a condition to the exchange offer and any spin-off that such opinion not be withdrawn. The opinion of counsel does not address any state, local or foreign tax consequences of the exchange offer and any spin-off that may apply to McDonald's and its shareholders. You should consult your own tax advisor regarding the particular tax consequences to you of the exchange offer and any spin-off. See "Risk Factors Risks Relating to the Exchange Offer and Any Spin-Off If the exchange offer or any spin-off does not qualify as a tax-free transaction, tax could be imposed on both McDonald's and its shareholders" beginning on page 40 and "U.S. Federal Income Tax Consequences" beginning on page 128.

40.

Are there any appraisal rights for holders of McDonald's or Chipotle common stock?

There are no appraisal rights available to McDonald's shareholders or Chipotle shareholders in connection with the exchange offer.

41.

What is the accounting treatment of the exchange offer?

The shares of McDonald's common stock acquired by McDonald's in the exchange offer will be recorded as an acquisition of treasury stock at a cost equal to the market value of the McDonald's shares accepted in the exchange offer at its expiration. Any difference between the net book value of McDonald's investment in the Chipotle class B common stock and the market value of the shares of McDonald's common stock acquired at that date will be recognized by McDonald's as a gain from discontinued operations net of any direct and incremental expenses of the exchange offer on the disposal of its Chipotle class B common stock.

42.

What will McDonald's do with the shares of McDonald's common stock it acquires?

The McDonald's common stock acquired by McDonald's in the exchange offer will be held as treasury stock.

43.

What is the impact of the exchange offer on McDonald's share count?

Any McDonald's common stock acquired by McDonald's in the exchange offer will reduce McDonald's shares outstanding, although McDonald's actual number of shares outstanding on a given date reflects a variety of factors such as option exercises.

44.

Do the statements on the cover page of the Preliminary Prospectus Offer to Exchange regarding it being subject to change and the registration statement filed with the SEC not yet being effective mean that the exchange offer has not commenced?

As permitted under SEC rules, we commenced the exchange offer without the registration statement, of which the Preliminary Prospectus Offer to Exchange forms a part, having been declared effective by the SEC. McDonald's cannot, however, complete the exchange offer and accept for exchange any shares of McDonald's common stock tendered in the exchange offer until the registration statement is declared effective by the SEC and the other conditions to the exchange offer have been satisfied or, where permissible, waived.

45.

Where can I find out more information about McDonald's and Chipotle?

You can find out more information about McDonald's and Chipotle by reading this Prospectus Offer to Exchange and from various sources described in "Where You Can Find More Information About McDonald's and Chipotle" beginning on page 140.

46.

Whom should I call if I have questions about the exchange offer or want copies of additional documents?

You may ask any questions about the exchange offer or request copies of the exchange offer documents and the other information incorporated by reference in this Prospectus Offer to Exchange, without charge, from the information agent, Georgeson Inc., located at 17 State Street, New York, New York 10004 at 1-866-821-2614 (toll-free in the United States) or at 1-212-440-9800 (elsewhere).

SUMMARY

As used in this Prospectus Offer to Exchange, unless the context requires otherwise, (i) references to McDonald's include McDonald's Corporation and its consolidated subsidiaries; and (ii) references to Chipotle include Chipotle Mexican Grill, Inc. and its consolidated subsidiaries. Unless the context otherwise indicates, McDonald's has assumed throughout this Prospectus Offer to Exchange that the exchange offer is fully subscribed and that all shares of Chipotle class B common stock held by McDonald's are distributed through the exchange offer. This summary does not contain all of the information that may be important to you. You should carefully read this entire Prospectus Offer to Exchange and the other documents to which it refers to understand the exchange offer. See "Where You Can Find More Information About McDonald's and Chipotle."

The Companies

McDonald's Corporation
One McDonald's Plaza
Oak Brook, Illinois 60523
(630) 623-3000

McDonald's primarily franchises and operates McDonald's restaurants in the food service industry. These restaurants serve a varied, value-priced menu in more than 100 countries around the world. McDonald's global brand is well known. Marketing, promotional and public relations activities are designed to promote McDonald's brand image and differentiate it from competitors. Marketing and promotional efforts focus on value, food taste, menu choice and the customer experience.

All restaurants are operated either by McDonald's, by independent entrepreneurs under the terms of franchise arrangements (franchisees), or by affiliates and developmental licensees operating under license agreements. McDonald's menu includes hamburgers and cheeseburgers, Big Mac sandwich, Quarter Pounder with Cheese sandwich, Big N' Tasty sandwich, Filet-O-Fish sandwich, several chicken sandwiches, Chicken McNuggets, Chicken Selects strips, french fries, premium salads, milk shakes, McFlurry desserts, sundaes, soft serve cones, pies, cookies, and soft drinks and other beverages. In addition, the restaurants sell a variety of other products during limited-time promotions.

"McDonald's," "Big Mac," "Quarter Pounder," "Big N' Tasty," "Filet-O-Fish," "Chicken McNuggets," "Chicken Selects" and "McFlurry" are U.S. registered trademarks owned by the McDonald's Corporation and its affiliates.

Chipotle Mexican Grill, Inc.
1543 Wazee Street, Suite 200
Denver, Colorado 80202
(303) 595-4000

Chipotle operates more than 500 fast-casual, fresh Mexican food restaurants in 23 states throughout the United States and in the District of Columbia. Chipotle tries to avoid using a formulaic approach when creating its experience and looks to fine-dining restaurants for inspiration. Chipotle uses high-quality raw ingredients, classic cooking methods and a distinctive interior design, and has friendly people to take care of each customer features that are more frequently found in the world of fine dining. It competes in a category of dining now called "fast-casual," the fastest growing segment of the restaurant industry, where customers expect food quality that is more in line with full-service restaurants, coupled with the speed and convenience of fast food. See "Management's Discussion and Analysis of Financial Condition and Results of Operations of Chipotle" and "Business of Chipotle." Chipotle completed its initial public offering in January 2006.

"Chipotle," "Chipotle Mexican Grill," "Chipotle Mexican Grill (in stylized font)," "Unburritable," "Food with Integrity," "Fresh Is Not Enough Anymore," "The Gourmet Restaurant Where You Eat With Your Hands," the Chili Pepper Logo design, the Foil Burrito design and the Chipotle Medallion design are U.S. registered trademarks of Chipotle.

The Exchange Offer

Terms of the Exchange Offer (page 46)

McDonald's is offering to exchange up to 16,539,967 shares of Chipotle class B common stock in the aggregate for outstanding shares of McDonald's common stock that are validly tendered and not properly withdrawn. You may tender all, some or none of your shares of McDonald's common stock.

Shares of McDonald's common stock validly tendered and not properly withdrawn will be accepted for exchange at the exchange ratio, on the terms and conditions of the exchange offer and subject to the limits described below, including the proration provisions. Shares not accepted for exchange will be credited to the holder's account in book-entry form as soon as practicable following the expiration or termination of the exchange offer.

Extension; Termination; Amendment (page 59)

The exchange offer, and your withdrawal rights, will expire at 12:00 midnight, New York City time, on October 5, 2006, unless the exchange offer is extended (automatically or otherwise) or terminated. You must tender your shares of McDonald's common stock before this time if you want to participate in the exchange offer. McDonald's may extend, terminate or amend the exchange offer as described in this Prospectus Offer to Exchange.

Automatic Extension (page 60)

The exchange offer will be automatically extended if a market disruption event occurs with respect to the McDonald's common stock or the Chipotle class A common stock on either of the two days during which the value of each share of McDonald's common stock and Chipotle class A common stock was originally expected to be determined. In addition, if the limit on the number of shares that can be received for each share of McDonald's common stock tendered is in effect at the expiration of the originally contemplated exchange offer period, then the exchange ratio will be fixed at the limit and the exchange offer will be extended until 12:00 midnight of the second following trading day.

Conditions to Completion of the Exchange Offer (page 61)

The exchange offer is subject to various conditions, including that at least 4,961,990 shares of Chipotle class B common stock would be distributed in exchange for shares of McDonald's common stock that are tendered in the exchange offer. All conditions to the completion of the exchange offer must be satisfied or waived by McDonald's before the expiration of the exchange offer. McDonald's may waive any or all of the conditions to the exchange offer, subject to limited exceptions.

Proration; Odd-Lots (page 50)

If, on the expiration date of the exchange offer, the exchange offer is oversubscribed, McDonald's will accept on a pro rata basis, in proportion to the number of shares tendered, all shares of McDonald's common stock validly tendered and not properly withdrawn, except for tenders of odd-lots as described below. McDonald's will announce the preliminary results of the exchange offer, including the preliminary proration factor, if any, by press release by 9:00 a.m., New York City time, on the first business day following the expiration of the exchange offer. Upon determining the number of shares of McDonald's common stock validly tendered for exchange, McDonald's will announce the final results, including the final proration factor, if any, as promptly as practicable after the determination is made.

If you directly or beneficially own less than 100 shares of McDonald's common stock and wish to tender all of your shares of McDonald's common stock, you may request that your shares not be subject to proration. In order to request this preferential treatment, you should check the box entitled "Odd-Lot Shares" on the letter of transmittal. If your odd-lot shares are held by a broker, dealer, commercial bank, trust company or similar institution for your account, you should contact that institution so that it can request such preferential treatment. All of your odd-lot shares will be accepted for exchange without proration if McDonald's completes the exchange offer. If you hold odd-lot shares as a participant in the McDonald's Corporation Profit Sharing and Savings Plan or the McDonald's Ventures 401(k) Plan, you are not entitled to this preferential treatment.

Fractional Shares (page 51)

Fractional shares of Chipotle class B common stock will not be distributed in the exchange offer. The exchange agent, acting as agent for the tendering McDonald's shareholders, will aggregate any fractional shares that would otherwise have been required to be distributed and cause them to be sold in the open market. You will receive the proceeds, if any, less any brokerage commissions or other fees, from the sale of these shares in accordance with your fractional interest in the aggregate number of shares sold.

Procedures for Tendering (page 52)

The procedures you must follow to participate in the exchange offer will depend on how you hold your shares of McDonald's common stock. For you to validly tender your shares of McDonald's common stock pursuant to the exchange offer, before the expiration of the exchange offer, you will need to take the following steps:

- If you hold certificates for shares of McDonald's common stock, you must deliver to the exchange agent at the address listed on the back cover of this Prospectus Offer to Exchange a properly completed and duly executed letter of transmittal, together with any required signature guarantees and any other required documents, and the certificates representing the shares of McDonald's common stock tendered;

- If you hold shares in uncertificated form that are directly registered in your name in McDonald's share register, which we refer to as "Direct Registration Shares," you must deliver to the exchange agent at the address listed on the back cover of this Prospectus Offer to Exchange a properly completed and duly executed letter of transmittal, together with any required signature guarantees and any other required documents. Since certificates are not issued for Direct Registration Shares, you do not need to deliver any certificates representing those shares to the exchange agent;

- If you hold MCDirect Shares, you must deliver to the exchange agent at the address listed on the back cover of this Prospectus Offer to Exchange a properly completed and duly executed letter of transmittal, together with any required signature guarantees and any other required documents. Since certificates are not issued for MCDirect Shares, you do not need to deliver any certificates representing those shares to the exchange agent;

- If you hold shares of McDonald's common stock though a broker, dealer, commercial bank, trust company or similar institution, you should receive instructions from that institution on how to participate in the exchange offer. **In this situation, do not complete the letter of transmittal**. Please contact the institution through which you hold your shares directly if you have not yet received instructions. Some financial institutions may effect tenders by book-entry transfer through DTC. If you do not hold any certificates for these shares, you need not deliver any certificates representing those shares to the exchange agent;

If you wish to tender your shares of McDonald's common stock but share certificates are not immediately available, time will not permit shares or other required documentation to reach the exchange agent before the expiration date or the procedure for book-entry transfer cannot be completed on a timely basis, you must follow the procedures for guaranteed delivery described under "The Exchange Offer Procedures for Tendering Guaranteed Delivery Procedures"; and

If you hold your shares through the McDonald's Corporation Profit Sharing and Savings Plan or the McDonald's Ventures 401(k) Plan, you do not need to take any action with respect to the exchange offer. An independent fiduciary appointed under those plans will determine whether to exchange shares of McDonald's common stock held in such plans for the benefit of employees and former employees of McDonald's and their beneficiaries.

Delivery of Shares of Chipotle Class B Common Stock (page 58)

The exchange agent will cause shares of Chipotle class B common stock to be credited in book-entry form to direct registered accounts maintained by Chipotle's transfer agent for the benefit of the respective holders (or, in the case of shares tendered through DTC, to the account of DTC so that DTC can credit the relevant DTC participant and such participant can credit its respective account holders) as soon as practicable after acceptance of shares of McDonald's common stock in the exchange offer and determination of the final proration factor, if any.

Withdrawal Rights (page 57)

You may withdraw your tendered shares of McDonald's common stock at any time before the expiration of the exchange offer. If you change your mind again before the expiration of the exchange offer, you may re-tender your shares of McDonald's common stock by again following the exchange offer procedures.

In order to withdraw your shares, you (or, in lieu thereof, if you hold your shares through a broker, dealer, commercial bank, trust company or similar institution, that institution on your behalf) must provide a written notice or facsimile transmission notice of withdrawal to the exchange agent. The information that must be included in that notice is specified under "The Exchange Offer Withdrawal Rights."

No Appraisal Rights (page 44)

No appraisal rights are available to McDonald's shareholders or Chipotle shareholders in connection with the exchange offer.

Legal and Other Limitations; Certain Matters Relating to Non-U.S. Jurisdictions (page 65)

Except as described elsewhere in this Prospectus Offer to Exchange, McDonald's is not aware of any jurisdiction where the making of the exchange offer or its acceptance would not be legal. If McDonald's learns of any jurisdiction where making the exchange offer or its acceptance would not be permitted, McDonald's intends to make a good faith effort to comply with the relevant law in order to enable such offer and acceptance to be permitted. If, after such good faith effort, McDonald's cannot comply with such law, McDonald's will determine whether the exchange offer will be made to and whether tenders will be accepted from or on behalf of persons who are holders of shares of McDonald's common stock residing in the jurisdiction.

Although McDonald's has mailed the Preliminary Prospectus Offer to Exchange dated September 8, 2006 to its shareholders to the extent required by U.S. law, including to shareholders located outside the United States, this Prospectus Offer to Exchange is not an offer to sell or exchange and it is not a solicitation of an offer to buy any shares of McDonald's common stock or Chipotle class B common stock in any jurisdiction in which such offer, sale or exchange is not permitted. Countries outside the United States generally have their own legal requirements that govern securities offerings made to persons resident in those countries and often impose stringent requirements about the form and content of offers made to the general public. McDonald's has not taken any action under those non-U.S. regulations to facilitate a public offer to exchange the Chipotle class B common stock outside the United States. Therefore, the ability of any non-U.S. person to tender McDonald's common stock in the exchange offer will depend on whether there is an exemption available under the laws of such person's home country that would permit the person to participate in the exchange offer without the need for McDonald's to take any action to facilitate a public offering in that country or otherwise. For example, some countries exempt transactions from the rules governing public offerings if they involve persons who meet certain eligibility requirements relating to their status as sophisticated or professional investors.

All tendering holders must make certain representations in the letter of transmittal, including (in the case of non-U.S. holders) as to the availability of an exemption under their home country laws that would allow them to participate without the need for McDonald's to take any action to facilitate a public offering in that country or otherwise. McDonald's will rely on those representations and, unless the exchange offer is terminated, plans to accept shares tendered by persons who properly complete the letter of transmittal and provide any other required documentation on a timely basis and as otherwise described herein.

Non-U.S. shareholders should consult their advisors in considering whether they may participate in the exchange offer in accordance with the laws of their home countries and, if they do participate, whether there are any restrictions or limitations on transactions in the Chipotle class B common stock that may apply in their home countries. McDonald's, Chipotle and the dealer manager cannot provide any assurance about whether such limitations may exist. See "The Exchange Offer Legal and Other Limitations; Certain Matters Relating to Non-U.S. Jurisdictions" for additional information about limitations on the exchange offer outside the United States.

Spin-Off of Chipotle Class B Common Stock (page 69)

McDonald's will distribute in a spin-off to its shareholders, on a pro rata basis, all of its remaining shares (if any) of Chipotle class B common stock promptly following the completion of the exchange offer. The spin-off will be a special dividend distribution with respect to McDonald's common stock, and the record date for holders to receive shares in any spin-off will be set promptly following the expiration of the exchange offer. No fractional shares of Chipotle class B common stock will be distributed in the exchange offer or any spin-off. See "The Exchange Offer Fractional Shares."

Risk Factors (page 22)

In deciding whether to tender your shares of McDonald's common stock, you should carefully consider the matters described in "Risk Factors," as well as other information included in this Prospectus Offer to Exchange and the other documents incorporated by reference herein.

Market Prices and Dividend Information (page 70)

McDonald's common stock is listed on the New York Stock Exchange under the symbol "MCD." Chipotle class A common stock is listed on the New York Stock Exchange under the symbol "CMG." The Chipotle class B common stock has been approved for listing on the New York Stock Exchange under the symbol "CMG.B." The closing sales prices of McDonald's common stock and Chipotle class A common stock were $36.52 and $49.85 per share on September 7, 2006 and $39.59 and $49.60 per share on September 28, respectively. The indicative exchange ratio that would have been in effect following the official close of trading on the New York Stock Exchange on September 7, 2006, based on the "daily volume-weighted average prices" of McDonald's common stock and Chipotle class A common stock on September 6 and September 7, would have provided for 0.8095 shares of Chipotle class B common stock to be exchanged for every share of McDonald's common stock accepted.

Chipotle did not pay any cash dividends on its common stock in 2004, 2005 or 2006 and does not anticipate paying any cash dividends on its common stock in the foreseeable future.

Description of Capital Stock of Chipotle (page 132)

Following the completion of the exchange offer, shares of Chipotle class B common stock will no longer be convertible into shares of Chipotle class A common stock. On matters subject to shareholder vote, holders of Chipotle class A common stock are entitled to one vote per share, while holders of Chipotle class B common stock are generally entitled to ten votes per share. Holders of Chipotle class A common stock and class B common stock will share equally on a per share basis in any dividend declared by Chipotle's board of directors, subject to any preferential rights of holders of any outstanding shares of Chipotle preferred stock.

Regulatory Approval (page 44)

Certain acquisitions of Chipotle class B common stock under the exchange offer may require a premerger notification filing under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. If you decide to participate in the exchange offer and acquire enough shares of Chipotle class B common stock to exceed the $56.7 million threshold stated in the Hart-Scott-Rodino Act and associated regulations, and if no exemption under the Hart-Scott-Rodino Act or regulations applies, McDonald's and you would be required to make filings under the Hart-Scott-Rodino Act and you would be required to pay the applicable filing fee. A filing requirement could delay the exchange of shares with you until the waiting periods in the Hart-Scott-Rodino Act have expired or been terminated.

U.S. Federal Income Tax Consequences (page 128)

McDonald's has received an opinion of counsel confirming the tax-free status, for U.S. federal income tax purposes, of the exchange offer and any spin-off to McDonald's and its shareholders (except with respect to any cash received in lieu of a fractional share). It is a condition to the exchange offer and any spin-off that such opinion not be withdrawn. The opinion of counsel does not address any state, local or foreign tax consequences of the exchange offer and any spin-off that may apply to McDonald's and its shareholders. You should consult your own tax advisor regarding the particular consequences to you of the exchange offer and any spin-off.

Accounting Treatment of the Exchange Offer (page 45)

The shares of McDonald's common stock acquired by McDonald's pursuant to the exchange offer will be recorded as an acquisition of treasury stock at a cost equal to the market value of the McDonald's shares accepted in the exchange offer at its expiration. Any difference between the net book value of McDonald's investment in the Chipotle class B common stock and the market value of the shares of McDonald's common stock acquired at that date will be recognized by McDonald's as a gain from discontinued operations net of any direct and incremental expenses of the exchange offer on the disposal of its Chipotle class B common stock.

Comparison of Shareholder Rights (page 135)

McDonald's and Chipotle are both organized under the laws of the State of Delaware. Differences in the rights of a shareholder of McDonald's from those of a shareholder of Chipotle arise principally from provisions of the constitutive documents of each of McDonald's and Chipotle.

The Exchange Agent

The exchange agent for the exchange offer is Computershare Trust Company, N.A.

The Information Agent

The information agent for the exchange offer is Georgeson Inc.

The Dealer Manager

The dealer manager for the exchange offer is Morgan Stanley & Co. Incorporated. We refer to that firm in this Prospectus Offer to Exchange as "Morgan Stanley" or the "dealer manager."

Comparative Per Share Data

The following tables present certain historical per share and pro forma data for McDonald's and certain historical per share data for Chipotle. The pro forma data for McDonald's have been adjusted to eliminate Chipotle's impact on McDonald's results. The pro forma outstanding shares used in calculating McDonald's pro forma book value per share reflect the reduction of 18,062,648 shares of McDonald's common stock as a result of the completion of the exchange offer, assuming solely for the purposes of this calculation, an exchange ratio of 0.9157. The exchange offer will not have any impact on Chipotle's per share data.

McDonald's

	As of or for year ended December 31,					As of or for six months ended June 30,	
	2005	2004	2003	2002	2001	2006	2005
						(unaudited)	
Historical Per Share Data:							
Earnings:							
Basic	$ 2.06	$ 1.81	$ 1.16	$ 0.70	$ 1.27	$ 1.17	$ 1.00
Diluted	$ 2.04	$ 1.79	$ 1.15	$ 0.70	$ 1.25	$ 1.16	$ 0.98
Weighted average common shares outstanding (in millions):							
Basic	1,260.4	1,259.7	1,269.8	1,273.1	1,289.7	1,244.5	1,264.0
Diluted	1,274.2	1,273.7	1,276.5	1,281.5	1,309.3	1,259.4	1,279.5
Book value per common share:	$ 11.99	$ 11.18	$ 9.49	$ 8.11	$ 7.41	$ 12.75	$ 11.49
Cash dividends declared per common share:	$ 0.67	$ 0.55	$ 0.40	$ 0.24	$ 0.23		
Unaudited Pro Forma Per Share Data:							
Pro forma earnings:							
Basic	$ 2.08	$ 1.83	$ 1.18	$ 0.72	$ 1.30	$ 1.04	$ 1.00
Diluted	$ 2.06	$ 1.81	$ 1.17	$ 0.71	$ 1.28	$ 1.03	$ 0.99
Pro forma weighted average common shares outstanding (in millions):							
Basic	1,242.4	1,241.7	1,251.7	1,255.0	1,271.7	1,226.4	1,245.9
Diluted	1,256.1	1,255.6	1,258.5	1,263.4	1,291.2	1,241.4	1,261.4
Pro forma book value per common share	$ 12.15	$ 11.34	$ 9.64	$ 8.23	$ 7.53	$ 12.92	$ 11.65
Pro forma cash dividends declared per common share	$ 0.68	$ 0.56	$ 0.40	$ 0.24	$ 0.23		

Chipotle

	As of or for year ended December 31,					As of or for six months ended June 30,	
	2005	2004	2003	2002	2001	2006	2005
					(unaudited)	(unaudited)	
Historical Per Share Data:							
Earnings (loss):							
Basic	$ 1.43	$ 0.24	$ (0.34)	$ (0.87)	$ (1.49)	$ 0.59	$ 1.08
Diluted	$ 1.43	$ 0.24	$ (0.34)	$ (0.87)	$ (1.49)	$ 0.59	$ 1.08
Weighted average common shares outstanding (in thousands):							
Basic	26,281	25,454	22,384	19,931	16,063	31,577	26,281
Diluted	26,374	25,520	22,384	19,931	16,063	31,986	26,303
Book value per common share	$ 11.77	$ 9.99	$ 8.19	$ 7.61	$ 7.06	$ 13.23	$ 11.11
Cash dividends declared per common share	$	$	$	$	$	$	$

Selected Historical Financial Data for McDonald's and Chipotle

McDonald's Selected Historical Financial Data

The selected consolidated financial data presented below have been derived from, and should be read together with, McDonald's consolidated financial statements and the accompanying notes and the related "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections included in McDonald's Annual Report on Form 10-K for the year ended December 31, 2005 and McDonald's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006, which are incorporated by reference into this document. The selected consolidated statement of income data as of and for the years ended December 31, 2005, 2004 and 2003 have been derived from audited financial statements incorporated by reference into this document. The selected consolidated statement of income data as of and for the six months ended June 30, 2006 and 2005 and the balance sheet data as of June 30, 2006 have been derived from unaudited consolidated financial statements incorporated by reference into this document and include all adjustments consisting of normal recurring adjustments necessary for the fair presentation of interim periods. The data shown below are not necessarily indicative of results to be expected for any future period. To find out where you can obtain copies of McDonald's documents that have been incorporated by reference, see "Where You Can Find More Information About McDonald's and Chipotle."

	Year Ended December 31,					Six Months Ended June 30,	
	2005	2004	2003	2002	2001	2006	2005
	(dollars in millions, except per share data)						
						(unaudited)	
Statement of Income Data:							
Company-operated sales	$ 15,352	14,224	12,795	11,500	11,041	8,056	7,411
Franchised and affiliated revenues	5,108	4,841	4,345	3,906	3,829	2,617	2,488
Total revenues	$ 20,460	19,065	17,140	15,406	14,870	10,673	9,899
Operating income	$ 4,022(1)	3,541(3)	2,832(4)	2,113(5)	2,697(6)	2,063	1,926
Income before taxes and cumulative effect of accounting changes	3,702(1)	3,203(3)	2,346(4)	1,662(5)	2,330(6)	2,168	1,766
Net income	2,602(1,2)	2,279(3)	1,471(4,7)	893(5,8)	1,637(6)	1,459	1,258
Cash provided by operations	$ 4,337	3,904	3,269	2,890	2,688	1,495	1,746
Capital expenditures	1,607	1,419	1,307	2,004	1,906	671	603
Treasury stock purchases	1,228	605	439	687	1,090	1,824	1,011
Common stock cash dividends	842	695	504	297	288		
Per Common Share:							
Net income-diluted	$ 2.04(1,2)	1.79(3)	1.15(4,7)	.70(5,8)	1.25(6)	1.16	0.98
Dividends declared	0.67	0.55	0.40	0.24	0.23		
Shares outstanding (in millions)	1,263	1,270	1,262	1,268	1,281	1,226	1,250
Balance Sheet Data (at period end):							
Total assets	$ 29,989	27,838	25,838	24,194	22,535	29,773	26,980
Total debt	10,140	9,220	9,731	9,979	8,918	9,507	8,557
Total shareholders' equity	15,146	14,201	11,982	10,281	9,488	15,638	14,361

(1) Includes $191 million ($130 million after tax or $0.10 per share) of share-based and related compensation due to the adoption of Statement of Financial Accounting Standards ("SFAS") No. 123(R), "Share-Based Payment" ("SFAS No. 123(R)"), on January 1, 2005.

(2) Includes a net tax benefit of $73 million ($0.05 per share) comprised of $179 million ($0.14 per share) tax benefit due to a favorable audit settlement of McDonald's 2000-2002 U.S. tax returns and $106 million ($0.09 per share) of incremental tax expense resulting from the decision to repatriate foreign earnings under the Homeland Investment Act.

(3) Includes pretax operating charges of $130 million related to asset/goodwill impairment and $160 million ($21 million related to 2004 and $139 million related to prior years) for a correction in McDonald's lease accounting practices and policies, as well as a nonoperating gain of $49 million related to the sale of McDonald's interest in a U.S. real estate partnership, for a total pretax expense of $241 million ($172 million after tax or $0.13 per share).

(4) Includes pretax charges of $408 million ($323 million after tax or $0.25 per share) primarily related to the disposition of certain non-McDonald's brands and asset/goodwill impairment.

(5) Includes pretax charges of $853 million ($700 million after tax or $0.55 per share) primarily related to restructuring certain international markets and eliminating positions, restaurant closings/asset impairment and the write-off of technology costs.

(6) Includes pretax operating charges of $378 million primarily related to the U.S. business reorganization and other global change initiatives, and restaurant closings/asset impairment as well as net pretax nonoperating income of $125 million primarily related to a gain on the initial public offering of McDonald's Japan, for a total pretax expense of $253 million ($143 million after tax or $0.11 per share).

(7) Includes a $37 million after tax charge ($0.03 per share) to reflect the cumulative effect of the adoption of SFAS No. 143, "Accounting for Asset Retirement Obligations," which requires legal obligations associated with the retirement of long-lived assets to be recognized at their fair value at the time the obligations are incurred.

(8) Includes a $99 million after tax charge ($0.07 per share) to reflect the cumulative effect of the adoption of SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"), which eliminates the amortization of goodwill and instead subjects it to annual impairment tests. Adjusted for the nonamortization provisions of SFAS No. 142, net income per common share would have been $0.02 higher in 2001.

Chipotle Selected Historical Financial Data

The selected consolidated financial data presented below should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations of Chipotle" and Chipotle's consolidated financial statements and the accompanying notes included elsewhere in this document. The selected consolidated statement of operations data for the years ended December 31, 2005, 2004 and 2003 and the consolidated balance sheet data as of December 31, 2005 and 2004 have been derived from Chipotle's audited consolidated financial statements included elsewhere in this document. The consolidated financial statements for the years ended December 31, 2005, 2004 and 2003 have been audited and reported upon by Ernst & Young LLP, an independent registered public accounting firm. The selected consolidated statement of operations data for the year ended December 31, 2002 and the consolidated balance sheet data as of December 31, 2003 and 2002 have been derived from audited financial statements not included in this document. The selected consolidated statement of operations data for the year ended December 31, 2001 and the consolidated balance sheet data as of December 31, 2001 have been derived from unaudited financial statements not included in this document. The selected consolidated statement of operations data for the six months ended June 30, 2006 and 2005 and the balance sheet data as of June 30, 2006 have been derived from unaudited consolidated financial statements included elsewhere in this document and include all adjustments consisting of normal recurring adjustments necessary for the fair presentation of interim periods. The data shown below are not necessarily indicative of results to be expected for any future period.

	Year Ended December 31,					Six Months Ended June 30,	
	2005	2004	2003	2002	2001	2006	2005
	(dollars in millions, except per share data)						
					(unaudited)	(unaudited)	
Statement of Operations Data:							
Revenue							
Restaurant sales	$ 625.1	$ 468.6	$ 314.0	$ 203.9	$ 131.3	390.6	288.6
Franchise royalties and fees	2.6	2.1	1.5	0.8	0.3	1.4	1.1
Total revenue	627.7	470.7	315.5	204.6	131.6	392.0	289.7
Food, beverage and packaging costs	202.3	154.1	104.9	67.7	45.2	122.6	93.5
Labor costs	178.7	139.5	94.0	66.5	46.0	109.9	83.2
Occupancy costs	47.6	36.2	25.6	18.7	11.7	28.2	22.4
Other operating costs	83.0	64.3	43.5	29.8	21.6	49.1	36.8
General and administrative expenses	52.0	44.8	34.2	25.8	20.7	32.9	24.9
Depreciation and amortization	28.0	21.8	15.1	11.3	8.7	16.3	13.2
Pre-opening costs	2.0	2.2	1.6	1.0	2.2	2.6	0.9
Loss on disposal of assets	3.1	1.7	4.5	1.5	0.1	1.7	1.1
Total costs and expenses	596.7	464.6	323.5	222.3	156.3	363.3	276.0
Income (loss) from operations	31.0	6.1	(7.9)	(17.6)	(24.7)	28.6	13.8
Interest income		0.2	0.2	0.4	0.7	2.6	
Interest expense	(0.8)	(0.2)		(0.1)		(0.1)	(0.4)
Income (loss) before income taxes	30.2	6.1	(7.7)	(17.3)	(24.0)	31.1	13.4
Benefit (provision) for income taxes(1)	7.5					(12.3)	15.0
Net income (loss)	$ 37.7	$ 6.1	$ (7.7)	$ (17.3)	$ (24.0)	$ 18.8	$ 28.4
Per Common Share:							
Earnings (loss) basic	$ 1.43	$ 0.24	$ (0.34)	$ (0.87)	$ (1.49)	$ 0.59	$ 1.08
Earnings (loss) diluted	$ 1.43	$ 0.24	$ (0.34)	$ (0.87)	$ (1.49)	$ 0.59	$ 1.08
Weighted average common shares outstanding basic (in thousands)	26,281	25,454	22,384	19,931	16,063	31,577	26,281
Weighted average common shares outstanding diluted (in thousands)	26,374	25,520	22,384	19,931	16,063	31,986	26,303

	Year Ended December 31,					Six Months Ended June 30,	
Balance Sheet Data:							
Total assets	$ 392.5	$ 329.7	$ 249.0	$ 194.2	$ 146.4	$ 535.1	$ 370.8
Total liabilities	$ 83.1	$ 67.1	$ 57.5	$ 32.9	$ 22.7	$ 105.4	$ 78.8
Total shareholders' equity	$ 309.4	$ 262.6	$ 191.5	$ 161.3	$ 123.7	$ 429.7	$ 292.0

(1) During the year ended December 31, 2005, Chipotle determined that it was more likely than not that it would realize its deferred tax assets and it reversed its valuation allowance of $20.3 million, resulting in a non-recurring tax benefit. The 2005 tax provision consists of tax expense of $12.8 million resulting in a net tax benefit of $7.5 million recognized in its results of operations.

RISK FACTORS

In considering whether to participate in the exchange offer, you should consider not only the risks associated with an investment in McDonald's or Chipotle, which are described below, but also the differences in the size, competitive strengths and operating strategies of the two companies. These and other factors may affect their prospects, financial condition and results, as well as the profile of an investment in either of them. For example:

- McDonald's has operated for more than 50 years and has more than 30,000 restaurants in more than 100 countries, whereas Chipotle has been in operation since 1993 and has more than 500 restaurants, all of which are located in the United States.

- McDonald's has a long history of being a public company, having completed its initial public offering in 1965, whereas Chipotle completed its initial public offering in January 2006.

- McDonald's views itself primarily as a franchisor and in early 2006 announced plans to decrease the proportion of its restaurants that are company-operated over the next three years. Chipotle, by contrast, owns almost all of its restaurants, and franchising is currently not an important component of its strategy.

- While both McDonald's and Chipotle participate in the informal eating out market, they operate in different segments of that market (quick-service in the case of McDonald's, and fast-casual in the case of Chipotle). In the United States, the quick-service segment is generally considered to be mature, whereas the fast-casual segment is perceived as having significant growth potential. Depending on market conditions and other factors, these segments may over time experience different growth rates or be affected in different ways by trends in the restaurant industry or other events that affect consumer preferences and spending patterns.

- McDonald's and Chipotle have different capital allocation strategies. While both companies invest in new and existing restaurants, McDonald's anticipates reducing total shares outstanding at the end of 2006 by about 5% from year-end 2005 (including the effect of the exchange offer), expects to return at least $10 billion to shareholders through dividends and share repurchases in 2006 through 2008 and intends to continue to reduce shares outstanding. McDonald's has increased its dividend amount at least once every year for the past 30 years, and since 2000 has more than tripled its dividend from 21.5 cents per share to the dividend of 67 cents per share for 2005. On September 27, 2006, McDonald's announced an increase in its annual dividend to $1.00 per share, payable on December 1, 2006 to shareholders of record as of November 15, 2006. In comparison, Chipotle anticipates that it will retain future earnings for the operation and expansion of its business and does not anticipate declaring or paying any cash dividends on its common stock for the foreseeable future. McDonald's also relies substantially on indebtedness as part of its capital structure, whereas Chipotle has minimal debt and believes that its cash from operations and the proceeds of its initial public offering will be sufficient to fund its liquidity requirements for the foreseeable future.

You should consider carefully all of the information about Chipotle and McDonald's included or incorporated by reference in this document, as well as the information about the terms and conditions of the exchange offer, in deciding whether or not to tender your shares of McDonald's common stock pursuant to the exchange offer. None of McDonald's, Chipotle or any of their respective directors or officers or the dealer manager makes any recommendation as to whether you should tender your shares of McDonald's common stock. You must make your own decision after reading this document and consulting with your advisors.

The following risk factors have been separated into three groups:

- risks relating to Chipotle;

- risks relating to McDonald's; and

risks relating to the exchange offer and any spin-off.

The occurrence of the events described below under the risks relating to Chipotle or McDonald's, respectively, could have a material adverse effect on such company's businesses, prospects, financial condition, results of operations and/or cash flows. In such a case, the price of shares of Chipotle class B common stock and/or shares of McDonald's common stock, as the case may be, may decline and you could lose all or part of your investment in that company. Furthermore, other unknown or unpredictable economic, business, competitive, regulatory, geopolitical or other factors could also have material adverse effects on Chipotle's or McDonald's future results or on the exchange offer.

Risks Relating to Chipotle

The planned rapid increase in the number of Chipotle restaurants may make its future results unpredictable.

There were 518 Chipotle restaurants as of June 30, 2006, 289 of which have opened since January 1, 2003. Chipotle plans to increase the number of its restaurants significantly in the next three years. This growth strategy and the substantial investment associated with the development of each new restaurant (as well as the impact of Chipotle's new restaurants on the sales of existing restaurants) may cause Chipotle's operating results to fluctuate and be unpredictable or adversely affect its profits. Chipotle's future results depend on various factors, including successful selection of new markets and restaurant locations, market acceptance of the Chipotle experience, consumer recognition of the quality of Chipotle's food and willingness to pay its prices (which reflect Chipotle's often higher ingredient costs), the quality of its operations and general economic conditions. Chipotle may find that the Chipotle concept has limited or no appeal to customers in certain new markets or it may experience a decline in the popularity of the Chipotle experience. Newly opened restaurants may not succeed, future markets and restaurants may not be successful and, even if Chipotle is successful, its average restaurant sales may not increase at historical rates.

Chipotle has a limited independent operating history as a large company, which makes its future business prospects difficult to evaluate.

Chipotle has been a subsidiary of McDonald's since 1998, which has affected the way Chipotle operates and manages its business. Because Chipotle became a public company in January 2006 and has a limited independent operating history as a large company, its historical results may not be indicative of its future performance. Chipotle's future results depend on various factors, including those identified in these risk factors. Chipotle may not remain profitable.

Chipotle may face difficulties replacing services McDonald's provides to it and entering into new or modified arrangements with existing or new suppliers or service providers.

Chipotle has benefited from its relationship with McDonald's. After the completion of the exchange offer, Chipotle will lose certain benefits of its relationship with McDonald's. See "Risks Relating to the Exchange Offer and any Spin-Off Chipotle may face difficulties replacing services McDonald's provides to it and entering into new or modified arrangements with existing or new suppliers or service providers" below for a further description of this risk and "Agreements Between McDonald's and Chipotle and Other Related Party Transactions" for a description of the material agreements between McDonald's and Chipotle.

Chipotle's sales growth rate depends primarily on its ability to open new restaurants and is subject to many unpredictable factors.

Chipotle may not be able to open new restaurants as quickly as planned. Chipotle has experienced delays in opening some restaurants and that could happen again. Delays or failures in opening new restaurants could materially and adversely affect Chipotle's growth strategy and its expected results. As Chipotle operates more restaurants, its rate of expansion relative to the size of its restaurant base will decline. In addition, one of Chipotle's biggest challenges is locating and securing an adequate supply of suitable new restaurant sites. Competition for those sites in Chipotle's target markets is intense, and lease costs are increasing (particularly for urban locations). Chipotle's ability to open new restaurants also depends on other factors, including:

- obtaining and negotiating leases with acceptable terms;
- hiring and training qualified operating personnel in the local market;
- managing construction and development costs of new restaurants at affordable levels, particularly in competitive markets;
- the availability of construction materials and labor;
- the availability of, and Chipotle's ability to obtain, adequate supplies of ingredients that meet its quality standards;
- securing required governmental approvals (including construction, parking and other permits) in a timely manner; and
- the impact of inclement weather, natural disasters and other calamities, such as hurricanes Katrina and Rita in 2005.

Although Chipotle plans to open a total of between 80 and 90 restaurants in 2006, including the 29 restaurants opened through June 30, 2006, and a similar or slightly higher number in 2007, it may not be able to do so for the reasons described in this risk factor. In addition, Chipotle's progress in opening new restaurants from quarter to quarter may occur at an uneven rate.

Chipotle's sales and profit growth could be adversely affected if comparable restaurant sales are less than it expects.

While future sales growth will depend substantially on Chipotle's plans for new restaurant openings, the level of comparable restaurant sales (which Chipotle defines as period-over-period sales comparisons for company-owned restaurants in operation at least 12 full months (disregarding the portion of a month in which a restaurant first begins operating)) will also affect its sales growth and will continue to be a critical factor affecting profit growth. This is because the profit margin on comparable restaurant sales is generally higher than the profit margin on new restaurant sales, as comparable restaurant sales increases enable fixed costs to be spread over a higher sales base. While Chipotle does not expect comparable restaurant sales growth to continue at historical levels, its plans do incorporate positive comparable restaurant sales. Chipotle's ability to increase comparable restaurant sales depends in part on its ability to successfully implement its initiatives to increase the speed at which Chipotle's crew serves each customer, and expanded use of fax service lines and online ordering, which Chipotle may not be able to do. It is possible that Chipotle will not achieve its targeted comparable restaurant sales growth or that the change in comparable restaurant sales could be negative. If this were to happen, sales and profit growth would be adversely affected. Chipotle expects quarterly comparable restaurant sales increases to continue to decline throughout the year as sequential comparisons are more difficult.

Chipotle's failure to manage its growth effectively could harm its business and operating results.

Chipotle's plans call for a significant number of new restaurants. Its existing restaurant management systems, financial and management controls and information systems may be inadequate to support Chipotle's expansion. Managing its growth effectively will require Chipotle to continue to enhance these systems, procedures and controls and to hire, train and retain restaurant managers and crew. Chipotle may not respond quickly enough to the changing demands that its expansion will impose on management, crew and existing infrastructure. Chipotle also places a lot of importance on its culture, which it believes has been an important contributor to its success. As Chipotle grows, however, it may have difficulty maintaining its culture or adapting it sufficiently to meet the needs of its operations. Chipotle's failure to manage its growth effectively could harm its business and operating results.

New restaurants, once opened, may not be profitable, and the increases in average restaurant sales and comparable restaurant sales that Chipotle experienced in the past may not be indicative of future results.

Historically, Chipotle's new restaurants have opened with an initial ramp-up period typically lasting 24 months or more, during which they generated sales and income below the levels at which Chipotle expects them to normalize. This is in part due to the time it takes to build a customer base in a new market, higher fixed costs relating to increased construction and occupancy costs and other start-up inefficiencies that are typical of new restaurants. New restaurants may neither be profitable nor have results comparable to Chipotle's existing restaurants. In addition, Chipotle's average restaurant sales and comparable restaurant sales likely will not continue to increase at the rates achieved over the past several years. Chipotle's ability to operate new restaurants profitably and increase average restaurant sales and comparable restaurant sales will depend on many factors, some of which are beyond its control, including:

- executing its vision effectively;
- initial sales performance of new restaurants;
- competition, either from its competitors in the restaurant industry or Chipotle's own restaurants;
- changes in consumer preferences and discretionary spending;
- consumer understanding and acceptance of the Chipotle experience;
- road construction and other factors limiting access to new restaurants;
- general economic conditions, which can affect restaurant traffic, local labor costs and prices Chipotle pays for the ingredients and other supplies it uses; and
- changes in government regulation.

If Chipotle fails to open restaurants as quickly as planned, or if new restaurants do not perform as planned, Chipotle's business and future prospects could be harmed. In addition, changes in Chipotle's average restaurant sales or comparable restaurant sales could cause its operating results to vary adversely from expectations, which could cause the price of its common stock to fluctuate substantially.

Chipotle's expansion into new markets may present increased risks due to its unfamiliarity with those areas.

Some of Chipotle's new restaurants are planned for markets where it has little or no operating experience. Those markets may have different competitive conditions, consumer tastes and discretionary spending patterns than Chipotle's existing markets. As a result, those new restaurants may be less successful than restaurants in Chipotle's existing markets. Consumers in a new market may not be familiar with the Chipotle brand, and Chipotle may need to build brand awareness in that market through greater investments in advertising and promotional activity than it originally planned. Chipotle may find it more difficult in new markets to hire, motivate and keep qualified employees who can project its vision, passion and culture. Restaurants opened in new markets may also have lower average restaurant sales than restaurants opened in existing markets, and may have higher construction, occupancy or operating costs than restaurants in existing markets. Chipotle may also have difficulty finding reliable suppliers or distributors or ones that can provide it, either initially or over time, with adequate supplies of ingredients meeting its quality standards. Sales at restaurants opened in new markets may take longer to ramp up and reach expected sales and profit levels, and may never do so, thereby affecting Chipotle's overall profitability.

Chipotle may not persuade customers of the benefits of paying its prices for higher-quality food.

Chipotle's success depends in large part on its ability to persuade customers that food made with higher-quality ingredients is worth the prices they will pay at its restaurants relative to prices offered by some of Chipotle's competitors, particularly those in the quick-service segment. Chipotle may not successfully educate customers about the quality of its food, and customers may not care even if they do

understand Chipotle's approach. That could require Chipotle to change its pricing, advertising or promotional strategies, which could materially and adversely affect its results or the brand identity that Chipotle has tried to create.

Changes in customer tastes and preferences, spending patterns and demographic trends could cause sales to decline.

Changes in customer preferences, general economic conditions, discretionary spending priorities, demographic trends, traffic patterns and the type, number and location of competing restaurants affect the restaurant industry. Chipotle's success depends to a significant extent on consumer confidence, which is influenced by general economic conditions and discretionary income levels. Chipotle's sales may decline during economic downturns, which can be caused by various economic factors such as high gasoline prices, or during periods of uncertainty, such as those that followed the terrorist attacks on the United States in 2001. In addition, projected high gasoline prices in the summer and fall of 2006 may adversely impact consumer confidence and could have a negative impact on Chipotle's sales. Any material decline in consumer confidence or a decline in family "food away from home" spending could cause Chipotle's sales, operating results, profits, business or financial condition to decline. If it fails to adapt to changes in customer preferences and trends, Chipotle may lose customers and its sales may deteriorate.

Competition from other restaurant companies could adversely affect Chipotle.

Chipotle operates in the fast-casual segment of the restaurant industry. This segment is highly competitive with respect to, among other things, taste, price, food quality and presentation, service, location and the ambience and condition of each restaurant. Chipotle also competes with restaurants in the quick-service and casual dining segments. Its competition includes a variety of locally owned restaurants and national and regional chains. Chipotle's competitors offer dine-in, carry-out and delivery services. Many of its competitors have existed longer and often have a more established market presence with substantially greater financial, marketing, personnel and other resources than Chipotle. Among Chipotle's main competitors are a number of multi-unit, multi-market Mexican food or burrito restaurant concepts, some of which are expanding nationally. As Chipotle expands further in existing markets, its existing restaurants may face competition from its new restaurants that begin operating in those markets.

Several of Chipotle's competitors compete by offering menu items that are specifically identified as low in carbohydrates, better for customers or otherwise targeted at particular consumer preferences. Many of Chipotle's competitors in the fast-casual and quick-service segments of the restaurant industry also emphasize lower-cost, "value meal" menu options, a strategy Chipotle does not pursue. Chipotle's sales may be adversely affected by these products and price competition.

Moreover, new companies may enter Chipotle's markets and target its customers. For example, additional competitive pressures have come more recently from the deli sections and in-store cafés of several major grocery store chains, including those targeted at customers who want higher-quality food, as well as from convenience stores and casual dining outlets. These competitors may have, among other things, lower operating costs, better locations, better facilities, better management, more effective marketing and more efficient operations than Chipotle.

All of these competitive factors may adversely affect Chipotle and reduce its sales and profits.

Additional instances of avian flu or of "mad cow" disease or other food-borne illnesses could adversely affect the price and availability of chicken, beef or other meat, cause the temporary closure of some restaurants and result in negative publicity, thereby resulting in a decline in Chipotle's sales.

Asian and European countries have experienced and continue to experience outbreaks of avian flu. Incidents of "mad cow" disease have occurred in Canadian and U.S. cattle herds. These problems, food-borne illnesses (such as e. coli, hepatitis A, trichinosis or salmonella) and injuries caused by food tampering have in the past, and could in the future, adversely affect the price and availability of affected ingredients and cause customers to shift their preferences, particularly if Chipotle chooses to pass any higher ingredient costs along to consumers. As a result, its sales may decline.

Instances of food-borne illnesses, real or perceived, whether at Chipotle's restaurants or those of its competitors, could also result in negative publicity about it or the restaurant industry, which could adversely affect sales. If Chipotle reacts to negative publicity by changing its menu or other key aspects of the Chipotle experience, it may lose customers who do not accept those changes, and may not be able to attract enough new customers to produce the revenue needed to make its restaurants profitable. In addition, Chipotle may have different or additional competitors for its intended customers as a result of making these changes and may not be able to compete successfully against those competitors. If Chipotle's customers become ill from food-borne illnesses, it could be forced to temporarily close some restaurants. For example, in June 2004, Texas health officials investigated reports that customers and employees had become ill with flu-like symptoms after spending time in one of Chipotle's restaurants, and Chipotle closed that restaurant for less than a week. A decrease in customer traffic as a result of these health concerns or negative publicity, or as a result of a change in its menu or dining experience or a temporary closure of any of its restaurants, could materially harm Chipotle's business.

Changes in food and supply costs could adversely affect Chipotle's results of operations.

Chipotle's profitability depends in part on its ability to anticipate and react to changes in food and supply costs. Any increase in the prices of the ingredients most critical to its menu, such as beef, chicken, cheese, avocados, beans, tomatoes and pork, could adversely affect its operating results. Although Chipotle tries to manage the impact that these fluctuations have on its operating results, it remains susceptible to increases in food costs as a result of factors beyond its control, such as general economic conditions, seasonal fluctuations, weather conditions, demand, food safety concerns, generalized infectious diseases, product recalls and government regulations. For example, higher diesel prices have in some cases resulted in the imposition of surcharges on the delivery of commodities to Chipotle's distributors, which they have generally passed on to Chipotle to the extent they are not prohibited from doing so under Chipotle's arrangements with these distributors.

In 2004, hurricanes in some parts of the United States damaged tomato crops and drove prices higher. Similarly, in 2005, hurricane Katrina destroyed a number of chickens raised by one of Chipotle's chicken suppliers and increased its short-term chicken prices. Higher diesel and gasoline prices forecast for the summer and fall of 2006 are likely to affect Chipotle's supply costs and near-term construction costs for its new restaurants. In addition, in 2004, prices for chicken rose significantly due to a ban by Asian countries on their chicken exports following outbreaks of avian flu. Avian flu continues to spread and could potentially impact Chipotle's cost for chicken in the future. Chipotle does not have long-term supply contracts or guaranteed purchase amounts. As a result, Chipotle may not be able to anticipate or react to changing food costs by adjusting its purchasing practices or menu prices, which could cause its operating results to deteriorate. In addition, because Chipotle provides moderately priced food, Chipotle may choose not to, or be unable to, pass along commodity price increases to its customers.

Chipotle may have experienced a security breach with respect to certain customer credit and debit card data, and it has incurred and may continue to incur substantial costs as a result of this matter. Chipotle may also incur costs resulting from other security risks it may face in connection with its electronic processing and transmission of confidential customer information.

In August 2004, the merchant bank that processes Chipotle's credit and debit card transactions, which Chipotle refers to as the acquiring bank, informed Chipotle that it may have been the victim of a possible theft of credit and debit card data. Together with two forensic auditing firms, Chipotle investigated the alleged theft and reviewed its information systems and information security procedures. Chipotle also reported the problem to federal law enforcement authorities and has cooperated in their investigation. While to date Chipotle has not discovered conclusive evidence that a theft occurred, it identified some restaurant practices that may have made information systems at its restaurants vulnerable during periods before August 2004. Notably, without Chipotle's knowledge, the card processing software it used inadvertently retained credit and debit card "Track 2" data, consisting of, among other items, the customer's name, card number, card expiration date and card verification number. In addition, the internet gateways on Chipotle's computers in some restaurants may not have been fully secure at all times. As a result, outside parties may have gained access to stored information. It is possible that all of the cards Chipotle processed since it began accepting them in 1999 may have been vulnerable. In the three months prior to being notified of the problem, Chipotle processed between 1.3 million and 1.5 million credit and debit card charges each month.

Through the end of June 2006, Chipotle has received claims through the acquiring bank with respect to fewer than 2,000 purportedly fraudulent credit and debit card charges allegedly arising out of this matter in an aggregate amount of about $1.4 million. Chipotle has also incurred $1.3 million of expenses in connection with fines imposed by the Visa and MasterCard card associations on the acquiring bank. In 2004, Chipotle recorded charges of $4.0 million to establish a reserve for claims seeking reimbursement for purportedly fraudulent credit and debit card charges, the cost of replacing cards, monitoring expenses and fees, and fines imposed by Visa and MasterCard. All of the reimbursement claims are being disputed, although Chipotle has not formally protested all of the charges. As of June 30, 2006, after charging these expenses against the reserve, the remaining reserve was $1.2 million. In addition to the reserve, Chipotle also incurred about $1.5 million of additional expenses in this matter, including $1.4 million for legal fees, bringing its total expense relating to this matter to $5.5 million. Chipotle has not reserved any additional amounts to date in 2006.

Chipotle may in the future become subject to additional claims for purportedly fraudulent transactions arising out of this matter. As long as a credit or debit card is active, fraudulent charges may be made using that card until the card's expiration date. Chipotle may also be subject to lawsuits or other proceedings by various interested parties, including banks and credit unions that issue cards, cardholders (either individually or as part of a class action lawsuit) and federal and state regulators. The statutes of limitation for pursuing some of these potential claims may extend for six years or more in some cases, depending on the circumstances. Moreover, the application of the law and the rules and procedures of the major card associations in these circumstances is generally untested. Any lawsuit or other proceeding will likely be complex, costly and protracted, which could in turn divert financial and management resources from execution of Chipotle's business plan. Chipotle has no way to predict the level of claims or the number or nature of proceedings that may be asserted against it, nor can Chipotle quantify the costs that it may incur in connection with investigating, responding to and defending any of them. If Chipotle litigates these matters, it may not be able to defend against penalties successfully. The ultimate outcome of this matter could differ materially from the amounts Chipotle has recorded in its reserve and could have a material adverse effect on its financial results and condition. Consumer perception of Chipotle's brand could also be negatively affected by these events, which could further adversely affect its results and prospects.

Despite the changes Chipotle has made to its information systems as a result of this matter, Chipotle still needs to periodically upgrade its software. Chipotle relies on commercially available software and other technologies to provide security for processing and transmission of customer credit card data. During 2005 and the first half of 2006, approximately half of Chipotle's sales were attributable to credit card transactions, and Chipotle expects credit card usage to increase. Chipotle's systems could be compromised in the future, which could result in the misappropriation of customer information or the disruption of its systems. Either of those consequences could have a material adverse effect on Chipotle's reputation and business or subject it to additional liabilities.

Failure to receive frequent deliveries of higher-quality food ingredients and other supplies could harm Chipotle's operations.

Chipotle's ability to maintain its menu depends in part on its ability to acquire ingredients that meet its specifications from reliable suppliers. Shortages or interruptions in the supply of ingredients caused by unanticipated demand, problems in production or distribution, food contamination, inclement weather or other conditions could adversely affect the availability, quality and cost of Chipotle's ingredients, which could harm Chipotle's operations. If any of Chipotle's distributors or suppliers performs inadequately, or its distribution or supply relationships are disrupted for any reason, its business, financial condition, results of operations or cash flows could be adversely affected. Chipotle currently depends on three or four suppliers for its pork, chicken and beef supplies. It could be more difficult to replace Chipotle's pork suppliers if it was no longer able to rely on them due to the unique nature of the products Chipotle receives from them. Chipotle does not have long-term contracts with any of its suppliers. In addition, Chipotle has relied on the same distribution network as McDonald's. Chipotle may have to seek new suppliers and service providers with pricing or other terms less favorable than those it currently enjoys. If Chipotle cannot replace or engage distributors or suppliers who meet its specifications in a short period of time, that could increase Chipotle's expenses and cause shortages of food and other items at its restaurants, which could cause a restaurant to remove items from its menu. If that were to happen, affected restaurants could experience significant reductions in sales during the shortage or thereafter, if Chipotle's customers change their dining habits as a result. Chipotle's focus on a limited menu would make the consequences of a shortage of a key ingredient more severe.

In addition, Chipotle's approach to competing in the restaurant industry depends in large part on its continued ability to adhere to the principle of "Food with Integrity." Chipotle uses a substantial amount of naturally raised and sustainably grown ingredients, and tries to make its food as fresh as it can, in light of pricing considerations. As Chipotle increases its use of these ingredients, the ability of Chipotle's suppliers to expand output or otherwise increase their supplies to meet its needs may be constrained. Chipotle's inability to obtain a sufficient and consistent supply of these ingredients on a cost-effective basis, or at all, could cause it difficulties in aligning its brand with the principle of "Food with Integrity." That could make Chipotle less popular among its customers and cause sales to decline.

Chipotle's quarterly operating results may fluctuate significantly and could fall below the expectations of securities analysts and investors due to various factors.

Chipotle's quarterly operating results may fluctuate significantly because of various factors, including:

- the impact of inclement weather, natural disasters and other calamities, such as hurricanes Katrina and Rita in 2005;
- the timing of new restaurant openings and related revenues and expenses;
- operating costs at newly opened restaurants, which are often materially greater during the first several months of operation;
- labor availability and wages of restaurant management and crew;
- profitability of its restaurants, especially in new markets;
- changes in comparable restaurant sales and customer visits, including as a result of the introduction of new menu items;
- variations in general economic conditions, including those relating to changes in gasoline prices;
- negative publicity about the ingredients Chipotle uses or the occurrence of food-borne illnesses or other problems at its restaurants;
- changes in consumer preferences and discretionary spending;
- increases in infrastructure costs; and
- fluctuations in supply prices.

Seasonal factors also cause Chipotle's profitability to fluctuate from quarter to quarter. Chipotle's average restaurant sales are typically lower during the winter months and the holiday season and during

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periods of inclement weather (because fewer people are eating out) and higher during the spring, summer and fall months (for the opposite reason). Chipotle's revenue will also vary as a result of the number of trading days, that is, the number of days in a quarter when a restaurant is open.

As a result of these factors, results for any one quarter are not necessarily indicative of results to be expected for any other quarter or for any year. Average restaurant sales or comparable restaurant sales in any particular future period may decrease. In the future, operating results may fall below the expectations of securities analysts and investors.

Chipotle's success depends substantially upon the continued retention of certain key personnel.

Chipotle believes that its success has depended and continues to depend to a significant extent on the efforts and abilities of its senior management team. The members of its management team currently are employed by Chipotle on an "at-will" basis and may resign from its employment at any time, subject in certain cases to the forfeiture of options or unvested shares they may hold. Chipotle's failure to retain members of that team could materially and adversely affect its ability to build on the efforts they have undertaken with respect to the Chipotle business. In particular, the loss of Steve Ells, Chipotle's founder, Chairman and Chief Executive Officer, Monty Moran, the President and Chief Operating Officer, Jack Hartung, the Chief Finance and Development Officer, or Bob Wilner, the Chief Administrative Officer, could materially and adversely affect Chipotle.

Chipotle's business could be adversely affected by increased labor costs or difficulties in finding the right teams for its restaurants.

Labor is a primary component of Chipotle's operating costs, and Chipotle believes good managers and crew are a key part of its success. Chipotle devotes significant resources to recruiting and training its restaurant managers and crew. Increased labor costs due to factors like competition, increased minimum wage requirements, employee benefits and changes in the way Chipotle staffs its restaurants would adversely impact its operating costs. Chipotle's success also depends in part on the energy and skills of its employees and its ability to hire, motivate and keep qualified employees, including especially restaurant managers and crew members. Chipotle's failure to find and keep enough employees who are a good fit with its culture could delay planned restaurant openings, result in higher employee turnover or require Chipotle to change its culture, any of which could have a material adverse effect on its business and results of operations. Restaurant operators have traditionally experienced relatively high employee turnover rates. Any increase in its turnover rates for managers or crew could be costly.

Chipotle's franchisees could take actions that harm Chipotle's reputation and reduce its royalty revenues.

Chipotle does not exercise control over the day-to-day operations of its franchised restaurants. While Chipotle tries to ensure that franchised restaurants meet the same operating standards that it demands of company-operated restaurants, one or more franchised restaurants may not do so. Any operational shortcomings of Chipotle's franchised restaurants are likely to be attributed to its system-wide operations and could adversely affect its reputation and have a direct negative impact on the royalty revenues Chipotle receives from those restaurants.

Chipotle expects to need capital in the future and, if it needs to raise third-party capital, it may not be able to raise that capital on acceptable terms.

Developing Chipotle's business will require significant capital in the future. To meet its capital needs, Chipotle expects to rely on cash flow from operations and the proceeds from its initial public offering. Should Chipotle need additional funding, third-party financing may not be available on favorable terms, or at all. Chipotle's ability to obtain additional funding will be subject to various factors, including market conditions, its operating performance, lender sentiment and Chipotle's ability to incur debt in compliance with then-existing contractual restrictions. These factors may make the timing, amount, terms and conditions of additional financings unattractive. Chipotle's inability to raise capital could impede its growth.

Chipotle is subject to all of the risks associated with leasing space subject to long-term non-cancelable leases and, with respect to the real property that it owns, owning real estate.

Chipotle's leases generally have initial terms of between five and 20 years, and generally can be extended only in five-year increments (at increased rates) if at all. All of Chipotle's leases require a fixed annual rent, although some require the payment of additional rent if restaurant sales exceed a negotiated amount. Generally, Chipotle's leases are "net" leases, which require it to pay all of the cost of insurance, taxes, maintenance and utilities. Chipotle generally cannot cancel these leases. Additional sites that it leases are likely to be subject to similar long-term non-cancelable leases. If an existing or future restaurant is not profitable, and Chipotle decides to close it, it may nonetheless be committed to perform its obligations under the applicable lease including, among other things, paying the base rent for the balance of the lease term. In addition, as each of Chipotle's leases expires, it may fail to negotiate renewals, either on commercially acceptable terms or at all, which could cause it to close restaurants in desirable locations. Also, because Chipotle purchases real property for various restaurant locations from time to time, it is subject to all of the risks generally associated with owning real estate, including changes in the investment climate for real estate, demographic trends and supply or demand for the use of the restaurants, which may result from competition from similar restaurants in the area as well as strict, joint and several liability for environmental contamination at or from the property, regardless of fault.

Governmental regulation may adversely affect Chipotle's ability to open new restaurants or otherwise adversely affect its existing and future operations and results.

Chipotle is subject to various federal, state and local regulations. Each of its restaurants is subject to state and local licensing and regulation by health, alcoholic beverage, sanitation, food and workplace safety and other agencies. Chipotle may experience material difficulties or failures in obtaining the necessary licenses or approvals for new restaurants, which could delay planned restaurant openings. In addition, stringent and varied requirements of local regulators with respect to zoning, land use and environmental factors could delay or prevent development of new restaurants in particular locations.

Chipotle is subject to the U.S. Americans with Disabilities Act and similar state laws that give civil rights protections to individuals with disabilities in the context of employment, public accommodations and other areas. Chipotle may in the future have to modify restaurants, for example by adding access ramps or redesigning certain architectural fixtures, to provide service to or make reasonable accommodations for disabled persons. The expenses associated with these modifications could be material.

Chipotle's operations are also subject to the U.S. Fair Labor Standards Act, which governs such matters as minimum wages, overtime and other working conditions, along with the U.S. Americans with Disabilities Act, family leave mandates and a variety of similar laws enacted by the states that govern these and other employment law matters. In addition, federal proposals to introduce a system of mandated health insurance and flexible work time and other similar initiatives could, if implemented, adversely affect Chipotle's operations.

In recent years, there has been an increased legislative, regulatory and consumer focus on nutrition and advertising practices in the food industry. Restaurants operating in the quick-service and fast-casual segments have been a particular focus. As a result, Chipotle may in the future become subject to initiatives in the area of nutrition disclosure or advertising, such as requirements to provide information about the nutritional content of its food, which could increase Chipotle's expenses.

Chipotle is subject to federal, state and local environmental laws and regulations concerning the discharge, storage, handling, release and disposal of hazardous or toxic substances ("environmental laws"). These environmental laws provide for significant fines, penalties and liabilities, sometimes without regard to whether the owner or operator of the property knew of, or was responsible for, the release or presence of the hazardous or toxic substances. Third parties may also make claims against owners or operators of properties for personal injuries and property damage associated with releases of, or actual or alleged exposure to, such substances. Chipotle cannot predict what environmental laws will be enacted in the future, how existing or future environmental laws will be administered or interpreted, or the amount of future expenditures that Chipotle may need to make to comply with, or to satisfy claims relating to, environmental laws. Chipotle has not conducted a comprehensive environmental review of its properties or operations. Chipotle has, however, conducted investigations of some of its properties and identified contamination caused by third-party operations. Chipotle believes any such contamination has been or should be addressed by the third party. If the relevant third party does not address or has not addressed the identified contamination properly or completely, then under certain environmental laws, Chipotle could be held liable as an owner and operator to address any remaining contamination. Any such liability could be material. Further, Chipotle may not have identified all of the potential environmental liabilities at its properties, and any such liabilities could have a material adverse effect on its operations or results of operations.

Chipotle may not be able to adequately protect its intellectual property, which could harm the value of Chipotle's brands and adversely affect its business.

Chipotle's intellectual property is material to the conduct of its business. Chipotle's ability to implement its business plan successfully depends in part on its ability to further build brand recognition using Chipotle's trademarks, service marks, trade dress and other proprietary intellectual property, including its name and logos and the unique ambience of its restaurants. If Chipotle's efforts to protect its intellectual property are inadequate, or if any third-party misappropriates or infringes on its intellectual property, either in print or on the internet, the value of Chipotle's brands may be harmed, which could have a material adverse effect on its business and might prevent its brands from achieving or maintaining market acceptance. Chipotle may also encounter claims from prior users of similar intellectual property in areas where it operates or intends to conduct operations. This could harm Chipotle's image, brand or competitive position and cause it to incur significant penalties and costs.

Chipotle could be party to litigation that could adversely affect it by distracting management, increasing its expenses or subjecting it to material money damages and other remedies.

Chipotle's customers occasionally file complaints or lawsuits against it alleging that Chipotle is responsible for some illness or injury they suffered at or after a visit to its restaurants, or that Chipotle has problems with food quality or operations. Chipotle is also subject to a variety of other claims arising in the ordinary course of its business, including personal injury claims, contract claims and claims alleging violations of federal and state law regarding workplace and employment matters, discrimination and similar matters, and Chipotle could become subject to class action or other lawsuits related to these or different matters in the future. For example, Chipotle is currently investigating issues that may arise in connection with the possible theft of certain credit and debit card data. Chipotle is also subject to "dram shop" statutes, which generally allow persons injured by intoxicated people to recover damages from the place that wrongfully served those people alcohol. Regardless of whether any claims against it are valid, or whether Chipotle is ultimately held liable, claims may be expensive to defend and may divert time and money away from its operations and hurt its performance. A judgment significantly in excess of Chipotle's insurance coverage for any claims could materially and adversely affect its financial condition or results of operations. Any adverse publicity resulting from these allegations may also materially and adversely affect Chipotle's reputation or prospects, which in turn could adversely affect its results.

In addition, the restaurant industry has been subject to a growing number of claims based on the nutritional content of food products they sell and disclosure and advertising practices. Chipotle may also be subject to this type of proceeding in the future and, even if not, publicity about these matters (particularly directed at the quick-service and fast-casual segments of the industry) may harm Chipotle's reputation or prospects and adversely affect its results.

As a result of being a public company, Chipotle's costs will increase and it will incur other obligations.

As a public company, Chipotle incurs significant legal, accounting and other expenses associated with compliance-related and other activities that it did not incur as a private company. Chipotle does not expect these additional expenses to exceed $3 million in 2006. The Sarbanes-Oxley Act of 2002, related SEC rules and the New York Stock Exchange regulate corporate governance practices of public companies. Chipotle has limited experience as a public company, and its separation from McDonald's will result in its loss of access to McDonald's resources and experience in this area. Compliance with these requirements will also result in other costs and obligations and make some activities more time-consuming. For example, in connection with its initial public offering, Chipotle created new board committees and adopted new internal controls and disclosure controls and procedures. In addition, Chipotle incurs additional expenses associated with its SEC reporting requirements. A number of those requirements require Chipotle to carry out activities it had not done previously as a private company. For example, under Section 404 of the Sarbanes-Oxley Act, for its annual report on Form 10-K for the year ending December 31, 2007, Chipotle will need to document and test its internal control procedures, Chipotle's management will need to assess and report on its internal control over financial reporting and Chipotle's independent accountants will need to issue an opinion on that assessment and the effectiveness of those controls. Furthermore, if Chipotle identifies any issues in complying with those requirements (for example, if Chipotle or its accountants identified a material weakness or significant deficiency in Chipotle's internal control over financial reporting), Chipotle could incur additional costs rectifying those issues, and the existence of those issues could adversely affect Chipotle, its reputation or investor perceptions. Costs to obtain director and officer liability insurance are generally greater for public companies and contribute to Chipotle's increased costs. As a result of the associated liability, it may be more difficult for Chipotle to attract and retain qualified persons to serve on its board of directors or as executive officers. Advocacy efforts by shareholders and third parties may also prompt even more changes in governance and reporting requirements.

Risks Relating to McDonald's

McDonald's ability to remain a relevant and trusted brand and to increase sales depends largely on how well it executes the Plan to Win.

McDonald's developed the Plan to Win, its strategic business plan, to address the key drivers of its business and results people, products, place, price and promotion. The quality of McDonald's execution depends mainly on the following:

- McDonald's ability to anticipate and respond to trends or other factors that affect the informal eating out market and its competitive position in the various markets it serves, such as spending patterns, demographic changes, consumer food preferences, publicity about McDonald's products or operations that can drive consumer perceptions, as well as its success in planning and executing initiatives to address these trends and factors or other competitive pressures;

- The success of its initiatives to support menu choice, physical activity and nutritional awareness and to address these and other matters of social responsibility in a way that communicates its values effectively and inspires the trust and confidence of McDonald's customers;

- McDonald's ability to respond effectively to adverse consumer perceptions about the quick-service segment of the informal eating out market, its products or the reliability of its supply chain and the safety of the commodities it uses, particularly beef and chicken;

- The success of its plans for 2006 and beyond to improve existing products and to roll out new products and product line extensions, as well as the impact of its competitors' actions including in response to its product improvements and introductions and its ability to continue robust product development and manage the complexity of its restaurant operations;

McDonald's ability to achieve an overall product mix that differentiates the McDonald's experience and balances consumer value with margin expansion, including in markets where cost or pricing pressures may be significant;

The impact of pricing, marketing and promotional plans on product sales and margins and on its ability to target these efforts effectively to maintain or expand market share;

The impact of events such as public boycotts, labor strikes and commodity or other supply chain price increases that can adversely affect McDonald's directly or adversely affect the vendors, franchisees and others that are also part of the McDonald's System and whose performance has a material impact on McDonald's results;

McDonald's ability to drive improvements in its restaurants, recruit qualified restaurant personnel and motivate employees to achieve sustained high service levels so as to improve consumer perceptions of its ability to meet their expectations for quality food served in clean and friendly environments;

Whether its restaurant remodeling and rebuilding efforts will foster sustained increases in comparable sales for the affected restaurants and yield its desired return on its capital investment; and

McDonald's ability to leverage promotional or operating successes in individual markets into other markets in a timely and cost-effective way.

McDonald's results and financial condition are affected by its ownership mix and whether it can achieve a mix that optimizes margins and returns, while meeting its business needs and customer expectations.

McDonald's plans call for a reduction in company-operated restaurants in the United Kingdom by re-franchising them to third parties, as well as the pursuit of a developmental license model in 15 to 20 additional markets and organizational changes to improve the performance of company-operated restaurants in other markets, notably Canada. McDonald's continually reviews its ownership mix and may pursue a developmental license model in other markets as well, if opportunities to do so are available on favorable terms. Whether and when McDonald's can achieve these plans, as well as their success, is uncertain and depends mainly on the following:

McDonald's ability to identify prospective franchisees and licensees with the experience and financial resources to be effective operators of its restaurants;

Whether there are regulatory or other constraints that restrict or prevent its ability to implement its plans or increase its costs;

How quickly McDonald's can re-franchise or enter into developmental licenses, which it expects will vary by market and could also vary significantly from period to period;

Whether the three-year period during which it plans to make these changes will be sufficient to achieve them; and

Changes in the operating or legal environment and other circumstances that cause it to delay or revise its plans to alter its ownership mix.

McDonald's results and financial condition are affected by global and local market conditions, which can adversely affect its sales, margins and net income.

McDonald's results of operations are substantially affected not only by global economic conditions, but also by local operating and economic conditions, which can vary substantially by market. Unfavorable conditions can depress sales in a given market and may prompt promotional or other actions that adversely affect McDonald's margins, constrain its operating flexibility or result in charges, restaurant closings or sales of company-operated restaurants. Whether McDonald's can manage this risk effectively depends mainly on the following:

McDonald's ability to manage fluctuations in commodity prices, interest and foreign exchange rates and the effects of local governmental initiatives to manage national economic conditions such as consumer spending and inflation rates;

The impact on its margins of labor costs, given its labor-intensive business model and the long-term trend toward higher wages in both mature and developing markets;

The effects of local governmental initiatives to manage national economic conditions such as consumer spending or wage and inflation rates;

McDonald's ability to develop effective initiatives in underperforming markets, such as the United Kingdom, which is experiencing a highly competitive informal eating out market and low consumer confidence levels; Japan, which is experiencing slow economic growth and a challenging informal eating out market; and South Korea, which is experiencing improving, yet still low, consumer confidence levels;

The nature and timing of decisions about underperforming markets or assets, including decisions that result in material impairment charges that reduce its earnings, such as those that may occur as McDonald's changes its ownership mix through re-franchising or the use of a developmental license model as described above; and

The success of McDonald's strategy in China, where it is planning significant growth, including McDonald's ability to identify and secure appropriate real estate sites and to manage the costs and profitability of its growth in light of competitive pressures and other operating conditions that may limit pricing flexibility.

Increasing regulatory complexity will continue to affect McDonald's operations and results in material ways.

McDonald's legal and regulatory environment worldwide exposes it to complex compliance, litigation and similar risks that affect its operations and results in material ways. In many of McDonald's markets, including the United States and Europe, it is subject to increasing regulation, which has significantly increased its cost of doing business. In developing markets, McDonald's faces the risks associated with new and untested laws and judicial systems. Among the more important regulatory and litigation risks McDonald's faces are the following:

The difficulty of achieving compliance with often conflicting regulations in multiple state or national markets and the potential impact of new or changing regulation that affects or restricts elements of its business, such as possible changes in regulations relating to advertising to children or nutritional labeling;

Adverse results of pending or future litigation, including litigation challenging the composition of its products or the appropriateness or accuracy of its advertising or other communications;

The impact of nutritional, health and other scientific inquiries and conclusions, which are constantly evolving and often contradictory in their implications, but nonetheless drive consumer perceptions, litigation and regulation in ways that are material to its business;

The risks and costs of McDonald's nutritional labeling and other disclosure practices, particularly given differences in practices within the restaurant industry with respect to testing and disclosure, ordinary variations in food preparation among McDonald's own restaurants, and reliance on the accuracy and appropriateness of information obtained from third party suppliers;

The impact of litigation trends, particularly in its major markets, including class actions involving consumers and shareholders, labor and employment matters or landlord liability and the relative

level of McDonald's defense costs, which vary from period to period depending on the number, nature and procedural status of pending proceedings and the possibility of settlements or judgments;

Disruptions in its operations or price volatility in a market that can result from government actions, including price controls, limitations on the import or export of commodities it uses or government-mandated closure of McDonald's or its vendors' operations;

The risks of operating in markets, such as Brazil and China, in which there are significant uncertainties, including with respect to the application of legal requirements and the enforceability of laws and contractual obligations;

The risks associated with information security and the use of cashless payments, such as increased investment in technology, the costs of compliance with privacy, consumer protection and other laws, costs resulting from consumer fraud and the impact on its margins as the use of cashless payments increases; and

The impact of changes in accounting principles or practices (or related legal or regulatory interpretations or its critical accounting estimates), including changes in tax accounting or tax laws (or interpretations thereof), which will depend on their timing, nature and scope.

Actions by shareholders could affect the trading volatility and price of McDonald's common stock.

McDonald's was notified that three investment funds managed by Pershing Square Capital Management L.P. or its affiliates planned to file on or about August 15, 2006 notification and report forms under the Hart-Scott-Rodino Act to purchase McDonald's common stock having an aggregate value over $793.8 million other than for investment purposes. The Federal Trade Commission terminated the required waiting periods under the Hart-Scott-Rodino Act, and it is possible that these funds will increase their ownership of McDonald's common stock during or after the exchange offer, including to a level significantly in excess of the amount specified above. McDonald's cannot predict if, when or to what extent these funds will increase their interest in McDonald's or seek to influence McDonald's business strategies or if these events occur, whether they will affect the trading volatility and price of McDonald's common stock, or the exchange ratio, in ways that may not reflect McDonald's performance or prospects.

McDonald's results can be adversely affected by disruptions or events, such as the impact of severe weather conditions and natural disasters.

Severe weather conditions (such as hurricanes), terrorist activities, health epidemics or pandemics or the prospect of these events (such as the potential spread of avian flu) can have an adverse impact on consumer spending and confidence levels and in turn the McDonald's System and its results and prospects in the affected markets. McDonald's receipt of proceeds under any insurance it maintains for these purposes may be delayed or the proceeds may be insufficient to offset its losses fully.

Risks Relating to the Exchange Offer and Any Spin-Off

Your investment will be subject to different risks after the exchange offer regardless of whether you elect to participate in the exchange offer.

Your investment will be subject to different risks as a result of the exchange offer, regardless of whether you tender all, some or none of your shares of McDonald's common stock.

If you exchange all of your shares of McDonald's common stock and the exchange offer is not oversubscribed, then you will no longer have an interest in McDonald's, but instead will directly own an interest in Chipotle. As a result, your investment will be subject exclusively to risks associated with Chipotle and not risks associated solely with McDonald's.

If you exchange all of your shares of McDonald's common stock and the exchange offer is oversubscribed, then the offer will be subject to the proration procedures described below and, unless your odd-lot tender is not subject to proration, you will own an interest in both McDonald's and Chipotle. As a result, your investment will continue to be subject to risks associated with both McDonald's and Chipotle.

If you exchange some, but not all, of your shares of McDonald's common stock, then regardless of whether the exchange offer is fully subscribed, the number of shares of McDonald's common stock you own will decrease (unless you otherwise acquire shares of McDonald's common stock), while the number of shares of Chipotle common stock you own will increase. As a result, your investment will continue to be subject to risks associated with both McDonald's and Chipotle.

If you do not exchange any of your shares of McDonald's common stock and the exchange offer is fully subscribed, then your interest in McDonald's will increase on a percentage basis, while your indirect ownership in Chipotle will be eliminated. As a result, your investment will be subject exclusively to risks associated with McDonald's and not risks associated solely with Chipotle because McDonald's will no longer have an investment in Chipotle.

If you remain a shareholder of McDonald's following the completion of the exchange offer and McDonald's completes the spin-off described under "Spin-off of Chipotle Class B Common Stock," then you may receive shares of Chipotle common stock (although you may instead receive only cash in lieu of a fractional share). As a result, your investment may be subject to risks associated with both McDonald's and Chipotle.

Whether or not you tender your shares of McDonald's common stock, the shares you hold after the completion of the exchange offer will reflect a different investment from the investment you previously held.

Chipotle may face difficulties replacing services McDonald's provides to it and entering into new or modified arrangements with existing or new suppliers or service providers.

Chipotle has benefited from its relationship with McDonald's. For example, McDonald's has provided Chipotle, directly or through its own vendor relationships, with accounting services, insurance policy coverage, banking services, health and other insurance benefits for Chipotle's employees and employee benefit plans, as well as with its expertise in certain areas of Chipotle's operations, such as real estate. Chipotle also benefits from its relationship with McDonald's when it buys supplies or distribution or other services. For example, McDonald's relationship with Coca-Cola has helped Chipotle contain its beverage costs, and it has relied on the same distribution network as McDonald's.

After the separation of McDonald's and Chipotle, Chipotle will be responsible for securing all of its own management, financial, tax, accounting, legal and other resources. McDonald's currently provides Chipotle with insurance and benefits services under a services agreement that became operative on the closing date of Chipotle's initial public offering. The services provided under the services agreement will terminate no later than the date of the completion of the exchange offer. McDonald's also provides certain information technology systems and facilities services to Chipotle under a transition services agreement entered into on June 30, 2006. These transition services are expected to conclude no later than October 30, 2006, and will terminate in any event on the second anniversary of the closing of the exchange offer. In addition, some current benefits, such as the use of the distribution network that McDonald's also uses, are not contractually tied to the level of McDonald's ownership, so the relevant suppliers and service providers could decide to stop giving Chipotle beneficial pricing and/or service levels or terminate their relationship with Chipotle at any time.

In light of the exchange offer and the resulting termination of services provided by McDonald's, Chipotle is evaluating and pursuing alternatives to ensure that its separation from McDonald's will occur without material disruption in the services currently provided by McDonald's or in Chipotle's relationships with its existing suppliers or service providers. Although Chipotle has made arrangements to replace portions of the services currently provided by McDonald's, Chipotle may encounter difficulties replacing other services or be unable to negotiate pricing or other terms as favorable as those it currently has in effect. Chipotle estimates the incremental costs of employee benefits, insurance and information technology services due to its separation from McDonald's to be between $1.0 million and $2.0 million in the first year. Chipotle is currently negotiating with its distribution centers and beverage suppliers and cannot quantify the incremental costs, if any, of those services upon separation from McDonald's.

A trading market may not develop for the shares of Chipotle class B common stock, which may adversely affect the market price of those shares.

There is currently no trading market for the Chipotle class B common stock. Neither McDonald's nor Chipotle can assure you that such a market will develop or be sustained after the completion of the exchange offer. The Chipotle class A common stock is currently listed on the New York Stock Exchange under the symbol "CMG." The Chipotle class B common stock has been approved for listing on the New York Stock Exchange under the symbol "CMG.B". Neither McDonald's nor Chipotle can predict whether there will be any disparity in the trading prices for the two classes of stock once both are listed on the New York Stock Exchange. However, as a result of the greater voting rights of Chipotle class B common stock and the number of outstanding shares of Chipotle class B common stock as compared to the Chipotle class A common stock, the Chipotle class B common stock may trade at a premium to the Chipotle class A common stock. The method for calculating the exchange ratio has been determined after discussions with Morgan Stanley, the dealer manager for the exchange offer, and may not bear any relationship to the market price at which the Chipotle class B common stock will trade after the exchange offer. See "The Exchange Offer Terms of the Exchange Offer" for a discussion of the factors that were considered in determining the method for calculating the exchange ratio in the exchange offer.

The exchange offer and related transactions will result in a substantial amount of Chipotle class B common stock entering the market, which may adversely affect the market price of Chipotle's class A and class B common stock. The prior performance of Chipotle class A common stock may not be indicative of the performance of the Chipotle class B common stock after the exchange offer.

Before the split-off, Chipotle was a majority-owned subsidiary of McDonald's and approximately 13.6 million shares of Chipotle class A common stock (or 44.1% of the total equity value of Chipotle) were held by non-affiliates. Following the exchange offer, assuming the exchange offer is fully subscribed, all shares of Chipotle common stock not held by its affiliates will be freely tradable. The distribution of such a large number of shares of Chipotle class B common stock could adversely affect the market prices of Chipotle class A common stock and class B common stock. In addition, prior performance of Chipotle's class A common stock may not be indicative of the performance of Chipotle's class B common stock after the exchange offer.

Chipotle's stock price may fluctuate significantly during and after the exchange offer period, and you could lose all or part of your investment in the Chipotle class B common stock as a result.

The price of Chipotle class B common stock may fluctuate significantly during and after the exchange offer period as a result of many factors in addition to those discussed in the preceding risk factors. Since its initial public offering the price of Chipotle's class A common stock as reported by the New York Stock Exchange has ranged from a low of $39.51 on January 26, 2006 to a high of $67.77 on May 9, 2006. Some specific factors that may have a significant effect on Chipotle's class B common stock market price include:

- Chipotle's operating performance and the performance of its competitors;
- the public's reaction to Chipotle's press releases, its other public announcements and its filings with the SEC;

- changes in earnings estimates or recommendations by research analysts who follow Chipotle or other companies in its industry;
- variations in general economic conditions;
- the arrival or departure of key personnel; and
- other developments affecting Chipotle, its industry or its competitors.

Restrictions and indemnities in connection with the tax treatment of the exchange offer and any spin-off could adversely affect Chipotle.

In connection with the exchange offer and any spin-off, McDonald's and its counsel have relied on certain representations and undertakings from Chipotle regarding the past and future conduct of its business and other matters, the incorrectness or violation of which could affect the tax-free status of the transaction. In addition, current tax law generally creates a presumption that the exchange offer and any spin-off would be taxable to McDonald's, but not to its shareholders, if Chipotle or its shareholders were to engage in transactions that result in a 50% or greater change by vote or by value in its stock ownership during the four-year period beginning two years before the exchange offer and any spin-off, unless it is established that the transactions and the exchange offer and any spin-off are not part of a plan or series of related transactions to effect such a change in ownership. As a consequence of the foregoing, McDonald's and Chipotle have agreed to certain tax-related restrictions and indemnities set forth in the separation agreement referred to herein, under which Chipotle:

- has undertaken to maintain its current business as an active business for a period of two years following the completion of the exchange offer and any spin-off;
- has undertaken not to take any action affecting the relative voting rights of any separate classes of its stock for a period of at least two years following the completion of the exchange offer and any spin-off, and thereafter only in specified circumstances;
- is generally restricted, for a period of two years following the completion of the exchange offer and any spin-off, from (i) consenting to certain acquisitions of significant amounts of its stock; (ii) transferring significant amounts of its assets; (iii) merging or consolidating with any other person; (iv) reacquiring its stock; or (v) taking any other action (including an action that would be inconsistent with the representations relied upon by McDonald's described above) that would be reasonably likely to jeopardize the tax-free status of the exchange offer or any spin-off, except in specified circumstances; and
- has generally agreed to indemnify McDonald's for taxes and related losses it incurs as a result of the exchange offer and any spin-off failing to qualify as a tax-free transaction, if the taxes and related losses are attributable to (i) direct or indirect acquisitions of Chipotle's stock or assets (regardless of whether Chipotle consents to such acquisitions); (ii) negotiations, understandings, agreements or arrangements in respect of such acquisitions; (iii) any amendment to Chipotle's restated certificate of incorporation (or other organizational documents) or other action that affects the relative voting rights of any separate classes of Chipotle capital stock or (iv) Chipotle's failure to comply with applicable representations and undertakings and the restrictions placed on its actions under the separation agreement.

The indemnity described above covers corporate level taxes and related losses suffered by McDonald's in the event of a 50% or greater change in Chipotle's stock ownership, as well as taxes and related losses suffered by McDonald's if, due to any of Chipotle's representations or undertakings being incorrect or violated, the exchange offer or any spin-off is determined to be taxable for other reasons. Chipotle currently estimates that the indemnification obligation to McDonald's for taxes due in the event of a 50% or greater change in its stock ownership could exceed $450 million. This estimate, which does not take into account related losses, depends upon several factors that are beyond Chipotle's control, including the fair

market value of Chipotle's stock on the completion of the exchange offer and any spin-off. As a consequence, the indemnity obligation to McDonald's could vary substantially from the estimate.

If the exchange offer or any spin-off does not qualify as a tax-free transaction, tax could be imposed on both McDonald's and its shareholders.

McDonald's has received an opinion of counsel from Cleary Gottlieb Steen & Hamilton LLP its special counsel, confirming the tax-free status, for U.S. federal income tax purposes, of the exchange offer and any spin-off to McDonald's and its shareholders (except with respect to any cash received in lieu of a fractional share). It is a condition to the exchange offer and any spin-off that such opinion not be withdrawn. The opinion relies on certain facts and assumptions, and certain representations and undertakings from McDonald's and Chipotle, regarding the past and future conduct of Chipotle's business and other matters. Notwithstanding the opinion, the Internal Revenue Service could determine on audit that the exchange offer and any spin-off should be treated as taxable transactions, if it determines that any of these facts, assumptions, representations, or undertakings is not correct or has been violated, or if the exchange offer and any spin-off should become taxable for other reasons. In that case, the exchange offer and any spin-off could be treated as a taxable sale and/or dividend to you for U.S. federal income tax purposes. In addition, tax could be imposed on McDonald's based on the difference between the fair market value of Chipotle's class B common stock held by it immediately before the completion of the exchange offer and any spin-off and McDonald's tax basis in such stock. See "U.S. Federal Income Tax Consequences."

Tendering shareholders may not receive any discount on the price of Chipotle class B common stock in the exchange offer.

The exchange offer is designed to permit you to exchange your shares of McDonald's common stock for shares of Chipotle class B common stock at a 10% discount to the per-share value of Chipotle class B common stock, calculated as set forth in this Prospectus Offer to Exchange. Stated another way, for each $1.00 of your McDonald's common stock accepted in the exchange offer, you will receive approximately $1.11 of class B common stock based on calculated per-share values determined by reference to the average of the "daily VWAP" of McDonald's common stock and Chipotle class A common stock on the New York Stock Exchange on the last two trading days of the exchange offer. The number of shares you can receive is, however, subject to a limit of 0.9157 shares of Chipotle class B common stock for each share of McDonald's common stock accepted in the exchange offer. As a result, you may receive less than $1.11 of Chipotle class B common stock for each $1.00 of McDonald's common stock, depending on the calculated per-share values of McDonald's common stock and Chipotle class B common stock at the expiration date. Because of the limit on the number of shares of Chipotle class B common stock you may receive in the exchange offer, if there is a drop of sufficient magnitude in the trading price of Chipotle class A common stock relative to the trading price of McDonald's common stock, you may not receive $1.11 of Chipotle class B common stock for each $1.00 of McDonald's common stock, and could receive much less. The exchange offer does not provide for a minimum exchange ratio. If the limit on the number of shares that can be received for each share of McDonald's common stock tendered is in effect at the expiration of the originally contemplated exchange offer period, then the exchange ratio will be fixed at the limit and the exchange offer will be extended until 12:00 midnight of the second following trading day to permit shareholders to tender or withdraw their shares of McDonald's common stock during those days. Any changes in the prices of the shares of McDonald's common stock or Chipotle class A common stock on those additional days of the exchange offer will not, however, affect the exchange ratio. In other words, the number of shares of Chipotle class B common stock the holders will receive will not change as a result of changes in the prices of Chipotle class A common stock or McDonald's common stock on those additional days that would otherwise have affected the ratio had those movements occurred during the originally contemplated exchange offer period.

Chipotle's anti-takeover provisions may delay or prevent a change in control of Chipotle, which could adversely affect the price of Chipotle class B common stock.

Certain provisions in Chipotle's corporate documents and Delaware law may delay or prevent a change in control of Chipotle, which could adversely affect the price of Chipotle class B common stock. Chipotle's restated certificate of incorporation and Chipotle's restated bylaws contain some provisions that may make the acquisition of control of Chipotle without the approval of its board of directors more difficult, including provisions relating to the nomination, election and removal of directors, the structure of the board of directors and limitations on actions by Chipotle shareholders. In addition, Delaware law also imposes some restrictions on mergers and other business combinations between Chipotle and any holder of 15% or more of its outstanding class A or class B common stock. See "Description of Capital Stock of Chipotle" and "Comparison of Shareholder Rights" for a summary of these anti-takeover provisions.

Market prices for shares of McDonald's common stock may decline following the completion of the exchange offer.

Investors may purchase shares of McDonald's common stock in order to participate in the exchange offer, which may have the effect of raising market prices for shares of McDonald's common stock during the pendency of the exchange offer. Following the completion of the exchange offer, the market prices for shares of McDonald's common stock may decline because any exchange offer-related demand for shares of McDonald's stock will cease.

Chipotle does not intend to pay dividends in the foreseeable future.

Chipotle has never declared or paid any cash dividends on its common stock. For the foreseeable future, Chipotle intends to retain any earnings to finance the development and expansion of its business, and it does not anticipate paying any cash dividends on its class A or class B common stock. Accordingly, you should not expect to receive any dividends on any shares of Chipotle class B common stock you acquire in the exchange offer.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Prospectus Offer to Exchange, including particularly the sections entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations of Chipotle" and "Business of Chipotle," and certain documents incorporated by reference into this document, contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements about the benefits of the split-off, the discussions of Chipotle's and McDonald's business strategies and their expectations concerning future operations, restaurant openings, margins, profitability, liquidity and capital resources. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "thinks," "estimates," "seeks," "expects," "predicts," "potential" and similar expressions. These statements relate to future events or future financial performance and involve known and unknown risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to differ materially from those in the future that are implied by these forward-looking statements. These risks and other factors include those listed under "Risk Factors" and "Risk Factors and Cautionary Statement About Forward-Looking Information" in McDonald's Annual Report on Form 10-K for the year ended December 31, 2005 and McDonald's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006, which reports are incorporated by reference in this Prospectus Offer to Exchange, as well as those listed under "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" in Chipotle's Annual Report on Form 10-K for the year ended December 31, 2005 and Chipotle's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006. Those factors, among others, could cause Chipotle's or McDonald's actual results and performance to differ materially from the results and performance projected in, or implied by, the forward-looking statements. As you read and consider this Prospectus Offer to Exchange, you should carefully understand that the forward-looking statements are not guarantees of performance or results.

The forward-looking statements included and incorporated by reference in this document are only made as of the date of this document or the respective documents incorporated by reference in this Prospectus Offer to Exchange, as applicable. All future written and oral forward-looking statements attributable to Chipotle, McDonald's or any person acting on their respective behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. New risks and uncertainties arise from time to time, and Chipotle and McDonald's cannot predict those events or their impact. Chipotle and McDonald's assume no obligation to update any forward-looking statements after the date of this Prospectus Offer to Exchange as a result of new information, future events or developments, except as required by the federal securities laws.

Industry data and other statistical information used in this Prospectus Offer to Exchange are based on independent publications, government publications, reports by market research firms or other published independent sources. Some data are also based on good faith estimates, derived from review of internal surveys and the independent sources listed above. Although Chipotle and McDonald's believe these sources are reliable, they have not independently verified the information.

For additional information regarding risks and uncertainties faced by McDonald's and Chipotle, see "Risk Factors" and "Where You Can Find More Information About McDonald's and Chipotle."

THE TRANSACTION

Background of the Exchange Offer

During 2003, McDonald's determined to focus management resources on the revitalization of the McDonald's brand and to eliminate projects not directly affecting the experience of McDonald's customers. In late 2003 McDonald's completed several actions to achieve this objective, including the exit or reduction of investment in certain non-McDonald's restaurant businesses, as well as the redeployment of McDonald's capital to its revitalization based on the Plan to Win and the key drivers of its business: people, products, place, price and promotion.

McDonald's revitalization continued throughout 2004, and in January 2005 it announced plans to explore strategic alternatives with respect to Chipotle in light of Chipotle's strong performance and growing popularity. Consistent with its revitalization plan, McDonald's stated that this would have the additional benefit of enabling McDonald's to allocate more resources to growing sales and profits at McDonald's restaurants.

In January 2006, Chipotle completed its initial public offering, through which McDonald's also sold 3,000,000 shares of Chipotle class A common stock for aggregate net proceeds of $61.4 million. McDonald's sold an additional 4,541,099 shares of Chipotle class A common stock in a registered public secondary offering completed in May 2006 for aggregate net proceeds of approximately $267.7 million.

At the time of the secondary offering, McDonald's indicated that it would consider pursuing a disposition of its remaining interest in Chipotle in a tax-free exchange of shares of Chipotle class B common stock for shares of McDonald's common stock, subject to market conditions. In July 2006, McDonald's board of directors approved McDonald's disposition of its remaining interest in Chipotle through a tax-free exchange with McDonald's shareholders, with any unsubscribed Chipotle shares to be distributed to McDonald's shareholders in a spin-off.

Reasons for the Exchange Offer

McDonald's board of directors has authorized the separation in order, among other things, to enable McDonald's to focus its management and financial resources on the McDonald's brand. McDonald's also believes that Chipotle's separation from McDonald's will afford Chipotle increased flexibility and decision-making power to pursue its own strategic objectives.

Effects of the Exchange Offer

Upon completion of the exchange offer and any subsequent spin-off, McDonald's financial statements will no longer reflect the assets, liabilities, results of operations or cash flows attributable to Chipotle. As a result, Chipotle's results will no longer be consolidated with those of McDonald's for financial reporting purposes.

Holders of McDonald's common stock will be affected by the exchange offer as follows:

- Holders who exchange all of their shares of McDonald's common stock, if the exchange offer is not oversubscribed, will no longer have any ownership interest in McDonald's but will instead have a new direct ownership interest in Chipotle. As a result, their investment will be subject exclusively to risks associated with Chipotle and not risks associated solely with McDonald's.

- Holders who exchange all of their shares of McDonald's common stock will, if the exchange offer is oversubscribed, be subject to proration and, unless their odd-lot tender is not subject to proration, will own an interest in both McDonald's and Chipotle. As a result, their investment will continue to be subject to risks associated with both McDonald's and Chipotle.

Holders who exchange some, but not all, of their shares of McDonald's common stock, regardless of whether the exchange offer is fully subscribed, will own fewer shares of McDonald's common stock and more shares of Chipotle common stock, unless they otherwise acquire McDonald's common stock. As a result, their investment will continue to be subject to risks associated with both McDonald's and Chipotle.

Holders who do not exchange any of their shares of McDonald's common stock in the exchange offer will have an increased ownership interest in McDonald's, on a percentage basis, and will, assuming the exchange offer is fully subscribed, have no indirect ownership interest in Chipotle. As a result, their investment will be subject exclusively to risks associated with McDonald's and not risks associated solely with Chipotle because McDonald's will no longer have an investment in Chipotle.

Holders who remain shareholders of McDonald's following the completion of the exchange offer may, if the exchange offer is not fully subscribed and if McDonald's completes a spin-off, receive shares of Chipotle common stock (although such holders may instead receive only cash in lieu of a fractional share). As a result, their investment may be subject to risks associated with both McDonald's and Chipotle.

Chipotle's Equity Capitalization Following the Exchange Offer

Chipotle had an equity capitalization of approximately 32,617,436 shares of common stock as of August 31, 2006, consisting of approximately 43.2% of shares of class A common stock and 56.8% of shares of class B common stock. Chipotle's equity capitalization will not change as a result of the exchange offer or any spin-off. After the exchange offer and any spin-off, shares of Chipotle class B common stock will no longer be convertible into shares of Chipotle class A common stock.

No Appraisal Rights

Appraisal is a statutory remedy available to corporate shareholders who object to extraordinary actions taken by their corporation. This remedy allows dissenting shareholders to require the corporation to repurchase their stock at a price equivalent to its value immediately prior to the extraordinary corporate action. No appraisal rights are available to McDonald's shareholders or Chipotle shareholders in connection with the exchange offer.

Regulatory Approval

Certain acquisitions of Chipotle common stock under the exchange offer may require a premerger notification filing under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. If a holder of McDonald's common stock decides to participate in the exchange offer and consequently acquires enough shares of Chipotle class B common stock to exceed the $56.7 million threshold provided for in the Hart-Scott-Rodino Act and associated regulations, and if an exemption under the Hart-Scott-Rodino Act or regulations does not apply, McDonald's and the holder would be required to make filings under the Hart-Scott-Rodino Act and the holder would be required to pay the applicable filing fee. A filing requirement could delay the exchange of shares with the holder until the waiting periods in the Hart-Scott-Rodino Act have expired or been terminated.

Apart from the registration of shares of Chipotle class B common stock offered in the exchange offer under applicable securities laws and McDonald's filing of a Schedule TO with the SEC, McDonald's does not believe that any other material U.S. federal or state regulatory filings or approvals will be necessary to consummate the exchange offer or any spin-off.

Accounting Treatment

The shares of McDonald's common stock acquired by McDonald's pursuant to the exchange offer will be recorded as an acquisition of treasury stock at a cost equal to the market value of the McDonald's shares accepted in the exchange offer at its expiration. Any difference between the net book value of McDonald's investment in the Chipotle class B common stock and the market value of the shares of McDonald's common stock acquired at that date will be recognized by McDonald's as a gain from discontinued operations net of any direct and incremental expenses of the exchange offer on the disposal of its Chipotle class B common stock.

The aggregate market value of McDonald's investment in 16,539,967 shares of Chipotle class B common stock, based on the Chipotle class A common stock closing price on September 7, 2006 of $49.85 per share, was approximately $825 million. The net book value of McDonald's investment in Chipotle at June 30, 2006 was approximately $235 million. If the exchange offer were to be completed and the limit of 0.9157 shares of Chipotle class B common stock exchanged for each share of McDonald's common stock tendered applied, McDonald's would recognize a gain of approximately $425 million in connection with the transaction, prior to estimated fees and expenses. Every $1 increase or decrease in Chipotle's per share market value would increase or decrease the gain in McDonald's investment in Chipotle, as applicable, by approximately $15 million.

Any remaining shares of Chipotle class B common stock that are distributed in any spin-off will be accounted for as a dividend through a direct charge to retained earnings. The amount of the dividend will be equal to McDonald's carrying value of the shares of Chipotle class B common stock so distributed.

Neither the exchange of shares of Chipotle class B common stock for shares of McDonald's common stock in the exchange offer nor the distribution of shares of Chipotle class B common stock in any spin-off, in and of themselves, will affect the financial condition or results of operations of Chipotle.

Tax Treatment

See "U.S. Federal Income Tax Consequences" for a discussion of the tax treatment of the exchange offer and any spin-off.

THE EXCHANGE OFFER

Terms of the Exchange Offer

McDonald's is offering to exchange up to 16,539,967 shares of Chipotle class B common stock in the aggregate for outstanding shares of McDonald's common stock validly tendered and not properly withdrawn, on the terms and conditions and subject to the limitations described below and in the related letter of transmittal, by 12:00 midnight, New York City time, on October 5, 2006. The last day on which tenders will be accepted, whether on October 5, 2006 or any later date to which the exchange offer is extended, is referred to in this Prospectus Offer to Exchange as the "expiration date." Any holder of McDonald's common stock during the exchange offer period, including any directors or officers of McDonald's and Chipotle and their respective subsidiaries, may participate in the exchange offer. Holders may tender all, some or none of their shares of McDonald's common stock.

The number of shares of McDonald's common stock that will be accepted if the exchange offer is completed will depend on the final exchange ratio and the number of shares of McDonald's common stock tendered. McDonald's holds 16,539,967 shares of Chipotle class B common stock. Accordingly, the largest possible number of shares of McDonald's common stock that will be accepted equals 16,539,967 divided by the final exchange ratio. If the exchange offer is oversubscribed, the tendered shares will be subject to proration when the exchange offer expires. McDonald's obligation to complete the exchange offer is subject to important conditions that are described in " Conditions to Completion of the Exchange Offer."

For each share of McDonald's common stock that you tender in the exchange offer and do not withdraw, you will receive a number of shares of Chipotle class B common stock at a 10% discount to the per-share value of Chipotle class B common stock, calculated as set forth below, subject to a limit of 0.9157 shares of Chipotle class B common stock per share of McDonald's common stock. Stated another way, subject to the limit described below, for each $1.00 of McDonald's common stock accepted in the exchange offer, you will receive approximately $1.11 of Chipotle class B common stock.

The final calculated per-share values will be equal to (i) with respect to the McDonald's common stock, the average of the daily VWAP of McDonald's common stock on the New York Stock Exchange for the last two trading days of the originally contemplated exchange offer period; and (ii) with respect to the Chipotle class B common stock, the average of the daily VWAP of Chipotle class A common stock on the New York Stock Exchange for the last two trading days of the originally contemplated exchange offer period. The last two trading days of the originally contemplated exchange offer period are October 4, 2006 and October 5, 2006. Although those dates could change if the exchange offer is extended, those dates will not change for purposes of calculating the per-share values if that extension occurs solely as a result of the automatic extension of the exchange offer triggered by the limit, as described in the next paragraph. As used in this Prospectus Offer to Exchange, "VWAP" means the "volume-weighted average price" per share of the stock on the New York Stock Exchange during the period specified, as calculated by Xignite, Inc., and "daily VWAP" means VWAP for the period beginning at 9:30 a.m., New York City time (or such other time as is the official open of trading on the New York Stock Exchange) and ending at 4:00 p.m., New York City time (or such other time as is the official close of trading on the New York Stock Exchange), as calculated by Xignite, Inc., except that, on the last trading day of the originally contemplated exchange offer period, the data based on which the VWAP is determined will only take into account any adjustments made to reported trades included by 4:10 p.m., New York City time, on that day.

The exchange offer period will be automatically extended if a market disruption event occurs with respect to the McDonald's common stock or the Chipotle class A common stock on either of the two days during which the value of each share of McDonald's common stock and Chipotle class A common stock was originally expected to be determined. In addition, if the limit on the number of shares that can be received for each share of McDonald's common stock tendered described below is in effect at the expiration of the originally contemplated exchange offer period, then the exchange ratio will be fixed at the limit and the exchange offer will be extended until 12:00 midnight of the second following trading day. See " Automatic Extension."

The number of shares you can receive is subject to a limit of 0.9157 shares of Chipotle class B common stock for each share of McDonald's common stock accepted in the exchange offer. **If the limit is in effect, you will receive less than $1.11 of Chipotle class B common stock, for each $1.00 of McDonald's common stock you validly tender and do not properly withdraw, and McDonald's accepts, and you could receive much less.** This limit was calculated based on a 20% discount for the Chipotle class B common stock based on the closing prices of McDonald's common stock and Chipotle class A common stock on September 7, 2006 (the day before the date of the Preliminary Prospectus Offer to Exchange dated September 8, 2006). McDonald's set this limit to ensure that an unusual or unexpected drop in the trading price of Chipotle class A common stock, relative to the trading price of McDonald's common stock, would not result in an unduly high number of shares of Chipotle class B common stock being exchanged per share of McDonald's common stock accepted in the exchange offer. The exchange offer does not provide for a minimum exchange ratio.

The following formula will be used to calculate the number of shares of Chipotle class B common stock you will receive for shares of McDonald's common stock accepted in the exchange offer:

Number of shares of Chipotle class B common stock	=	Number of shares of McDonald's common stock tendered and accepted, multiplied by the lesser of:	0.9157	and	100% of the calculated per-share value of McDonald's common stock / 90% of the calculated per-share value of Chipotle class A common stock

The "calculated per-share value" for the McDonald's common stock and for the Chipotle class A common stock will be the average of the daily VWAP for McDonald's common stock and Chipotle class A common stock, respectively, on the last two trading days of the originally contemplated exchange offer period. The last two trading days of the originally contemplated exchange offer period are October 4, 2006 and October 5, 2006. Although those dates could change if the exchange offer is extended, those dates will not change for purposes of calculating the per-share values if that extension occurs solely as a result of the automatic extension of the exchange offer triggered by the limit.

To help illustrate the way this calculation works, below are two examples:

Example 1: Assuming that the average of the daily VWAP on the last two trading days of the originally contemplated exchange offer period is $36.37940 per share of McDonald's common stock and $49.93680 per share of Chipotle class A common stock, you would receive 0.8095 shares ($36.37940 divided by 90% of $49.93680) of Chipotle class B common stock for each share of McDonald's common stock accepted in the exchange offer. In this example, the limit of 0.9157 shares of Chipotle class B common stock for each share of McDonald's common stock would not apply.

Example 2: Assuming that the average of the daily VWAP on the last two trading days of the originally contemplated exchange offer period is $40.01735 per share of McDonald's common stock and $44.94310 per share of Chipotle class A common stock, the limit would apply and you would only receive 0.9157 shares of Chipotle class B common stock for each share of McDonald's common stock accepted in the exchange offer because the limit is less than 0.9893 shares ($40.01735 divided by 90% of $44.94310) of Chipotle class B common stock for each share of McDonald's common stock. Because the limit would apply, the exchange offer would be automatically extended until 12:00 midnight of the second following trading day, and the exchange ratio would be fixed at the limit.

You will be able to review indicative exchange ratios and calculated per-share values of McDonald's common stock and Chipotle class B common stock and the final exchange ratio used to determine the number of shares of Chipotle class B common stock to be exchanged per share of McDonald's common stock as follows:

Indicative calculated per-share values: A web page will be maintained at www.chipotleexchange.com that provides indicative exchange ratios and calculated per-share values of the McDonald's common stock and the Chipotle class B common stock.

From the second to the eighteenth trading day of the exchange offer, the web page will show indicative calculated per-share values, calculated as though that day were the expiration date of the exchange offer, of (i) the McDonald's common stock, which will equal the average of the daily VWAP of McDonald's common stock on each of the two prior trading days; and (ii) the Chipotle class B common stock, which will equal the average of the daily VWAP of Chipotle class A common stock on each of the two prior trading days. For example, after 4:30 p.m., New York City time, on September 21, 2006, the web page will show an indicative exchange ratio based on indicative per-share values of McDonald's common stock and Chipotle class A common stock on September 20, 2006 and September 21, 2006. During this period, the indicative calculated per-share values will be updated on each trading day by 4:30 p.m., New York City time. Such data will not, however, be included in the calculation of the final calculated per-share value for either McDonald's common stock or Chipotle class B common stock.

During the last two trading days of the originally contemplated exchange offer period, when the values of McDonald's common stock and Chipotle class B common stock are calculated for the purposes of the exchange offer, the web page will show the indicative calculated per-share values of McDonald's common stock and Chipotle class A common stock which will equal, with respect to each stock, (1) on the second-to-last day, the actual intra-day VWAP during the elapsed portion of that day; and (2) on the last day, the daily VWAP of the previous day averaged with the actual intra-day VWAP during the elapsed portion of that last day. "Intra-day VWAP" means VWAP for the period beginning at the official open of trading on the New York Stock Exchange and ending as of the specific time in such day, as calculated by Xignite, Inc. During this period, the indicative calculated per-share values and indicative exchange ratio calculated using such values will be updated every 30 minutes (on approximately the hour and half-hour mark). The data used to derive the intra-day VWAP during the last two trading days of the originally contemplated exchange offer period will reflect a 20-minute reporting delay, and will be included as an element of the actual final VWAP that will be used to determine the final calculated per-share values.

Final exchange ratio: The final exchange ratio that shows the number of shares of Chipotle class B common stock that you will receive for each share of McDonald's common stock accepted in the exchange offer will be available at www.chipotleexchange.com by 4:30 p.m., New York City time, on the last day of the exchange offer and separately announced by press release.

You may also contact the information agent to obtain these indicative exchange ratios and the final exchange ratio at its toll-free number provided on the back cover of this Prospectus Offer to Exchange.

Each of the daily VWAPs, intra-day VWAPs and the final exchange ratio will be rounded to four decimal places, while calculated per-share values will be rounded to five decimal places.

Since the exchange offer expires at 12:00 midnight, New York City time, on the last day of the exchange offer period and the final exchange ratio will be announced by 4:30 p.m., New York City time, on the same day, you will be able to tender or withdraw your shares of McDonald's common stock after the final exchange ratio is determined. For more information on tendering and withdrawing your shares, see " Procedures for Tendering" and " Withdrawal Rights."

For purposes of illustration, the table below indicates the number of shares of Chipotle class B common stock that you would receive per share of McDonald's common stock, calculated on the basis described above and taking into account the limit described above, assuming a range of averages of the daily VWAP of McDonald's common stock and the Chipotle class A common stock on the last two trading days of the exchange offer. The first line of the table below shows the indicative calculated per-share values of McDonald's common stock and Chipotle class A common stock and the indicative exchange ratio that would have been in effect following the official close of trading on the New York Stock Exchange on September 7, 2006, based on the daily VWAPs of McDonald's common stock and Chipotle class A common stock on September 6 and September 7. The table also shows the effects of a 10% increase or decrease in either or both the calculated per-share values of McDonald's common stock and Chipotle class A common stock based on changes relative to the values on September 7, 2006.

McDonald's Common Stock	Chipotle Class A Common Stock	Calculated per-Share Value of McDonald's Common Stock	Calculated per-Share Value of Chipotle Common Stock	Shares of Chipotle Class B Common Stock per McDonald's Share Tendered
As of September 7, 2006		$ 36.37940	$ 49.93680	0.8095
Down 10%	Up 10%	$ 32.74145	$ 54.93050	0.6623
Down 10%	Unchanged	$ 32.74145	$ 49.93680	0.7285
Down 10%	Down 10%	$ 32.74145	$ 44.94310	0.8095
Unchanged	Up 10%	$ 36.37940	$ 54.93050	0.7359
Unchanged	Down 10%	$ 36.37940	$ 44.94310	0.8994
Up 10%	Up 10%	$ 40.01735	$ 54.93050	0.8095
Up 10%	Unchanged	$ 40.01735	$ 49.93680	0.8904
Up 10%	Down 10%	$ 40.01735	$ 44.94310	0.9157(1)

(1) In this scenario, the limit is in effect. Absent the limit, the exchange ratio would have been 0.9893 shares of Chipotle class B common stock per McDonald's share tendered. In this scenario, McDonald's would announce that the limit on the number of shares that can be received for each share of McDonald's common stock tendered is in effect at the expiration of the originally contemplated exchange offer period by 4:30 p.m. on the original expiration date, the exchange ratio would be fixed at the limit and the exchange offer would be extended until 12:00 midnight of the second following trading day.

If the trading price of McDonald's common stock were to increase during the last two days of the originally contemplated exchange offer period, the calculated per-share value of McDonald's common stock would likely be lower than the closing price of McDonald's common stock on the expiration date of the exchange offer. As a result, you may receive fewer shares of Chipotle class B common stock for each $1.00 of McDonald's common stock than you would have if that per-share value were calculated on the basis of the closing price of McDonald's common stock on the expiration date. Similarly, if the trading price of Chipotle class A common stock were to decrease during the last two days of the originally contemplated exchange offer period, the calculated per-share value of Chipotle class B common stock would likely be higher than the closing price of Chipotle class A common stock on the expiration date of the exchange offer. This could also result in your receiving fewer shares of Chipotle class B common stock for each $1.00 of McDonald's common stock than you would have if that per-share value were calculated on the basis of the closing price of Chipotle class A common stock on the expiration date.

The number of shares of McDonald's common stock that may be accepted in the offer may be subject to proration. McDonald's holds 16,539,967 shares of Chipotle class B common stock. Depending on the number of shares of McDonald's common stock validly tendered in the exchange offer, and not properly withdrawn, and the final exchange ratio, determined as described above, McDonald's may have to limit the number of shares of McDonald's common stock that it accepts in the exchange offer through a proration process. Any proration of the number of shares accepted in the exchange offer will be determined on the basis of the proration mechanics described below under " Proration; Odd-Lots."

There is currently no trading market for the Chipotle class B common stock, and neither McDonald's nor Chipotle can assure you that one will develop. The Chipotle class A common stock is listed on the New York Stock Exchange under the symbol "CMG," and the Chipotle class B common stock has been approved for listing on the New York Stock Exchange under the symbol "CMG.B". Because there is no trading market for the Chipotle class B common stock, the Chipotle class A common stock is believed to be the most appropriate measure of the calculated per-share value of Chipotle class B common stock. Neither McDonald's nor Chipotle can predict whether there will be any disparity in the trading prices for the two classes of stock once both are listed on the New York Stock Exchange. However, as a result of the greater voting rights of Chipotle class B common stock and the number of outstanding shares of Chipotle class B common stock as compared to the Chipotle class A common stock, the Chipotle class B common stock may trade at a premium to the Chipotle class A common stock.

If immediately after the exchange offer the Chipotle class B common stock trades at a discount to the Chipotle class A common stock, this would result in you effectively receiving less than $1.11 of Chipotle class B common stock for each $1.00 of McDonald's common stock tendered upon settlement. The value of any Chipotle class B common stock you receive may not remain above the value of McDonald's common stock you exchanged following the expiration date of the exchange offer.

McDonald's has mailed the Preliminary Prospectus Offer to Exchange dated September 8, 2006 and related documents to:

- persons who directly held certificates representing shares of McDonald's common stock, persons who held Direct Registration Shares and persons who held MCDirect Shares, all as of September 7, 2006;

- the trustees for, and the independent fiduciary appointed under, McDonald's Corporation Profit Sharing and Savings Plan and McDonald's Ventures 401(k) Plan, on behalf of the employees and former employees of McDonald's who participate in those plans and their beneficiaries; and

- brokers, dealers, commercial banks, trust companies and similar institutions, whose names or the names of whose nominees appear on McDonald's shareholder list or, if applicable, who are listed as participants in the security position listing of DTC or any other clearing system for subsequent transmittal to beneficial owners of McDonald's common stock.

On August 31, 2006, there were approximately 1,230 million shares of McDonald's common stock outstanding, and 253,506 shareholders of record.

Proration; Odd-Lots

If, upon the expiration of the exchange offer, McDonald's shareholders have validly tendered enough shares of McDonald's common stock such that McDonald's would be required to distribute more than 16,539,967 shares of Chipotle class B common stock in connection with the exchange offer, McDonald's will accept on a pro rata basis, in proportion to the number of shares tendered, all shares validly tendered and not properly withdrawn, except for tenders of odd-lots as described below.

Except as otherwise provided in this section, beneficial holders of less than 100 shares of McDonald's common stock who validly tender all of their shares will not be subject to proration if the exchange offer is oversubscribed. If, however, you hold less than 100 shares of McDonald's common stock, but do not tender all of your shares, you will be subject to proration to the same extent as holders of more than 100 shares if the exchange offer is oversubscribed. Beneficial holders of 100 or more shares of McDonald's common stock are not eligible for this preference, even if those holders have separate stock certificates representing less than 100 shares.

If you directly or beneficially own less than 100 shares of McDonald's common stock and wish to tender all of your shares of McDonald's common stock, you may request that your shares not be subject to proration. In order to request this preferential treatment, you should check the box entitled "Odd-Lot Shares" on the letter of transmittal. If you do not check the relevant box on the letter of transmittal, McDonald's may, in its sole discretion, determine not to subject your shares to proration if it is otherwise able to confirm that you own less than 100 shares of McDonald's common stock and have tendered all of those shares, but is under no obligation to do so. If your odd-lot shares are held by a broker, dealer, commercial bank, trust company or similar institution for your account, you should contact that institution so that it can request such preferential treatment. All of your odd-lot shares will be accepted for exchange without proration if McDonald's completes the exchange offer. If you hold odd-lot shares as a participant in the McDonald's Corporation Profit Sharing and Savings Plan or the McDonald's Ventures 401(k) Plan, you are not entitled to this preferential treatment.

Proration for each tendering shareholder will be based on the number of shares of McDonald's common stock tendered by that shareholder in the exchange offer, and not on that shareholder's aggregate ownership of McDonald's common stock. Any shares of McDonald's common stock not accepted for exchange as a result of proration will be returned to tendering shareholders. McDonald's will announce the preliminary proration factor, if any, by press release by 9:00 a.m., New York City time, on the business day following the expiration of the exchange offer. Once it has determined the number of shares of McDonald's common stock validly tendered for exchange, McDonald's will announce the final results, including the final proration factor, if any, as promptly as practicable.

Any shares of McDonald's common stock not accepted for exchange in the exchange offer will be returned to the tendering shareholder.

For purposes of the exchange offer, a "business day" means any day other than a Saturday, Sunday or federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, New York City time.

Fractional Shares

Fractional shares of Chipotle class B common stock will not be distributed in the exchange offer. The exchange agent, acting as agent for the McDonald's shareholders otherwise entitled to receive fractional shares of Chipotle class B common stock, will aggregate all fractional shares that would otherwise have been required to be distributed and cause them to be sold in the open market for the accounts of these shareholders. Any proceeds that the exchange agent realizes from that sale will be distributed, less any brokerage commissions or other fees, to each shareholder entitled thereto in accordance with the shareholder's fractional interest in the aggregate number of shares sold.

None of McDonald's, Chipotle, the exchange agent or the dealer manager will guarantee any minimum proceeds from the sale of fractional shares of Chipotle class B common stock. **You will not receive any interest on any cash paid to you, even if there is a delay in making the payment**. In addition, a shareholder who receives cash in lieu of a fractional share of Chipotle class B common stock will generally recognize gain or loss for U.S. federal income tax purposes on the receipt of the cash to the extent that the cash received exceeds the tax basis allocated to the fractional share. You are urged to read carefully the discussion in "U.S. Federal Income Tax Consequences" and to consult your own tax advisor regarding the consequences to you of the exchange offer.

Exchange of Shares of McDonald's Common Stock

Upon the terms and subject to the conditions of the exchange offer (including, if the exchange offer is extended or amended, the terms and conditions of that extension or amendment), McDonald's will accept for exchange shares of McDonald's common stock validly tendered and not properly withdrawn before the expiration of the exchange offer and will exchange up to 16,539,967 shares of Chipotle class B common stock in the aggregate for such shares of McDonald's common stock, as promptly as practicable after the expiration date. Notwithstanding the immediately preceding sentence, and subject to applicable rules of the SEC, McDonald's expressly reserves the right to delay acceptance for exchange, or the exchange, of shares of McDonald's common stock in order to comply with any applicable law or obtain any governmental or regulatory approvals.

The exchange of shares of McDonald's common stock tendered and accepted for exchange will, in all cases, be made only after timely receipt by the exchange agent of:

(i) (a) share certificates representing all physically tendered common shares; (b) proper instructions relating to Direct Registration Shares and MCDirect Shares to be tendered; and (c) in the case of shares delivered by book-entry transfer through DTC, confirmation of any book-entry transfer into the exchange agent's account at DTC of common shares tendered by book-entry transfer;

(ii) a letter of transmittal, properly completed and duly executed (including any signature guarantees that may be required) or, in the case of shares delivered by book-entry transfer through DTC, an agent's message (as defined below); and

(iii) any other required documents.

With respect to shares held through a broker, dealer, commercial bank, trust company or similar institution, that institution will be required to timely deliver any necessary certificates, instructions, confirmation, letters or other documents with respect to the shares registered in its name in order for your shares to be deemed to have been timely received by the exchange agent.

For purposes of the exchange offer, McDonald's will be deemed to have accepted for exchange, and thereby exchanged, shares of McDonald's common stock validly tendered and not properly withdrawn if and when it notifies the exchange agent of its acceptance of the tenders of those shares of McDonald's common stock pursuant to the exchange offer. As soon as practicable after receipt of McDonald's notice and determination of the final proration factor, the exchange agent will cause shares of Chipotle class B common stock to be credited in book-entry form to direct registered accounts maintained by Chipotle's transfer agent for the benefit of the tendering shareholders (or, in the case of shares tendered through DTC, to the account of DTC so that DTC can credit the relevant DTC participant and such participant can credit its respective account holders) in exchange for McDonald's shares tendered pursuant to the exchange offer and will deliver cash in lieu of a fractional share of Chipotle class B common stock to such holders. The exchange agent will act as agent for tendering shareholders for the purpose of causing the receipt of Chipotle class B common stock and any cash to be paid to them in lieu of a fractional share of Chipotle class B common stock.

If McDonald's does not accept for exchange any tendered McDonald's shares for any reason pursuant to the terms and conditions of the exchange offer, the exchange agent will cause such shares to be credited to tendering shareholders in book-entry form to Direct Registration Share accounts maintained by the transfer agent for McDonald's (or, in the case of shares tendered through DTC, to the account of DTC so that DTC can credit the relevant DTC participant and such participant can credit its respective account holders), as soon as practicable following expiration or termination of the exchange offer.

Procedures for Tendering

Shares Held in Certificated Form. If you hold certificates representing shares of McDonald's common stock, to validly tender such shares pursuant to the exchange offer, you must, before the expiration of the exchange offer, deliver to the exchange agent a properly completed and duly executed letter of transmittal, together with any required signature guarantees, the certificates representing the shares of McDonald's common stock tendered and any other required documents.

Direct Registration Shares. If you hold Direct Registration Shares, you must, before the expiration of the exchange offer, deliver to the exchange agent a properly completed and duly executed letter of transmittal, together with any required signature guarantees. Since certificates are not issued for Direct

Registration Shares, you do not need to deliver any certificates representing those shares to the exchange agent.

MCDirect Shares. If you hold MCDirect Shares, you must, before the expiration of the exchange offer, deliver to the exchange agent a properly completed and duly executed letter of transmittal, together with any required signature guarantees. Since certificates are not issued for MCDirect Shares, you do not need to deliver any certificates representing those shares to the exchange agent.

Shares Held Through a Broker, Dealer, Commercial Bank, Trust Company or Similar Institution. If you hold shares of McDonald's common stock through a broker, dealer, commercial bank, trust company or similar institution, you should follow the instructions sent to you separately by that institution. You should not use the letter of transmittal to direct the tender of your shares of McDonald's common stock. If that institution holds shares through DTC, it must notify DTC and cause it to transfer the shares into the exchange agent's account in accordance with DTC's procedures. The institution must also ensure that the exchange agent receives a confirmation of book-entry transfer and an agent's message from DTC confirming the book-entry transfer of your shares of McDonald's common stock. A tender by book-entry transfer through DTC will be completed upon receipt by the exchange agent of an agent's message, book-entry confirmation from DTC and any other required documents. If you do not hold any certificates for these shares, you need not deliver any certificates representing those shares to the exchange agent.

The term "agent's message" means a message, transmitted by DTC to, and received by, the exchange agent, which states that DTC has received an express acknowledgment from the participant in DTC tendering the McDonald's shares that are the subject of the book-entry confirmation, that the participant has received and agrees to be bound by the terms of the letter of transmittal filed as an exhibit to the registration statement of which this Prospectus Offer to Exchange forms a part and that McDonald's may enforce that agreement against the participant.

The exchange agent established an account with respect to the shares of McDonald's common stock at DTC for purposes of the exchange offer within two business days after the date of the Preliminary Prospectus Offer to Exchange dated September 8, 2006, and any financial institution that is a participant in DTC may make book-entry delivery of the shares of McDonald's common stock by causing DTC to transfer such shares into the exchange agent's account at DTC in accordance with DTC's procedure for the transfer. **Delivery of documents to DTC does not constitute delivery to the exchange agent.**

Shares Held in Book-Entry Form Through DTC. If you are a participant in the DTC's book-entry transfer facility, you should follow the same procedures that are applicable to a person holding shares through a broker, dealer, commercial bank, trust company or similar institution as described above.

Shares Held Through McDonald's Employee Benefit Plans. If you hold your shares through the McDonald's Corporation Profit Sharing and Savings Plan or the McDonald's Ventures 401(k) Plan, you do not need to take any action with respect to the exchange offer. An independent fiduciary appointed under those plans will determine whether to exchange shares of McDonald's common stock held in such plans for the benefit of employees and former employees of McDonald's and their beneficiaries. The ability of persons who hold shares of McDonald's common stock through an employee benefit plan administered outside the United States to tender shares of McDonald's common stock in the exchange offer will depend on local law governing similar transactions in countries where such shareholders are located.

General Instructions. **Do not send letters of transmittal or certificates for shares of McDonald's common stock to McDonald's, Chipotle, the dealer manager or the information agent**. Letters of transmittal and certificates should be sent only to the exchange agent and only to its address listed on the back cover of this Prospectus Offer to Exchange. In each case, shareholders must provide, and the exchange agent must receive before the expiration of the exchange offer, the shares and other documents applicable to such shares, as described above.

Trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity who sign the letter of transmittal, notice of guaranteed delivery or any certificates or stock powers must indicate the capacity in which they are signing and must submit proper evidence of their authority to act in that capacity unless waived by McDonald's. Certain other matters regarding signatures and endorsements are described in the letter of transmittal filed as an exhibit to the registration statement of which this Prospectus Offer to Exchange forms a part.

Where letters of transmittal are required, you must return an original executed copy of the letter of transmittal. **Signed facsimiles may not be used in lieu of the original.**

Signature Guarantees. You will not be required to provide signature guarantees on letters of transmittal if shares of McDonald's common stock are tendered either (i) by a registered McDonald's shareholder who has signed the letter of transmittal and has not completed the section entitled "Special Issuance and Delivery Instructions" in the letter of transmittal; or (ii) for the account of an eligible institution. Otherwise, signatures on all letters of transmittal must be Medallion guaranteed by a firm which is a member of the Securities Transfer Agents Medallion Program, or by any other "eligible guarantor institution," as such term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (each of the foregoing being an "eligible institution").

If any certificates for shares of McDonald's common stock are registered in the name of a person other than the person who signs the letter of transmittal, the certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered owner or owners appear on the certificates, with the signature(s) on the certificates or stock powers guaranteed by an eligible institution.

Guaranteed Delivery Procedures. If you wish to tender shares of McDonald's common stock pursuant to the exchange offer but (i) your certificates are not immediately available; (ii) you cannot deliver the shares or other required documents to the exchange agent on or before the expiration date of the exchange offer; or (iii) you cannot comply with the procedures for book-entry transfer on a timely basis, you may still tender your shares of McDonald's common stock, so long as all of the following conditions are satisfied:

- you make your tender by or through an eligible institution;

- on or before the expiration date, the exchange agent must receive a properly completed and duly executed notice of guaranteed delivery, substantially in the form made available by McDonald's, in the manner provided below; and

- within three New York Stock Exchange trading days after the date of execution of such notice of guaranteed delivery, the exchange agent must receive (a) share certificates representing all tendered shares of McDonald's common stock, in proper form for transfer (or, with respect to shares tendered by book-entry transfer through DTC, a confirmation of book-entry transfer with respect to such shares into the exchange agent's account at DTC); (b) a letter of transmittal properly completed and duly executed (including any signature guarantees that may be required) or, in the case of shares delivered by book-entry transfer through DTC, an agent's message; and (c) any other required documents.

Registered shareholders (including any participant in DTC whose name appears on a DTC security position listing as the owner of shares of McDonald's common stock) may transmit the notice of guaranteed delivery by facsimile transmission or mail it to the exchange agent. If you hold shares of McDonald's common stock through a broker, dealer, commercial bank, trust company or similar institution, that institution must submit any notice of guaranteed delivery on your behalf. You must, in all cases, include a Medallion guarantee by an eligible institution in the form set forth in the notice of guaranteed delivery.

Tendering Your Shares After the Final Exchange Ratio Has Been Determined. Subject to the possible automatic extension of the exchange offer period described in the last sentence of this paragraph, the final exchange ratio will be available no earlier than between 4:00 p.m. and 4:30 p.m., New York City time, on the expiration date of the exchange offer. If you are a registered shareholder of McDonald's common stock (which will include persons holding certificated shares, Direct Registration Shares or MCDirect Shares), then it is unlikely that you will be able to deliver an original executed letter of transmittal (and, in the case of certificated shares, your share certificates) to the exchange agent after 4:30 p.m. but prior to the expiration of the exchange offer at midnight. Accordingly, in such a case, if you wish to tender your shares after the final exchange ratio has been determined, you will generally need to do so by means of delivering a notice of guaranteed delivery and complying with the guaranteed delivery procedures described above. You must, in all cases, obtain a Medallion guarantee from an eligible institution in the form set forth in the notice of guaranteed delivery in connection with the delivery of your shares in this manner. A Medallion guarantee can generally be obtained from an eligible institution only before the institution providing that guarantee has closed for the day. If you hold McDonald's common stock through a broker, dealer, commercial bank, trust company or similar institution, that institution must tender your shares on your behalf. DTC is expected to remain open until 5:00 p.m., and institutions may be able to process tenders through DTC during that time (although we cannot assure you that will be the case). Once DTC has closed, participants in DTC whose name appears on a DTC security position listing as the owner of shares of McDonald's common stock, will still be able to tender shares by delivering a notice of guaranteed delivery to the exchange agent via facsimile. If you hold McDonald's common stock through a broker, dealer, commercial bank, trust company or similar institution, that institution must submit any notice of guaranteed delivery on your behalf. It will generally not be possible to direct such an institution to submit a notice of guaranteed delivery once that institution has closed for the day. In addition, any such institution, if it is not an eligible institution, will need to obtain a Medallion guarantee from an eligible institution in the form set forth in the notice of guaranteed delivery in connection with the delivery of those shares. If the limit on the number of shares that can be received for each share of McDonald's common stock tendered is in effect at the expiration of the originally contemplated exchange offer period, then the exchange ratio will be fixed at the limit and the exchange offer will be extended until 12:00 midnight of the second following trading day to permit shareholders to tender their shares of McDonald's common stock during those days.

Representations and Warranties. A tender of shares of McDonald's common stock pursuant to any of the procedures described in this Prospectus Offer to Exchange will constitute your acceptance of the terms and conditions of the exchange offer and your representation and warranty to McDonald's that:

- you have the full power and authority to tender, sell, assign and transfer the tendered shares;
- when McDonald's accepts the shares for exchange pursuant to the exchange offer, McDonald's will acquire good and unencumbered title to such shares, free and clear of all liens, restrictions, charges and encumbrances;
- none of such shares will be subject to an adverse claim at the time McDonald's accepts such shares for exchange;
- you own the shares being tendered within the meaning of Rule 14e-4 promulgated under the Exchange Act; and
- your participation in the exchange offer and tender of such shares complied with Rule 14e-4 and the applicable laws of both the jurisdiction where you received the materials relating to the exchange offer and the jurisdiction from which the tender is being made.

It is a violation of Rule 14e-4 under the Exchange Act for a person, directly or indirectly, to tender shares of McDonald's common stock for such person's own account unless, at the time of tender, the person so tendering (i) has a net long position equal to or greater than the amount of (x) shares of McDonald's common stock tendered; or (y) other securities immediately convertible into or exchangeable or exercisable for the shares of McDonald's common stock tendered and such person will acquire such shares for tender by conversion, exchange or exercise; and (ii) will cause such shares to be delivered in accordance with the terms of the Prospectus Offer to Exchange. Rule 14e-4 provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person.

Appointment of Attorneys-in-Fact. By executing a letter of transmittal as set forth above, you will irrevocably appoint McDonald's designees as your attorneys-in-fact, each with full power of substitution, to the full extent of your rights with respect to your shares of McDonald's common stock tendered and accepted for exchange by McDonald's. That appointment will be effective, and voting rights will be affected, when and only to the extent that McDonald's deposits with the exchange agent the shares of Chipotle class B common stock payable as consideration for shares of McDonald's common stock that you have tendered. All such proxies shall be considered coupled with an interest in the tendered shares of McDonald's common stock and therefore shall not be revocable.

Determination of Validity. McDonald's will determine questions as to the validity, form, eligibility (including time of receipt) and acceptance for exchange of any tender of shares of McDonald's common stock in its sole discretion, and its determination shall be final and binding. McDonald's reserves the absolute right to reject any and all tenders of shares of McDonald's common stock that it determines are not in proper form or the acceptance of or exchange for which may, in the opinion of its counsel, be unlawful. McDonald's also reserves the absolute right to waive any of the conditions of the exchange offer (other than the conditions relating to the absence of an injunction and the effectiveness of the registration statement for the Chipotle class B common stock to be distributed in the exchange offer), or any defect or irregularity in the tender of any shares of McDonald's common stock. **No tender of shares of McDonald's common stock is valid or deemed to be properly made until all defects and irregularities in tenders of such shares have been cured or waived. None of McDonald's, the dealer manager, the exchange agent, the information agent or any other person is or will be under any duty to give notice of any defects or irregularities in the tender of any shares of McDonald's common stock and none of them will incur any liability for failure to give any such notice.** McDonald's interpretation of the terms and conditions of the exchange offer (including the letter of transmittal) will be final and binding.

Binding Agreement. The tender of shares of McDonald's common stock pursuant to any of the procedures described above will constitute a binding agreement between McDonald's and you upon the terms of and subject to the conditions to the exchange offer. Subject to, and effective upon, McDonald's acceptance of the tendered shares of exchange, you will have sold, assigned and transferred to McDonald's, or upon McDonald's order, all right, title and interest in and to such shares.

No alternative, conditional or contingent tenders will be accepted. All tendering shareholders, by delivering a properly executed letter of transmittal or causing an agent's message to be delivered with respect to their shares, waive any right to receive any notice of acceptance of their shares of McDonald's common stock for exchange.

The method used to deliver the shares of McDonald's common stock, the letter of transmittal and all other required documents, including delivery through DTC, is at your election and risk. Delivery of all such documents is not effective until the exchange agent receives such documents (including, in the case of a book-entry transfer through DTC, an agent's message and book-entry confirmation). If delivery is by mail, it is recommended that you send such documents by properly insured registered mail with return receipt requested. In all cases, you should allow sufficient time to ensure timely delivery.

Partial Tenders

If you tender fewer than all the shares of McDonald's common stock evidenced by any share certificate you deliver to the exchange agent, then you will need to fill in the number of shares that you are tendering in the box entitled "Number of Shares Tendered" under the heading "Certificated Shares" in the table on the first page of the letter of transmittal filed as an exhibit to the registration statement of which this Prospectus Offer to Exchange forms a part. In those cases, as soon as practicable after the expiration date, the exchange agent will credit the remainder of the common shares that were evidenced by the certificate(s) but not tendered to a Direct Registration Share account in the name of the registered holder maintained by the McDonald's transfer agent, unless otherwise provided in "Special Issuance and Delivery Instructions" in the letter of transmittal filed as an exhibit to the registration statement of which this Prospectus Offer to Exchange forms a part. Unless you indicate otherwise in your letter of transmittal, all of the common shares represented by share certificates you deliver to the exchange agent will be deemed to have been tendered. No share certificates are expected to be delivered to you, including in respect of any shares delivered to the exchange agent that were previously in certificated form.

Lost or Destroyed Certificates

If your certificate representing shares of McDonald's common stock has been lost, stolen, mutilated or destroyed, and you wish to tender your shares, you will need to provide the information required under the section "Lost, Stolen, Mutilated or Destroyed Certificates" included in the letter of transmittal filed as an exhibit to the registration statement of which this Prospectus Offer to Exchange forms a part. You will also need to pay a surety bond for your lost shares of McDonald's common stock which will cost approximately 3% of the market value of such shares plus a handling fee. Upon receipt of the completed letter of transmittal (appropriately notarized) with the required information and the surety bond payment, your McDonald's common stock will be included in the exchange offer, subject to McDonald's acceptance of your tender for exchange.

Withdrawal Rights

Shares of McDonald's common stock tendered pursuant to the exchange offer may be withdrawn at any time before 12:00 midnight, New York City time, on the expiration date and, unless McDonald's has previously accepted them pursuant to the exchange offer, may also be withdrawn at any time after the expiration of 40 business days from the commencement of the exchange offer. Once McDonald's accepts shares of McDonald's common stock pursuant to the exchange offer, your tender is irrevocable.

In order to withdraw your shares, you (or, in lieu thereof, if you hold your shares through a broker, dealer, commercial bank, trust company or similar institution, that institution on your behalf) must provide a written notice of withdrawal or facsimile transmission notice of withdrawal, a form of which is filed as an exhibit to the registration statement of which this Prospectus Offer to Exchange forms a part and which is available from the information agent, to the exchange agent at its address set forth on the back cover of this Prospectus Offer to Exchange. Such notice must include your name, address, social security number, the certificate number(s) (if applicable) and the number of shares of McDonald's common stock to be withdrawn, and, if it is different from that of the person who tendered those shares, the name of the registered holder (which may be the institution through which you hold your shares, if applicable).

If you hold your shares through a broker, dealer, commercial bank, trust company or similar institution, you should consult that institution on the procedures you must comply with and the time by which such procedures must be completed in order for that institution to provide a written notice of withdrawal or facsimile notice of withdrawal to the exchange agent on your behalf before 12:00 midnight, New York City time, on the expiration date. If you hold your shares through such an institution, that institution must deliver the notice of withdrawal with respect to any shares you wish to withdraw. In such a case, as a beneficial owner and not a registered shareholder, you will not be able to provide a notice of withdrawal for such shares directly to the exchange agent.

If certificates were delivered or otherwise identified to the exchange agent, the name of the registered holder and the serial numbers of the particular certificates evidencing the shares of McDonald's common stock withdrawn must also be furnished to the exchange agent, as stated above, before the shares represented by such certificates will be credited in book-entry form as described below in " Extension; Termination; Amendment." If shares of McDonald's common stock were tendered pursuant to the procedures for book-entry tender discussed in " Procedures for Tendering," any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn shares and must otherwise comply with DTC's procedures.

McDonald's will determine all questions as to the validity, form and eligibility (including time of receipt) of any notice of withdrawal in its sole discretion, and its determination shall be final and binding. None of McDonald's, the dealer manager, the exchange agent, the information agent or any other person is under any duty to give notice of any defects or irregularities in any notice of withdrawal and none of them will incur any liability for failure to give any such notice.

Any shares of McDonald's common stock properly withdrawn will be deemed not to have been validly tendered for purposes of the exchange offer. However, you may retender withdrawn shares of McDonald's common stock by following one of the procedures discussed in " Procedures for Tendering" at any time before the expiration of the exchange offer.

Except as otherwise provided above, any tender made under the exchange offer is irrevocable.

Withdrawing Your Shares After the Final Exchange Ratio Has Been Determined. Subject to the possible automatic extension of the exchange offer described in the last sentence of this paragraph, the final exchange ratio will be available no earlier than between 4:00 p.m. and 4:30 p.m., New York City time, on the expiration date of the exchange offer. If you are a registered shareholder of McDonald's common stock (which will include persons holding certificated shares, Direct Registration Shares or MCDirect Shares) and you wish to withdraw your shares after the final exchange ratio has been determined, then you must deliver a written notice of withdrawal or facsimile transmission notice of withdrawal to the exchange agent prior to midnight, New York City time, on the expiration date, in the form of the notice of withdrawal provided by McDonald's. Medallion guarantees will not be required for such withdrawal notices. If you hold McDonald's common stock through a broker, dealer, commercial bank, trust company or similar institution, any notice of withdrawal must be delivered by that institution on your behalf. DTC is expected to remain open until 5:00 p.m., and institutions may be able to process withdrawals through DTC during that time (although we cannot assure you that will be the case). Once DTC has closed, if you beneficially own shares that were previously delivered through DTC, then in order to withdraw your shares the institution through which your shares are held must deliver a written notice of withdrawal or facsimile transmission notice of withdrawal to the exchange agent prior to 12:00 midnight, New York City time, on the expiration date. Such notice of withdrawal must be in the form of DTC's notice of withdrawal and must specify the name and number of the account at DTC to be credited with the withdrawn shares and must otherwise comply with DTC's procedures. Shares can be withdrawn only if the exchange agent receives a withdrawal notice directly from the relevant institution that tendered the shares through DTC. On the last day of the exchange offer, beneficial owners who cannot contact the institution through which they hold their shares will not be able to withdraw their shares.

If the limit on the number of shares that can be received for each share of McDonald's common stock tendered is in effect at the expiration of the originally contemplated exchange offer period, then the exchange ratio will be fixed at the limit and the exchange offer will be extended until 12:00 midnight of the second following trading day, which will permit shareholders to withdraw their shares of McDonald's common stock during those days.

Delivery of Chipotle Class B Stock; Book-Entry Accounts

Physical certificates representing shares of Chipotle class B common stock will not be issued pursuant to the exchange offer. Rather than issuing physical certificates for such shares to tendering shareholders, the exchange agent will cause shares of Chipotle class B common stock to be credited in book-entry form to direct registered accounts maintained by Chipotle's transfer agent for the benefit of the respective holders (or, in the case of shares tendered through DTC, to the account of DTC so that DTC can credit the relevant DTC participant and such participant can credit its respective account holders). Promptly following the crediting of shares to your respective direct registered account, you will receive a statement from Chipotle's transfer agent evidencing your holdings, as well as general information on the book-entry form of ownership.

If shares of Chipotle class B common stock are to be issued to a person other than the signer of the letter of transmittal, a check is to be issued in the name of, and/or shares of McDonald's common stock not tendered or not accepted for exchange in the exchange offer are to be issued or returned to, a person other than the signer of the letter of transmittal, or a check is to be mailed to a person other than the signer of the letter of transmittal or to an address other than that shown in the box on the first page of the letter of transmittal, then the appropriate instructions under "Special Issuance and Delivery Instructions" in the letter of transmittal filed as an exhibit to the registration statement of which this Prospectus Offer to Exchange forms a part will need to be completed. If no such instructions are given, all such shares not accepted for exchange in the exchange offer will be credited in book-entry form in the tendering shareholder's Direct Registration Share account maintained by McDonald's transfer agent.

With respect to any shares tendered through DTC, a shareholder may request that shares not exchanged be credited to a different account maintained at DTC by providing the appropriate instructions pursuant to DTC's applicable procedures. If no such instructions are given, all such common shares not accepted will be returned by crediting the same account at DTC as the account from which such shares of McDonald's common stock were delivered.

You are not required to maintain a book-entry direct registered account, and you may obtain a stock certificate for all or a portion of your shares of Chipotle class B common stock received as part of the exchange offer at no cost to you. To obtain instructions describing how you can obtain stock certificates you should contact Chipotle's transfer agent.

Extension; Termination; Amendment

McDonald's expressly reserves the right, in its sole discretion, for any reason, which may include the non-satisfaction of any of the conditions to completion of the exchange offer described under " Conditions to Completion of the Exchange Offer," to extend the period of time during which the exchange offer is open or to amend the terms of the exchange offer in any respect, including changing the method to be used to calculate the exchange ratio.

If McDonald's materially changes the terms of or information concerning the exchange offer, it will extend the exchange offer. The SEC has stated that, as a general rule, it believes that an offer should remain open for a minimum of five business days from the date that notice of a material change is first given. The length of time will depend on the particular facts and circumstances. Subject to the preceding paragraph, the exchange offer will be extended so that it remains open for a minimum of ten business days following the announcement if:

- McDonald's changes the method for calculating the number of shares of Chipotle class B common stock offered in exchange for each share of McDonald's common stock, the number of shares of McDonald's common stock eligible for exchange or the dealer manager's fees; and

- the exchange offer is scheduled to expire within ten business days of announcing any such change.

If any of the conditions indicated in the next section, " Conditions to Completion of the Exchange Offer," have not been met before the expiration of the exchange offer, McDonald's expressly reserves the right, in its sole discretion, to extend the exchange offer or to terminate the exchange offer and not accept for exchange any shares of McDonald's common stock.

If McDonald's extends the exchange offer, is delayed in accepting any shares of McDonald's common stock or is unable to accept for exchange any shares of McDonald's common stock under the exchange offer for any reason, then, without affecting McDonald's rights under the exchange offer, the exchange agent may, on McDonald's behalf, retain all shares of McDonald's common stock tendered. These shares of McDonald's common stock may not be withdrawn except as provided in " Withdrawal Rights" above. McDonald's ability to delay acceptance of any shares of McDonald's common stock is subject to applicable law, which requires that McDonald's pay the consideration offered or return the shares of McDonald's common stock deposited promptly after the termination or withdrawal of the exchange offer.

McDonald's will issue a press release or other public announcement no later than 9:00 a.m., New York City time, on the next business day following any extension, amendment, non-acceptance or termination of the previously scheduled expiration date. Subject to applicable law (including Rules 13e-4(d), 13e-4(e)(3) and 14e-1 under the Exchange Act, which require that any material change in the information published, sent or given to shareholders in connection with the exchange offer be promptly disclosed to shareholders in a manner reasonably designed to inform them of the change) and without limiting the manner in which McDonald's may choose to make any public announcement, McDonald's has no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to the Dow Jones Newswires or PR Newswire.

Automatic Extension

Maximum Limit Extension. McDonald's will announce whether the limit on the number of shares that can be received for each share of McDonald's common stock tendered is in effect at the expiration of the originally contemplated exchange offer period, through www.chipotleexchange.com and by press release, no later than 4:30 p.m. on the original expiration date. If the limit is in effect at that time, then the exchange ratio will be fixed at the limit and the exchange offer will be extended until 12:00 midnight of the second following trading day, which will permit shareholders to tender or withdraw their shares of McDonald's common stock during those days.

Market Disruption Event. If a market disruption event occurs with respect to the McDonald's common stock or the Chipotle class A common stock on either of the two days during which the value of each share of McDonald's common stock and Chipotle class B common stock was originally expected to be determined, the exchange offer period will be automatically extended and the value of each share of McDonald's common stock and Chipotle class B common stock will be determined on the immediately succeeding trading day or days, as the case may be, on which no market disruption event occurs with respect to both the McDonald's common stock and the Chipotle class A common stock. If, however, such a market disruption event occurs as specified above and continues for a period of at least five consecutive trading days, McDonald's may terminate the exchange offer if, in McDonald's reasonable judgment, the continuing market disruption event has impaired the benefits of the exchange offer.

A market disruption event with respect to either the McDonald's common stock or the Chipotle class A common stock means a suspension, absence or material limitation of trading of such stock on the New York Stock Exchange for more than two hours of trading or a breakdown or failure in the price and trade reporting systems of the New York Stock Exchange as a result of which the reported trading prices for the McDonald's common stock or the Chipotle class A common stock, as the case may be, during any half-hour trading period during the principal trading session in the New York Stock Exchange are materially inaccurate, as determined by McDonald's or the exchange agent in its sole discretion, on the day with respect to which such determination is being made. For purposes of such determination: (i) a limitation on the hours or number of days of trading will not constitute a market disruption event if it results from an announced change in the regular business hours of the New York Stock Exchange; and (ii) limitations pursuant to New York Stock Exchange Rule 80A (or any applicable rule or regulation enacted or promulgated by the New York Stock Exchange, any other self-regulatory organization or the SEC of similar scope as determined by McDonald's or the exchange agent) on trading during significant market fluctuations shall constitute a suspension, absence or material limitation of trading.

General. McDonald's will issue a press release or other public announcement no later than 9:00 a.m., New York City time, on the next business day following any such extension. Subject to applicable law (including Rules 13e-4(d), 13e-4(e)(3) and 14e-1 under the Exchange Act, which require that any material change in the information published, sent or given to shareholders in connection with the exchange offer be promptly disclosed to shareholders in a manner reasonably designed to inform them of the change) and without limiting the manner in which McDonald's may choose to make any public announcement, McDonald's has no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to the Dow Jones Newswires or PR Newswire.

Conditions to Completion of the Exchange Offer

McDonald's will not be required to complete the exchange offer unless at least 4,961,990 shares of Chipotle class B common stock would be distributed in exchange for shares of McDonald's common stock that are validly tendered and not properly withdrawn prior to the expiration of the exchange offer. This number of shares of Chipotle class B common stock represented about 30% of the outstanding shares of Chipotle class B common stock held by McDonald's as of September 7, 2006.

In addition, McDonald's will not be required to accept shares for exchange, and may extend, terminate or amend the exchange offer if:

- any condition or event occurs, or McDonald's reasonably expects any condition or event to occur, which McDonald's reasonably believes would or would be likely to cause the exchange offer to be taxable to McDonald's or its shareholders under U.S. federal income tax laws;

- the opinion of counsel to the effect that, for U.S. federal income tax purposes, the split-off and, if applicable, any spin-off, will generally be tax-free to McDonald's and its shareholders (except with respect to cash received in lieu of a fractional share) is withdrawn or otherwise ceases to be effective;

- McDonald's notifies Chipotle that it is in good faith pursuing a transaction involving Chipotle (including, without limitation, a merger, consolidation, share sale or exchange, business combination, reorganization or recapitalization) that is reasonably likely to be consummated and is on terms that McDonald's and a majority of the independent directors of Chipotle determine, in their good faith judgment, to be more favorable to Chipotle and McDonald's than the exchange offer;

- any of the following events occurs or will imminently occur:

  - any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market in the United States;

  - any extraordinary or material adverse change in U.S. financial markets generally, including, without limitation, a decline of at least 10% in either the Dow Jones Average of Industrial Stocks or the Standard & Poor's 500 Index from the closing level established on September 7, 2006;

  - a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States;

  - a commencement of a war (whether declared or undeclared), armed hostilities or other national or international calamity, including an act of terrorism, directly or indirectly involving the United States, which would reasonably be expected to affect materially and adversely, or to delay materially, the completion of the exchange offer;

  - if any of the situations described in the immediately preceding four bullet points exists, as of the date of the commencement of the exchange offer, the situation deteriorates materially;

  - a material adverse change in the business, condition (financial or other), results of operations or stock price of Chipotle, which is referred to in this Prospectus Offer to Exchange as a "Business MAC," provided that none of the following shall be deemed, in and of itself, to constitute a Business MAC: (i) any failure to meet published analyst forecasts; or (ii) the recognition of any restructuring or similar accounting charge which does not or will not have any effect on the cash flows of the business after September 7, 2006 (clause (i) does not exclude from the definition of a Business MAC the events or factors which may have given rise to clause (i), but only (i) itself);

a material adverse change in the business, prospects, condition (financial or other) or results of operations of McDonald's;

any breaches of any of Chipotle's covenants or agreements with McDonald's set forth in the separation agreement described in "Agreements Between McDonald's and Chipotle and Other Related Party Transactions," which breaches in the aggregate have had or are reasonably likely to have a material adverse effect on the expected benefits to McDonald's of the exchange offer;

any action, litigation, suit, claim or proceeding is instituted that would be reasonably likely to enjoin, prohibit, restrain, make illegal, make materially more costly or materially delay completion of the exchange offer;

any order, stay, judgment or decree is issued by any U.S. federal or state court, government, governmental authority or other regulatory or administrative authority having jurisdiction over McDonald's and Chipotle and is in effect, or any law, statute, rule, regulation, legislation, interpretation, governmental order or injunction shall have been enacted or enforced, any of which would reasonably be likely to restrain, prohibit or delay completion of the exchange offer or materially impair the contemplated benefits of the exchange offer to McDonald's or Chipotle;

the registration statement on Form S-4 of which this Prospectus Offer to Exchange is a part shall not have become effective under the Securities Act prior to 5:00 p.m. on the expiration date of the exchange offer;

any stop order suspending the effectiveness of the registration statement of which this Prospectus Offer to Exchange forms a part has been issued, or any proceeding for that purpose has been initiated by the SEC and not concluded or withdrawn; or

the shares of Chipotle class B common stock issuable in the exchange offer have not been approved for listing on the New York Stock Exchange, subject to official notice of issuance, prior to the expiration of the exchange offer;

a market disruption event occurs with respect to the McDonald's common stock or the Chipotle class A common stock on either of the two days during which the value of each share of McDonald's common stock and Chipotle class B common stock was originally expected to be determined and continues for a period of at least five consecutive business days and such market disruption event has, in McDonald's reasonable judgment, impaired the benefits of the exchange offer.

If any of the above events occurs, McDonald's may:

terminate the exchange offer and as promptly as practicable return all tendered shares of McDonald's common stock to tendering shareholders;

extend the exchange offer and, subject to the withdrawal rights described in " Withdrawal Rights" above, retain all tendered shares of McDonald's common stock until the extended exchange offer expires;

amend the terms of the exchange offer; or

waive the unsatisfied condition (except the conditions relating to the absence of an injunction and the effectiveness of the registration statement for the Chipotle class B common stock to be distributed in the exchange offer) and, subject to any requirement to extend the period of time during which the exchange offer is open, complete the exchange offer.

These conditions are for the sole benefit of McDonald's. McDonald's may assert these conditions with respect to the exchange offer regardless of the circumstances giving rise to them. McDonald's may waive any condition in whole or in part at any time in its sole discretion, subject to applicable law. McDonald's failure to exercise its rights under any of the above conditions does not represent a waiver of these rights. Each right is an ongoing right which may be asserted at any time. However, all conditions to completion of the exchange offer must be satisfied or waived by McDonald's before the expiration of the exchange offer. Any determination by McDonald's concerning the conditions described above will be final and binding upon all parties.

If a stop order issued by the SEC is in effect with respect to the registration statement of which this Prospectus Offer to Exchange forms a part, McDonald's will not accept any shares of McDonald's common stock tendered and will not exchange shares of Chipotle common stock for any shares of McDonald's common stock.

Fees and Expenses

Morgan Stanley & Co. Incorporated is acting as dealer manager in connection with the exchange offer. In that capacity, Morgan Stanley will, among other things, assist McDonald's in connection with the exchange offer. Morgan Stanley will receive a customary fee for its services as dealer manager and financial advisor to McDonald's, in addition to being reimbursed by McDonald's for its reasonable out-of-pocket expenses, including attorneys' fees, and by Chipotle for certain other expenses, in connection with the exchange offer. The foregoing fees will be payable if and when the exchange offer is completed. Morgan Stanley has in the past provided investment banking services to McDonald's and its affiliates and to Chipotle, including acting as co-lead manager in connection with the initial public offering and secondary offering of Chipotle class A common stock, for which Morgan Stanley received customary compensation.

McDonald's and Chipotle have agreed to indemnify Morgan Stanley against specified liabilities related to this transaction, including civil liabilities under the federal securities laws, and to contribute to payments that Morgan Stanley may be required to make in respect thereof. In the ordinary course of business, Morgan Stanley is engaged in securities trading and brokerage activities as well as investment banking and financial advisory services. In the ordinary course of its trading and brokerage activities, Morgan Stanley and certain of its affiliates may from time to time hold positions of McDonald's common stock or Chipotle class A common stock or, after the completion of the exchange offer, Chipotle class B common stock in their respective proprietary accounts or those of their customers, and to the extent they hold shares of McDonald's common stock in these accounts at the time of the exchange offer, Morgan Stanley or certain of its respective affiliates may tender these shares, although it will not receive any fees in connection with those tenders.

McDonald's has retained Georgeson Inc. to act as the information agent and Computershare Trust Company, N.A. to act as the exchange agent in connection with the exchange offer. The information agent may contact holders of shares of McDonald's common stock by mail, e-mail, telephone, facsimile transmission and personal interviews and may request brokers, dealers, commercial banks, trust companies and similar institutions and other nominee shareholders to forward materials relating to the exchange offer to beneficial owners. The information agent and the exchange agent each will receive reasonable compensation for their respective services, will be reimbursed for reasonable out-of-pocket expenses and will be indemnified against liabilities in connection with their services, including liabilities under the federal securities laws.

Neither the information agent nor the exchange agent has been retained to make solicitations or recommendations. The fees they receive will not be based on the number of shares of McDonald's common stock tendered under the exchange offer; however, the exchange agent will be compensated in part on the basis of the number of letters of transmittal received.

McDonald's will pay each soliciting dealer a solicitation fee of $0.10 per share, up to a maximum of 1,000 shares per tendering shareholder, for each share of McDonald's common stock tendered and accepted for exchange pursuant to the exchange offer if that soliciting dealer has affirmatively solicited and obtained such tender, except that no solicitation fee shall be payable (i) in connection with a tender of

McDonald's common stock by a shareholder (A) tendering more than 5,000 shares or (B) tendering from a country outside of the United States; or (ii) to Morgan Stanley as dealer manager. "Soliciting dealer" includes (i) any broker or dealer in securities which is a member of any national securities exchange in the United States or of the NASD, Inc.; or (ii) any bank or trust company located in the United States. In order for a soliciting dealer to receive a solicitation fee with respect to the tender of shares of McDonald's common stock, the exchange agent must have received either (i) a properly completed and duly executed letter of transmittal; or (ii) an agent's message, depending on whether the shares are held in certificated form or by a broker, dealer, commercial bank, trust company or similar institution or in book-entry form. Soliciting dealers are not entitled to a solicitation fee with respect to shares of McDonald's stock beneficially owned by such soliciting dealer or with respect to any shares that are registered in the name of a soliciting dealer unless the shares are held by such soliciting dealer as nominee and are tendered for the benefit of the beneficial holders of such shares.

Soliciting dealers should take care to ensure that proper records are kept to document their entitlement to any solicitation fee. McDonald's and the exchange agent reserve the right to require additional information at their discretion, as deemed warranted.

McDonald's, in its sole discretion, will determine all questions as to the validity, form and eligibility (including time of receipt) of all notices of solicited tenders (on the form attached to the letter to brokers filed as an exhibit to the registration statement of which this Prospectus Offer to Exchange forms a part), which determination will be final and binding. Neither the exchange agent nor any other person will be under any duty to notify a soliciting dealer of any defects or irregularities in any notice of solicited tenders, nor will any of them incur any liability for failure to give such notification. If a notice of solicited tenders is not received by the exchange agent within three New York Stock Exchange trading days after the expiration of the exchange offer, no solicitation fee will be paid to such soliciting dealer. No soliciting fee shall be payable to a soliciting dealer if such soliciting dealer is required for any reason to transfer the amount of the fee to a tendering holder (other than itself).

Soliciting dealers will include any of the organizations described above even if the activities of those organizations in connection with the exchange offer consist solely of forwarding to clients material relating to the exchange offer, including the Prospectus Offer to Exchange and the related letter of transmittal, and tendering shares of McDonald's common stock as directed by beneficial owners thereof. Under no circumstances, however, will any fee be paid more than once with respect to any share of McDonald's common stock. No soliciting dealer is required to make any recommendation to holders of shares of McDonald's common stock as to whether to tender or refrain from tendering in the exchange offer. No assumption is made, in making payment to any soliciting dealer, that its activities in connection with the exchange offer included any activities other than those described above, and for all purposes noted in all materials relating to the exchange offer, the term "solicit" shall, with regard to soliciting dealers, mean no more than processing shares of McDonald's common stock tendered or forwarding to customers materials regarding the exchange offer.

Other than fees paid to Morgan Stanley, the information agent and soliciting dealers, McDonald's will not pay any fees or commissions to any broker or dealer or any other person for soliciting tenders of shares of McDonald's common stock under the exchange offer. McDonald's will, upon request, reimburse brokers, dealers, commercial banks and trust companies for reasonable and necessary costs and expenses they incurred in forwarding materials to their customers.

No broker, dealer, commercial bank, trust company or similar institution shall be deemed to be the agent of McDonald's, Chipotle, Morgan Stanley, the information agent or the exchange agent for purposes of the exchange offer.

Legal and Other Limitations; Certain Matters Relating to Non-U.S. Jurisdictions

Legal and Other Limitations. This document is not an offer to sell or exchange and it is not a solicitation of an offer to buy any shares of McDonald's common stock or Chipotle class B common stock in any jurisdiction in which the offer, sale or exchange is not permitted. McDonald's is not aware of any jurisdiction, except as provided below, where the making of the exchange offer or its acceptance would not be legal. If McDonald's learns of any jurisdiction where making the exchange offer or its acceptance would not be permitted, McDonald's intends to make a good faith effort to comply with the relevant law in order to enable such offer and acceptance to be permitted. If, after such good faith effort, McDonald's cannot comply with such law, McDonald's will determine whether the exchange offer will be made to and whether tenders will be accepted from or on behalf of persons who are holders of shares of McDonald's common stock residing in the jurisdiction.

In any jurisdiction in which the securities or blue sky laws require the exchange offer to be made by a licensed broker or dealer, the exchange offer may be made on McDonald's behalf by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

Certain Matters Relating to Non-U.S. Jurisdictions. Although McDonald's has mailed the Preliminary Prospectus Offer to Exchange dated September 8, 2006 to its shareholders to the extent required by U.S. law, including to shareholders located outside the United States, this Prospectus Offer to Exchange is not an offer to sell or exchange and it is not a solicitation of an offer to buy any shares of McDonald's common stock or Chipotle class B common stock in any jurisdiction in which such offer, sale or exchange is not permitted. Countries outside the United States generally have their own legal requirements that govern securities offerings made to persons resident in those countries and often impose stringent requirements about the form and content of offers made to the general public. McDonald's has not taken any action under those non-U.S. regulations to facilitate a public offer to exchange the Chipotle class B common stock outside the United States. Therefore, the ability of any non-U.S. person to tender McDonald's common stock in the exchange offer will depend on whether there is an exemption available under the laws of such person's home country that would permit the person to participate in the exchange offer without the need for McDonald's to take any action to facilitate a public offering in that country or otherwise. For example, some countries exempt transactions from the rules governing public offerings if they involve persons who meet certain eligibility requirements relating to their status as sophisticated or professional investors.

All tendering holders must make certain representations in the letter of transmittal, including (in the case of non-U.S. holders) as to the availability of an exemption under their home country laws that would allow them to participate without the need for McDonald's to take any action to facilitate a public offering in that country or otherwise. McDonald's will rely on those representations and, unless the exchange offer is terminated, plans to accept shares tendered by persons who properly complete the letter of transmittal and provide any other required documentation on a timely basis and as otherwise described herein.

The restrictions set out below apply to persons in the specified countries. There may be additional restrictions that apply in other countries. Non-U.S. shareholders should consult their advisors in considering whether they may participate in the exchange offer in accordance with the laws of their home countries and, if they do participate, whether there are any restrictions or limitations on transactions in the Chipotle class B common stock that may apply in their home countries. McDonald's, Chipotle and the dealer manager cannot provide any assurance about whether such limitations may exist.

Australia

This Prospectus Offer to Exchange does not constitute a disclosure document under Part 6D.2 of the Australian Corporations Act and has not been, and will not be, lodged with the Australian Securities and Investments Commission. No offer of securities is being made in Australia, and the distribution or receipt of this document in Australia does not constitute an offer of securities capable of acceptance by any person in Australia, except in the limited circumstances described below relying on certain exemptions in section 708 of the Australian Corporations Act. This document only constitutes an offer in Australia for exchange of shares of Chipotle class B common stock to persons who are able to demonstrate that they fall within one or more of the following categories of investors ("Exempt Investors"):

(i) "professional investors" referred to in section 708(11) and as defined in section 9 of the Australian Corporations Act. For instance, this includes Australian financial services licensees, certain APRA regulated institutions, trustees of certain kinds of superannuation funds, persons who control at least $10 million, listed entities, and certain investment funds;

(ii) "sophisticated investors" that meet the criteria set out in section 708(8) of the Australian Corporations Act. This includes persons who have a certificate from an accountant (issued in the last 6 months) to indicate that the person has net assets of at least A$2.5 million, or gross income for each of the last 2 years of at least A$250,000;

(iii) investors who receive the offer through an Australian financial services licensee, where all of the criteria set out in section 708(10) of the Australian Corporations Act are satisfied. These criteria relate (amongst other things) to the licensee's knowledge of the investor's experience in investing in securities; or

(iv) a senior manager of McDonald's (or a related body, including a subsidiary), their spouse, parent, child, brother or sister, or a body corporate controlled by any of those persons, as referred to in section 708(12) of the Australian Corporations Act. A senior manager is defined as a person (other than a director or secretary of the corporation) who makes, or participates in making, decisions that affect the whole or a substantial part of the business of the corporation; or has the capacity to affect significantly the corporation's financial standing.

The provisions of the Australian Corporations Act that define these categories of Exempt Investors are complex, and if you are in any doubt as to whether you fall within one of these categories, you should seek appropriate professional advice regarding these provisions.

As any offer for the exchange of shares of Chipotle class B common stock under this Prospectus Offer to Exchange will be made without disclosure in Australia under Part 6D.2, the offer of those securities for resale in Australia within 12 months of their sale may, under section 707(5) of the Australian Corporations Act, require disclosure to investors under Part 6D.2 if none of the exemptions in section 708 apply to that resale. Accordingly, any person to whom securities are sold pursuant to this document should not, within 12 months after the sale, offer (or transfer, assign or otherwise alienate) those securities to investors in Australia except in circumstances where disclosure to investors is not required under Part 6D.2 or unless a compliant disclosure document is prepared and lodged with the Australian Securities and Investments Commission. As noted above, Chapter 6D of the Australian Corporations Act is complex, and if in any doubt as to the application or effect of this legislation, you should confer with your professional advisors.

This document is intended to provide general information only and has been prepared by McDonald's without taking into account any particular person's objectives, financial situation or needs. Recipients should, before acting on this information, consider the appropriateness of this information having regard to their personal objectives, financial situation or needs. Recipients should review and consider the contents of this document and obtain financial advice (or other appropriate professional advice) specific to their situation before making any decision to accept the transfer of the securities.

Canada

The exchange offer is not being made directly or indirectly in, nor is the exchange offer capable of acceptance from, Canada or by use of the mails, or any means or instrumentality of Canada and cannot be accepted by any such use, means or instrumentality or otherwise from within Canada. Copies of the

Prospectus Offer to Exchange and any related offering documents are being mailed to holders of McDonald's common stock with registered addresses in Canada for information purposes only.

No prospectus or other filing in relation to the exchange offer or the Chipotle class B common stock to be exchanged pursuant thereto has been filed with any securities regulatory authority in Canada. Accordingly, the exchange offer may not be made in, and no Chipotle class B common stock to be exchanged pursuant to the exchange offer may be offered, sold, re-sold or delivered, directly or indirectly, in or into Canada in the absence of a prospectus or an exemption from the prospectus requirements of the applicable securities legislation in Canada.

European Economic Area

In relation to each Relevant Member State, no offer to the public of any shares of Chipotle class B common stock as contemplated by this document may be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any such shares of Chipotle class B common stock may be made at any time under the following exemptions under the Prospectus Directive, to the extent those exemptions have been implemented in that Relevant Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) by any managers to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the dealer manager for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of such shares of Chipotle class B common stock shall result in a requirement for the publication by McDonald's or any manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares of Chipotle class B common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of Chipotle class B common stock to be offered so as to enable an investor to decide to exchange for any shares of Chipotle class B common stock, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

This Prospectus Offer to Exchange has been prepared on the basis that all offers of such shares of Chipotle class B common stock will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the EEA, from the requirement to produce a prospectus for offers of such shares of Chipotle class B common stock. Accordingly any person making or intending to make any offer within the EEA of shares of Chipotle class B common stock which are the subject of the placement contemplated in this document should only do so in circumstances in which no obligation arises for McDonald's or any dealer manager to produce a prospectus for such offer. Neither McDonald's nor any dealer manager have authorized, nor do they authorize, the making of any offer of such shares of Chipotle class B common stock through any financial intermediary, other than offers made by the dealer manager which constitute the final placement of such shares of Chipotle class B common stock contemplated in this document.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any shares of Chipotle class B common stock under, the offer contemplated in this document will be deemed to have represented, warranted and agreed to and with the dealer manager and McDonald's that in the case of any shares of Chipotle class B common stock acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the shares of Chipotle class B common stock acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the dealer manager has been given to the offer or resale; or (ii) where shares of Chipotle class B common stock have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those shares of Chipotle class B common stock to it is not treated under the Prospectus Directive as having been made to such persons.

Japan

The exchange offer is not being made directly or indirectly in, nor is the exchange offer capable of acceptance from, Japan. Copies of the Prospectus Offer to Exchange and any related offering documents are being mailed to holders of McDonald's common stock with registered addresses in Japan for information purposes only.

United Kingdom

This Prospectus Offer to Exchange is only being distributed to and directed at (i) persons outside the United Kingdom, (ii) investment professionals falling within Article 19(5) of the Order or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons, "relevant persons"). Shares of Chipotle class B common stock are only available to, and any invitation, offer or agreement to subscribe or otherwise acquire such shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

SPIN-OFF OF CHIPOTLE CLASS B COMMON STOCK

McDonald's will distribute in a spin-off to its shareholders, on a pro rata basis, all of its remaining shares (if any) of Chipotle class B common stock promptly following the completion of the exchange offer. The spin-off will be a special dividend distribution with respect to McDonald's common stock, and the record date for holders to receive shares in any spin-off will be set promptly following the expiration of the exchange offer.

Fractional shares will not be distributed in any spin-off. The exchange agent, acting in its ongoing capacity as transfer agent for the McDonald's shareholders otherwise entitled to receive a fractional share of Chipotle class B common stock, will aggregate all fractional shares that would have otherwise been required to be distributed and cause them to be sold in the open market for the accounts of these shareholders. The proceeds that the exchange agent may realize from the sale of the fractional shares will be distributed, less any brokerage commissions or other fees, to each shareholder entitled thereto in accordance with the shareholder's fractional interest in the aggregate number of shares sold. None of McDonald's, Chipotle, the exchange agent or the dealer manager will guarantee any minimum proceeds from the sale of fractional shares of Chipotle class B common stock, and no interest will be paid on these proceeds. Generally, a shareholder who receives cash in lieu of a fractional share of Chipotle class B common stock will recognize gain or loss for U.S. federal income tax purposes on the receipt of the cash to the extent that the cash received exceeds the tax basis allocated to the fractional share. You are urged to read carefully the discussion in "U.S. Federal Income Tax Consequences" and to consult your own tax advisor regarding the consequences to you of any spin-off.

MARKET PRICES AND DIVIDEND INFORMATION

Shares of McDonald's Common Stock and Dividends

The following table describes the per share range of high and low sales prices for shares of McDonald's common stock for the quarterly periods indicated, as reported by the New York Stock Exchange. Shares of McDonald's common stock are listed on the New York Stock Exchange under the symbol "MCD."

	McDonald's Common Stock	
	High	**Low**
2004		
First Quarter	$ 29.98	$ 24.54
Second Quarter	29.43	25.05
Third Quarter	28.25	25.64
Fourth Quarter	32.96	27.31
2005		
First Quarter	$ 34.56	$ 30.81
Second Quarter	31.91	27.74
Third Quarter	35.03	27.36
Fourth Quarter	35.69	31.48
2006		
First Quarter	$ 36.75	$ 33.20
Second Quarter	35.99	31.73
Third Quarter (through September 28, 2006)	40.06	32.75

As of August 31, 2006, there were approximately 253,506 shareholders of record of shares of McDonald's common stock.

On September 7, 2006, the last New York Stock Exchange trading day before the initial filing of the registration statement of which this Prospectus Offer to Exchange forms a part, the closing sales price per share of McDonald's common stock as reported by the New York Stock Exchange was $36.52. On September 28, 2006, the closing sales price per share of McDonald's common stock as reported by the New York Stock Exchange was $39.59.

The market prices of McDonald's common stock are subject to fluctuation. The exchange ratio will be set in part based on the market price of McDonald's common stock. As a result, you should obtain current market quotations for the shares of McDonald's common stock before deciding to tender your shares of McDonald's common stock. No one can assure you what the market price of shares of McDonald's common stock will be before, on or after the date on which the exchange offer is completed.

McDonald's has paid dividends on its common stock for the past 30 consecutive years through 2005 and has increased the dividend amount at least once every year. On September 27, 2006, McDonald's announced an increase in its annual dividend to $1.00 per share, payable on December 1, 2006 to shareholders of record as of November 15, 2006. As in the past, further dividends will be considered after reviewing dividend yields, profitability expectations and financing needs and will be declared at the discretion of McDonald's board of directors.

Shares of Chipotle Class A and Class B Common Stock and Dividends

The following table describes the per share range of high and low sales prices for shares of Chipotle class A common stock for the quarterly periods indicated, as reported by the New York Stock Exchange. Shares of Chipotle class A common stock commenced trading on the New York Stock Exchange on January 26, 2006 under the symbol "CMG."

	Chipotle Class A Common Stock	
	High	Low
2006		
First Quarter (from January 26, 2006)	$ 56.75	$ 39.51
Second Quarter	67.77	48.30
Third Quarter (through September 28, 2006)	61.25	47.37

There has been no historical trading market for the shares of Chipotle class B common stock. The Chipotle class B common stock has been approved for listing on the New York Stock Exchange, under the symbol "CMG.B."

As of June 30, 2006, there were approximately 219 holders of record of shares of Chipotle class A common stock and approximately 38 holders of record of shares of Chipotle class B common stock. Immediately before the commencement of the exchange offer, McDonald's owned 16,539,967 of the outstanding shares of Chipotle class B common stock (representing approximately 82.2% of the voting interest and 50.8% of the economic interest in Chipotle as of such date).

On September 7, 2006, the last New York Stock Exchange trading day prior to the initial filing of the registration statement of which this Prospectus Offer to Exchange forms a part, the closing sales price per share of Chipotle class A common stock as reported by the New York Stock Exchange was $49.85. On September 28, 2006, the closing sales price per share of Chipotle class A common stock as reported by the New York Stock Exchange was $49.60.

The market price of Chipotle class A common stock is subject to fluctuation. The exchange ratio will be set in part based on the market price of Chipotle class A common stock. As a result, you should obtain current market quotations for the shares of Chipotle class A common stock before deciding to tender your shares of McDonald's common stock. No one can assure you what the market price of shares of Chipotle class A common stock will be before, on or after the date on which the exchange offer is completed. There is no historical trading market for the Chipotle class B common stock and neither McDonald's nor Chipotle can predict whether there will be any disparity in the trading prices for the two classes of stock once both are listed on the New York Stock Exchange. However, as a result of the greater voting rights of the Chipotle class B common stock and the number of outstanding shares of Chipotle class B common stock as compared to the Chipotle class A common stock, the Chipotle class B common stock may trade at a premium to the Chipotle class A common stock.

Chipotle did not pay any cash dividends on its common stock in 2004, 2005 or 2006 and does not anticipate paying any cash dividends on its common stock in the foreseeable future.

CAPITALIZATION OF McDONALD'S AND CHIPOTLE

The following tables set forth the cash and cash equivalents and the consolidated capitalization of McDonald's and Chipotle as of June 30, 2006. These tables should be read in conjunction with "Summary Selected Historical Financial Data of McDonald's and Chipotle," "Management's Discussion and Analysis of Financial Condition and Results of Operations of Chipotle," the consolidated financial statements of Chipotle and related notes set forth in this Prospectus Offer to Exchange and "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in McDonald's Annual Report on Form 10-K for the year ended December 31, 2005 and in McDonald's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 and the consolidated financial statements of McDonald's and related notes set forth in McDonald's Annual Report on Form 10-K for the year ended December 31, 2005, incorporated by reference herein.

McDonald's

	June 30, 2006 (unaudited) (in millions, except share amounts)
Cash and cash equivalents	$ 3,290.4
Total debt (including current maturities of long-term debt)	$ 9,506.5
Shareholders' equity:	
Common stock, $.01 par value; authorized 3.5 billion shares; issued 1.660.6 million shares	16.6
Preferred stock, no par value; authorized 165.0 million shares; issued none	
Additional paid-in capital	3,089.3
Unearned ESOP compensation	(73.4)
Accumulated other comprehensive income (loss)	(366.2)
Retained earnings	24,976.1
Common stock in treasury, at cost; 434.3 million shares	(12,003.7)
Total shareholders' equity	15,638.7
Total capitalization	$ 25,145.2

Chipotle

	June 30, 2006 (unaudited) (in millions, except share amounts)
Cash and cash equivalents	$ 142.0
Total debt	$ 3.5
Shareholders' equity	
Class A common stock, $0.01 par value; 200,000,000 shares authorized, 13,822,815 shares issued and outstanding(1)	0.1
Class B common stock, $0.01 par value; 30,000,000 shares authorized, 18,648,858 shares issued and outstanding(2)	0.2
Paid-in capital	466.6
Tax receivable McDonald's	(17.6)
Accumulated other comprehensive income	
Accumulated deficit	(19.7)
Total shareholders' equity	429.6
Total capitalization	$ 433.1

(1) Excludes 1,039,736 shares of class A common stock issuable on the exercise of outstanding stock options and 1,080,974 shares of class A common stock reserved for future issuance under the Chipotle 2006 Stock Incentive Plan.

(2) Excludes 102,222 shares of outstanding non-vested class B common stock.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF CHIPOTLE

The following discussion should be read together with "Summary Chipotle Selected Historical Financial Data" and Chipotle's consolidated financial statements and related notes included elsewhere in this Prospectus Offer to Exchange. The discussion contains forward-looking statements involving risks, uncertainties and assumptions that could cause Chipotle's results to differ materially from expectations. Factors that might cause such differences include those described under "Risk Factors," "Cautionary Statement Concerning Forward-Looking Statements" and elsewhere in this Prospectus Offer to Exchange. Chipotle claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all forward-looking statements.

Overview

How Chipotle Makes Money: Restaurant Sales

Chipotle operates fast-casual, fresh Mexican food restaurants in 23 states throughout the United States and in the District of Columbia. As of June 30, 2006, it operated 510 restaurants and had eight restaurants operated by franchisees. Chipotle generates revenue primarily through restaurant sales, which represent sales of food and drinks in restaurants operated by Chipotle. Its total revenue was $392.0 million for the six months ended June 30, 2006, a 35.3% increase from the same period in 2005. Its total revenue was $627.7 million for the full year of 2005, a 33.3% increase from 2004 and a 98.9% increase from 2003. Increased revenue resulted primarily from the 289 new restaurant openings from January 1, 2003 to June 30, 2006 and higher average restaurant sales. Several factors affect Chipotle's restaurant sales in any period, including mainly the number of restaurants in operation and average restaurant sales.

New restaurants in existing and new markets have contributed substantially to Chipotle's restaurant sales growth in the last three years. It opened 76, 104 and 80 restaurants in 2003, 2004 and 2005, respectively, and 29 through the second quarter of 2006. Chipotle intends to open a total of 80 to 90 restaurants in 2006, including the 29 opened through the end of the second quarter, primarily in existing markets, although it does expect to enter several new markets in 2006. Chipotle also expects to open a similar or slightly higher number of new restaurants in 2007. Chipotle categorizes its restaurants as either end-caps (at the end of a line of stores), in-lines (in a line of stores), free-standing or urban. In 2005, Chipotle spent, on average, about $910,000 in development and construction costs per restaurant, with end-caps costing about $730,000, in-lines costing about $765,000, free-standing costing about $1.2 million and urban costing about $1.3 million (in each case, reduced for landlord reimbursements received and excluding rent expense incurred during the construction period). Pre-opening cash rent expenses averaged approximately $18,000 per restaurant opening during 2005 (excluding straight-line rent during construction).

Average restaurant sales were $1.274 million in 2003, $1.361 million in 2004, $1.440 million in 2005 and $1.545 million for the trailing 12 month period ending June 30, 2006. There are two main factors increasing Chipotle's average restaurant sales: comparable restaurant sales increases and increases in new restaurant opening sales. Comparable restaurant sales include company-owned restaurants only and represent the change in period-over-period sales for the comparable restaurant base. A restaurant becomes comparable in its 13th full month of operations. Chipotle believes both of these have been impacted by the growing appeal of its core menu items, increasing consumer awareness and appreciation of Chipotle's food quality and focus on building customer loyalty.

Chipotle's comparable restaurant sales increases were 24.4% in 2003, 13.3% in 2004 and 10.2% in 2005. Comparable restaurant sales increases were 16.9% for the six months ended June 30, 2006. Chipotle expects comparable restaurant sales increases for the third quarter and full year 2006 in the low double digits, with quarterly comparable restaurant sales increases declining throughout the year as sequential comparisons are more difficult. Comparable restaurant sales increases for the six months ended June 30, 2006 were due mainly to an increase in the number of customer transactions. In the third quarter of 2005, Chipotle began an initiative it calls "through put," which focuses its efforts on improving the customer service time by getting the right crew, at the right stations, at the right time, doing the right things in the right order. Chipotle thinks the crew at its best performing through put restaurants are more attentive and more engaging with customers while also serving them more quickly. Increases in new restaurant opening sales have occurred primarily because the time it takes a new restaurant's sales to ramp up has shortened as awareness of the Chipotle brand has grown.

How Chipotle Spends Money: Food, Beverage and Packaging Costs, Labor, Other Restaurant Operating Costs and Other Expenses

Chipotle has four basic types of expense: food, beverage and packaging costs; labor; other restaurant operating costs (consisting of occupancy costs and other operating costs); and other expenses (consisting of general and administrative expenses, depreciation and amortization, pre-opening costs, and gains or losses on asset disposals). As Chipotle has grown considerably, so have these costs. Its combined food, beverage and packaging costs, labor and other restaurant operating costs have increased from $268.0 million in 2003 and $394.1 million in 2004 to $511.6 million in 2005. These expenses for the six months ended June 30, 2006 were $309.8 million, 31.3% higher than the same period in 2005. Chipotle's other expenses have also increased from $55.4 million in 2003 and $70.5 million in 2004 to $85.1 million in 2005. Other expenses through the six months ended June 30, 2006 were $53.6 million, 33.6% higher than the same period in 2005. As Chipotle continues to grow, it expects that these other expenses will also increase, but may decline as a percentage of revenue.

Food, beverage and packaging costs are the largest component of Chipotle's expenses. Since it uses higher-quality ingredients that it purchases from carefully selected suppliers, and is increasing its use of more expensive, naturally raised and sustainably grown ingredients, Chipotle's food expenses are often higher than those of other restaurants that use a higher proportion of commodity-priced ingredients. Beef, chicken, cheese, avocados, beans, tomatoes and pork account for the most significant portion of its food, beverage and packaging costs. The prices of these ingredients are the most volatile factor of its cost structure. Chipotle expects to continue to try to absorb short-term commodity fluctuations without increasing prices, which could negatively impact margins.

Chipotle's food, beverage and packaging costs also include freight costs, which can be higher than those of some of its competitors in part because it relies primarily on perishable ingredients rather than on processed food products. These freight costs have also been affected by higher diesel prices that have in some cases resulted in the imposition of surcharges on the delivery of commodities to its distributors, which they have generally passed on to Chipotle to the extent permitted under its arrangements with them.

Labor costs, which include wages for restaurant managers, assistant restaurant managers and crew, bonuses, taxes, benefits and stock-based compensation, are the second-largest component of Chipotle's expenses. It generally has two shifts at most of its restaurants, which helps it better predict its restaurant payroll expenses and in return provides its employees with more stable and predictable work hours. Some of the benefits Chipotle offers to its hourly employees are uncommon, such as English and Spanish lessons, free food and the opportunity to participate in its 401(k) plan. In addition to the benefits above, it is also in the early stages of its new "Restaurateur" program which is offered to its top performing managers and provides for bonuses as a percentage of incremental sales above a threshold subject to a certain level of incremental profits being generated. This program will also provide for incentive payouts for hiring and developing other successful restaurant managers. Chipotle has also begun to implement an enhanced restaurant staffing structure focused on facilitating crew development and internal promotions. Although these programs have increased its labor costs in the short-term, Chipotle believes that they will help it in the long-term with the development and retention of managers for its restaurants.

Other restaurant operating costs include occupancy costs and other operating costs. Occupancy costs include rent, real estate taxes, property taxes and common area maintenance charges. Other operating costs include utilities, marketing and promotional costs (including free samples), bank fees, credit and debit card processing fees, restaurant supplies, repair, maintenance and similar costs. One of the unique employee benefits included in other operating costs is its company car program, which is available to restaurant managers who have been with Chipotle for more than four years. Although this and other similarly uncommon benefits may increase its other operating costs, Chipotle believes such benefits help it to attract and keep great restaurant managers, which is important to its future success.

Chipotle's other expenses include general and administrative expenses, depreciation and amortization, pre-opening costs and gains or losses on disposals of assets. General and administrative expenses include the corporate and administrative functions that support its restaurants, including employee wages and benefits, stock-based compensation, travel, information systems, recruiting and training costs, corporate rent, professional fees, supplies and insurance. Depreciation and amortization are periodic non-cash charges that represent the reduction in usefulness and value of a tangible asset, principally relating to capital expenditures for restaurant construction. Pre-opening expenses are expenses related to preparing to open a new restaurant, and include the costs of hiring and training the initial work force, travel and the cost of food, beverage and packaging used in connection with those activities. Beginning January 1, 2006, pre-opening costs also include rent incurred prior to the restaurant opening. Losses on disposal of assets include the costs related to restaurant closures, restaurant equipment retirements and costs to investigate potential restaurant sites that Chipotle considered but subsequently rejected.

Other Factors Affecting Chipotle's Results

Benefit for Income Taxes

Prior to Chipotle's initial public offering, McDonald's included Chipotle's results of operations in its consolidated federal and state income tax returns. At the consummation of Chipotle's initial public offering, it exited McDonald's consolidated tax group for federal and some state tax purposes. Chipotle will remain in McDonald's consolidated tax returns for some states until McDonald's ownership percentage decreases to below 50%. Chipotle has a tax allocation agreement with McDonald's under which McDonald's has agreed to reimburse Chipotle for McDonald's use of Chipotle's net operating losses ("NOLs") and other tax attributes. At June 30, 2006, the amount owed by McDonald's for such tax attributes totaled $17.6 million. Chipotle expects to receive payment from McDonald's for these tax attributes as it makes estimated tax payments, but no later than the first quarter of 2008.

Due to its exit from McDonald's consolidated tax group, Chipotle eliminated the deferred tax asset related to the post-acquisition net operating loss carryforwards of $32.9 million and alternative minimum tax credits of $0.9 million through equity. As a result, it converted to a net long-term deferred tax liability position of $17.2 million as of June 30, 2006. There were no other significant changes to its deferred tax balances as a result of the tax deconsolidation.

During the second quarter of 2005, Chipotle determined that it was more likely than not that it would realize its deferred tax assets and it reversed its valuation allowance of $20.3 million. The $20.3 million non-recurring tax benefit was offset by tax expense of $5.3 million for the six months ended June 30, 2005 at an effective tax rate of 40.1%. During the second quarter of 2006, Chipotle revised its estimated 2006 annual effective tax rate to 40.0% from 41.4% due to the utilization of excess tax benefits on stock-based compensation. In addition, Chipotle adjusted its deferred tax assets and liabilities for enacted changes in state tax laws, which resulted in a $0.2 million benefit, or a 0.5% impact on the effective tax rate, for the six months ended June 30, 2006.

Equity Compensation Expenses

In conjunction with its initial public offering, Chipotle made a one-time grant of an aggregate of 774,150 options to purchase shares of its Class A common stock to all of its salaried employees. Compensation expense for these options will be recognized equally over the three-year vesting period. Also during the six months ended June 30, 2006, Chipotle modified certain options of terminated employees to accelerate vesting, resulting in additional compensation expense. Total stock-based compensation expense, inclusive of stock options, stock grants and stock appreciation rights, was $3.0 million ($1.8 million, net of tax) for the six months ended June 30, 2006, and $0.9 million ($0.5 million, net of tax) for the six months ended June 30, 2005.

Certain Trends and Uncertainties

Relationship with McDonald's

McDonald's currently provides Chipotle with insurance and benefits services under a services agreement that became operative on the closing date of Chipotle's initial public offering. On June 30, 2006, Chipotle received notice of termination from McDonald's of the insurance and benefits services provided to it under the services agreement. The notice of termination specifies that the services will terminate effective upon McDonald's ceasing to own, directly or indirectly, shares of common stock representing more than 80% of the combined voting power of Chipotle's outstanding common stock and, accordingly, those services will terminate no later than the date of the completion of the exchange offer. McDonald's also provided certain internal audit services to Chipotle under the services agreement, which were completed in August 2006. In addition, accounting services provided to Chipotle by McDonald's under the services agreement have also been terminated by mutu