
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 29, 2010

SONIC AUTOMOTIVE, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

1-13395

(Commission File Number)

56-201079

(IRS Employer Identification No.)

**6415 Idlewild Road, Suite 109
Charlotte, North Carolina**

(Address of principal executive offices)

28212

(Zip Code)

Registrant's telephone number, including area code: **(704) 566-2400**

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On July 29, 2010, we issued a press release announcing results for our fiscal quarter and six month period ended June 30, 2010.

A copy of the press release is attached hereto as Exhibit 99.1. A copy of the earnings call presentation materials is attached hereto as Exhibit 99.2.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

99.1 Press release of Sonic Automotive, Inc. dated July 29, 2010

99.2 Earnings call presentation materials

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SONIC AUTOMOTIVE, INC.

By: /s/ Stephen K. Coss

Stephen K. Coss

Senior Vice President and General Counsel

Dated: July 29, 2010

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release of Sonic Automotive, Inc. dated July 29, 2010
99.2	Earnings call presentation materials

***Sonic Automotive, Inc. Reports 21% Vehicle Revenue Growth;
Adjusted Continuing Ops Profit Up 41% Over Prior Year Quarter***

CHARLOTTE, N.C. – July 29, 2010 – Sonic Automotive, Inc. (NYSE: SAH), the nation's third-largest automotive retailer, today reported that 2010 second quarter adjusted earnings from continuing operations were \$15.6 million, up 41% from adjusted earnings from continuing operations in the same prior year period. On a per share basis, the Company earned an adjusted \$0.27 per diluted share from continuing operations, compared to an adjusted \$0.23 per diluted share from continuing operations in the same prior year quarter. The adjustments, which are related primarily to debt refinancing activities and mark-to-market adjustments on interest rate swaps, are detailed further in the attached tables. During the second quarter, the Company completed the retirement of \$200 million of our 8.625% senior subordinated notes using proceeds from a debt offering that was completed in March 2010.

Business Overview – Revenue Growth In Every Business Line Over Q2 of Last Year

Commenting on the quarter, B. Scott Smith, the Company's President, said, "We are pleased with the growth in both revenues and profits over the second quarter of last year. Our new vehicle business is up both sequentially and over the same period last year as we continue to see economic stabilization in certain segments of our geographic footprint. The growth in our used vehicle business continues to drive incremental revenue in our fixed operations and F&I departments. Our strategy for some time has been focused on standardizing our operating procedures through the rollout of our operational playbooks. Results this quarter demonstrate one of the primary benefits of our operational playbooks – they create growth opportunities not just in their specific area of the business but across all of our business lines."

New and Used Vehicles – Revenue Increases 19% and 23%, Respectively

New vehicle retail revenue increased 19% and used vehicle retail revenue increased 23% for the second quarter of 2010 compared to the same quarter last year. Jeff Dyke, the Company's EVP of Operations, stated, "We are pleased with our new vehicle growth, particularly given that our volume declines in 2009 were not as severe as what the overall industry experienced due to our favorable brand and geographic mix. Our dealerships continue to take market share and outperform the competition in their local markets. We are excited to announce that our New Car Playbook will be introduced to our stores later this year. We expect it to provide us many of the same successes that we have already received from our proven Used Vehicle Playbook. We also continue to be very pleased with our used vehicle volume growth especially when we consider the 20% growth comes on top of 12% growth in 2009. We continue to show that the used car business has tremendous upside potential as the second quarter was our largest used vehicle volume and gross profit quarter in our Company's history."

Service, Parts & Body Shop – Revenue and Gross Profit Both Increase

Sonic's Service, Parts & Body Shop revenue for the second quarter was up approximately 5% compared to the prior year quarter, while gross profit dollars were up over 3%. Mr. Dyke stated, "Our operational strategies in parts and service are specifically designed to increase the non-warranty pieces of our business to respond to improved vehicle quality, fewer units in operation and changing warranty programs. We have seen consistent growth in both our customer pay business and in the revenues we earn for reconditioning work done on pre-owned vehicles."

Presentation materials for the Company's July 29, 2010 earnings conference call at 11:00 A.M. (Eastern) can be accessed on the Company's website at www.sonicautomotive.com by clicking on the "For Investors" tab and choosing "Webcasts & Presentations" on the right side of the monitor.

To access the live broadcast of the call over the Internet go to: www.ccbn.com or www.sonicautomotive.com

A live audio of the call will be accessible to the public by calling (877) 791-3416. International callers dial (706) 643-0958. Callers should dial in approximately 10 minutes before the call begins.

A conference call replay will be available one hour following the call for seven days and can be accessed by calling: 800-642-1687, International callers dial (706) 645-9291
Conference ID: 86991682

About Sonic Automotive

Sonic Automotive, Inc., a Fortune 500 company based in Charlotte, N.C., is the nation's third-largest automotive retailer, operating 140 franchises. Sonic can be reached on the web at www.sonicautomotive.com.

Included herein are forward-looking statements, including statements with respect to economic stabilization and business improvement, future success and impacts from the implementation of our various operational playbooks, future cash flow generation, growth opportunities and future debt retirement. There are many factors that affect management's views about future events and trends of the Company's business. These factors involve risk and uncertainties that could cause actual results or trends to differ materially from management's view, including without limitation, economic conditions in the markets in which we operate, new and used vehicle sales volume, the success of our operational strategies, the rate and timing of overall economic recovery or further decline and the risk factors described in the Company's annual report on Form 10-K for the year ending December 31, 2009 and the quarterly report on Form 10-Q for the quarter ending March 31, 2010. The Company does not undertake any obligation to update forward-looking information.

Sonic Automotive, Inc.
Results of Operations (Unaudited)

(in thousands, except per share, unit data and percentage amounts)

	Three Months Ended			Three Months Ended		
	As Reported 6/30/2010	Adjustments	As Adjusted 6/30/2010	As Reported 6/30/2009	Adjustments	As Adjusted 6/30/2009
Revenues						
New retail vehicles	\$ 848,610	\$ —	\$ 848,610	\$ 711,083	\$ —	\$ 711,083
Fleet vehicles	53,843	—	53,843	61,213	—	61,213
Total new vehicles	902,453	—	902,453	772,296	—	772,296
Used vehicles	470,365	—	470,365	382,091	—	382,091
Wholesale vehicles	30,111	—	30,111	33,903	—	33,903
Total vehicles	1,402,929	—	1,402,929	1,188,290	—	1,188,290
Parts, service and collision repair	287,095	—	287,095	274,032	—	274,032
Finance, insurance and other	45,985	—	45,985	38,847	—	38,847
Total revenues	1,736,009	—	1,736,009	1,501,169	—	1,501,169
Total gross profit	285,019	—	285,019	259,699	—	259,699
SG&A expenses	(228,372)	647	(227,725)	(205,767)	—	(205,767)
Impairment charges	(1)	—	(1)	(5,030)	5,030	—
Depreciation	(8,675)	—	(8,675)	(8,183)	—	(8,183)
Operating income	47,971	647	48,618	40,719	5,030	45,749
Interest expense, floor plan	(5,507)	—	(5,507)	(5,492)	—	(5,492)
Interest expense, other, net	(15,683)	519	(15,164)	(23,216)	6,712	(16,504)
Interest expense, non-cash, convertible debt	(1,730)	—	(1,730)	(3,643)	—	(3,643)
Interest expense, non-cash, cash flow swaps	(2,235)	2,235	—	(1,908)	1,908	—
Other (expense) / income, net	(7,235)	7,259	24	20	—	20
Income / (loss) from continuing operations before taxes	15,581	10,660	26,241	6,480	13,650	20,130
Income tax (expense) / benefit	(6,300)	(4,310)	(10,610)	(2,916)	(6,143)	(9,059)
Income / (loss) from continuing operations	9,281	6,350	15,631	3,564	7,507	11,071
Income / (Loss) from discontinued operations	(845)	—	(845)	(3,538)	1,313	(2,225)
Net income	\$ 8,436	\$ 6,350	\$ 14,786	\$ 26	\$ 8,820	\$ 8,846

Diluted:

Weighted average common shares outstanding	65,807	—	65,807	41,604	—	53,810
Earnings / (loss) per share from continuing operations	\$ 0.17	\$ 0.10	\$ 0.27	\$ 0.08	\$ 0.15	\$ 0.23
Earnings / (loss) per share from discontinued operations	(0.01)	(0.01)	(0.02)	(0.08)	0.04	(0.04)
Cumulative effect of change in accounting principle	—	—	—	—	—	—
Earnings / (loss) per share	\$ 0.16	\$ 0.09	\$ 0.25	\$ 0.00	\$ 0.19	\$ 0.19

Gross Margin Data (Continuing Operations):

Retail new vehicles	7.1%	7.1%	7.0%	7.0%
Fleet vehicles	1.9%	1.9%	3.6%	3.6%
Total new vehicles	6.8%	6.8%	6.8%	6.8%
Used vehicles retail	7.7%	7.7%	8.1%	8.1%
Total vehicles retail	7.1%	7.1%	7.5%	7.5%
Wholesale vehicles	(6.1%)	(6.1%)	(3.7%)	(3.7%)
Parts, service and collision repair	49.9%	49.9%	50.6%	50.6%
Finance, insurance and other	100.0%	100.0%	100.0%	100.0%
Overall gross margin	16.4%	16.4%	17.3%	17.3%

SG&A Expenses (Continuing Operations):

Personnel	\$ 135,845	\$ —	\$ 135,845	\$ 117,740	\$ —	\$ 117,740
Advertising	12,964	—	12,964	11,220	—	11,220
Facility rent	32,717	—	32,717	32,132	—	32,132
Other	46,846	(647)	46,199	44,675	—	44,675
Total	\$ 228,372	\$ (647)	\$ 227,725	\$ 205,767	\$ —	\$ 205,767

SG&A Expenses as % of Gross Profit	80.1%	79.9%	79.2%	79.2%
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Operating Margin %	2.8%	2.8%	2.7%	3.0%
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Unit Data (Continuing Operations):

New retail units	24,854	21,574
Fleet units	2,272	2,572
New units	27,126	24,146
Used units	24,624	20,568

Total units retailed	51,750	44,714
Wholesale units	5,266	5,313

Other Data:

Same store revenue percentage changes:		
New retail	19.3%	(31.8%)
Fleet	(12.0%)	(47.7%)
Total New Vehicles	16.9%	(33.4%)
Used	23.1%	3.5%
Parts, service and collision repair	4.8%	(3.8%)
Finance, insurance and other	18.4%	(25.7%)
Total	<u>15.6%</u>	<u>(22.9%)</u>

Description of Adjustments:	2010	2009
Continuing Operations:		
Hail damage	\$ 647	\$ —
Debt restructuring	7,259	6,712
Cash flow swaps	2,235	1,908
Impairment charges	—	5,030
Double-carry interest	519	—
Total pretax	\$ 10,660	\$ 13,650
Tax effect	(4,310)	(6,143)
Total	<u>\$ 6,350</u>	<u>\$ 7,507</u>
Discontinued Operations:		
Impairment charges	\$ —	\$ 1,880
Tax effect	—	(567)
Total	<u>\$ —</u>	<u>\$ 1,313</u>

Sonic Automotive, Inc.
Results of Operations (Unaudited)

(in thousands, except per share, unit data and percentage amounts)

	Six Months Ended			Six Months Ended		
	As Reported 6/30/2010	Adjustments	As Adjusted 6/30/2010	As Reported 6/30/2009	Adjustments	As Adjusted 6/30/2009
Revenues						
New retail vehicles	\$ 1,589,555	\$ —	\$ 1,589,555	\$ 1,362,443	\$ —	\$ 1,362,443
Fleet vehicles	97,495	—	97,495	115,376	—	115,376
Total new vehicles	1,687,050	—	1,687,050	1,477,819	—	1,477,819
Used vehicles	892,656	—	892,656	710,381	—	710,381
Wholesale vehicles	61,389	—	61,389	71,359	—	71,359
Total vehicles	2,641,095	—	2,641,095	2,259,559	—	2,259,559
Parts, service and collision repair	565,682	—	565,682	544,701	—	544,701
Finance, insurance and other	86,959	—	86,959	74,000	—	74,000
Total revenues	3,293,736	—	3,293,736	2,878,260	—	2,878,260
Total gross profit	553,343	—	553,343	506,672	—	506,672
SG&A expenses	(451,865)	647	(451,218)	(411,231)	—	(411,231)
Impairment charges	(45)	—	(45)	(5,087)	5,087	—
Depreciation	(17,000)	—	(17,000)	(15,776)	—	(15,776)
Operating income	84,433	647	85,080	74,578	5,087	79,665
Interest expense, floor plan	(10,413)	—	(10,413)	(10,660)	—	(10,660)
Interest expense, other, net	(32,873)	1,464	(31,409)	(39,950)	8,760	(31,190)
Interest expense, non-cash, convertible debt	(3,406)	—	(3,406)	(6,262)	—	(6,262)
Interest expense, non-cash, cash flow swaps	(3,918)	3,918	—	(3,179)	3,179	—
Other (expense) / income, net	(7,171)	7,259	88	70	—	70
Income / (loss) from continuing operations before taxes	26,652	13,288	39,940	14,597	17,026	31,623
Income tax (expense) / benefit	(11,061)	(5,514)	(16,575)	(6,569)	(7,662)	(14,231)
Income / (loss) from continuing operations	15,591	7,774	23,365	8,028	9,364	17,392
Income / (Loss) from discontinued operations	(3,001)	—	(3,001)	(6,324)	2,392	(3,932)
Net income	\$ 12,590	\$ 7,774	\$ 20,364	\$ 1,704	\$ 11,756	\$ 13,460

Diluted:

Weighted average common shares outstanding	52,749	—	65,639	40,974	—	47,111
Earnings / (loss) per share from continuing operations	\$ 0.29	\$ 0.13	\$ 0.42	\$ 0.19	\$ 0.20	\$ 0.39
Earnings / (loss) per share from discontinued operations	(0.05)	—	(0.05)	(0.15)	0.07	(0.08)
Cumulative effect of change in accounting principle	—	—	—	—	—	—
Earnings / (loss) per share	\$ 0.24	\$ 0.13	\$ 0.37	\$ 0.04	\$ 0.27	\$ 0.31

Gross Margin Data (Continuing Operations):

Retail new vehicles	7.1%	7.1%	6.9%	6.9%
Fleet vehicles	2.7%	2.7%	3.9%	3.9%
Total new vehicles	6.9%	6.9%	6.7%	6.7%
Used vehicles retail	7.8%	7.8%	8.7%	8.7%
Total vehicles retail	7.2%	7.2%	7.4%	7.4%
Wholesale vehicles	(4.1%)	(4.1%)	(1.8%)	(1.8%)
Parts, service and collision repair	50.1%	50.1%	50.1%	50.1%
Finance, insurance and other	100.0%	100.0%	100.0%	100.0%
Overall gross margin	16.8%	16.8%	17.6%	17.6%

SG&A Expenses (Continuing Operations):

Personnel	\$ 266,821	\$ —	\$ 266,821	\$ 232,858	\$ —	\$ 232,858
Advertising	24,294	—	24,294	22,115	—	22,115
Facility rent	66,328	—	66,328	65,111	—	65,111
Other	94,422	(647)	93,775	91,147	—	91,147
Total	\$ 451,865	\$ (647)	\$ 451,218	\$ 411,231	\$ —	\$ 411,231

SG&A Expenses as % of Gross Profit	81.7%	81.5%	81.2%	81.2%
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Operating Margin %	2.6%	2.6%	2.6%	2.8%
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Unit Data (Continuing Operations):

New retail units	46,440	41,168
Fleet units	4,022	4,827
New units	50,462	45,995
Used units	46,326	37,924

Total units retailed	96,788	83,919
Wholesale units	10,459	11,826

Other Data:

Same store revenue percentage changes:		
New retail	16.7%	(32.5%)
Fleet	(15.5%)	(47.9%)
Total New Vehicles	14.2%	(34.0%)
Used	25.7%	(2.2%)
Parts, service and collision repair	3.9%	(4.2%)
Finance, insurance and other	17.5%	(27.6%)
Total	<u>14.4%</u>	<u>(24.3%)</u>

	2010	2009
Description of Adjustments:		
Continuing Operations:		
Hail damage	\$ 647	\$ —
Debt restructuring	7,259	8,760
Cash flow swaps	3,918	3,179
Impairment charges	—	5,087
Double-carry interest	1,464	—
Total pretax	\$ 13,288	\$ 17,026
Tax effect	(5,514)	(7,662)
Total	<u>\$ 7,774</u>	<u>\$ 9,364</u>
Discontinued Operations:		
Impairment charges	\$ —	\$ 3,408
Tax effect	—	(1,016)
Total	<u>\$ —</u>	<u>\$ 2,392</u>



Q2 Earnings Review
July 29, 2010

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Cautionary Notice: Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to future events, are not historical facts and are based on our current expectations and assumptions regarding our business, the economy and other future conditions. These statements can generally be identified by lead-in words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “foresee”, “may”, “will” and other similar words. Statements that describe our Company’s objectives, plans or goals are also forward-looking statements. Examples of such forward-looking information we may be discussing in this presentation include, without limitation, further implementation of our operational strategies and playbooks, future debt retirement, capital expenditures, operating margins and revenues, inventory levels and new vehicle industry sales volume.

You are cautioned that these forward-looking statements are not guarantees of future performance, involve risks and uncertainties and actual results may differ materially from those projected in the forward-looking statements as a result of various factors. These risks and uncertainties include, among other things, (a) economic conditions in the markets in which we operate, (b) the success of our operational strategies, (c) our relationships with the automobile manufacturers and (d) new and used vehicle sales volume. These risks and uncertainties, as well as additional factors that could affect our forward-looking statements, are described in our Form 10-K for the year ending December 31, 2009 and our Form 10-Q for the quarter ending March 31, 2010.

These forward-looking statements, risks, uncertainties and additional factors speak only as of the date of this presentation. We undertake no obligation to update any such statements.

Sonic Automotive Q2 2010

- **Quarter in Review**
- **Financial Review**
- **Operations Review**
- **Closing Comments**

Overall Results – Q2 2010

- **Continuing operations adjusted profit up 41%***
- **Total revenue up 16%**
- **New retail volume up 15% with new retail vehicle revenue up 19%**
- **Introducing new vehicle Playbook in Q3**
- **Used retail vehicle unit volume up 20% on top of prior year 12% increase**
- **Fixed operations revenue up 5%**
 - ❖ **Customer pay revenue continues to increase**

*See appendix for reconciliation to GAAP amounts.

Quarterly Results (Adjusted*)

(amounts in millions, except per share)

	2010		2009		B / (W)	
	\$	%	\$	%	\$	%
Revenue	\$ 1,736.0		\$ 1,501.2		\$ 234.8	15.6%
Gross Profit	285.0		259.7		25.3	9.7%
Gross Margin %	16.4%		17.3%			
SG&A	(227.8)		(205.8)		(22.0)	(10.7%)
% of Gross	79.9%		79.2%			
Operating Profit	48.6		45.7		2.9	6.3%
% of Revenue	2.8%		3.0%			
Floorplan Interest Exp	(5.5)		(5.5)		(0.0)	(0.3%)
Other Interest Exp	(15.2)		(16.5)		1.3	8.1%
Non-Cash, Convertible Debt Interest Exp	(1.7)		(3.6)		1.9	52.5%
Other Income	(0.0)		0.0		(0.0)	
Profit / (Loss):						
Continuing	\$ 15.6		\$ 11.1		\$ 4.5	
Discontinued	(0.9)		(2.3)		1.4	
Total Operations	\$ 14.7		\$ 8.8		\$ 5.9	
Diluted EPS:						
Continuing	\$ 0.27		\$ 0.23		\$ 0.04	
Discontinued	(0.02)		(0.04)		0.02	
Total Operations	\$ 0.25		\$ 0.19		\$ 0.06	

*See appendix for reconciliation to GAAP amounts

Adjusted EBITDA - All Operations

(amounts in millions)

SAAR



SG&A – Q2 2010 (Adjusted*)

(amounts in millions)

	<u>Q2 2009</u>	<u>Q1 2010</u>	<u>Q2 2010</u>
Advertising	\$ 11.2	\$ 11.3	\$ 13.0
Compensation	117.8	131.0	135.8
Other Fixed	31.3	35.1	33.4
Other Variable	13.4	12.5	12.9
Rent and Related	<u>32.1</u>	<u>33.6</u>	<u>32.7</u>
Total SG&A	<u>\$ 205.8</u>	<u>\$ 223.5</u>	<u>\$ 227.8</u>
Memo:			
SG&A % of Gross	79.2%	83.3%	79.9%

*See appendix for reconciliation to GAAP amounts

Liquidity

(amounts in millions)

	Dec 2009	June 2010
Cash	\$ 30.0	\$ 20.1
Revolver Availability	48.6	85.4
Used Line Liquidity	0.0	31.8
Total Liquidity	<u>\$ 78.6</u>	<u>\$ 137.3</u>
<i>Memo: Revolver Borrowing</i>	<i>\$ 0.0</i>	<i>\$ 0.0</i>
Long-term public debt (excluding mortgages)(1)	\$ 464.5	\$ 461.4

- Retired \$12 million of senior subordinated notes and \$1 million of convertible notes in Q2.
- Will redeem an additional \$20 million of senior subordinated notes in Q3.

(1)Excludes other non-public debt principal of \$140.8 million and \$139.1 million at December 31, 2009 and June 30, 2010, respectively.

Debt Covenants

	<u>Covenant</u>	<u>Actual A2 2010</u>	<u>Memo 2012 Covenant</u>
Liquidity Ratio	≥ 1.00	1.16	≥ 1.10
Fixed Charge Coverage Ratio	≥ 1.10	1.55	≥ 1.20
Total Senior Secured Debt to EBITDA Ratio	≤ 2.25	1.23	≤ 2.25

Compliant with all Covenants

Capital Spending

(amounts in millions)	<u>2010 YTD</u>	<u>FY 2010 Estimate</u>
Facility Improvement	\$ 13.2	\$ 50.0
Mortgage Funding	<u>1.4</u>	<u>21.0</u>
Net Cash Used - Facility Related	\$ 11.8	\$ 29.0
Maintenance Cap Ex	7.2	10.8
Total Cash Used - Cap Ex	<u>\$ 19.0</u>	<u>\$ 39.8</u>

New Retail Vehicles – Q2 2010

Continuing Operations

Revenue (amounts in millions)

Revenue \$
19.3%



Gross Per Unit

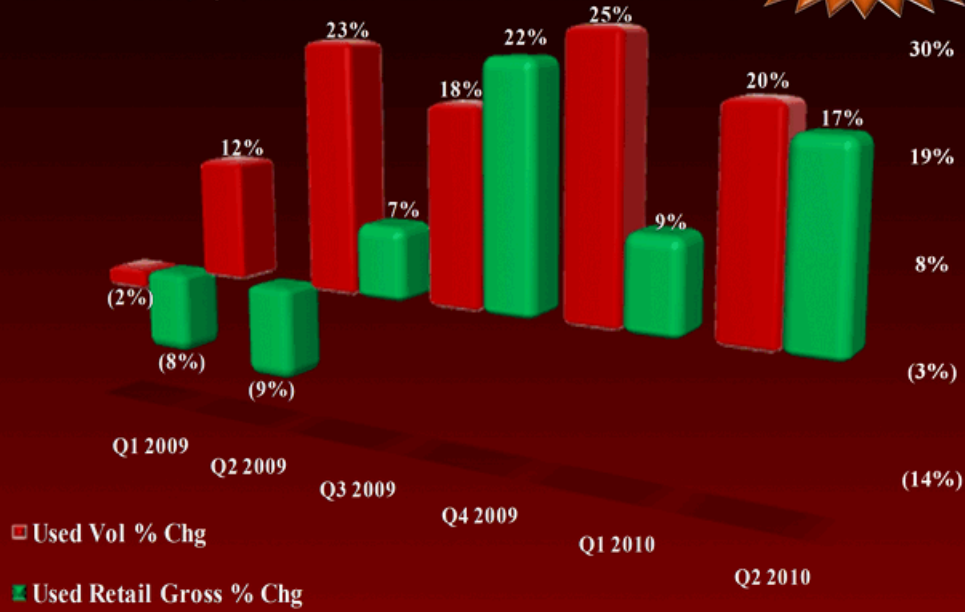
Gross Profit \$
20.1%



Used Retail Vehicles – YOY Change

1:1 Used to New Retail Ratio

Biggest Revenue, Gross and Volume QTR ever!



Fixed Operations – Q2 2010

Continuing Operations

Revenue (amounts in millions)

Revenue
4.8%



Gross (amounts in millions)

Gross
3.3%



Summary

- Still planning for an 11 million SAAR
- Expect 2H to be fairly evenly split between Q3 and Q4
- New vehicle Playbook rollout just beginning
- Used retail vehicle volume and gross continue to grow at double-digit pace
- Fixed operations continue to mature with better execution of the Playbook
- F&I is strengthening – up nearly 19% in gross, resulting from execution of Playbook and the increased volume levels
- Q3 buyback of 8 5/8% notes further reduces leverage and future interest

APPENDIX

Reconciliation of Non-GAAP Financial Information

(dollars in millions, shares in thousands, except per share data)	Three Months Ended			Three Months Ended		
	As Reported 6/30/2010	Adjustments	As Adjusted 6/30/2010	As Reported 6/30/2009	Adjustments	As Adjusted 6/30/2009
Revenue	\$ 1,736.0	\$ -	\$ 1,736.0	\$ 1,501.2	\$ -	\$ 1,501.2
Gross Profit	285.0	-	285.0	259.7	-	259.7
Gross Margin %	16.4%	-	16.4%	17.3%	-	17.3%
Advertising	(13.0)	-	(13.0)	(11.2)	-	(11.2)
Compensation	(135.8)	-	(135.8)	(117.8)	-	(117.8)
Other fixed	(34.0)	0.6 (2)	(33.4)	(31.3)	-	(31.3)
Other variable	(12.9)	-	(12.9)	(13.4)	-	(13.4)
Rent and related	(32.7)	-	(32.7)	(32.1)	-	(32.1)
SG&A expenses	(228.4)	0.6	(227.8)	(205.8)	-	(205.8)
% of Gross	80.1%	-	79.9%	79.2%	-	79.2%
Impairment charges	-	-	-	(5.0)	5.0 (1)	-
Depreciation	(8.6)	-	(8.6)	(8.2)	-	(8.2)
Operating income	48.0	0.6	48.6	40.7	5.0	45.7
% of Revenue	2.8%	-	2.8%	2.7%	-	3.0%
Interest expense, floor plan	(5.5)	-	(5.5)	(5.5)	-	(5.5)
Interest expense, other, net	(15.7)	0.5 (2)	(15.2)	(23.2)	6.7 (1)	(16.5)
Interest expense, non-cash, convertible debt	(1.7)	-	(1.7)	(3.6)	-	(3.6)
Interest expense, non-cash, cash flow swaps	(2.2)	2.2 (2)	-	(1.9)	1.9 (1)	-
Other (expense) / income, net	(7.3)	7.3 (2)	-	-	-	-
Income / (loss) from continuing operations before taxes	15.6	10.6	26.2	6.5	13.6	20.1
Income tax (expense) / benefit	(6.3)	(4.3)	(10.6)	(2.9)	(6.1)	(9.0)
Income / (loss) from continuing operations	9.3	6.3	15.6 (3)	3.6	7.5	11.1
Income / (loss) from discontinued operations	(0.9)	-	(0.9)	(3.6)	1.3	(2.3)
Net income	\$ 8.4	\$ 6.3	\$ 14.7	\$ -	\$ 8.8	\$ 8.8
Diluted EPS from						
Continuing operations	\$ 0.17	\$ 0.10	\$ 0.27	\$ 0.08	\$ 0.15	\$ 0.23
Discontinued operations	(0.01)	(0.01)	(0.02)	(0.08)	0.04	(0.04)
Earnings / (loss) per share	\$ 0.16	\$ 0.09	\$ 0.25	\$ -	\$ 0.19	\$ 0.19

(1) Represents amounts related to impairments, debt restructuring and cash flow swaps

(2) Represents amounts related to impairments, debt restructuring, cash flow swaps, double-carry interest and hail damage

(3) Equals 41% increase over adjusted 6/30/09 amount of \$11.1 million

Reconciliation of Non-GAAP Financial Information

(dollars in millions)	YTD 2007	YTD 2008	YTD 2009	Q1 2010	Q2 2010
Adjusted EBITDA	\$ 242	\$ 153	\$ 179	\$ 40	\$ 53
Subtract:					
Interest expense, other	(37)	(62)	(80)	(18)	(17)
Interest expense, non-cash, convertible debt	(10)	(11)	(1)	(2)	(2)
Interest expense, non-cash, cash flow swaps	-	-	(12)	(2)	(2)
Income taxes	(63)	139	54	(3)	(6)
Gain (loss) on retirement of debt	-	1	(7)	-	(7)
Impairment charges	(6)	(852)	(30)	-	-
Loss on exit of leased dealerships*	(2)	(18)	(33)	(1)	(2)
Stock-based compensation expense	(6)	(6)	(3)	(1)	(1)
Depreciation and amortization	(28)	(36)	(36)	(9)	(9)
Other	-	-	1	-	1
Net Income (Loss)	<u>90</u>	<u>(692)</u>	<u>32</u>	<u>4</u>	<u>8</u>
Add (subtract):					
Depreciation and amortization**	40	51	52	11	11
Deferred income taxes	20	(145)	(31)	-	-
Equity interest in (earnings) losses of investees	(1)	-	(1)	-	-
Impairment charges	6	852	30	-	-
(Gain) loss on disposal of assets	1	1	(1)	-	-
(Gain) loss on retirement of debt	-	(1)	7	-	7
Loss on exit of leased dealerships*	2	18	33	1	2
Stock-based compensation expense	6	6	2	1	1
Changes in assets and liabilities that relate to operations	(130)	31	276	157	2
Discontinuance of cash flow swaps	-	-	5	-	-
Net cash (used in) provided by operating activities	<u>\$ 34</u>	<u>\$ 121</u>	<u>\$ 404</u>	<u>\$ 174</u>	<u>\$ 31</u>

* - Non-cash charges related to lease exit accruals.

** - Includes depreciation and amortization of property, plant and equipment, debt issue cost amortization, other amortization and debt discount amortization, net of premium amortization.