
**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): October 26, 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 October 26, 2010, we issued a press release announcing results for our fiscal quarter and nine month period ended September 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 7.01. Regulation FD Disclosure.

On October 26, 2010, we issued a press release announcing the approval of a quarterly cash dividend.

A copy of the press release is attached hereto as Exhibit 99.3.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

99.1 Press release of Sonic Automotive, Inc. dated October 26, 2010

99.2 Earnings call presentation materials

99.3 Press release of Sonic Automotive, Inc. dated October 26, 2010

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: October 26, 2010

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release of Sonic Automotive, Inc. dated October 26, 2010
99.2	Earnings call presentation materials
99.3	Press release of Sonic Automotive, Inc. dated October 26, 2010

Sonic Automotive, Inc. Continues Portfolio Maximization Strategy; Q3 Revenues and Volume Up Over Strong Prior Year Quarter

CHARLOTTE, N.C. — October 26, 2010 — Sonic Automotive, Inc. (NYSE: SAH), one of the nation's largest automotive retailers, today reported that 2010 third quarter adjusted earnings from continuing operations were \$0.27 per diluted share, compared to an adjusted \$0.26 per diluted share from continuing operations in the same prior year quarter. The adjustments are detailed further in the attached tables.

Business Overview — Strong Top Line Growth Over Prior Year

Commenting on the quarter, B. Scott Smith, the Company's President, said, "Our total revenues were up approximately 9% over a prior year quarter that included the positive effects of the Cash for Clunkers program. Our strategy of portfolio maximization is built on utilizing predictable, repeatable and sustainable processes at our dealerships through our operating playbooks. These playbooks, coupled with the lowest associate turnover rate in our Company's history, are driving our current operating performance. As we increase revenue in a challenging yet improving economic environment, we continue to take steps to control expenses. We expect to see the results of some recent activity on this front as we progress through the fourth quarter and head into next year."

Capital Structure — Lower Debt and Strong Cash Flow Generation

During the third quarter, the Company completed the redemption of \$20 million of its 8.625% senior subordinated notes. The Company also recently announced the planned redemption of the remaining \$16 million of its 4.25% convertible notes. Mr. Smith commented, "The \$49 million of debt repurchases which we will have completed this year will save us \$3.5 million in annual cash interest expense. We expect to use our excess cash flow from operations to further reduce our non-mortgage debt over the next several years. At the same time, we expect to continue to replace our leased dealerships with mortgaged properties as the opportunity arises. With the internal growth opportunities we see in our portfolio maximization strategy, we expect to drive future revenue and profit growth without the risk and capital commitment associated with dealership acquisitions."

New and Used Retail Vehicles — Combined Revenue Increases 9%

New vehicle retail revenue increased 4% and used vehicle retail revenue increased 20% for the third quarter of 2010 compared to the same quarter last year. Jeff Dyke, the Company's EVP of Operations, stated, "We are pleased with the growth in our new vehicle revenue given that our strong import and luxury brand mix benefited in such a big way from the Cash for Clunkers program last year. Our 20% growth in used vehicle revenue was fueled by 15% volume growth along with a 5% increase in the average selling price. Every quarter we move closer to our near-term goal of 100 used vehicles per store per month. We have seen our average grow by approximately 30 vehicles per dealership since we started this process. Increasing that average at each dealership by another 25 vehicles per month would add over \$600 million in annual revenue based on this quarter's average selling price. That's why we remain convinced that our focus on portfolio maximization and internal growth is the right strategy at this point in our Company's evolution."

Service, Parts & Body Shop — Revenue Growth Continues in Key Profit Center

Sonic's Service, Parts & Body Shop revenue for the third quarter was up nearly 6% compared to the prior year quarter. Mr. Dyke stated, "Our customer pay business was up 4% and we saw some stabilization in our warranty repair business. We have seen steady growth in this high margin piece of our business all year and, if these trends continue, our current group of stores is on track to deliver their highest annual fixed operations gross profit. We have several exciting pilot programs underway to drive more customer traffic in this key area of our business."

Presentation materials for the Company's October 26, 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 page.

To access the live broadcast of the call over the Internet go to: www.cbn.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 call ID # 15968314

About Sonic Automotive

Sonic Automotive, Inc., a Fortune 500 company based in Charlotte, N.C., is one of the nation's largest automotive retailers. Sonic can be reached on the web at www.sonicautomotive.com.

Included herein are forward-looking statements, including statements with respect to future success and impacts from the implementation of our various operational playbooks, future expense reductions, future cash flow generation, growth opportunities, future debt retirement and mortgage activity and future used vehicle and fixed operations sales and gross profit trends. 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 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 June 30, 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 9/30/2010	Adjustments	As Adjusted 9/30/2010	As Reported 9/30/2009	Adjustments	As Adjusted 9/30/2009
Revenues						
New retail vehicles	\$ 886,355	\$ —	\$ 886,355	\$ 854,902	\$ —	\$ 854,902
Fleet vehicles	51,354	—	51,354	48,814	—	48,814
Total new vehicles	937,709	—	937,709	903,716	—	903,716
Used vehicles	453,815	—	453,815	379,389	—	379,389
Wholesale vehicles	47,597	—	47,597	34,588	—	34,588
Total vehicles	1,439,121	—	1,439,121	1,317,693	—	1,317,693
Parts, service and collision repair	283,741	—	283,741	268,801	—	268,801
Finance, insurance and other	47,398	—	47,398	43,403	—	43,403
Total revenues	1,770,260	—	1,770,260	1,629,897	—	1,629,897
Total gross profit	281,799	—	281,799	274,303	—	274,303
SG&A expenses	(226,331)	—	(226,331)	(214,140)	—	(214,140)
Impairment charges	(87)	87	—	(620)	620	—
Depreciation	(8,731)	—	(8,731)	(8,131)	—	(8,131)
Operating income	46,650	87	46,737	51,412	620	52,032
Interest expense, floor plan	(5,430)	—	(5,430)	(4,533)	—	(4,533)
Interest expense, other, net	(15,226)	—	(15,226)	(18,277)	1,678	(16,599)
Interest expense, non-cash, convertible debt	(1,768)	—	(1,768)	7,818	(11,400)	(3,582)
Interest expense, non-cash, cash flow swaps	(1,484)	1,484	—	(2,180)	2,180	—
Other (expense) / income, net	(351)	403	52	2,449	(2,453)	(4)
Income / (loss) from continuing operations before taxes	22,391	1,974	24,365	36,689	(9,375)	27,314
Income tax (expense) / benefit	(8,442)	(744)	(9,186)	(16,510)	4,218	(12,292)
Income / (loss) from continuing operations	13,949	1,230	15,179	20,179	(5,157)	15,022
Income / (Loss) from discontinued operations	(964)	—	(964)	(4,585)	2,332	(2,253)
Net income	\$ 12,985	\$ 1,230	\$ 14,215	\$ 15,594	\$ (2,825)	\$ 12,769

Diluted:

Weighted average common shares outstanding	65,851	—	65,851	63,195	—	63,195
Earnings / (loss) per share from continuing operations	\$ 0.25	\$ 0.02	\$ 0.27	\$ 0.24	\$ 0.02	\$ 0.26
Earnings / (loss) per share from discontinued operations	(0.02)	—	(0.02)	(0.07)	0.04	(0.03)
Earnings / (loss) per share	\$ 0.23	\$ 0.02	\$ 0.25	\$ 0.17	\$ 0.06	\$ 0.23

Gross Margin Data (Continuing Operations):

Retail new vehicles	6.6%	6.6%	7.3%	7.3%
Fleet vehicles	3.1%	3.1%	2.9%	2.9%
Total new vehicles	6.4%	6.4%	7.0%	7.0%
Used vehicles retail	7.8%	7.8%	8.5%	8.5%
Total vehicles retail	7.5%	7.5%	7.2%	7.2%
Wholesale vehicles	(3.1%)	(3.1%)	(4.7%)	(4.7%)
Parts, service and collision repair	49.6%	49.6%	50.9%	50.9%
Finance, insurance and other	100.0%	100.0%	100.0%	100.0%
Overall gross margin	15.9%	15.9%	16.8%	16.8%

SG&A Expenses (Continuing Operations):

Personnel	\$ 132,316	\$ —	\$ 132,316	\$ 125,438	\$ —	\$ 125,438
Advertising	12,642	—	12,642	11,345	—	11,345
Rent and rent related	32,743	—	32,743	33,413	—	33,413
Other	48,630	—	48,630	43,944	—	43,944
Total	\$ 226,331	\$ —	\$ 226,331	\$ 214,140	\$ —	\$ 214,140

SG&A Expenses as % of Gross Profit 80.3% 80.3% 78.1% 78.1%

Operating Margin % 2.6% 2.6% 3.2% 3.2%

Unit Data (Continuing Operations):

New retail units	25,780	27,100
Fleet units	2,020	1,975
New units	27,800	29,075
Used units	22,987	20,097
Total units retailed	50,787	49,172
Wholesale units	7,272	6,929

Other Data:

Continuing Operations revenue percentage changes:		
New retail	3.7%	(12.9%)
Fleet	5.2%	3.8%

Total New Vehicles	3.8%	(12.1%)
Used	19.6%	14.8%
Parts, service and collision repair	5.6%	(2.2%)
Finance, insurance and other	9.2%	(6.0%)
Total	<u>8.6%</u>	<u>(6.9%)</u>

	2010	2009
Description of Adjustments:		
Continuing Operations:		
Mark-to-market on cash flow swaps	\$ 1,484	\$ 2,180
Debt restructuring charges	403	(775)
Mark-to-market on derivative liability	—	(11,400)
PP&E impairments	87	413
Goodwill impairments	—	207
Total pretax	\$ 1,974	\$ (9,375)
Tax effect	(744)	4,218
Total	<u>\$ 1,230</u>	<u>\$ (5,157)</u>
Discontinued Operations:		
Lease exit accruals	\$ —	\$ 4,350
Tax effect	—	(2,018)
Total	<u>\$ —</u>	<u>\$ 2,332</u>

Sonic Automotive, Inc.
Results of Operations (Unaudited)

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

	Nine Months Ended			Nine Months Ended		
	As Reported 9/30/2010	Adjustments	As Adjusted 9/30/2010	As Reported 9/30/2009	Adjustments	As Adjusted 9/30/2009
Revenues						
New retail vehicles	\$ 2,463,139	\$ —	\$ 2,463,139	\$ 2,203,046	\$ —	\$ 2,203,046
Fleet vehicles	148,849	—	148,849	164,190	—	164,190
Total new vehicles	2,611,988	—	2,611,988	2,367,236	—	2,367,236
Used vehicles	1,339,323	—	1,339,323	1,081,855	—	1,081,855
Wholesale vehicles	108,336	—	108,336	105,451	—	105,451
Total vehicles	4,059,647	—	4,059,647	3,554,542	—	3,554,542
Parts, service and collision repair	842,697	—	842,697	807,556	—	807,556
Finance, insurance and other	133,607	—	133,607	116,558	—	116,558
Total revenues	5,035,951	—	5,035,951	4,478,656	—	4,478,656
Total gross profit	830,153	—	830,153	776,263	—	776,263
SG&A expenses	(672,542)	647	(671,895)	(619,560)	—	(619,560)
Impairment charges	(132)	132	—	(5,707)	5,707	—
Depreciation	(25,729)	—	(25,729)	(23,865)	—	(23,865)
Operating income	131,750	779	132,529	127,131	5,707	132,838
Interest expense, floor plan	(15,615)	—	(15,615)	(14,925)	—	(14,925)
Interest expense, other, net	(48,024)	1,464	(46,560)	(57,998)	10,833	(47,165)
Interest expense, non-cash, convertible debt	(5,175)	—	(5,175)	1,556	(11,300)	(9,744)
Interest expense, non-cash, cash flow swaps	(5,402)	5,402	—	(5,359)	5,359	—
Other (expense) / income, net	(7,522)	7,662	140	2,519	(2,453)	66
Income / (loss) from continuing operations before taxes	50,012	15,307	65,319	52,924	8,146	61,070
Income tax (expense) / benefit	(19,905)	(6,092)	(25,997)	(23,816)	(3,666)	(27,482)
Income / (loss) from continuing operations	30,107	9,215	39,322	29,108	4,480	33,588
Income / (Loss) from discontinued operations	(4,532)	—	(4,532)	(11,810)	4,771	(7,039)
Net income	\$ 25,575	\$ 9,215	\$ 34,790	\$ 17,298	\$ 9,251	\$ 26,549

Diluted:

Weighted average common shares outstanding	65,711	—	65,711	52,529	—	52,529
Earnings / (loss) per share from continuing operations	\$ 0.56	\$ 0.13	\$ 0.69	\$ 0.48	\$ 0.21	\$ 0.69
Earnings / (loss) per share from discontinued operations	(0.07)	0.01	(0.06)	(0.22)	0.09	(0.13)
Earnings / (loss) per share	\$ 0.49	\$ 0.14	\$ 0.63	\$ 0.26	\$ 0.30	\$ 0.56

Gross Margin Data (Continuing Operations):

Retail new vehicles	6.8%	6.8%	7.0%	7.0%
Fleet vehicles	2.8%	2.8%	3.6%	3.6%
Total new vehicles	6.6%	6.6%	6.8%	6.8%
Used vehicles retail	8.0%	8.0%	8.8%	8.8%
Total vehicles retail	7.1%	7.1%	7.4%	7.4%
Wholesale vehicles	(3.6%)	(3.6%)	(2.7%)	(2.7%)
Parts, service and collision repair	50.0%	50.0%	50.4%	50.4%
Finance, insurance and other	100.0%	100.0%	100.0%	100.0%
Overall gross margin	16.5%	16.5%	17.3%	17.3%

SG&A Expenses (Continuing Operations):

Personnel	\$ 396,067	\$ —	\$ 396,067	\$ 355,238	\$ —	\$ 355,238
Advertising	36,445	—	36,445	32,934	—	32,934
Rent and rent related	98,226	—	98,226	97,703	—	97,703
Other	141,804	(647)	141,157	133,685	—	133,685
Total	\$ 672,542	\$ (647)	\$ 671,895	\$ 619,560	\$ —	\$ 619,560

SG&A Expenses as % of Gross Profit	81.0%	80.9%	79.8%	79.8%
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Operating Margin %	2.6%	2.6%	2.8%	3.0%
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Unit Data (Continuing Operations):

New retail units	71,809	67,782
Fleet units	6,042	6,802
New units	77,851	74,584
Used units	68,861	57,457
Total units retailed	146,712	132,041
Wholesale units	17,627	18,635

Other Data:

Continuing Operations revenue percentage changes:		
New retail	11.8%	(26.5%)
Fleet	(9.3%)	(38.8%)

Total New Vehicles	10.3%	(27.5%)
Used	23.8%	2.4%
Parts, service and collision repair	4.4%	(4.1%)
Finance, insurance and other	14.6%	(21.6%)
Total	<u>12.4%</u>	<u>(19.2%)</u>

	2010	2009
Description of Adjustments:		
Continuing Operations:		
Hail damage	\$ 647	\$ —
Mark-to-market on cash flow swaps	5,402	5,359
(Gain) / loss on extinguishment of debt	7,662	(2,453)
Debt restructuring charges	—	10,833
Mark-to-market on derivative liability	—	(11,300)
PP&E impairments	132	2,513
Franchise asset impairments	—	2,100
Goodwill impairments	—	1,094
Double-carry debt interest charges	1,464	—
Total pretax	\$ 15,307	\$ 8,146
Tax effect	(6,092)	(3,666)
Total	<u>\$ 9,215</u>	<u>\$ 4,480</u>

Discontinued Operations:		
Lease exit accruals	\$ —	\$ 4,350
PP&E impairments	—	1,822
Goodwill impairment	—	1,586
Total pretax	\$ —	\$ 7,758
Tax effect	—	(2,987)
Total	<u>\$ —</u>	<u>\$ 4,771</u>



Q3 Earnings Review
October 26, 2010

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.

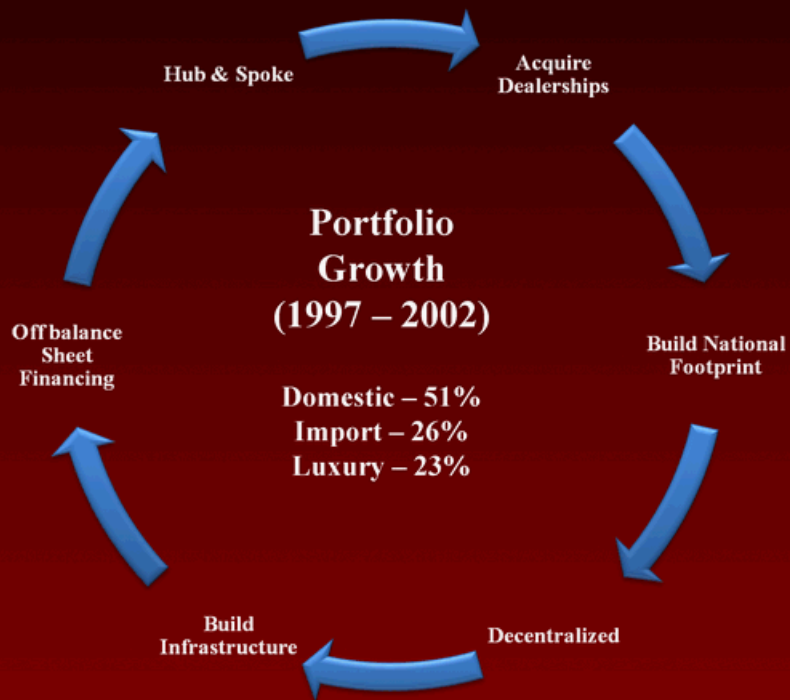
You are cautioned that these forward-looking statements are not guarantees of future performance, involve risks and uncertainties and actual results may differ materially from those projected in the forward-looking statements as a result of various factors. These risks and uncertainties include, among 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 June 30, 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.

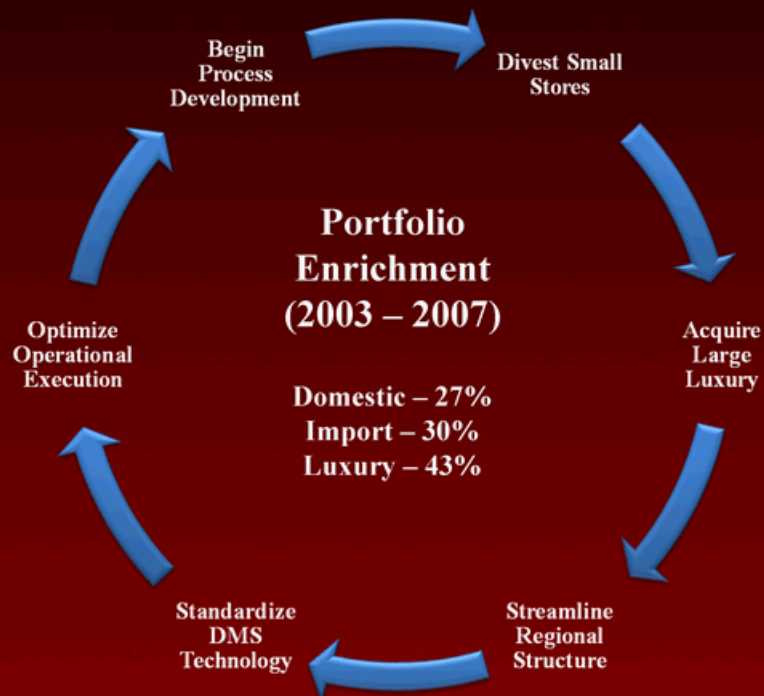
Sonic Automotive Q3 2010

- **Strategy Update**
- **Quarter in Review**
- **Financial Results**
- **Operations Recap**
- **Closing Comments**

Acquisition Company that Operates Dealerships



Operating Company that Acquires Dealerships



Optimize Asset Returns



Overall Results – Q3 2010

- **Revenues up 9%**
 - New vehicle revenue up against strong comp
 - Used revenue up 20%
 - Fixed Operations up 6%
- **Debt reduction continues**
 - Redeemed \$20m of senior sub notes
 - Interest expense down \$3.2m
 - Announced Q4 redemption of 4.25% convertible notes
 - Will reap the benefits of lower interest costs in the future

Quarterly Results (Adjusted*)

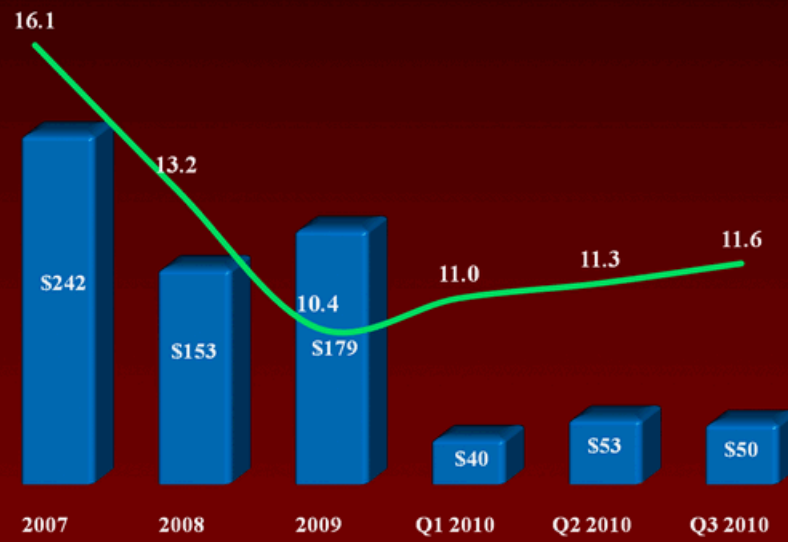
(amounts in millions, except per share)

	2010		2009		B / (W)	
	\$		\$		\$	%
Revenue	\$ 1,770.3		\$ 1,629.9		\$ 140.4	8.6%
Gross Profit	281.8		274.3		7.5	2.7%
Gross Margin %	15.9%		16.8%			
SG&A	(226.3)		(214.1)		(12.2)	(5.7%)
% of Gross	80.3%		78.1%			
Operating Profit	46.7		52.0		(5.3)	(10.2%)
% of Revenue	2.6%		3.2%			
Floorplan Interest Exp	(5.4)		(4.5)		(0.9)	(19.7%)
Other Interest Exp	(15.2)		(16.6)		1.4	8.3%
Non-Cash, Convertible Debt Interest Exp	(1.8)		(3.6)		1.8	50.6%
Other Income	(0.1)		-		(0.1)	
Profit / (Loss):						
Continuing	\$ 15.2	\$	15.0	\$	0.2	
Discontinued	(1.0)		(2.2)		1.2	
Total Operations	\$ 14.2	\$	12.8	\$	1.4	
Diluted EPS:						
Continuing	\$ 0.27	\$	0.26	\$	0.01	
Discontinued	(0.02)		(0.03)		0.01	
Total Operations	\$ 0.25	\$	0.23	\$	0.02	

*See appendix for reconciliation to GAAP amounts

Adjusted EBITDA - All Operations

SAAR



SG&A – Q3 2010

(amounts in millions)

	<u>Q3 2009</u>	<u>Q1 2010</u>	<u>Q2 2010</u>	<u>Q3 2010</u>
Advertising	\$ 11.3	\$ 11.1	\$ 12.7	\$ 12.6
Compensation	125.4	129.4	134.4	132.3
Other Fixed	29.8	34.5	32.9 ⁽¹⁾	35.3
Other Variable	14.1	12.5	12.7	13.4
Rent and Related	33.4	33.2	32.3	32.7
Total SG&A	<u>\$ 214.1</u>	<u>\$ 220.7</u>	<u>\$ 225.0</u> ⁽¹⁾	<u>\$ 226.3</u>
Memo:				
SG&A % of Gross	78.1%	83.0%	79.6% ⁽¹⁾	80.3%
Compensation % of Gross	45.7%	48.7%	47.6%	47.0%

(1) Amounts adjusted for \$0.6M hall damage charge. Unadjusted amounts are \$33.5M for Other Fixed, \$225.6M for Total SG&A, and 79.9% for SG&A % of Gross.

Liquidity

(amounts in millions)

	Dec 2009	Sep 2010
Cash	\$ 30.0	\$ 10.6
Revolver Availability	48.6	87.7
Used Line Liquidity	0.0	50.0
Total Liquidity	<u>\$ 78.6</u>	<u>\$ 148.3</u>
<i>Memo: Revolver Borrowing</i>	<i>\$ 0.0</i>	<i>\$ 0.0</i>
Long-term public debt (excluding mortgages)(1)	\$ 464.5	\$ 441.4

- Retired \$12 million of senior subordinated notes and \$1 million of convertible notes in Q2.
- Redeemed an additional \$20 million of senior subordinated notes in Q3.
- Will redeem \$16 million of convertible notes in Q4.

(1)Excludes other non-public debt principal of \$140.8 million and \$137.5 million at December 31, 2009 and September 30, 2010, respectively.

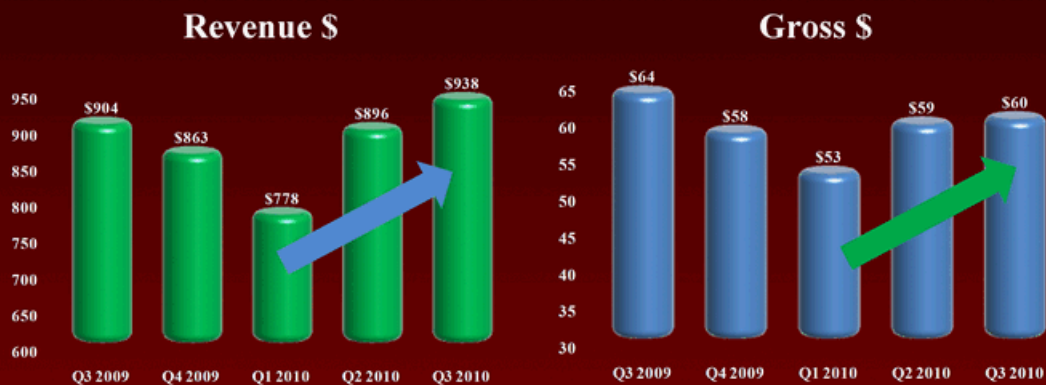
Debt Covenants

	<u>Covenant</u>	<u>Actual Q3 2010</u>	<u>Memo 2012 Covenant</u>
Liquidity Ratio	≥ 1.00	1.15	≥ 1.10
Fixed Charge Coverage Ratio	≥ 1.10	1.29	≥ 1.20
Total Senior Secured Debt to EBITDA Ratio	≤ 2.25	1.12	≤ 2.25

Compliant with all Covenants

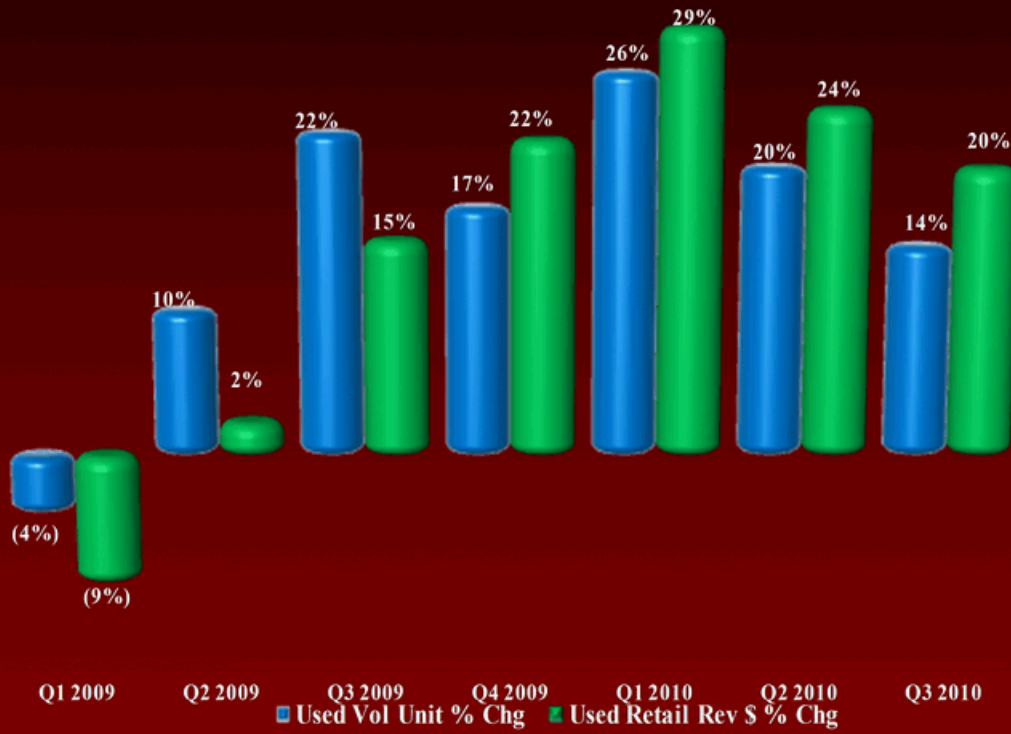
New Vehicle

(amounts in millions)

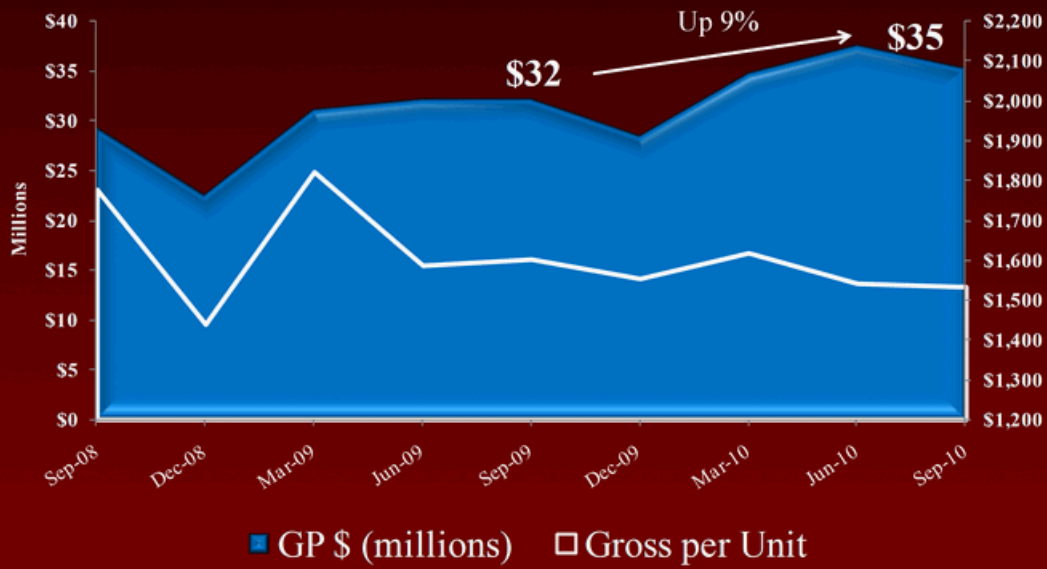


Sequential revenue and gross increases since Q1 2010.
(Q3 2009 included Cash for Clunker program)

Used Retail Vehicles – YOY Change

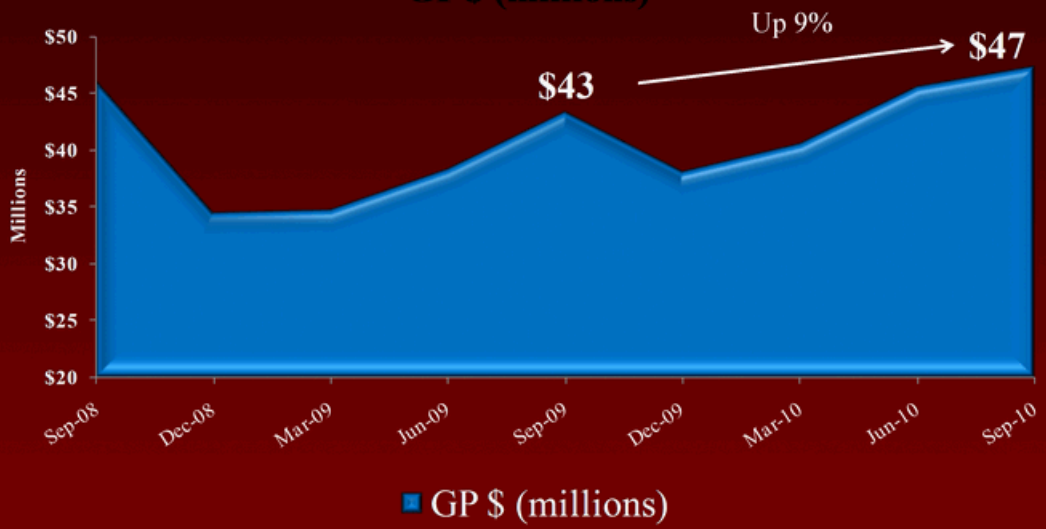


Used Vehicle GP \$ and GPU



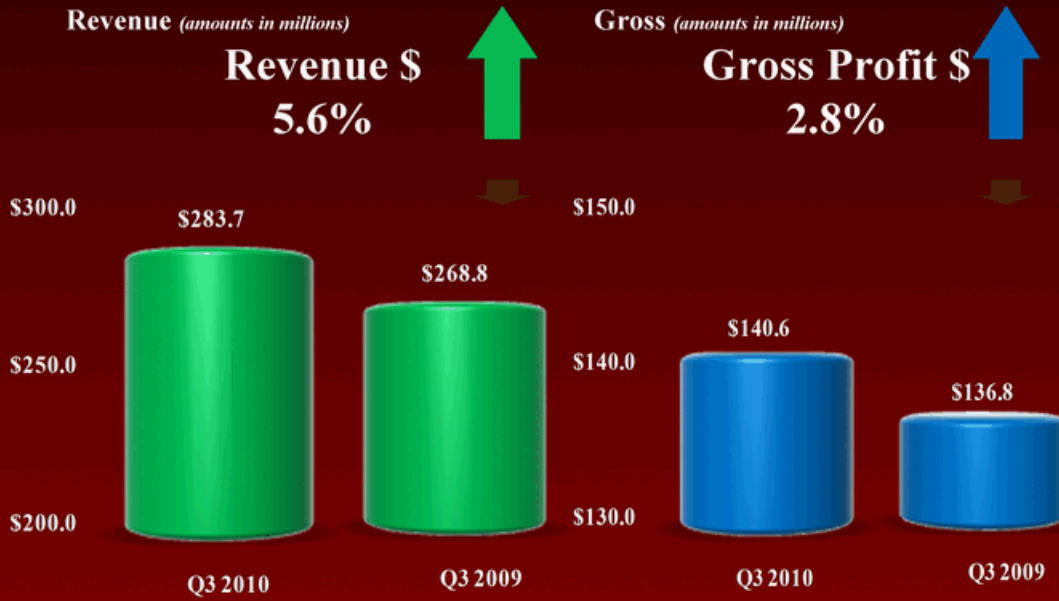
F&I

GPS (millions)



Fixed Operations – Q3 2010

Continuing Operations



Summary

- **New vehicle volume performed well considering strong import comps from CARS program**
- **Used retail vehicle volume and gross continue to grow**
- **F&I continues to benefit from growth in used volume**
- **Reinstated a small dividend given cash flow generation**
- **Will continue to bring back associate programs (401K match, etc.) as profits and cash continue to grow**
- **Q4 EPS target of \$0.25 - \$0.27**

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 9/30/2010	Adjustments	As Adjusted 9/30/2010	As Reported 9/30/2009	Adjustments	As Adjusted 9/30/2009
Revenue	\$ 1,770.3	\$ -	\$ 1,770.3	\$ 1,629.9	\$ -	\$ 1,629.9
Gross Profit	281.8	-	281.8	274.3	-	274.3
Gross Margin %	15.9%	-	15.9%	16.8%	-	16.8%
Advertising	(12.6)	-	(12.6)	(11.3)	-	(11.3)
Compensation	(132.3)	-	(132.3)	(125.4)	-	(125.4)
Other fixed	(35.3)	-	(35.3)	(29.8)	-	(29.8)
Other variable	(13.3)	-	(13.3)	(14.1)	-	(14.1)
Rent and related	(32.7)	-	(32.7)	(33.4)	-	(33.4)
SG&A expenses	(226.3)	-	(226.3)	(214.1)	-	(214.1)
% of Gross	80.3%	-	80.3%	78.1%	-	78.1%
Impairment charges	(0.1)	0.1 (2)	-	(0.6)	0.6 (1)	(0.0)
Depreciation	(8.7)	-	(8.7)	(8.1)	-	(8.1)
Operating income	46.6	0.1	46.7	51.4	0.6	52.0
% of Revenue	2.6%	-	2.6%	3.2%	-	3.2%
Interest expense, floor plan	(5.4)	-	(5.4)	(4.5)	-	(4.5)
Interest expense, other, net	(15.2)	-	(15.2)	(18.3)	1.7 (1)	(16.6)
Interest expense, non-cash, convertible debt	(1.8)	-	(1.8)	7.8	(11.4)	(3.6)
Interest expense, non-cash, cash flow swaps	(1.5)	1.5 (2)	-	(2.2)	2.2 (1)	-
Other (expense) / income, net	(0.3)	0.4 (2)	0.1	2.4	(2.4)	0.0
Income / (loss) from continuing operations before taxes	22.4	2.0	24.4	36.7	(9.4)	27.3
Income tax (expense) / benefit	(8.4)	(0.8)	(9.2)	(16.5)	4.2	(12.3)
Income / (loss) from continuing operations	14.0	1.2	15.2 (3)	20.2	(5.2)	15.0
Income / (loss) from discontinued operations	(1.0)	-	(1.0)	(4.6)	2.4	(2.2)
Net income	\$ 13.0	\$ 1.2	\$ 14.2	\$ 15.6	\$ (2.8)	\$ 12.8
Diluted EPS from						
Continuing operations	\$ 0.25	\$ 0.02	\$ 0.27	\$ 0.24	\$ 0.02	\$ 0.26
Discontinued operations	(0.02)	-	(0.02)	(0.07)	0.04	(0.03)
Earnings / (loss) per share	\$ 0.23	\$ 0.02	\$ 0.25	\$ 0.17	\$ 0.06	\$ 0.23

(1) Represents amounts related to impairments, debt restructuring, cash flow swaps, and mark-to-market on derivative liability

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

Reconciliation of Non-GAAP Financial Information

(dollars in millions)	YTD 2007	YTD 2008	YTD 2009	Q1 2010	Q2 2010	Q3 2010
Adjusted EBITDA	\$ 242	\$ 153	\$ 179	\$ 40	\$ 53	\$ 50
Subtract:						
Interest expense, other	(37)	(62)	(80)	(18)	(17)	(16)
Interest expense, non-cash, convertible debt	(10)	(11)	(1)	(2)	(2)	(2)
Interest expense, non-cash, cash flow swaps	-	-	(12)	(2)	(2)	(1)
Income taxes	(63)	139	54	(3)	(6)	(9)
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)	(9)
Other	-	-	1	-	1	-
Net Income (Loss)	90	(692)	32	4	8	13
Add (subtract):						
Depreciation and amortization**	40	51	52	11	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	9
Discontinuance of cash flow swaps	-	-	5	-	-	-
Net cash (used in) provided by operating activities	\$ 34	\$ 121	\$ 404	\$ 174	\$ 31	\$ 33

* - 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.

SONIC AUTOMOTIVE, INC. DECLARES QUARTERLY CASH DIVIDEND

CHARLOTTE, N.C. — October 26, 2010 - Sonic Automotive, Inc. (NYSE: SAH), a leader in automotive retailing, today announced that its Board of Directors approved a quarterly dividend of \$0.025 per share payable in cash for shareholders of record on December 15, 2010. The dividend will be payable January 15, 2011.

Sonic Automotive, Inc., a Fortune 500 company based in Charlotte, N.C., is one of the nation's largest automotive retailers. Sonic can be reached on the web at www.sonicautomotive.com.

Included herein is a forward-looking statement pertaining to an anticipated cash dividend to shareholders. 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 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 June 30, 2010. The Company does not undertake any obligation to update forward-looking information.