AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON OCTOBER 17, 1997

REGISTRATION NO. 333-33295

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 3

TO
FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SONIC AUTOMOTIVE, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	5511	56-2010790
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

5401 EAST INDEPENDENCE BOULEVARD
P.O. BOX 18747
CHARLOTTE, NORTH CAROLINA 28218
TELEPHONE (704) 532-3301
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

MR. O. BRUTON SMITH
CHIEF EXECUTIVE OFFICER
SONIC AUTOMOTIVE, INC.
5401 EAST INDEPENDENCE BOULEVARD
P.O. BOX 18747
CHARLOTTE, NORTH CAROLINA 28218
TELEPHONE (704) 532-3301
(Name, address, including zip code, and telephone number, including area code, of agent for service)

COPIES TO:

GARY C. IVEY, ESQ. PARKER, POE, ADAMS & BERNSTEIN L.L.P. 2500 CHARLOTTE PLAZA CHARLOTTE, NORTH CAROLINA 28244 TELEPHONE (704) 372-9000	STUART H. GELFOND, ESQ. FRIED, FRANK, HARRIS, SHRIVER & JACOBSON ONE NEW YORK PLAZA NEW YORK, NEW YORK 10004 TELEPHONE (212) 859-8000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ].

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ].

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT THAT SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD

NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS DATED OCTOBER 17, 1997

PROSPECTUS

5,000,000 SHARES

(Sonic Automotive logo appears here)

CLASS A COMMON STOCK

All of the 5,000,000 shares of Class A Common Stock, par value $.01 per share (the "Class A Common Stock"), offered hereby are being sold by Sonic Automotive, Inc. ("Sonic" or the "Company").

Each share of Class A Common Stock entitles its holder to one vote per share. Each share of Class B Common Stock, par value $.01 per share (the "Class B Common Stock," and together with the Class A Common Stock, the "Common Stock"), entitles the holder to ten votes per share, except in certain limited circumstances. All of the shares of Class B Common Stock are held by the members of the Smith Group (as defined herein), who are all of the stockholders of the Company prior to the consummation of the Offering. After consummation of the Offering, the Smith Group will beneficially own shares representing approximately 92.6% of the combined voting power of the Company's Common Stock (approximately 91.6% if the Underwriters' over-allotment option is exercised in full). See "Description of Capital Stock -- Common Stock."

Prior to the Offering, there has been no public market for the Class A Common Stock. It is currently estimated that the initial public offering price will be between $12.00 and $14.00 per share. For a discussion of factors to be considered in determining the initial public offering price, see "Underwriting."

The Class A Common Stock has been approved for listing on the New York Stock Exchange, subject to official notice of issuance, under the symbol "SAH."

SEE "RISK FACTORS" BEGINNING ON PAGE 9 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE CLASS A COMMON STOCK OFFERED HEREBY.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

[CAPTION]

	PRICE TO PUBLIC	UNDERWRITING DISCOUNT (1)	PROCEEDS TO COMPANY (2)
Per Share..	$	$	$
Total (3)..	$	$	$

(1) The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."

(2) Before deducting expenses payable by the Company estimated at $2,000,000.

(3) The Company has granted to the Underwriters an option, exercisable within 30 days of the date hereof, to purchase up to an aggregate of 750,000 additional shares of Class A Common Stock solely to cover over-allotments, if any. If such option is exercised in full, the total Price to Public, Underwriting Discount and Proceeds to Company will be $, $ and

$, respectively. See "Underwriting."

The shares of Class A Common Stock are being offered by the several Underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of certain legal matters by counsel for the Underwriters and certain other conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery of the shares of Class A Common Stock will be made in New York, New York on or about , 1997.

MERRILL LYNCH & CO.

NATIONSBANC MONTGOMERY SECURITIES, INC.

WHEAT FIRST BUTCHER SINGER

The date of this Prospectus is , 1997.

(Sonic Automotive logo and Map of the United States appears here)

FORT MILL CHRYSLER
PLYMOUTH DODGE

FORT MILL FORD

FRONTIER OLDSMOBILE
CADILLAC

LAKE NORMAN CHRYSLER-
PLYMOUTH-JEEP-EAGLE

LAKE NORMAN DODGE

LONE STAR FORD

DODGE OF CHATTANOOGA

INFINITI OF CHATTANOOGA

JAGUAR OF CHATTANOOGA

DYER AND DYER VOLVO

KEN MARKS FORD

KIA AND VOLKSWAGEN
OF CHATTANOOGA

CLEVELAND VILLAGE HONDA

CLEVELAND CHRYSLER-
PLYMOUTH-JEEP-EAGLE

NELSON BOWERS FORD

BMW AND VOLVO
OF CHATTANOOGA

BMW AND VOLKSWAGEN
OF NASHVILLE

TOWN AND COUNTRY FORD

TOWN AND COUNTRY TOYOTA

TOWN AND COUNTRY
CHRYSLER-PLYMOUTH-JEEP
OF ROCK HILL

The Company intends to furnish its stockholders with annual reports containing financial statements audited by its independent public accountants and will make available copies of its quarterly reports for the first three quarters of each year.

CERTAIN PERSONS PARTICIPATING IN THE OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN, OR OTHERWISE AFFECT THE PRICE OF THE CLASS A COMMON

STOCK. SUCH TRANSACTIONS MAY INCLUDE STABILIZING, THE PURCHASE OF CLASS A COMMON STOCK TO COVER SYNDICATE SHORT POSITIONS AND THE IMPOSITION OF PENALTY BIDS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

This Prospectus includes statistical data regarding the retail automotive industry. Unless otherwise indicated herein, such data is taken or derived from information published by a division of Intertec Publishing Corp. in its "Ward's Dealer Business," Crain's Communications, Inc. in its "Automotive News" and "1997 Market Data Book" and the Industry Analysis Division of the National Automobile Dealers Association ("NADA") in its "Industry Analysis and Outlook" and "Automotive Executive Magazine" publications.

No Manufacturer (as defined in this Prospectus) has been involved, directly or indirectly, in the preparation of this Prospectus or in the Offering being made hereby. Although, as described in this Prospectus, Manufacturers will have granted consents for various of the Acquisitions (as defined herein) and for this Offering, no Manufacturer has made any statements or representations for the purpose of such statements or representations being included in this Prospectus, and no Manufacturer has any responsibility for the accuracy or completeness of this Prospectus.

PROSPECTUS SUMMARY

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY, AND SHOULD BE READ IN CONJUNCTION WITH, THE MORE DETAILED INFORMATION AND FINANCIAL STATEMENTS (INCLUDING THE NOTES THERETO) APPEARING ELSEWHERE IN THIS PROSPECTUS. REFERENCES IN THIS PROSPECTUS TO "SONIC" OR THE "COMPANY" (I) ARE TO SONIC AUTOMOTIVE, INC. AND, UNLESS THE CONTEXT INDICATES OTHERWISE, ITS CONSOLIDATED SUBSIDIARIES AND THEIR RESPECTIVE PREDECESSORS, (II) GIVE EFFECT TO A RECENTLY COMPLETED REORGANIZATION (AS DEFINED BELOW) OF THE COMPANY, AND (III) ASSUME THAT THE COMPANY HAS CONSUMMATED THE ACQUISITION OF THE ASSETS OR ALL THE CAPITAL STOCK OF SIX ADDITIONAL DEALERSHIPS OR DEALERSHIP GROUPS, AS DESCRIBED HEREIN, IN NORTH CAROLINA, TENNESSEE, FLORIDA, GEORGIA AND SOUTH CAROLINA (THE "ACQUISITIONS"). SEE "THE ACQUISITIONS." REFERENCES TO THE "OFFERING" ARE TO THE OFFERING OF CLASS A COMMON STOCK MADE HEREBY. UNLESS OTHERWISE INDICATED, ALL INFORMATION IN THIS PROSPECTUS (A) GIVES RETROACTIVE EFFECT TO A 625-FOR-1 STOCK SPLIT (EFFECTED IN THE FORM OF A STOCK DIVIDEND) OF THE COMPANY'S CLASS B COMMON STOCK TO BE CONSUMMATED PRIOR TO THE CONSUMMATION OF THE OFFERING (THE "STOCK SPLIT") AND (B) ASSUMES THAT THE UNDERWRITERS'OVER-ALLOTMENT OPTION IS NOT EXERCISED. THE ACQUISITIONS WILL BE CONSUMMATED ON OR BEFORE THE CLOSING OF THE OFFERING.

THE COMPANY

The Company is one of the leading automotive retailers in the United States, operating 23 dealership franchises, four standalone used vehicle facilities and seven collision repair centers in the southeastern and southwestern United States. Sonic sells new and used cars and light trucks, sells replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges related financing and insurance ("F&I") for its automotive customers. The Company's business is geographically diverse, with dealership operations in the Charlotte, Chattanooga, Nashville, Tampa-Clearwater, Houston and Atlanta markets, each of which the Company believes is experiencing favorable demographic trends. Sonic sells 15 domestic and foreign brands, which consist of BMW, Cadillac, Chrysler, Dodge, Ford, Honda, Infiniti, Jaguar, Jeep, KIA, Oldsmobile, Plymouth, Toyota, Volkswagen and Volvo. In several of its markets, the Company has a significant market share for new cars and light trucks, including 13.7% in Charlotte and 9.1% in Chattanooga in 1996. Pro forma for the Acquisitions, the Company had revenues of $899.6 million and retail unit sales of 24,206 new and 13,475 used vehicles in 1996. The Company believes that in 1996, based on pro forma retail unit sales, it would have been one of the ten largest dealer groups out of a total of more than 15,000 dealer groups in the United States.

The Company's founder and Chief Executive Officer, O. Bruton Smith, has over 30 years of automotive retailing experience. In addition, the Company's other executive officers, regional vice presidents and executive managers have on average 18 years of automotive retailing experience. The Company's dealerships have won the highest attainable awards from various manufacturers measuring quality and customer satisfaction. These awards include the Five Star Award from Chrysler, the Chairman's Award from Ford, the President's Award from BMW and the President's Circle Award from Infiniti. In addition, the Company was named to Ford's Top 100 Club, which consists of Ford's top 100 retailers based on retail volume and consumer satisfaction.

The Company intends to pursue an acquisition growth strategy led by a management team that has experience in the consolidation of automotive retailing as well as motorsports businesses. Bruton Smith, who is also the Chief Executive Officer of Speedway Motorsports, Inc., the owner and operator of several motorsports facilities, first entered the automotive retailing business in the mid-1960's. Mr. Smith will devote approximately 50% of his business time to the Company. Since 1990, Mr. Smith has successfully acquired three dealerships and increased his dealerships' revenues from $199.4 million in 1992 to $376.6 million in 1996, without giving effect to the Acquisitions. In the Tennessee market, Nelson E. Bowers, II, the Company's Executive Vice President, has acquired or opened eight dealerships since 1992 and increased revenues (primarily through acquisitions) of the dealership group to be acquired by the Company from $13.2 million in 1992 to $101.5 million in 1996. No assurance can be given that Messrs. Smith and Bowers will be successful in acquiring or opening new dealerships for the Company or increasing the Company's revenues.

The Company believes the competitive advantages which differentiate it from its local competitors include the reputation of the Company's management in the automotive retailing industry, regional and national economies of scale, brand and geographic diversity, and the established customer base and local name recognition of the Company's dealerships. The Company has developed and implemented several growth strategies to capitalize on these competitive advantages. One of these is to continue to expand its operations in the Southeast and Southwest by acquiring additional dealerships both within its current markets and in new markets. The Company also is seeking additional growth from the increased sale of higher margin products and services such as wholesale parts, after-market products, collision repair services and F&I.

The Company believes that an opportunity exists for dealership groups with significant equity capital and experience in identifying, acquiring and professionally managing dealerships, to acquire additional dealerships and capitalize on changes in the automotive retailing industry. With approximately $640 billion in 1996 sales, automotive retailing is the largest consumer retail market in the United States. The industry today is highly fragmented, with the largest 100 dealer groups generating less than 10% of total sales revenues and controlling less than 5% of all new vehicle dealerships. The Company believes that

these factors, together with increasing capital costs of operating automobile dealerships, the lack of alternative exit strategies (especially for larger dealerships) and the aging of many dealership owners provide attractive consolidation opportunities.

Automobile retailing is highly competitive. The Company's competition includes franchised automobile dealerships, some with greater resources than the Company, selling the same or similar makes of vehicles offered by the Company. Other competitors include other franchised dealers, private market buyers and sellers of used vehicles, used vehicle dealers, service center chains and independent service and repair shops. Primarily as a result of competitive pressures, gross profit margins on new vehicle sales have been declining since 1986. The Company has also experienced gross profit margin pressure on used vehicle sales over the last 18 months. For further discussion of competition affecting the Company's business, see "Risk Factors -- Competition" and "Business -- Competition."

GROWTH STRATEGY

(Bullet) ACQUIRE DEALERSHIPS. The Company plans to implement a "hub and spoke" acquisition program primarily by pursuing (i) well-managed dealerships in new metropolitan and growing suburban geographic markets, and (ii) dealerships that will allow the Company to capitalize on regional economies of scale, offer a greater breadth of products and services in any of its markets or increase brand diversity.

NEW MARKETS. The Company looks to acquire well-managed dealerships in geographic markets it does not currently serve, principally in the Southeast and Southwest regions of the United States. Generally, the Company will seek to retain the acquired dealerships' operational and financial management, and thereby benefit from their market knowledge, name recognition and local reputation.

EXISTING MARKETS. The Company seeks growth in its operations within existing markets by acquiring dealerships that increase the brands, products and services offered in those markets. These acquisitions should produce opportunities for additional operating efficiencies, promote increased name recognition and provide the Company with better opportunities for repeat and referral business.

(Bullet) PURSUE OPPORTUNITIES IN ANCILLARY PRODUCTS AND SERVICES. The Company intends to pursue opportunities to increase its sales of higher-margin products and services by expanding its collision repair centers and its wholesale parts and after-market products businesses, which, other than after-market products, are not directly related to the new vehicle cycle.

COLLISION REPAIR CENTERS. The Company's collision repair business provides favorable margins and is not significantly affected by economic cycles or consumer spending habits. The Company believes that because of the high capital investment required for collision repair shops and the cost of complying with environmental and worker safety regulations, large volume body shops will be more successful in the future than smaller volume shops. The Company believes that this industry will consolidate and that it will be able to expand its collision repair business. The Company currently has seven collision repair centers accounting for approximately $8.9 million in pro forma revenue for the year ended 1996.

WHOLESALE PARTS. Over time, the Company plans to capitalize on its growing representation of numerous manufacturers in order to increase its sales of factory authorized parts to wholesale buyers such as independent mechanical and body repair garages and rental and commercial fleet operators.

AFTER-MARKET PRODUCTS. The Company intends to expand its offerings of after-market products in many of its dealership locations. After-market products, such as custom wheels, performance parts, telephones and other accessories, enable the dealership to capture incremental revenue on new and used vehicle sales.

(Bullet) ENHANCE PROFIT OPPORTUNITIES IN FINANCE AND INSURANCE. The Company offers its customers a wide range of financing and leasing alternatives for the purchase of vehicles, as well as credit life, accident and health and disability insurance and extended service contracts. As a result of its size and scale, the Company believes it will be able to negotiate with the lending institutions that purchase its financing contracts to increase the Company's revenues. Likewise, the Company expects to negotiate to increase the commissions it earns on extended service and insurance products.

(Bullet) INCREASE USED VEHICLE SALES. The Company believes that there will be opportunities to improve the used vehicle departments at several of its dealerships. The Company currently operates four standalone used vehicle facilities. In 1998, the Company intends to convert part of an existing facility in Nashville to a used vehicle facility. It also intends to develop used vehicle facilities in other markets where management believes opportunities exist.

OPERATING STRATEGY

(Bullet) OPERATE MULTIPLE DEALERSHIPS IN GEOGRAPHICALLY DIVERSE MARKETS. The Company operates dealerships in Charlotte, Chattanooga, Nashville, Tampa-Clearwater, Houston and Atlanta. By operating in several locations throughout the United States, the Company believes it will be better able to insulate its earnings from local economic downturns. In addition, the Company believes that by establishing a significant market presence in its operating regions, it will be able to provide superior customer service through a market-specific sales, service, marketing and inventory strategy.

(Bullet) ACHIEVE HIGH LEVELS OF CUSTOMER SATISFACTION. Customer satisfaction has been and will continue to be a focus of the Company. The Company's personalized sales process is intended to satisfy customers by providing high-quality vehicles in a positive, "consumer friendly" buying environment. Some Manufacturers offer specific performance incentives, on a per vehicle basis, if certain customer satisfaction index ("CSI") levels (which vary by Manufacturer) are achieved by a dealer. Manufacturers can withhold approval of acquisitions if a dealer fails to maintain a minimum CSI score. Historically, the Company has not been denied Manufacturer approval of acquisitions based on CSI scores. To keep management focused on customer satisfaction, the Company includes CSI results as a component of its incentive compensation program.

(Bullet) TRAIN AND DEVELOP QUALIFIED MANAGEMENT. Sonic requires all of its employees, from service technicians to regional vice presidents, to participate in in-house training programs. The Company leverages the experience of senior management, along with third party trainers from manufacturers, industry affiliates and vendors, to formally train all employees. This training is also a convenient and effective way to share best practices among the Company's employees at all levels of the various dealerships. The Company believes that its comprehensive training of all employees at every level of their career path offers the Company a competitive advantage over other dealership groups in the development and retention of its workforce.

- OFFER A DIVERSE RANGE OF AUTOMOTIVE PRODUCTS AND SERVICES. Sonic offers a broad range of automotive products and services, including a wide selection of new and used vehicles, vehicle financing and insurance programs, replacement parts and maintenance and repair programs. Offering numerous new vehicle brands enables the Company to satisfy a variety of customers, reduces dependence on any one Manufacturer and reduces exposure to supply problems and product cycles.

- CAPITALIZE ON EFFICIENCIES IN OPERATIONS. Because management compensation is based primarily on dealership performance, expense reduction and operating efficiencies are a significant management focus. As the Company pursues its acquisition strategy, the Company's size and market presence should provide it with an opportunity to negotiate favorable contracts on such expense items as advertising, purchasing, bank financings, employee benefit plans and other vendor contracts.

- UTILIZE PROFESSIONAL MANAGEMENT PRACTICES AND INCENTIVE BASED COMPENSATION PROGRAMS. As a result of Sonic's size and geographic dispersion, the Company's senior management has instituted a multi-tiered management structure to supervise effectively its dealership operations. In an effort to align management's interest with that of stockholders, a portion of the incentive compensation program for each officer, vice president and executive manager is provided in the form of Company stock options, with additional incentives based on the performance of individual profit centers. Sonic believes that this organizational structure, with room for advancement and the opportunity for equity participation, serves as a strong motivation for its employees.

- APPLY TECHNOLOGY THROUGHOUT OPERATIONS. The Company believes that, with the customized technology it has introduced in certain markets, it has been able to improve its operations over time by integrating its systems into all aspects of its business. In these markets the Company uses computer-based technology to monitor its dealerships' operating performance and quickly adjust to market changes and to integrate computer systems into its sales, F&I and parts and service operations. The Company intends to expand this computer system into more of its dealerships and markets as existing contracts for computer systems expire.

THE REORGANIZATION

The Company was recently incorporated and capitalized with the stock of the automobile dealerships that have been under the control of Bruton Smith comprised of Town & Country Ford, Town & Country Toyota, Lone Star Ford, Fort Mill Ford and Frontier Oldsmobile-Cadillac (the "Sonic Dealerships"). As of June 30, 1997, the Company effected a reorganization (the "Reorganization") pursuant to which: (i) the Company acquired all of the capital stock or limited liability company interests of the Sonic Dealerships (the "Dealership Securities"); and (ii) the Company issued Class B Common Stock to the Smith Group in exchange for the Dealership Securities. In connection with the Reorganization and the Offering, the Company will convert from the last-in-first-out method (the "LIFO Method") of inventory accounting to the first-in-first-out method (the "FIFO Method") of inventory accounting (the "FIFO Conversion"), conditioned upon the closing of the Offering. In connection with the FIFO Conversion, and in accordance with generally accepted accounting principles, the accompanying financial information of the Company has been retroactively restated to reflect the FIFO Conversion. See "The Reorganization."

THE ACQUISITIONS

In the past four months, the Company has consummated or signed definitive agreements to purchase six dealerships or dealership groups for an aggregate purchase price of approximately $94.8 million. These acquisitions consist of Ken Marks Ford located in Clearwater, Florida (the "Ken Marks Acquisition") (consummated on October 15, 1997), seven dealerships controlled by the Bowers Transportation Group in Chattanooga, Tennessee and one dealership in Nashville, Tennessee (the "Bowers Acquisition"), Lake Norman Dodge and Lake Norman

Chrysler-Plymouth-Jeep-Eagle located in Cornelius, North Carolina (the "Lake Norman Acquisition") (consummated on September 29, 1997), Dyer & Dyer Volvo located in Atlanta, Georgia (the "Dyer Acquisition"), the acquisition of the assets of Jeff Boyd Chrysler-Plymouth-Dodge located in Fort Mill, South Carolina, by the Company's subsidiary, Fort Mill Chrysler-Plymouth-Dodge Inc. (the "Fort Mill Acquisition") (consummated on June 3, 1997), and the acquisition of the assets of Williams Motors located in Rock Hill, South Carolina, by the Company's subsidiary, Town and Country Chrysler-Plymouth-Jeep of Rock Hill, Inc. (the "Williams Acquisition") (consummated on October 10, 1997) (collectively, the "Acquisitions"). The dealerships underlying the Acquisitions had aggregate total revenues of approximately $490.1 million in 1996 and enhance the Company's market presence in the Southeast. See "The Acquisitions."

The Company's principal executive office is located at 5401 East Independence Boulevard, Charlotte, North Carolina. Its mailing address is P.O. Box 18747, Charlotte, North Carolina 28218, and its telephone number is (704) 532-3301.

THE OFFERING

<TABLE>

<S>	<C>
Class A Common Stock Offered by the Company..........	5,000,000 shares (1)
Common Stock to be outstanding after the Offering:	
Class A Common Stock...............................	5,000,000 shares (1)(2)
Class B Common Stock...............................	6,250,000 shares
Total..	11,250,000 shares
Voting Rights..	The Class A Common Stock and Class B Common Stock vote as a single class on all matters, except as otherwise required by law, with each share of Class A Common Stock entitling its holders to one vote and each share of Class B Common Stock entitling its holder to ten votes except with respect to certain limited matters. See "Description of Capital Stock."
Use of proceeds......................................	The net proceeds of the Offering will be used to fund the Acquisitions, including repaying certain indebtedness incurred by the Company in connection with the Acquisitions already consummated. See "The Acquisitions" and "Use of Proceeds."
Listing..	The Class A Common Stock has been approved for listing on the New York Stock Exchange (the "NYSE"), subject to offical notice of issuance, under the symbol "SAH."

</TABLE>

(1) Does not include up to an aggregate of 750,000 shares of Class A Common Stock that may be sold by the Company upon exercise of the over-allotment option granted to the Underwriters. See "Underwriting."

(2) Excludes (i) 1,125,000 shares of Class A Common Stock reserved for future issuance to Company employees under the Company's Stock Option Plan (as defined herein) (including up to 587,509 shares of Class A Common Stock reserved for issuance upon exercise of options to be granted on or before the consummation of the Offering pursuant to the Stock Option Plan), (ii) 150,000 shares of Class A Common Stock reserved for issuance to eligible Company employees under the Company's ESPP (as defined herein) and (iii) 42,187 shares of Class A Common Stock (45,000 shares if the Underwriters' over-allotment option is exercised) reserved for issuance under the Dyer Warrant (defined herein). See "The Acquisitions -- The Dyer Acquisition" and "Management -- Stock Option Plan."

RISK FACTORS

The Company's ability to make acquisitions in the future may be limited to some extent by the Manufacturers. The Company is required to obtain Manufacturer approval for any acquisition in accordance with industry practice. Moreover, pursuant to Manufacturer policies currently in effect or their approvals of the transactions contemplated hereby, the Company could acquire no more than ten Chrysler dealerships in the United States, no more than the lesser of (i) 15 Ford and 15 Lincoln Mercury dealerships or (ii) that number of Ford and Lincoln Mercury dealerships accounting for 2% of the preceding year's retail sales of those brands in the United States, six additional Toyota dealerships, three

Lexus dealerships, six additional Honda dealerships, three Acura dealerships and five additional GM dealerships (within the next two years, subject to increase under certain conditions). For additional information concerning these and other limitations on acquisitions imposed by the Manufacturers, see "Risk Factors -- Risks Associated with Acquisitions," "--Stock Ownership/Issuance Limits; Limitation on Ability to Issue Additional Equity" and " -- Manufacturers' Restrictions on Acquisitions."

See "Risk Factors" beginning on page 9 for a discussion of other factors that should be considered by prospective purchasers of the Class A Common Stock offered hereby.

SUMMARY HISTORICAL AND PRO FORMA COMBINED AND CONSOLIDATED FINANCIAL DATA

The following Summary Historical and Pro Forma Combined and Consolidated Financial Data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," the Combined and Consolidated Financial Statements of the Company and the related notes and "Pro Forma Combined and Consolidated Financial Data" included elsewhere in this Prospectus. The Company acquired Fort Mill Ford, Inc. and Fort Mill Chrysler-Plymouth-Dodge in February 1996 and in June 1997, respectively. Both of these acquisitions were accounted for using the purchase method of accounting. As a result the Summary Historical Combined and Consolidated Financial Data below does not include the results of operations of these dealerships prior to the date they were acquired by the Company. Accordingly, the actual historical data for the periods after the acquisition may not be comparable to data presented for periods prior to the acquisitions of Fort Mill Ford and Fort Mill Chrysler-Plymouth-Dodge. Additionally, the Summary Historical and Pro Forma Combined and Consolidated Financial Data below is not necessarily indicative of the results of operations or financial position which would have resulted had the Reorganization, the Acquisitions and the Offering occurred during the periods presented. In connection with the FIFO Conversion, and in accordance with generally accepted accounting principles, the Summary Historical and Pro Forma Combined and Consolidated Financial Data has been retroactively restated to reflect the FIFO Conversion.

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,						SIX MONTHS ENDED JUNE 30,	
	ACTUAL					PRO FORMA	ACTUAL	
	1992	1993	1994	1995	1996(1)	1996(2)	1996(1)	1997(3)
	(IN THOUSANDS, EXCEPT PER SHARE AND VEHICLES UNIT DATA)							
COMBINED AND CONSOLIDATED STATEMENT OF OPERATIONS DATA:								
Revenues:								
Vehicle sales	$171,065	$203,630	$227,960	$267,308	$326,842	$788,255	$164,333	$185,077
Parts, service and collision repair	24,543	30,337	33,984	35,860	42,644	94,912	21,005	22,907
Finance and insurance	3,743	3,711	5,181	7,813	7,118	16,471	4,277	4,763
Total revenues	199,351	237,678	267,125	310,981	376,604	899,638	189,615	212,747
Cost of sales	174,713	208,445	233,011	270,878	331,047	786,129	167,191	188,422
Gross profit	24,638	29,233	34,114	40,103	45,557	113,509	22,424	24,325
Selling, general and administrative expenses	20,251	22,738	24,632	29,343	33,677	85,856	16,590	18,413
Depreciation and amortization	682	788	838	832	1,076	3,510	360	396
Operating income	3,705	5,707	8,644	9,928	10,804	24,143	5,474	5,516
Interest expense floor plan	2,215	2,743	3,001	4,505	5,968	9,342	2,801	3,018
Interest expense, other	290	263	443	436	433	3,171	184	269
Other income	1,360	613	609	449	618	2,222	369	274
Income before income taxes and								

minority interest..................	2,560	3,314	5,809	5,436	5,021	13,852	2,858	2,503
Provision for income taxes...........	27	723	2,118	2,176	1,924	5,517	1,093	916
Income before minority interest......	2,533	2,591	3,691	3,260	3,097	8,335	1,765	1,587
Minority interest in earnings (loss) of subsidiary......................	(31)	(22)	15	22	114	--	41	47
Net income...........................	$ 2,564	$ 2,613	$ 3,676	$ 3,238	$ 2,983	$ 8,335	$ 1,724	$ 1,540
Net income per share (4).............						$ 0.74		

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	SIX MONTHS ENDED JUNE 30, PRO FORMA 1997(2)
COMBINED AND CONSOLIDATED STATEMENT OF OPERATIONS DATA:	
Revenues:	
Vehicle sales......................	$418,624
Parts, service and collision repair..........................	49,881
Finance and insurance.............	9,410
Total revenues...................	477,915
Cost of sales........................	419,492
Gross profit.........................	58,423
Selling, general and administrative expenses..........................	43,574
Depreciation and amortization........	1,662
Operating income.....................	13,187
Interest expense floor plan..........	5,241
Interest expense, other..............	1,674
Other income.........................	1,247
Income before income taxes and minority interest..................	7,519
Provision for income taxes...........	2,815
Income before minority interest......	4,704
Minority interest in earnings (loss) of subsidiary......................	--
Net income...........................	$ 4,704
Net income per share (4).............	$ 0.42

</TABLE>

OTHER COMBINED AND
CONSOLIDATED OPERATING DATA:

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New vehicle units sold..............	8,060	9,429	9,686	10,273	11,693	24,206	6,027	6,553
Used vehicle units sold -- retail (5)................................	3,892	4,104	4,374	5,172	5,488	13,475	2,836	2,638
New vehicle sales revenues...........	$126,230	$152,525	$164,361	$186,517	$233,146	$540,505	$115,721	$137,069
Used vehicle sales revenues -- retail (5)................................	33,636	37,742	47,537	60,766	68,054	181,787	35,200	32,666
Parts, service and collision repair sales revenues.....................	24,543	30,337	33,984	35,860	42,644	94,912	21,005	22,906
Gross profit margin..................	12.4%	12.3%	12.8%	12.9%	12.1%	12.6%	11.8%	11.4%
New vehicle gross margin.............	6.7%	6.9%	7.0%	7.3%	7.4%	7.4%	6.6%	6.5%
Used vehicle gross margin (retail) (5)................................	10.7%	10.5%	10.9%	9.5%	8.4%	9.2%	8.4%	8.5%
Parts, service and collision repair gross margin.......................	36.3%	36.4%	35.9%	36.1%	36.5%	42.3%	35.8%	35.4%

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New vehicle units sold..............	12,596
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Used vehicle units sold -- retail (5)................................	7,043
New vehicle sales revenues...........	$285,143
Used vehicle sales revenues -- retail	

(5)	96,249
Parts, service and collision repair sales revenues	49,881
Gross profit margin	12.2%
New vehicle gross margin	7.3%
Used vehicle gross margin (retail) (5)	8.9%
Parts, service and collision repair gross margin	42.3%

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	AS OF DECEMBER 31, 1996	AS OF JUNE 30, 1997 ACTUAL	PRO FORMA
COMBINED AND CONSOLIDATED BALANCE SHEET DATA:			
Working capital	$ 19,780	$ 16,899	$ 41,382
Total assets	110,976	120,384	295,139
Long-term debt	5,286	5,137	36,980
Total liabilities	84,367	91,978	208,242
Minority interest	314	--	--
Stockholders' equity	26,295	28,406	86,897

</TABLE>

(FOOTNOTES ON FOLLOWING PAGE)

(1) The actual statement of operations data for the year ended December 31, 1996 includes the results of Fort Mill Ford, Inc. from the date of acquisition, February 1, 1996.

(2) For information regarding the pro forma adjustments made to the Company's historical financial data, which give effect to the Reorganization, the Acquisitions, and the Offering, see "Pro Forma Combined and Consolidated Financial Data."

(3) The actual statement of operations data for the six months ended June 30, 1997 include the results of Fort Mill Chrysler-Plymouth-Dodge, Inc. from the date of acquisition June 3, 1997.

(4) Historical net income per share is not presented, as the historical capital structure of the Company prior to the Offering is not comparable with the capital structure that will exist after the Offering.

(5) The term "retail" describes sales to consumers as compared to sales to wholesalers.

RISK FACTORS

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER AND EVALUATE ALL OF THE INFORMATION SET FORTH IN THIS PROSPECTUS, INCLUDING THE PRINCIPAL RISK FACTORS SET FORTH BELOW.

DEPENDENCE ON AUTOMOBILE MANUFACTURERS

Each of the Company's dealerships operates pursuant to a franchise agreement between the applicable automobile manufacturer (or authorized distributor thereof) (the "Manufacturer") and the subsidiary of the Company that operates such dealership. The Company is dependent to a significant extent on its relationship with such Manufacturers.

After giving effect to the Reorganization and the Acquisitions, vehicles manufactured by Ford Motor Company ("Ford"), Chrysler Corporation ("Chrysler"), Volvo Motors ("Volvo") and Toyota Motor Sales (U.S.A.) ("Toyota") accounted for approximately 64.5%, 17.9%, 6.0% and 5.8%, respectively, of the Company's 1996 pro forma unit sales of new vehicles. No other Manufacturer accounted for more than 5% of the new vehicle sales of the Company during 1996. See "Business -- New Vehicle Sales," and " -- Relationships with Manufacturers." Accordingly, a significant decline in the sale of Ford, Chrysler, Toyota, or Volvo new cars could have a material adverse effect on the Company. Manufacturers exercise a great degree of control over the operations of the Company's dealerships. Each of the franchise agreements provides for termination or non-renewal for a variety of causes, including any unapproved change of ownership or management and other material breaches of the franchise agreements. The Company believes that it is in compliance in all material respects with all its franchise agreements. The Company has no reason to believe that it will not be able to renew all of its franchise agreements upon expiration, but there can be no assurance that any of such agreements will be renewed or that the terms and conditions of such renewals will be favorable to the Company. If a Manufacturer terminates or declines to renew one or more of the Company's significant franchise agreements, such action could have a material adverse effect on the Company and its business. Actions taken by Manufacturers to exploit their superior bargaining position in negotiating the terms of such renewals or otherwise could also have a material adverse effect on the Company. See "Business -- Relationships with Manufacturers."

The Company also depends on the Manufacturers to provide it with a desirable mix of popular new vehicles that produce the highest profit margins and which may be the most difficult to obtain from the Manufacturers. If the Company is unable to obtain a sufficient allocation of the most popular vehicles, its profitability may be materially adversely affected. In some instances, in order to obtain additional allocations of these vehicles, the Company purchases a larger number of less desirable models than it would otherwise purchase and its profitability may be materially adversely affected thereby. The Company's dealerships depend on the Manufacturers for certain sales incentives and other programs that are intended to promote dealership sales or support dealership profitability. Manufacturers have historically made many changes to their incentive programs during each year. A reduction or discontinuation of a Manufacturer's incentive programs may materially adversely affect the profitability of the Company.

The success of each of the Company's dealerships depends to a great extent on the financial condition, marketing, vehicle design, production capabilities and management of the Manufacturers which the Company represents. Events such as strikes and other labor actions by unions, or negative publicity concerning a particular Manufacturer or vehicle model, may materially and adversely affect the Company. Similarly, the delivery of vehicles from Manufacturers later than scheduled, which may occur particularly during periods when new products are being introduced, can lead to reduced sales. Although, the Company has attempted to lessen its dependence on any one Manufacturer by establishing dealer relationships with a number of different domestic and foreign automobile Manufacturers, adverse conditions affecting Ford, Chrysler, Toyota and Volvo in particular, could have a material adverse affect on the Company. For instance, workers at a Chrysler engine plant went on strike in April 1997 for 29 days. The strike by the United Auto Workers caused Chrysler's vehicle production to drop during the Spring of 1997, especially for production of its most popular truck and van models. This strike materially affected the Company due to Chrysler's inability to provide the Company with a sufficient supply of new vehicles and parts during such period. In the event of another such strike, the Company may need to purchase inventory from other automobile dealers at prices higher than it would be required to pay to the Manufacturers in order to carry an adequate level and mix of inventory. Consequently, such events could materially adversely affect the financial results of the Company. See "Business -- New Vehicle Sales" and " -- Relationship with Manufacturers."

Many Manufacturers attempt to measure customers' satisfaction with their sales and warranty service experiences through systems which vary from Manufacturer to Manufacturer but which are generally known as CSI. These Manufacturers may use a dealership's CSI scores as a factor in evaluating applications for additional dealership acquisitions and other matters such as vehicle inventory allocations. The components of CSI have been modified from time to time in the past, and there is no assurance that such components will not be further modified or replaced by different systems in the future. To date, the Company has not been adversely affected by these standards and has not been denied approval of any acquisition based on low CSI scores. However, there can be no assurance that the Company will be able to comply with such standards

in the future. Failure of the Company's dealerships to comply with the standards imposed by Manufacturers at any given time may have a material adverse effect on the Company.

The Company must also obtain approvals by the applicable Manufacturer for any of its acquisitions. See " -- Risks Associated with Acquisitions."

COMPETITION

Automobile retailing is a highly competitive business with over 22,000 franchised automobile dealerships in the United States at the beginning of 1996. The Company's competition includes franchised automobile dealerships selling the same or similar makes of new and used vehicles offered by the Company in the same markets as the Company and sometimes at lower prices than those of the Company. These dealer competitors may be larger and have greater financial and marketing resources than the Company. Other competitors include other franchised dealers, private market buyers and sellers of used vehicles, used vehicle dealers, service center chains and independent service and repair shops. Gross profit margins on sales of new vehicles have been declining since 1986. The Company has also had margin pressure on its used vehicle sales over the last 18 months. The used car market faces increasing competition from non-traditional outlets such as used-car "superstores," which use sales techniques such as one price shopping, and the Internet. Several groups have begun to establish nationwide networks of used vehicle superstores. In Charlotte and Atlanta, where the Company has significant operations, CarMax Superstores operate in competition with the Company. In addition, car superstores operate in many of the Company's other markets. "No negotiation" sales methods are also being tried for new cars by at least one of these superstores and by dealers for Saturn and other dealerships. Some recent market entrants may be capable of operating on smaller gross margins compared to the Company, and may have greater financial, marketing and personnel resources than the Company. In addition, certain Manufacturers, such as Ford, have publicly announced that they may directly enter the retail market in the future, which could have a material adverse effect on the Company. The increased popularity of short-term vehicle leasing also has resulted, as these leases expire, in a large increase in the number of late model vehicles available in the market, which puts added pressure on margins. As the Company seeks to acquire dealerships in new markets, it may face increasingly significant competition (including from other large dealer groups and dealer groups that have publicly-traded equity) as it strives to gain market share through acquisitions or otherwise.

The Company's franchise agreements do not give the Company the exclusive right to sell a Manufacturer's product within a given geographic area. The Company could be materially adversely affected if any of its Manufacturers award franchises to others in the same markets where the Company is operating. A similar adverse affect could occur if existing competing franchised dealers increase their market share in the Company's markets. The Company's gross margins may decline over time as it expands into markets where it does not have a leading position. These and other competitive pressures could materially adversely affect the Company's results of operations. See "Business -- Competition."

OPERATING CONDITION OF ACQUIRED BUSINESSES

Although the Company has conducted what it believes to be a prudent level of investigation regarding the operating condition of the assets to be purchased in the Acquisitions in light of the circumstances of each transaction, certain unavoidable levels of risk remain regarding the actual operating condition of these assets. Until the Company actually assumes operating control of such assets, it will not be able to ascertain their actual value and, therefore, will be unable to ascertain whether the price paid for the Acquisitions represented a fair valuation. The same risk regarding the actual operating condition of businesses to be acquired will also apply to future acquisitions by the Company.

RISKS OF CONSOLIDATING OPERATIONS AS A RESULT OF THE ACQUISITIONS

In connection with the Acquisitions, Sonic is acquiring six dealerships or dealership groups. Each of these dealerships or groups has been operated and managed as a separate independent entity to date, and the Company's future operating results will depend on its ability to integrate the operations of these businesses and manage the combined enterprise. The Company's management group has been expanded in connection with these Acquisitions. There can be no assurance that the management group will be able to effectively and profitably integrate in a timely manner each of the dealerships included in the Acquisitions or any future acquisitions, or to manage the combined entity without substantial costs, delays or other operational or financial problems. The inability of the Company to do so could have a material adverse effect on the Company's business, financial condition and results of operations.

RISKS ASSOCIATED WITH ACQUISITIONS

The retail automobile industry is considered a mature industry in which minimal growth is expected in unit sales of new vehicles. Accordingly, the Company's future growth will depend in large part on its ability to acquire additional dealerships as well as on its ability to manage expansion, control costs in its operations and consolidate dealership acquisitions, including the Acquisitions, into existing operations. In pursuing a strategy of acquiring other dealerships, including the Acquisitions,

the Company faces risks commonly encountered with growth through acquisitions. These risks include, but are not limited to, incurring significantly higher capital expenditures and operating expenses, failing to assimilate the operations and personnel of the acquired dealerships, disrupting the Company's ongoing business, dissipating the Company's limited management resources, failing to maintain uniform standards, controls and policies, impairing relationships with employees and customers as a result of changes in management and causing increased expenses for accounting and computer systems, as well as integration difficulties. Installing new computer systems has in the past disrupted existing operations as management and salespersons adjust to new technologies. In addition, as contracts with existing suppliers of the Company's computer systems expire, the Company's strategy may be to install new systems at its existing dealerships. The Company expects that it will take one to two years to fully integrate an acquired dealership into the Company's operations and realize the full benefit of the Company's strategies and systems. There can be no assurance that the Company will be successful in overcoming these risks or any other problems encountered with such acquisitions, including in connection with the Acquisitions. Acquisitions may also result in significant goodwill and other intangible assets that are amortized in future years and reduce future stated earnings. See "The Acquisitions," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business -- Growth Strategy."

Although there are many potential acquisition candidates that fit the Company's acquisition criteria, there can be no assurance that the Company will be able to consummate any such transactions in the future or identify those candidates that would result in the most successful combinations, or that future acquisitions will be able to be consummated at acceptable prices and terms. In addition, increased competition for acquisition candidates could result in fewer acquisition opportunities for the Company and higher acquisition prices. The magnitude, timing and nature of future acquisitions will depend upon various factors, including the availability of suitable acquisition candidates, competition with other dealer groups for suitable acquisitions, the negotiation of acceptable terms, the Company's financial capabilities, the availability of skilled employees to manage the acquired companies and general economic and business conditions.

In addition, the Company's future growth as a result of its acquisition of automobile dealerships will depend on its ability to obtain the requisite Manufacturer approvals. There can be no assurance that it will be able to obtain such consents in the future. See " -- Manufacturers' Restrictions on Acquisitions" and "Business -- Relationships with Manufacturers."

In certain cases, the Company may be required to file applications and obtain clearances under applicable federal antitrust laws before consummation of an acquisition. These regulatory requirements may restrict or delay the Company's acquisitions, and may increase the cost of completing such transactions.

LIMITATIONS ON FINANCIAL RESOURCES AVAILABLE FOR ACQUISITIONS; ABILITY TO REFINANCE EXISTING DEBT

The Company intends to finance acquisitions with cash on hand, through issuances of equity or debt securities and through borrowings under credit arrangements. The Company anticipates the borrowing limit under its long-term credit arrangements will be increased following consummation of the Offering, although no assurance can be given that any such increase will occur or that such increase will adequately meet the Company's future financing needs. Similarly, there is no assurance that the Company will be able to obtain additional debt or equity securities financing. Using cash to complete acquisitions could substantially limit the Company's operating or financial flexibility. Using stock to consummate acquisitions may result in significant dilution of stockholders' percentage interest in the Company, which dilution may be prohibited by the Company's franchise agreements with Manufacturers. See " -- Stock Ownership/Issuance Limits." If the Company is unable to obtain financing on acceptable terms, the Company may be required to reduce significantly the scope of its presently anticipated expansion, which could materially adversely affect the Company's business. See "The Acquisitions," "Management's Discussion and Analysis of Financial Condition and Results of Operation -- Liquidity and Capital Resources" and "Business -- Growth Strategy."

In addition, the Company is dependent to a significant extent on its ability to finance the purchase of inventory, which in the automotive retail industry involves significant sums of money in the form of floor plan financing. As of June 30, 1997 on a pro forma basis for the Acquisitions, the Company had approximately $142.2 million of floor plan indebtedness. Substantially all the assets of the Company's dealerships are pledged to secure such indebtedness, which may impede the Company's ability to borrow from other sources. Many floor plan lenders are associated with Manufacturers with whom the Company has franchise agreements. Consequently, deterioration of the Company's relationship with a Manufacturer could adversely affect its relationship with the affiliated floor plan lender and vice-versa. In addition, the Company must obtain new floor plan financing or obtain consents to assume such financing in connection with its acquisition of dealerships. See " -- Dependence on Automobile Manufacturers."

The Company's obligations under the Six-Month Facility (as defined herein) are guaranteed by Bruton Smith, the Company's Chairman and Chief Executive Officer, which guarantee is secured by a pledge of shares of Speedway Motorsports, Inc. common stock owned by Bruton Smith. The Company's obligations under the Revolving Facility (as defined herein) are guaranteed by Bruton Smith and are secured by, among other things, a pledge of shares of Speedway Motorsports, Inc.

common stock owned by Sonic Financial Corporation ("Sonic Financial"). The Company currently intends to re-finance the Six-Month Facility (to the extent not repaid through proceeds of the Offering) with additional borrowings under the Revolving Facility, which the Company anticipates will be expanded from its current limit of $26.0 million to $75.0 million following the consummation of the Offering. (If net proceeds of the Offering to the Company are $70 million or greater, the guarantee of the Revolving Facility by Bruton Smith and the pledge of shares of Speedway Motorsports, Inc. common stock owned by Sonic Financial, will be released pursuant to the terms of the Revolving Facility. If net proceeds of the Offering to the Company are less than $70 million, Sonic Financial will be required to provide continued credit support for the Revolving Facility in the form of a pledge of shares of Speedway Motorsports, Inc. common stock owned by Sonic Financial equal in value to three times the amount of the shortfall between $70 million and the actual net proceeds of the Offering to the Company.) When the Company will need to refinance the Revolving Facility, there can be no assurance that Mr. Smith will agree to guarantee such debt or that the assets of Mr. Smith or Sonic Financial will be available to provide additional security under a new credit agreement, or that a new credit agreement could be arranged on terms as favorable as the terms of the Six-Month Facility or the Revolving Facility without a guarantee by, or pledge of the assets of, Mr. Smith or Sonic Financial.

STOCK OWNERSHIP/ISSUANCE LIMITS; LIMITATION ON ABILITY TO ISSUE ADDITIONAL EQUITY

Standard automobile franchise agreements prohibit transfers of any ownership interests of a dealership and its parent, such as Sonic, and, therefore, often do not by their terms accommodate public trading of the capital stock of a dealership or its parent. While, prior to the Offering and as a condition thereto, all of the Manufacturers of which Company subsidiaries are franchisees will have agreed to permit the Offering and trading in the Class A Common Stock (except as described under " -- No Consent From Jaguar or KIA"), a number of Manufacturers will continue to impose restrictions upon the transferability of the Common Stock. Ford may cause the Company to sell or resign from one or more of its Ford franchises if any person or entity (other than members of the Smith Group) acquires 15% or more of the Company's voting securities. Likewise, General Motors, Toyota and Nissan Motor Corporation In U.S.A. ("Infiniti") may force the sale of their respective franchises if 20% of more of the Company's voting securities are so acquired. American Honda Co., Inc. ("Honda") may force the sale of the Company's Honda franchise if any person or entity, excluding members of the Smith Group, acquires 5% of the Common Stock (10% if such entity is an institutional investor), and Honda deems such person or entity to be unsatisfactory. Volkswagen of America, Inc. ("Volkswagen") has approved of the public sale of only 25% of the voting control of the Company and requires prior approval of any change in control or management of the Company that would affect the Company's control or management of its Volkswagen franchise subsidiaries. Chrysler also has approved of the public sale of only 50% of the Common Stock and requires prior approval of any future sales that would result in a change in voting or managerial control of the Company. Honda's approval of the Offering is subject to the Smith Group plus Nelson Bowers owning 51% of the shares of Common Stock on a fully-diluted basis. Upon consummation of the Offering, 48.9% of the Common Stock (on a fully diluted basis after giving effect to the options to be issued at the time of the Offering under the Stock Option Plan) will be owned by persons other than the Smith Group or Nelson Bowers (assuming full exercise of the Underwriters' over-allotment option). Accordingly, the Company will not be able to issue additional shares of Common Stock (in connection with an acquisition or otherwise) or options without the consent of Honda and Chrysler or being in violation of such dealership agreement. See "Business -- Relationships with Manufacturers." In a similar manner, the lending arrangements the Company has recently obtained require that voting control over the Company be maintained by the Smith Group. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources." Any transfer of shares of the Company's Common Stock, including a transfer by members of the Smith Group, will be outside the control of the Company and, if such transfer results in a change in control of the Company, could result in the termination or non-renewal of one or more of its franchise agreements and in a default under its credit arrangements. Moreover, these issuance limitations may impede the Company's ability to raise capital through additional equity offerings or to issue Common Stock as consideration for, and therefore, to consummate, future acquisitions. Such restrictions also may prevent or deter prospective acquirors from acquiring control of the Company and, therefore, may adversely impact the Company's equity value. See " -- Limitations on Financial Resources Available for Acquisitions; Ability to Refinance Existing Debt."

The Company has contractual obligations to provide "piggyback" registration rights to holders of Class B Common Stock to register their shares under the Securities Act under certain circumstances. Additionally, such shares will become in the future, eligible for sale pursuant to the terms of Rule 144 promulgated under the Securities Act ("Rule 144"). See "Certain Transactions -- Registration Rights Agreement" and "Shares Eligible for Future Sale." The Company will also issue certain stock options prior to consummation of the Offering. See "Management -- Stock Option Plan."

MANUFACTURERS' RESTRICTIONS ON ACQUISITIONS

The Company is required to obtain the consent of the applicable Manufacturer prior to the acquisition of any additional dealership franchises. There can be no assurance that Manufacturers will grant such approvals. Obtaining the consent of the Manufacturers for acquisitions of dealerships could also take a significant amount of time. Obtaining the approvals of the Manufacturers for the Acquisitions has taken approximately five months. Although no assurances can be given, the Company

believes that Manufacturer approvals of subsequent acquisitions from Manufacturers with which the Company has previously completed applications and agreements may take less time. The Company has received the approval of all of the applicable Manufacturers in connection with the Acquisitions except Jaguar Cars, a division of Ford ("Jaguar") and Kia Motors America, Inc. ("KIA"). If the Company experiences delays in obtaining, or fails to obtain, approvals of the Manufacturers for acquisitions of dealerships, the Company's growth strategy could be materially adversely affected. In determining whether to approve an acquisition, the Manufacturers may consider many factors, including the moral character, business experience, financial condition, ownership structure and CSI scores of the Company and its management. In addition, under an applicable franchise agreement or under state law a Manufacturer may have a right of first refusal to acquire a dealership in the event the Company seeks to acquire a dealership franchise.

In addition, a Manufacturer may limit the number of such Manufacturers' dealerships that may be owned by the Company or the number that may be owned in a particular geographic area. For example, Ford currently limits the Company to no more than the lesser of (i) 15 Ford and 15 Lincoln Mercury dealerships or (ii) that number of Ford and Lincoln Mercury dealerships accounting for 2% of the preceding year's retail sales of those brands in the United States. It also limits the Company to owning only one Ford dealership in any market area, as defined by Ford, having three or less Ford dealerships in it and no more than 25% of the Ford dealerships in a market area having four or more Ford dealerships. Chrysler has asked the Company to defer any further acquisitions of Chrysler or Chrysler division dealerships until it has established a proven performance record with the Chrysler dealerships it owns or is acquiring in the Acquisitions. BMW has made a similar request. Moreover, Chrysler has recently announced its general policy of limiting ownership to ten Chrysler dealerships in the United States, six Chrysler dealerships in the same sales zone, as determined by Chrysler, and two dealerships in the same market (but no more than one like vehicle line brand in the same market). Toyota currently limits the number of dealerships which may be owned by any one group to seven Toyota and three Lexus dealerships nationally and restricts the number of dealerships that may be owned to (i) the greater of one dealership, or 20% of the Toyota dealer count in a "Metro" market (as defined by Toyota), (ii) the lesser of five dealerships or 5% of the Toyota dealerships in any Toyota region (currently 12 geographic regions), and (iii) two Lexus dealerships in any one of the four Lexus geographic areas. Toyota further requires that at least nine months elapse between acquisitions. Similarly, it is currently the policy of Honda to restrict any company from holding more than seven Honda or more than three Acura franchises nationally and to restrict the number of franchises to (i) one Honda dealership in a "Metro" market (a metropolitan market represented by two or more Honda dealers) with two to 10 Honda dealership points, (ii) two Honda dealerships in a Metro market with 11 to 20 Honda dealership points, (iii) three Honda dealerships in a Metro market with 21 or more Honda dealership points, (iv) no more than 4% of the Honda dealerships in any one of the 10 Honda geographic zones, (v) one Acura dealership in a Metro market (a metropolitan market with two or more Acura dealership points), and (vi) two Acura dealerships in any one of the six Acura geographic zones. Toyota and Honda also prohibit ownership of contiguous dealerships and the coupling of a franchise with any other brand without their consent. General Motors Corporation ("GM" or "General Motors") has limited the number of GM dealerships that the Company may acquire during the next two years to five additional GM dealership locations, which number may be increased on a case-by-case basis. In addition, GM limits the maximum number of GM dealerships that the Company may acquire to 50% of the GM dealerships, by franchise line, in a GM-defined geographic market area having multiple GM dealers.

As a condition to granting their consent to the Acquisitions, a number of Manufacturers have also imposed certain other restrictions on the Company. In addition to the restrictions under " -- Stock Ownership/Issuance Limits; Limitation on Ability to Issue Additional Equity" below, these restrictions principally consist of restrictions on (i) certain material changes in the Company or extraordinary corporate transactions such as a merger, sale of a material amount of assets or change in the Board of Directors or management of the Company which could have a material adverse effect on the Manufacturer's image or reputation or could be materially incompatible with the Manufacturer's interests; (ii) the removal of a dealership general manager without the consent of the Manufacturer; and (iii) the use of dealership facilities to sell or service new vehicles of other manufacturers. If the Company is unable to comply with these restrictions, the Company generally must (i) sell the assets of the dealerships to the Manufacturer or to a third party acceptable to the Manufacturer, or (ii) terminate the dealership agreements with the Manufacturer. Other manufacturers may impose other and more stringent restrictions in connection with future acquisitions.

The Company owns, after giving effect to the Reorganization and the Acquisitions, five Ford dealerships, six Chrysler dealerships, two BMW dealerships, two Volvo dealerships, two Volkswagen dealerships and one dealership each of GM, Toyota, Honda, Jaguar, Infiniti and KIA.

NO CONSENT FROM JAGUAR OR KIA

The Company has not entered into any agreement with respect to the approval by (a) Jaguar of the proposed acquisition of the assets of the Jaguar of Chattanooga dealership (the "Jaguar Dealership") or (b) KIA of the proposed acquisition of the assets of the KIA of Chattanooga dealership (the "KIA Dealership") by the Company as a part of the Bowers Acquisition. The Company and each of Jaguar and KIA are continuing to negotiate with respect to this matter, although no assurance can

be given that such negotiations will result in an arrangement that is favorable to the Company. If Jaguar or KIA refuses to give its approval to the Company, the Company may not be able to acquire the Jaguar Dealership or the KIA Dealership, as the case may be. The Jaguar Dealership and the KIA Dealership each accounted for less than 1% of the Company's 1996 pro forma revenues and profits, respectively.

POTENTIAL CONFLICTS OF INTEREST

Bruton Smith, the Chairman and Chief Executive Officer of the Company, will continue to serve as the Chairman and Chief Executive Officer of Speedway

Motorsports. Accordingly, the Company will compete with Speedway Motorsports for the management time of Mr. Smith. Under his employment agreement with the Company, Mr. Smith is required to devote approximately 50% of his business time to the affairs of the Company. The remainder of his business time may be devoted to other entities including Speedway Motorsports.

The Company has in the past and will likely in the future enter into transactions with entities controlled by either Mr. Smith, Nelson Bowers or Ken Marks or other affiliates of the Company. The Company believes that all of these arrangements are favorable to the Company and were entered into on terms that, taken as a whole, reflect arms'-length negotiations, although certain lease provisions included in such transactions may be at below-market rates. Since no independent appraisals evaluating these business transactions were obtained, there can be no assurance that such transactions are on terms no less favorable than could have been obtained from unaffiliated third parties. Certain of the existing arrangements will continue after the Offering. Potential conflicts of interest could also arise in the future between the Company and these affiliated parties in connection with the enforcement, amendment or termination of these arrangements. See "Certain Transactions." The Company anticipates renegotiating its leases with all related parties at lease expiration at fair market rentals, which may be higher than current rents. For further discussion of these related party leases, see "Certain Transactions -- Certain Dealership Leases."

In addition to his interest and responsibilities with the Company, Nelson Bowers has ownership interests in several non-Company entities, including a Toyota dealership in Cleveland, Tennessee, an auto body shop in Chattanooga, Tennessee a used-car auction house and a Saturn dealership in Chattanooga, Tennessee which he may negotiate to sell back to the manufacturer. These enterprises are involved in businesses that are related to, and that compete with, the businesses of the Company. Pursuant to his employment agreement, Mr. Bowers is not permitted to participate actively in the operation of those businesses (other than the Saturn dealership) and is only permitted to maintain a passive investment in these enterprises.

Under the General Corporation Law of Delaware ("Delaware Law") generally, a corporate insider is precluded from acting on a business opportunity in his individual capacity if that opportunity is one which the corporation is financially able to undertake, is in the line of the corporation's business, is of practical advantage to the corporation and is one in which the corporation has an interest or reasonable expectancy. Accordingly, corporate insiders are generally required to engage in new business opportunities of the Company only through the Company unless a majority of the Company's disinterested directors decide under the standards discussed above that it is not in the best interest of the Company to pursue such opportunities.

The Company's Amended and Restated Certificate of Incorporation (the "Certificate") contains provisions providing that transactions between the Company and its affiliates must be no less favorable to the Company than would be available in corporate transactions in arms'-length dealing with an unrelated third party. Moreover, any such transactions involving aggregate payments in excess of $500,000 must be approved by a majority of the Company's directors and a majority of the Company's independent directors. Otherwise, the Company must obtain an opinion as to the financial fairness of the transaction to be issued by an investment banking or appraisal firm of national standing.

LACK OF INDEPENDENT DIRECTORS

As of the date hereof, all of the members of the Company's Board of Directors are employees and/or majority shareholders of the Company or affiliates thereof. Although the Company intends to appoint at least two independent directors following completion of the Offering, such directors will not constitute a majority of the Board, and the Company's Board may not have a majority of independent directors in the future. In the absence of a majority of independent directors, the Company's executive officers, who also are principal stockholders and directors, could establish policies and enter into transactions without independent review and approval thereof, subject to certain restrictions under the Certificate. In addition, although the Company intends to establish audit and compensation committees which will consist entirely of outside directors, until those committees are established, audit and compensation policies could be approved without independent review. These and other transactions could present the potential for a conflict of interest between the Company and its stockholders generally and the controlling officers, stockholders or directors. See "Management."

DEPENDENCE ON KEY PERSONNEL AND LIMITED MANAGEMENT AND PERSONNEL RESOURCES

The Company's success depends to a significant degree upon the continued contributions of its management team (particularly its senior management) and service and sales personnel. Additionally, Manufacturer franchise agreements require the prior approval of the applicable Manufacturer before any change is made in franchise general managers. For instance, Volvo has required that Nelson Bowers and Richard Dyer maintain a 20% interest in, and be the general managers of, the Company's Volvo dealerships formerly owned by them. Consequently, the loss of the services of one or more of these key employees could have a material adverse effect on the Company. Although the Company has employment agreements with Bruton Smith, Bryan Scott Smith, Nelson Bowers, Theodore M. Wright, O. Ken Marks, Jr. and Jeffrey C. Rachor, the Company will not have employment agreements in place with other key personnel. In addition, as the Company expands it may need to hire additional managers and will likely be dependent on the senior management of any businesses acquired. The market for qualified employees in the industry and in the regions in which the Company operates, particularly for general managers and sales and service personnel, is highly competitive and may subject the Company to increased labor costs in periods of low unemployment. The loss of the services of key employees or the inability to attract additional qualified managers could have a material adverse effect on the Company. In addition, the lack of qualified management or employees employed by the Company's potential acquisition candidates may limit the Company's ability to consummate future acquisitions. See "Business -- Growth Strategy," "Business -- Competition" and "Management."

MATURE INDUSTRY; CYCLICAL AND LOCAL NATURE OF AUTOMOBILE SALES

The United States automobile dealership industry generally is considered a mature industry in which minimal growth is expected in unit sales of new vehicles. As a consequence, growth in the Company's revenues and earnings are likely to be significantly affected by the Company's success in acquiring and integrating dealerships and the pace and size of such acquisitions. See " -- Risks Associated with Acquisitions" and "Business -- Growth Strategy."

The automobile industry is cyclical and historically has experienced periodic downturns characterized by oversupply and weak demand. Many factors affect the industry, including general economic conditions and consumer confidence, the level of discretionary personal income, interest rates and credit availability. For the six months ended June 30, 1997, industry retail sales were down 2% as a result of retail car sales declines of 5.3% and retail truck sales gains of 2.4% from the same period in 1996. Future recessions may have a material adverse effect on the Company's business.

Local economic, competitive and other conditions also affect the performance of dealerships. The Sonic Dealerships are located in the Charlotte and Houston markets. Pursuant to the Acquisitions, the Company is acquiring dealerships in the metropolitan areas of Charlotte, Chattanooga, Nashville, Tampa-Clearwater and Atlanta. While the Company intends to pursue acquisitions outside of these markets, the Company expects that the majority of its operations will continue to be concentrated in these areas for the foreseeable future. As a result, the Company's results of operations will depend substantially on general economic conditions and consumer spending habits in the Southeast and, to a lesser extent, in the Houston market, as well as various other factors, such as tax rates and state and local regulations, specific to North Carolina, Tennessee, Florida, Texas, Georgia and South Carolina. There can be no assurance that the Company will be able to expand geographically, or that any such expansion will adequately insulate it from the adverse effects of local or regional economic conditions. See "Business -- Growth Strategy."

SEASONALITY

The Company's business is seasonal, with a disproportionate amount of revenues occurring in the second, third and fourth fiscal quarters. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

IMPORTED PRODUCT RESTRICTIONS AND FOREIGN TRADE RISKS

Certain motor vehicles retailed by the Company, as well as certain major components of vehicles retailed by the Company, are of foreign origin. Accordingly, the Company is subject to the import and export restrictions of various jurisdictions and is dependent to some extent upon general economic conditions in and political relations with a number of foreign countries, particularly Japan and Sweden. Additionally, fluctuations in currency exchange rates may adversely affect the Company's sales of vehicles produced by foreign manufacturers. Imports into the United States may also be adversely affected by increased transportation costs and tariffs, quotas or duties.

ADVERSE EFFECT OF GOVERNMENTAL REGULATION; ENVIRONMENTAL REGULATION COMPLIANCE COSTS

The Company is subject to a wide range of federal, state and local laws and regulations, such as local licensing requirements, and consumer protection laws. The violation of these laws and regulations can result in civil and criminal penalties being levied against the Company or in a cease and desist order against Company operations that are not in compliance. Future acquisitions by the Company may also be subject to regulation, including antitrust reviews. The Company believes

that it complies in all material respects with all laws and regulations applicable to its business, but future regulations may be more stringent and require the Company to incur significant additional costs.

The Company's facilities and operations are also subject to federal, state and local laws and regulations relating to environmental protection and human health and safety, including those governing wastewater discharges, air emissions, the operation and removal of underground storage tanks, the use, storage, treatment, transportation and disposal of solid and hazardous materials and the remediation of contamination associated with such disposal. Certain of these laws and regulations may impose joint and several liability on certain statutory classes of persons for the costs of investigation or remediation of contaminated properties, regardless of fault or the legality of the original disposal. These persons include the present or former owner or operator of a contaminated property and companies that generated, disposed of or arranged for the disposal of hazardous substances found at the property.

Past and present business operations of the Company subject to such laws and regulations include the use, storage handling and contracting for recycling or disposal of hazardous or toxic substances or wastes, including environmentally sensitive materials such as motor oil, waste motor oil and filters, transmission fluid, antifreeze, freon, waste paint and lacquer thinner, batteries, solvents, lubricants, degreasing agents, gasoline and diesel fuels. The Company is subject to other laws and regulations as a result of the past or present existence of underground storage tanks at many of the Company's properties. The Company, like many of its competitors, has incurred, and will continue to incur, capital and operating expenditures and other costs in complying with such laws and regulations. In addition, soil and groundwater contamination exist at certain of the Company's properties, and there can be no assurance that other properties have not been contaminated by any leakage from underground storage tanks or by any spillage or other releases of hazardous or toxic substances or wastes.

Certain laws and regulations, including those governing air emissions and underground storage tanks, have been amended so as to require compliance with new or more stringent standards as of future dates. The Company cannot predict what other environmental legislation or regulations will be enacted in the future, how existing or future laws or regulations will be administered or interpreted or what environmental conditions may be found to exist in the future. Compliance with new or more stringent laws or regulations, stricter interpretation of existing laws or the future discovery of environmental conditions may require additional expenditures by the Company, some of which may be material. See "Business -- Governmental Regulations and Environmental Matters."

CONCENTRATION OF VOTING POWER AND ANTI-TAKEOVER PROVISIONS

The Common Stock is divided into two classes with different voting rights, which allows for the maintenance of control of the Company by the holders of the Class B Common Stock. Holders of Class A Common Stock are entitled to one vote per share on all matters submitted to a vote of the stockholders of the Company. Holders of Class B Common Stock are entitled to ten votes per share on all matters, except that the Class B Common Stock is entitled to only one vote per share with respect to any transaction proposed or approved by the Company's Board of Directors, proposed by or on behalf of the holders of the Class B Common Stock or their affiliates or as to which any members of the Smith Group or any affiliate thereof has a material financial interest (other than as a then existing stockholder of the Company) constituting a (a) "going private" transaction (as defined herein), (b) disposition of substantially all of the Company's assets, (c) transfer resulting in a change in the nature of the Company's business, or (d) merger or consolidation in which current holders of Common Stock would own less than 50% of the Common Stock following such transaction. The two classes vote together as a single class on all matters, except where class voting is required by Delaware Law, which exception would apply, among other situations, to a vote on any proposal to modify the voting rights of the Class A Common Stock. See "Description of Capital Stock." Upon completion of this Offering (assuming the Underwriters' over-allotment option is not exercised), the existing holders of Class B Common Stock will have approximately 92.6% of the combined voting power of the Common Stock (in those circumstances in which the Class B Common Stock has ten votes per share) and

55.6% of the outstanding Common Stock. Accordingly such holders of Class B Common Stock will effectively have the ability to elect all of the directors of the Company and to control all other matters requiring the approval of the Company's stockholders. In addition, the Company may issue additional shares of Class B Common Stock to members of the Smith Group in the future for fair market value. See "Principal Stockholders."

The disproportionate voting rights of the Class B Common Stock under the above-mentioned circumstances could have a material adverse effect on the market price of the Class A Common Stock. Such disproportionate voting rights may make the Company a less attractive target for a takeover than it otherwise might be, or render more difficult or discourage a merger proposal, a tender offer or a proxy contest, even if such actions were favored by a majority of the holders of the Class A Common Stock.

Certain provisions of the Certificate and the Company's Bylaws make it more difficult for stockholders of the Company to effect certain corporate actions. See "Description of Capital Stock -- Delaware Law, Certain Charter and Bylaw Provisions and Certain Franchise Agreement Provisions." Under the Company's Stock Option Plan, options outstanding thereunder become immediately exercisable upon a change in control of the Company. See "Management -- Employment Agreements" and " -- Stock Option Plan." The agreements, corporate documents and laws described above, as well as provisions of the Company's franchise agreements described in " -- Dependence on Automobile Manufacturers" and " -- Stock Ownership/Issuance Limits; Limitation on Ability to Issue Additional Equity" above (permitting Manufacturers to terminate such agreements upon a change of control) and provisions of the Company's lending arrangements described in " -- Stock Ownership/Issuance Limits; Limitation on Ability to Issue Additional Equity" above (creating an event of default thereunder upon a change in control), may have the effect of delaying or preventing a change in control of the Company or preventing stockholders from realizing a premium on the sale of their shares of Class A Common Stock upon an acquisition of the Company.

The Certificate authorizes the Board of Directors of the Company to issue three million shares of "blank check" preferred stock with such designations, rights and preferences as may be determined from time to time by the Board of Directors. Accordingly, the Board of Directors is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, conversion, voting or other rights or preferences that could adversely affect the voting power or other rights of the holders of the Class A Common Stock. In the event of issuance, the preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying, or preventing a change in control of the Company. The issuance of preferred stock could also prevent stockholders from realizing a premium upon the sale of their shares of Class A Common Stock upon an acquisition of the Company. Although the Company has no present intention to issue any shares of its preferred stock, there can be no assurance that the Company will not do so in the future. See "Description of Capital Stock."

Additionally, the Company's Bylaws provide: (i) for a Board of Directors divided into three classes serving staggered terms; (ii) that special meetings of stockholders may be called only by the Chairman or by the Company's Secretary or Assistant Secretary at the request in writing of a majority of the Board of Directors; (iii) that no stockholder action may be taken by written consent; and (iv) that stockholders seeking to bring business before an annual meeting of stockholders, or to nominate candidates for election as directors at an annual or a special meeting of stockholders, must provide timely notice thereof in writing. These provisions will impair the stockholders' ability to influence or control the Company or to effect a change in control of the Company, and may prevent stockholders from realizing a premium on the sale of their shares of Class A Common Stock upon an acquisition of the Company. See "Description of Capital Stock."

NO PRIOR PUBLIC MARKET FOR CLASS A COMMON STOCK AND POSSIBLE VOLATILITY OF STOCK PRICE

Prior to the Offering, there has been no public market for the Class A Common Stock. The Class A Common Stock has been approved for listing on the NYSE, subject to official notice of issuance. The initial public offering price of the Class A Common Stock will be determined by negotiations among the Company and representatives of the Underwriters. See "Underwriting." There can be no assurance that the market price of the Class A Common Stock prevailing at any time after this Offering will equal or exceed the initial public offering price or that an active trading market will be developed after the Offering or, if developed, that it will be sustained. Quarterly and annual operating results of the Company, variations between such results and the results expected by investors and analysts, changes in local or general economic conditions or developments affecting the automobile industry, the Company or its competitors could cause the market price of the Class A Common Stock to fluctuate substantially. As a result of these factors, as well as other factors common to initial public offerings, the market price could fluctuate substantially from the initial offering price. In addition, the stock market has, from time to time, experienced extreme price and volume fluctuations, which could adversely effect the market price for the Class A Common Stock without regard to the financial performance of the Company.

DILUTION

Purchasers of Class A Common Stock in the Offering will experience immediate and substantial dilution in the amount of $11.59 per share in net tangible book value per share from the initial offering price. See "Dilution."

POTENTIAL ADVERSE MARKET PRICE EFFECT OF ADDITIONAL SHARES ELIGIBLE FOR FUTURE SALE

The 6,250,000 shares of Class B Common Stock owned beneficially by existing stockholders of the Company, the 587,509 shares of Class A Common Stock underlying options to be granted by the Company under the Stock Option Plan on or before the consummation of the Offering and the 42,187 shares of Class A Common Stock (45,000 shares if the Underwriter's over-allotment option is exercised in full) underlying the Dyer Warrant (as defined herein), are "restricted securities" as defined in Rule 144 under the Securities Act, and may in the future be resold in compliance with Rule 144. See "Management -- Stock Option Plan" and "The Acquisitions -- The Dyer Acquisition." In addition, 6,250,000 shares of Common Stock constituting restricted securities are subject to certain piggyback registration rights. See "Certain Transactions -- Registration Rights Agreements." No prediction can be made as to the effect that resale of shares of Common Stock, or the

availability of shares of Common Stock for resale, will have on the market price of the Class A Common Stock prevailing from time to time. The resale of substantial amounts of Common Stock, or the perception that such resales may occur, could materially and adversely affect prevailing market prices for the Common Stock and the ability of the Company to raise equity capital in the future. The Company has agreed, subject to certain exceptions, not to issue, and all executive officers of the Company and all owners of the Class B Common Stock have agreed not to resell, any shares of Common Stock or other equity securities of the Company for 180 days after the date of this Prospectus without the prior written consent of the representatives of the Underwriters. See "Management -- Stock Option Plan," "Shares Eligible for Future Sale" and "Underwriting."

THE REORGANIZATION

The Company was incorporated in 1997 and capitalized with the stock of the Sonic Dealerships, which have been under the control of Bruton Smith and which are comprised of Town & Country Ford, Town & Country Toyota, Lone Star Ford, Fort Mill Ford and Frontier Oldsmobile-Cadillac. As of June 30, 1997, the Company effected the Reorganization pursuant to which: (i) the Company acquired all of the Dealership Securities; and (ii) the Company issued Class B Common Stock in exchange for the Dealership Securities. See "Certain Transactions -- Other Transactions." Subsequent to the Reorganization, the Company will convert from the LIFO Method of inventory accounting to the industry standard FIFO Method of inventory accounting, conditioned upon the closing of the Offering. In connection with the FIFO Conversion, and in accordance with generally accepted accounting principles, the accompanying financial information of the Company has been retroactively restated to reflect the FIFO Conversion. As a result of the Reorganization, the historical combined financial information included in this Prospectus is not necessarily indicative of the results of operations, financial position and cash flows of the Company in the future or of those which would have resulted had the Reorganization been in effect during the periods presented in the Company's Combined and Consolidated Financial Statements included elsewhere in this Prospectus. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Overview."

THE ACQUISITIONS

In the last four months, the Company has consummated or signed definitive agreements to purchase six additional dealerships or dealership groups for an aggregate purchase price of approximately $94.8 million. These acquisitions consist of the Ken Marks Acquisition (consummated on October 15, 1997), the Bowers Acquisition, the Lake Norman Acquisition (consummated on September 29, 1997), the Dyer Acquisition, the Fort Mill Acquisition (consummated on June 3, 1997) and the Williams Acquisition (consummated on October 10, 1997).

The closing of the Offering is contingent upon the Company consummating the remaining Acquisitions. The Company intends to use the proceeds from the Offering to pay the purchase prices of the remaining Acquisitions and to repay certain of the indebtedness incurred in connection with the consummated Acquisitions. See "Use of Proceeds." In addition, the Company intends to refinance all of the floor plan indebtedness of the dealerships being acquired in the Acquisitions.

The following table sets forth the sources and uses of funds for financing of the Acquisitions after giving effect to the Offering:

	(IN MILLIONS)
Sources of funds:	
The Six-Month Facility(a)	$ 3.3
The Revolving Facility	26.0
The Bowers Note (as defined below)	4.0
Class A Common Stock offered hereby(b)	58.5
Existing escrows(c)	3.0
Total	$ 94.8
Uses of funds:	
The Ken Marks Acquisition(d)	$ 25.5
The Bowers Acquisition	27.6
The Lake Norman Acquisition(e)	18.2
The Dyer Acquisition(f)	18.0
The Fort Mill Acquisition(g)	3.7
The Williams Acquisition	1.8
Total	$ 94.8

(FOOTNOTES ON FOLLOWING PAGE)

(a) The Company initially borrowed $20 million under this facility to fund the Lake Norman Acquisition and the Williams Acquisition, approximately $16.7 million of which is anticipated to be repaid with the proceeds of the Offering assuming the shares are sold at the mid-point of the range set forth on the front cover of this Prospectus.

(b) Represents net proceeds assuming Class A Common Stock is sold at the mid-point of the range set forth on the front cover of this Prospectus. To the extent the Class A Common Stock is sold below such mid-point, borrowings under the Revolving Facility or the Six-Month Facility will be adjusted.

(c) Pursuant to the Ken Marks Acquisition, the Bowers Acquisition, the Lake Norman Acquisition, and the Dyer Acquisition, $0.5 million, $0.5 million, $1.0 million and $1.0 million, respectively, has been deposited by Sonic into escrow accounts.

(d) The Ken Marks Acquisition was financed with the proceeds of the Company's initial borrowing under the Revolving Facility.

(e) The Lake Norman Acquisition was financed with the proceeds of the Six-Month Facility.

(f) Does not include the Dyer Warrant. See footnote 2 to the Pro Forma Combined and Consolidated Balance Sheet as of June 30, 1997.

(g) $3.5 million of the purchase price for the Fort Mill Acquisition was initially funded from the proceeds of a loan from Bruton Smith. This loan will be repaid from the proceeds of the Offering.

THE KEN MARKS ACQUISITION. Ken Marks Ford is located in Clearwater, Florida. Ken Marks, Jr., together with the other stockholders of Ken Marks Ford, and the Company entered into a definitive stock purchase agreement in July 1997, providing for the acquisition by the Company of all of the outstanding stock of Ken Marks Ford. Ken Marks Ford had retail sales of approximately 4,369 new and 1,764 used vehicles, had aggregate revenues of approximately $148.4 million in 1996, and, based on revenues, is one of the 20 largest Ford dealerships in the United States. This acquisition further implements the Company's growth strategy by adding a well-managed dealership with significant presence in a new market. Ken Marks, Jr., with over 13 years of automotive retailing experience in central Florida, will continue to serve as the Executive Manager of Ken Marks Ford and will join the senior management team of the Company as the Regional Vice President for Florida.

In the Ken Marks Acquisition, consummated on October 15, 1997, the Company purchased all of the outstanding capital stock of Ken Marks Ford for a total of approximately $25.5 million. At closing, the Company paid the stockholders of Ken Marks Ford the sum of approximately $25.5 million (of which $0.5 million will be paid to certain employees of Ken Marks Ford in the form of stay bonuses), less $0.5 million which was deposited into escrow for certain contingencies. The $25.5 million sum will be adjusted downward to the extent that the net book value of Ken Marks Ford as of the closing is ultimately determined to be less than approximately $5.1 million. Ken Marks Ford will continue to lease its facilities from an affiliate of the original stockholders of Ken Marks Ford. See "Business -- Facilities" and "Certain Transactions -- Certain Dealership Leases."

THE BOWERS ACQUISITION. European Motors of Nashville (a BMW and Volkswagen dealership), European Motors (a BMW and Volvo dealership), Jaguar of Chattanooga (a Jaguar and Infiniti dealership), Cleveland Chrysler-Plymouth-Jeep-Eagle, Nelson Bowers Dodge, Cleveland Village Imports (a Honda dealership), Nelson Bowers Ford, L.P. and KIA of Chattanooga (a KIA and Volkswagen dealership) (collectively, the "Bowers Dealerships") and the Company, as well as the persons and entities controlling the Bowers Dealerships, have entered into a definitive asset purchase agreement dated as of June 24, 1997. The Bowers Dealerships are located in the Chattanooga, Tennessee metropolitan area, with the exception of European Motors of Nashville, which is located in Nashville, Tennessee. The Bowers Dealerships had retail sales of approximately 2,331 new and 1,777 used vehicles, and had aggregate revenues of approximately $101.5 million in 1996. The Bowers Dealerships estimate that their combined market share of total new vehicle unit sales in the Chattanooga metropolitan market was approximately 9.1% for 1996. This acquisition serves the Company's growth strategy by adding a group of well-managed dealerships with a substantial portion of its sales in luxury vehicles. Nelson Bowers, the Bowers Dealerships' chief executive, and Jeffrey Rachor, their chief operating officer, have over 20 and 10 years of experience in the automotive industry, respectively. Mr. Bowers will join the Company's senior management team as Executive Vice President. Mr. Rachor will be the Company's Regional Vice President for the Mid-South region, which includes Tennessee, Georgia, Kentucky and Alabama.

The Company will acquire substantially all the Bowers Dealerships' assets, excluding real property, and assume substantially all the liabilities associated with the purchased assets. For the Bowers Acquisition, the Company agreed to pay up to $27.6 million. At closing, the Company will pay $22.6 million in cash to the sellers and will deposit $1.0 million into an escrow account, all subject to certain potential downward adjustments based on the net book value of the purchased assets and assumed liabilities as of the closing. The balance (up to $4.0 million) of the purchase price will be evidenced by the

Company's promissory notes that will be payable in 28 equal quarterly installments and will bear interest at NationsBank's prime rate less 0.5% (the "Bowers Note"). The sellers or their affiliates will retain ownership of certain real property underlying some of the dealerships and will lease such property to the Company. See "Business -- Facilities" and "Certain Transactions -- Certain Dealership Leases." In the event the Company fails to close the Bowers

Acquisition by November 21, 1997, it has agreed to pay a termination fee.

Volvo's consent to the Company's acquisition of the European Motors' Volvo franchise assets requires that Mr. Bowers maintain a 20% interest in, and serve as the manager of, the Company's Volvo franchisee subsidiary operating the European Motors' Volvo assets. See "Certain Transactions -- The Bowers Note."

THE LAKE NORMAN ACQUISITION. Lake Norman Chrysler-Plymouth-Jeep-Eagle and Lake Norman Dodge (collectively, the "Lake Norman Dealerships") are both located in Cornelius, North Carolina approximately 20 miles north of Charlotte. The Lake Norman Dealerships had retail sales of approximately 3,572 new and 2,320 used vehicles, and had aggregate revenues of approximately $137.7 million in 1996. The existing management of the Lake Norman Dealerships will continue with the Company.

On September 29, 1997, the Company acquired substantially all the Lake Norman Dealerships' assets, excluding real property, and assume substantially all of the sellers' liabilities. For the Lake Norman Acquisition, the Company agreed to pay up to $18.2 million. At closing, the Company paid $17.7 million in cash to the sellers and deposited $0.5 million into an escrow account. The purchase price will be adjusted downward based on the net book value of the purchased assets and assumed liabilities as of the closing date, to be determined after the closing. The sellers of the assets retained ownership of the three tracts of real property underlying the dealerships and lease such property to the Company. See "Business -- Facilities."

THE DYER ACQUISITION. Dyer & Dyer, Inc. ("Dyer Volvo"), which is located in Atlanta, Georgia, is the largest Volvo dealership in the United States in terms of retail unit sales. For 1996, Dyer Volvo had retail sales of approximately 1,284 new and 1,493 used vehicles, and had aggregate revenues of approximately $72.6 million. This acquisition is a significant step in the Company's growth strategy in that it adds a large, well-managed dealership in a new geographic market and increases the Company's presence in the luxury car market. Richard Dyer, who has over 25 years in the automotive retailing industry, will continue as the Company's Executive Manager of Dyer Volvo.

The Company will acquire all of the operating assets of Dyer Volvo for $18.0 million plus assumption of substantially all of Dyer Volvo's existing recorded liabilities and obligations. The $18.0 million purchase price is subject to adjustment in the event that net book value of the purchased assets, less assumed liabilities, is more or less than $10.5 million as of the date of the closing. At the closing, the Company will pay $17.0 million in cash to the seller and deposit $1.0 million into an escrow account. In addition, the Company will issue a warrant to Richard Dyer to purchase 0.375% of the Company's outstanding shares of Common Stock (in the form of Class A Common Stock) after consummation of the Offering (45,000 shares if the Underwriters' over-allotment option is exercised in full) pursuant to his employment agreement with the Company at a per share exercise price equal to the initial public offering per share price (the "Dyer Warrant"). The Dyer Warrant is exercisable immediately and will expire five years after the consummation of the Dyer Acquisition. The Dyer Warrant is in addition to stock options that are to be granted to Richard Dyer under the Company's Stock Option Plan. Dyer Volvo leases its dealership premises and the Company will assume Dyer Volvo's obligations under the leases at the closing. See "Business -- Facilities." The closing of the Dyer acquisition will occur no later than November 21, 1997. If the Company fails to perform its obligation to close by that date, it has agreed to pay a termination fee.

Volvo's consent to the Dyer Acquisition requires that Richard Dyer maintain a 20% interest in, and serve as the manager of, the Company's Volvo franchisee subsidiary operating the Dyer Volvo dealership.

THE FORT MILL ACQUISITION. Fort Mill Chrysler-Plymouth-Dodge is located in Fort Mill, South Carolina, which is a part of the Charlotte market. In 1996, Jeff Boyd Chrysler-Plymouth-Dodge (the predecessor to Fort Mill Chrysler-Plymouth-Dodge) had retail sales of approximately 632 new and 842 used vehicles, and had total revenues of $20.3 million.

As of June 3, 1997, the Company consummated the acquisition of certain dealership assets, excluding real property, of Jeff Boyd Chrysler-Plymouth-Dodge for a total purchase price of approximately $3.7 million in cash and assumed the floor plan liabilities of the sellers. Of the $3.7 million purchase price paid, $3.5 million was advanced to the Company by Bruton Smith and is to be repaid with proceeds from the Offering. See "Certain Transactions -- The Smith Advance." An affiliate of Jeff Boyd Chrysler-Plymouth-Dodge retained ownership of the real property underlying the dealership and leased the property to the Company. See "Business -- Facilities."

THE WILLIAMS ACQUISITION. Town and Country Chrysler-Plymouth-Jeep of Rock Hill is located in Rock Hill, South Carolina, approximately 35 miles south of Charlotte. In 1996, Williams Motors, Inc. (the predecessor to Town and Country

Chrysler-Plymouth-Jeep of Rock Hill) had retail sales of approximately 248 new and 280 used vehicles, and had total revenues of $9.6 million.

As of October 10, 1997, the Company acquired substantially all of the operating assets of Williams Motors (excluding primarily used car inventory and real estate) for $1.8 million plus assumption of floor plan indebtedness to Chrysler Credit Corporation. The Company leases the dealership premises from the sellers for one to five years, at the Company's option. See "Business -- Facilities."

FUTURE ACQUISITIONS. The Company intends to pursue acquisitions in the future that will be financed with cash or debt or equity financing or a combination thereof. Any acquisitions using equity financing would require the consent of Chrysler and Honda under the dealership agreements with such Manufacturers. Although the Company has identified and has held preliminary discussions with several potential acquisition candidates, at this time the Company has no agreements to effect any such acquisitions other than the Acquisitions. There is no assurance that the Company will consummate any future acquisition, that they will be on favorable terms to the Company or that financing for such acquisitions will be available. All future acquisitions by the Company will be contingent upon the consent of the applicable manufacturer. No assurance can be given that any such consents will be obtained. The Company is currently negotiating with Ford Motor Credit Company ("Ford Motor Credit") to increase the Revolving Facility (as defined herein) from $26.0 million to $75.0 million in order to finance future acquisitions and for general corporate purposes, although there can be no assurance that the Company will obtain any such financing. After giving pro forma effect to the Acquisitions and the financing thereof, the Company will have approximately $45.7 million available under the Revolving Facility (assuming (i) the Revolving Facility is increased from $26.0 million to $75.0 million, (ii) no exercise of the Underwriters' over-allotment option, (iii) that the shares of Class A Common Stock offered hereby are sold at the mid-point of the range of the initial public offering price set forth on the front cover of this Prospectus and (iv) that at the time the Revolving Facility is increased it is used to refinance the remaining balance under the Six-Month Facility). See "Risk Factors -- Risks Associated with Acquisitions" and " -- Limitations on Financial Resources Available for Acquisitions; Ability to Refinance Existing Debt" and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

USE OF PROCEEDS

The net proceeds to the Company from the sale of 5,000,000 shares of Class A Common Stock offered hereby are estimated to be approximately $58.5 million ($67.5 million if the Underwriters' over-allotment option is exercised in full), assuming an initial public offering price of $13.00 per share (the midpoint of the range of the initial public offering price set forth on the cover page of this Prospectus) and after deducting the underwriting discount and estimated expenses of the Offering. The net proceeds will be used to pay a portion of the purchase price for the Acquisitions, to repay a loan of approximately $3.5 million advanced by Bruton Smith in connection with the Acquisitions, which bears interest at 3.83% per annum and to repay approximately $16.7 million of the Six-Month Facility, which was used to finance the Lake Norman Acquisition and bears interest at 7.75% per annum. See "The Acquisitions" and "Certain Transactions -- The Smith Advance."

DIVIDEND POLICY

The Company intends to retain all of its earnings to finance the growth and development of its business, including future acquisitions, and does not anticipate paying any cash dividends on its Common Stock for the foreseeable future. Any future change in the Company's dividend policy will be made at the discretion of the Board of Directors of the Company and will depend upon the Company's operating results, financial condition, capital requirements, general business conditions and such other factors as the Board of Directors deems relevant. Furthermore, the Company's existing credit arrangements include covenants which preclude the payment of dividends. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" and "Description of Capital Stock."

CAPITALIZATION

The following table sets forth, as of June 30, 1997, the capitalization of the Company (a) on an actual basis, including the Reorganization which is effective as of June 30, 1997, and (b) on a pro forma basis, as adjusted to reflect the Acquisitions, the financing thereof, the Offering and the application of the estimated net proceeds thereof to be received by the Company. See "The Acquisitions" and "Use of Proceeds." This table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the unaudited Pro Forma Combined and Consolidated Financial Statements of the Company and the related notes thereto included elsewhere in this Prospectus.

	JUNE 30, 1997	
	ACTUAL	PRO FORMA FOR THE ACQUISITIONS AND THE OFFERING(1)
	(DOLLARS IN THOUSANDS)	
Short-term debt:		
Notes payable -- floor plan	$67,856	$142,191
Notes payable -- other	--	3,713
Current maturities of long-term debt	487	1,343
Total short-term debt	$68,343	$147,247
Long-term debt	$ 5,137	$ 36,980
Stockholders' equity:		
Preferred Stock, $.10 par value, 3,000,000 shares authorized; no shares issued and outstanding	--	--
Class A Common Stock, $.01 par value, 50,000,000 shares authorized; no shares issued and outstanding, actual; 5,000,000 shares issued and outstanding, as adjusted (2)	--	50
Class B Common Stock, $.01 par value, 15,000,000 shares authorized; 10,000 shares issued and outstanding, actual; 6,250,000 shares issued and outstanding, as adjusted (3)	62	62
Additional paid-in capital	14,418	72,818
Retained earnings and members' and partners' equity	14,023	14,064
Unrealized loss on marketable equity securities	(97)	(97)
Total stockholders' equity	28,406	86,897
Total capitalization	$33,543	$123,877

(1) Adjusted to give pro forma effect to the Acquisitions (including the financing thereof) and the Offering (and the application of the net proceeds thereof). See "Pro Forma Combined and Consolidated Financial Data."

(2) 5,750,000 shares if the Underwriters' overallotment option is exercised in full. Excludes 1,125,000 shares of Class A Common Stock reserved for future

issuance under the Company's Stock Option Plan (including up to 587,509 shares of Class A Common Stock reserved for issuance upon exercise of options to be granted on or before the consummation of the Offering pursuant to the Stock Option Plan) and 150,000 shares of Class A Common Stock reserved for future issuance under the Company's ESPP, and excludes 42,187 shares of Class A Common Stock (45,000 shares if the Underwriters' over-allotment option is exercised in full) reserved for issuance under the Dyer Warrant. See "The Acquisitions -- The Dyer Acquisition" and "Management -- Stock Option Plan."

(3) Actual shares of Class B Common Stock include the effect of the Stock Split (which will be effected in the form of a stock dividend).

DILUTION

The pro forma net tangible book value (deficit) of the Company (after giving effect to the Acquisitions) as of June 30, 1997 was $(6.81) per share of Common Stock. Pro forma net tangible book value (deficit) per share is determined by dividing the pro forma tangible net worth of the Company (pro forma total assets less goodwill less pro forma total liabilities) by the total number of outstanding shares of Common Stock. After giving effect to the sale of the 5,000,000 shares of Class A Common Stock offered hereby and the receipt of an assumed $58.5 million of net proceeds from the Offering (based on an assumed initial public offering price of $13.00 per share and net of the underwriting discounts and estimated offering expenses), pro forma net tangible book value of the Company at June 30, 1997 would have been $1.41 per share. This represents an immediate increase in pro forma net tangible book value of $8.22 per share to existing stockholders and an immediate dilution of $11.59 per share to the new investors purchasing Class A Common Stock in the Offering. The following table illustrates the per share dilution:

<TABLE>

Assumed initial public offering price per share......................................		$13.00
Pro forma net tangible book value (deficit) per share before giving effect to the Offering...	(6.81)	
Increase in pro forma net tangible book value per share attributable to the Offering...	8.22	
Pro forma net tangible book value per share after giving effect to the Offering.......		1.41
Dilution per share to new investors..		$11.59

</TABLE>

The following table sets forth, on a pro forma basis as of June 30, 1997, the number of shares of Common Stock purchased from the Company, the total consideration paid to the Company and the average price per share paid to the Company by existing stockholders and new investors purchasing shares from the Company in the Offering (before deducting underwriting discounts and commissions and estimated offering expenses):

<TABLE>

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE PER
	NUMBER	PERCENT	AMOUNT	PERCENT	SHARE
Existing stockholders (1)...	6,250,000	55.6%	$16,604,170	20.3%	$ 2.66
New investors (2)...	5,000,000	44.4	65,000,000	79.7	13.00
Total...	11,250,000	100.0%	$81,604,170	100.0%	$ 7.25

</TABLE>

(1) Does not reflect the possible exercise of options to purchase 1,125,000 shares of Class A Common Stock reserved for issuance under the Company's Stock Option Plan, including options to purchase 587,509 shares of Class A Common Stock that will be granted immediately before the completion of the Offering with an exercise price equal to the initial public offering price, the possible issuance of 150,000 shares of Class A Common Stock reserved for

issuance under the Company's ESPP, and the possible exercise of the Dyer Warrant to purchase 42,187 shares of Class A Common Stock (45,000 shares if the Underwriters' over-allotment option is exercised in full) at an exercise price equal to the initial public offering price pursuant to the Offering. See "Management -- Stock Option Plan" and "Certain Transactions."

(2) Assumes that the Underwriters' over-allotment option is not exercised. Sales pursuant to the full exercise by the Underwriters of the over-allotment option will cause the total number of shares purchased by new investors, total consideration paid by new investors, percent of total consideration paid by new investors and average price per share for all investors to increase to 5,750,000, $74.8 million, 81.8% and $7.25, respectively.

SELECTED COMBINED AND CONSOLIDATED FINANCIAL DATA

The selected combined and consolidated statement of operations data for the years ended December 31, 1994, 1995 and 1996 and the selected combined balance sheet data as of December 31, 1995 and 1996 are derived from the Company's audited financial statements, which are included elsewhere in this Prospectus. The selected combined and consolidated statement of operations data for the years ended December 31, 1992 and 1993 and the selected combined and consolidated balance sheet data as of December 31, 1992, 1993 and 1994 are derived from the Company's unaudited financial statements, which are not included in this Prospectus. The selected combined and consolidated results of operations data for the six months ended June 30, 1996 and 1997, and the selected combined and consolidated balance sheet data at June 30, 1997, are derived from the unaudited financial statements of the Company, which are included elsewhere in this Prospectus. In the opinion of management, these unaudited financial statements reflect all adjustments necessary for a fair presentation of its results of operations and financial condition. All such adjustments are of a normal recurring nature. The results of operations for an interim period are not necessarily indicative of results that may be expected for a full year or any other interim period. In connection with the FIFO Conversion, and in accordance with generally accepted accounting principles, the selected combined and consolidated financial data has been retroactively restated to reflect the FIFO Conversion. This selected combined and consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Combined and Consolidated Financial Statements and related notes included elsewhere in this Prospectus.

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1992	1993	1994	1995	1996(1)(2)	1996(1)(2)	1997(3)(2)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	(IN THOUSANDS)						
COMBINED AND CONSOLIDATED STATEMENT OF OPERATIONS DATA:							
Revenues:							
Vehicle sales........................	$171,065	$203,630	$227,960	$267,308	$326,842	$164,333	$185,077
Parts, service and collision repair............................	24,543	30,337	33,984	35,860	42,644	21,005	22,907
Finance and insurance................	3,743	3,711	5,181	7,813	7,118	4,277	4,763
Total revenues....................	199,351	237,678	267,125	310,981	376,604	189,615	212,747
Cost of sales..........................	174,713	208,445	233,011	270,878	331,047	167,191	188,422
Gross profit...........................	24,638	29,233	34,114	40,103	45,557	22,424	24,325
Selling, general and administrative expenses............................	20,251	22,738	24,632	29,343	33,677	16,590	18,413
Depreciation and amortization..........	682	788	838	832	1,076	360	396
Operating income.......................	3,705	5,707	8,644	9,928	10,804	5,474	5,516
Interest expense, floor plan...........	2,215	2,743	3,001	4,505	5,968	2,801	3,018

Interest expense, other	290	263	443	436	433	184	269
Other income	1,360	613	609	449	618	369	274
Income before income taxes and minority interest	2,560	3,314	5,809	5,436	5,021	2,858	2,503
Provision for income taxes	27	723	2,118	2,176	1,924	1,093	916
Income before minority interest	2,533	2,591	3,691	3,260	3,097	1,765	1,587
Minority interest in earnings (loss) of subsidiary	(31)	(22)	15	22	114	41	47
Net income(4)	$ 2,564	$ 2,613	$ 3,676	$ 3,238	$ 2,983	$ 1,724	$ 1,540
COMBINED AND CONSOLIDATED BALANCE SHEET DATA:							
Working capital	$ 5,883	$ 9,629	$ 13,246	$ 18,140	$ 19,780	$ 20,625	$ 16,899
Total assets	48,524	54,917	69,061	79,462	110,976	99,456	120,384
Long-term debt	3,904	4,142	3,773	3,561	5,286	4,825	5,137
Total liabilities	43,336	46,822	57,274	62,956	84,367	73,695	91,978
Minority interest	139	161	177	200	314	240	--
Stockholders' equity	5,049	7,934	11,610	16,306	26,295	25,521	28,406

</TABLE>

(1) The statement of operations data includes the results of Fort Mill Ford, Inc. from the date of acquisition, February 1, 1996.

(FOOTNOTES CONTINUED ON FOLLOWING PAGE)

(2) The Company acquired Fort Mill Ford, Inc. and Fort Mill Chrysler-Plymouth-Dodge in February 1996 and in June 1997, respectively. Both of these acquisitions were accounted for using the purchase method of accounting. As a result, the Selected Combined and Consolidated Financial Data below does not include the results of operations of these dealerships prior to the date they were acquired by the Company. Accordingly, the actual historical data for periods after the acquisition may not be comparable to data presented for periods prior to the acquisition of Fort Mill Ford and Fort Mill Chrysler-Plymouth-Dodge.

(3) The statement of operations data for the six months ended June 30, 1997 includes the results of Fort Mill Chrysler-Plymouth-Dodge, Inc. from the date of acquisition, June 3, 1997.

(4) Historical net income per share is not presented, as the historical capital structure of the Company prior to the Offering is not comparable with the capital structure that will exist after the Offering.

PRO FORMA COMBINED AND CONSOLIDATED FINANCIAL DATA

The following unaudited pro forma combined and consolidated statements of operations for the year ended December 31, 1996 and for the six months ended June 30, 1997 reflect the historical accounts of the Company for those periods, adjusted to give pro forma effect to the Reorganization, the Acquisitions and the Offering, as if these events had occurred at January 1, 1996. The following unaudited pro forma consolidated balance sheet as of June 30, 1997 reflects the historical accounts of the Company as of that date adjusted to give pro forma effect to the Acquisitions and the Offering as if these events had occurred on June 30, 1997. The Acquisitions will be consummated on or before the closing of the Offering and are conditions precedent to the closing of the Offering. The Company will convert to the FIFO Method of inventory accounting conditioned and effective upon the closing of the Offering. In connection with the FIFO Conversion, and in accordance with generally accepted accounting principles, the accompanying financial information of the Company has been retroactively restated to reflect the FIFO Conversion. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Overview."

The pro forma combined and consolidated financial data and accompanying notes should be read in conjunction with the Combined and Consolidated Financial Statements and related notes of the Company as well as the financial statements and related notes of the Bowers Dealerships, the Lake Norman Dealerships, Ken Marks Ford and Dyer Volvo, all of which are included elsewhere in this Prospectus. Such pro forma data and accompanying notes do not give effect to the Fort Mill Acquisition, the Williams Acquisition or the financing thereof because management does not believe such acquisitions or financings are material. The Company believes that the assumptions used in the following statements provide a reasonable basis on which to present the pro forma financial data. The pro forma combined financial data is provided for informational purposes only and should not be construed to be indicative of the Company's financial condition or results of operations had the transactions and events described above been consummated on the dates assumed, and are not intended to project the Company's financial condition on any future date or its results of operation for any future period.

PRO FORMA COMBINED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1996

<TABLE>
<CAPTION>

	COMPANY			THE ACQUISITIONS			
	ACTUAL (1)	PRO FORMA ADJUSTMENTS FOR THE REORGANI-ZATION	BOWERS DEALERSHIPS PRO FORMA (2)	LAKE NORMAN DEALERSHIPS	KEN MARKS FORD (3)	DYER VOLVO	PRO FORMA ADJUSTMENTS FOR THE ACQUISITIONS (4)(5)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
				(IN THOUSANDS, EXCEPT PER SHARE DATA)			
Revenues:							
Vehicle sales..............	$ 326,842	$	$ 144,177	$ 124,539	$ 131,826	$60,871	$
Parts, service and collision repair....................	42,644		17,338	9,543	14,224	11,163	
Finance and insurance.......	7,118		2,877	3,617	2,317	542	
Total revenues...........	376,604		164,392	137,699	148,367	72,576	
Cost of sales................	331,047		142,424	121,806	128,850	62,547	(545)(11)
Gross profit.................	45,557		21,968	15,893	19,517	10,029	545
Selling, general and administrative expenses.....	33,677		18,977	14,215	16,190	6,997	(1,299)(12)
							(3,351)(13)
							249(14)
Depreciation and amortization................	1,076	75(8)	733	89	94	126	(193)(15)
							1,539(16)
							(29)(14)
Operating income.............	10,804	(75)	2,258	1,589	3,233	2,906	3,629
Interest expense, floor plan........................	5,968		1,522	1,552	2,054	373	(2,127)(10)
Interest expense, other(6)....	433		199	50			315(17)
							(108)(14)
							2,282(6)
Other income.................	618		797	258	97	452	
Income before income taxes and minority interest..........	5,021	(75)	1,334	245	1,276	2,985	3,267
Provision for income taxes....	1,924	(30)(9)	61		546	955	1,390(18)

1,627(19)

79(20)

(955)(21)

Income before minority interest..................	3,097	(45)	1,273	245	730	2,030	1,126
Minority interest in earnings of subsidiary..............	114	(114)(8)					
Net income..................	$ 2,983	$ 69	$ 1,273	$ 245	$ 730	$ 2,030	$ 1,126
Pro forma net income per share(7)....................							
Weighted average shares outstanding (000's).........							

<CAPTION>

<S>	PRO FORMA ADJUSTMENTS FOR THE OFFERING <C>	PRO FORMA FOR THE REORGANI-ZATION, THE ACQUISITIONS AND THE OFFERING <C>
Revenues:		
Vehicle sales..............	$	$788,255
Parts, service and collision repair..................		94,912
Finance and insurance.......		16,471
Total revenues...........		899,638
Cost of sales................		786,129
Gross profit.................		113,509
Selling, general and administrative expenses.....	201(22)	85,856
Depreciation and amortization................		3,510
Operating income.............	(201)	24,143
Interest expense, floor plan.......................		9,342
Interest expense, other(6)....		3,171
Other income.................		2,222
Income before income taxes and minority interest..........	(201)	13,852
Provision for income taxes....	(80)(23)	5,517
Income before minority interest..................	(121)	8,335
Minority interest in earnings of subsidiary..............		
Net income..................	$ (121)	$ 8,335
Pro forma net income per share(7)....................		$ 0.74
Weighted average shares outstanding (000's).........		11,250

</TABLE>

PRO FORMA COMBINED STATEMENT OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 1997

<TABLE>
<CAPTION>

	COMPANY		THE ACQUISITIONS				
<S>	ACTUAL(1) <C>	PRO FORMA ADJUSTMENTS FOR THE REORGANIZATION <C>	BOWERS DEALERSHIPS PRO FORMA (2) <C>	LAKE NORMAN DEALERSHIPS <C>	KEN MARKS FORD (3) <C>	DYER VOLVO <C>	PRO FORMA ADJUSTMENTS FOR THE ACQUISITIONS (4) (5) <C>
			(IN THOUSANDS, EXCEPT PER SHARE DATA)				
Revenues:							
Vehicle sales.............	$ 185,077	$	$67,219	$69,798	$65,157	$31,373	$
Parts, service and collision repair.........	22,907		9,694	5,321	5,999	5,960	
Finance and insurance......	4,763		1,539	1,950	1,029	129	
Total revenues...........	212,747		78,452	77,069	72,185	37,462	

Cost of sales................	188,422		67,390	68,272	63,402	32,377	(371)(11)
Gross profit.................	24,325		11,062	8,797	8,783	5,085	371
Selling, general and administrative expenses....	18,413		8,744	6,937	7,547	3,498	(923)(12) (1,004)(13) 191(14)
Depreciation and amortization...............	396	36(8)	338	47	47	151	(100)(15) 769(16) (22)(14)
Operating income.............	5,516	(36)	1,980	1,813	1,189	1,436	1,460
Interest expense, floor plan.......................	3,018		885	1,185	925	276	(1,048)(10)
Interest expense, other (6)........................	269		118	68			1,141(6) 158(17) (80)(14)
Other income.................	274		459	176	91	247	
Income before income taxes and minority interest......	2,503	(36)	1,436	736	355	1,407	1,289
Provision for income taxes...	916	(15)(9)	31		147		436(18) 1,285(19) 83(20)
Income before minority interest...................	1,587	(21)	1,405	736	208	1,407	(515)
Minority interest in earnings of subsidiary.............	47	(47)(8)					
Net income...................	$ 1,540	$ 26	$ 1,405	$ 736	$ 208	$1,407	$ (515)
Pro forma net income per share (7)..................							
Weighted average shares outstanding (000's)........							

<CAPTION>

	PRO FORMA ADJUSTMENTS FOR THE OFFERING	PRO FORMA FOR THE REORGANIZATION, THE ACQUISITIONS AND THE OFFERING
<S>	<C>	<C>
Revenues:		
Vehicle sales.............	$	$ 418,624
Parts, service and collision repair.........		49,881
Finance and insurance......		9,410
Total revenues...........		477,915
Cost of sales................		419,492
Gross profit.................		58,423
Selling, general and administrative expenses....	171(22)	43,574
Depreciation and amortization...............		1,662
Operating income.............	(171)	13,187
Interest expense, floor plan.......................		5,241
Interest expense, other (6)........................		1,674
Other income.................		1,247
Income before income taxes and minority interest......	(171)	7,519
Provision for income taxes...	(68) (23)	2,815
Income before minority interest...................	(103)	4,704
Minority interest in earnings of subsidiary.............		
Net income...................	$ (103)	$ 4,704

Pro forma net income per share (7)	$ 0.42
Weighted average shares outstanding (000's)	11,250

</TABLE>

(1) The actual combined statement of operations data for the Company includes the results of Fort Mill Ford from February 1, 1996, the effective date of its acquisition. Pro forma adjustments have not been presented to include the results of operations for Fort Mill Ford for the one month period ended February 1, 1996 because management believes such results are not material. The actual consolidated statement of operations data for the six months ended June 30, 1997 include the results of Fort Mill Chrysler-Plymouth-Dodge from June 3, 1997, the date of its acquisition.

(FOOTNOTES CONTINUED ON FOLLOWING PAGE)

(2) During 1996 and 1997, Nelson Bowers acquired three automobile dealerships whose operating results, from their respective dates of acquistion, are included in the historical combined and consolidated statement of operations in the table below. The following table adjusts the historical combined and consolidated statements of operations to include the acquirees as if the acquisitions had occurred on January 1, 1996.

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31, 1996 (IN THOUSANDS)

	BOWERS DEALERSHIPS(A) (HISTORICAL)	EUROPEAN MOTORS OF CHATTANOOGA(E)	EUROPEAN MOTORS OF NASHVILLE(B)	NELSON BOWERS DODGE(B)	PRO FORMA ADJUSTMENTS	BOWERS DEALERSHIPS (PRO FORMA)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues:						
Vehicle sales	$ 91,183	$6,940	$ 21,827	$24,227	$	$144,177
Parts, service and collision repair	7,970	1,194	4,740	3,434		17,338
Finance and insurance	2,337		199	341		2,877
Total revenues	101,490	8,134	26,766	28,002		164,392
Cost of sales	87,757	7,130	23,054	24,483		142,424
Gross profit	13,733	1,004	3,712	3,519		21,968
Selling, general and administrative expenses	11,807	926	3,401	2,843		18,977
Depreciation and amortization	365	37	86	106	139(d)	733
Operating income	1,561	41	225	570	(139)	2,258
Interest expense, floor plan	1,178	87	208	49		1,522
Interest expense, other	196			3		199
Other income	121	92	166	418		797
Income before income taxes	308	46	183	936	(139)	1,334
Provision for income taxes	61					61
Net Income	$ 247	$ 46	$ 183	$ 936	$ (139)	$ 1,273

</TABLE>

<TABLE>
<CAPTION>

SIX MONTHS ENDED JUNE 30, 1997

	BOWERS DEALERSHIPS(A) (HISTORICAL)	NELSON BOWERS DODGE(C)	PRO FORMA ADJUSTMENTS	BOWERS DEALERSHIPS

(PRO FORMA)
<S> <C> <C> <C>
<C>

		(IN THOUSANDS)		
Revenues:				
Vehicle sales	$ 63,950	$ 3,269	$	$ 67,219
Parts, service and collision repair	9,107	587		9,694
Finance and insurance	1,497	42		1,539
Total revenues	74,554	3,898		78,452
Cost of sales	63,945	3,445		67,390
Gross profit	10,609	453		11,062
Selling, general and administrative expenses	8,294	450		8,744
Depreciation and amortization	309	14	15(d)	338
Operating income (loss)	2,006	(11)	(15)	1,980
Interest expense, floor plan	881	4		885
Interest expense, other	118			118
Other income	422	37		459
Income before income taxes	1,429	22	(15)	1,436
Provision for income taxes	31			31
Net Income	$ 1,398	$ 22	$ (15)	$ 1,405

</TABLE>

(a) The historical statement of operations data for the Bowers Dealerships includes the results of Nelson Bowers Dodge from March 1, 1997, the date of its acquisition by the owners of the Bowers Dealerships. Such statement also includes the results of European Motors of Nashville and European Motors of Chattanooga from October 1, 1996 and May 1, 1996, respectively, which were acquired by the owners of the Bowers Dealerships on those dates.

(FOOTNOTES CONTINUED ON FOLLOWING PAGE)

(b) Reflects the results of operations of (i) Nelson Bowers Dodge for the year ended December 31, 1996; and (ii) European Motors of Nashville for the period from January 1, 1996 to October 1, 1996, the date of its acquisition by the owners of the Bowers Dealerships. Such data was obtained from monthly financial statements prepared by the dealership as required by the manufacturers.

(c) Reflects the results of operations of Nelson Bowers Dodge for the period from January 1, 1997 to March 1, 1997, the date of its acquisition by the owners of the Bowers Dealerships. Such data was obtained from monthly financial statements prepared by the dealership as required by the manufacturers.

(d) Reflects the amortization of goodwill resulting from the acquisition of Nelson Bowers Dodge, European Motors of Nashville and European Motors of Chattanooga over an assumed amortization period of 40 years for the period not included in the historical financial statements, assuming that such acquisitions were consummated on January 1, 1996.

(e) Reflects the results of operations of European Motors of Chattanooga for the period from January 1, 1996 to April 30, 1996, the date of its acquisition by the owners of the Bowers Dealerships. Such data was obtained from monthly financial statements prepared by the dealership as required by the Manufacturer.

(3) Ken Marks Ford's fiscal year ends on April 30 of each year. Accordingly, the Statement of Operations data for Ken Marks Ford for the year ended December 31, 1996 was derived by adjusting the data for the year ended April 30, 1997 to include results from January 1, 1996 through April 30, 1996, and exclude results from January 1, 1997 through April 30, 1997. The Statement of Operations data for the six

months ended June 30, 1997 was similarly derived by adjusting the historical financial statements for the year ended April 30, 1997 to include results from May 1, 1997 through June 30, 1997, and excludes results from May 1, 1996 through December 31, 1996.

(4) The Company has excluded (i) the results of operations of Fort Mill Chrysler-Plymouth-Dodge for the year ended December 31, 1996 and the period ended June 3, 1997 and (ii) the historical results of operations and related pro forma adjustments related to the Williams Acquisition because management believes such results and adjustments are not material to the Pro Forma Combined and Consolidated Statement of Operations.

(5) Prior to the Company's acquisition of the Lake Norman Dealerships, its former owners directed $550,000 and $150,000 in contributions to charitable organizations during the year ended December 31, 1996 and the six months ended June 30, 1997, respectively. It is the Company's intention not to maintain the level of charitable contributions already reflected in the Company's historical combined financial statements. Although no pro forma adjustment to eliminate this expense has been included in the accompanying Pro Forma Combined and Consolidated Statements of Operations, the Company believes disclosure and consideration of the Lake Norman Dealerships contributions is appropriate to understand the continuing impact on the Company's results of operations of the acquisition of the Lake Norman Dealerships.

(6) Reflects the increase in interest expense associated with the assumed borrowings made under the Company's new credit arrangements of $26.9 million to provide a portion of the funds necessary for consummation of the Acquisitions. The effective interest rate used in the pro forma calculation was 8.5%. This assumed borrowing level was calculated based upon a per share price of the Offering of $13.00, which is the midpoint of the range of the initial public offering price shown on the cover page of this Prospectus. Should the actual per share price of the Offering be different, the actual amount borrowed to provide a portion of the funds necessary for the consummation of the Acquisitions and the related interest expense would be different than the amounts assumed here.

(7) Pro forma net income per share is based upon the assumption that 11,250,000 shares of Common Stock are outstanding after the Offering. This amount represents 5,000,000 shares of Class A Common Stock to be issued in the Offering and 6,250,000 shares of Class B Common Stock owned by the Company's stockholders immediately following the Reorganization and the Acquisitions and giving effect to the Stock Split. See "Principal Stockholders" and Note 1 to the Company's Combined and Consolidated Financial Statements included elsewhere in this Prospectus.

(8) Reflects the elimination of minority interest in earnings as a result of the acquisition of the 31% minority ownership interest in Town & Country Toyota, Inc. for $3.2 million of Class B Common Stock in connection with the Reorganization, and the amortization of approximately $3.0 million in related goodwill over 40 years arising from such acquisition.

(9) Reflects the net increase in the provision for income taxes due to the amortization of goodwill related to the acquisition of the minority interest pursuant to the Reorganization, calculated at the effective rate of 39.9%.

(FOOTNOTES CONTINUED ON FOLLOWING PAGE)

(10) Reflects the decrease in interest expense, floor plan resulting from the refinancing of the floor plan notes payable arrangements of the Company and the dealerships being acquired in the Acquisitions under one master agreement. The aggregate balance of floor plan notes payable arrangements of the Company and the dealerships being acquired in the Acquisitions was $136.2 million and $142.2 million at December 31, 1996 and June 30, 1997, respectively. The average interest expense under this new agreement is approximately 7.6% compared to historical interest rates ranging from 7.75% to 10.25%.

(11) Adjustment reflects the conversion from the LIFO Method of inventory accounting to the FIFO Method of inventory accounting at the Lake Norman Dealerships, Ken Marks Ford and Dyer Volvo in the amount of $169,000, $260,000 and $116,000, respectively for the year ended December 31, 1996 and $324,000 at the Lake Norman Dealerships and $47,000 at Ken Marks Ford for the six months ended June 30, 1997 (there being no significant amount for Dyer Volvo during this period). The Company will convert to the FIFO Method conditioned upon the closing of the Offering. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Overview."

(12) Reflects the net decrease in selling, general and administrative expenses related to the net reduction in salaries and fringe benefits of owners and officers of the acquired dealerships who will become employees of the Company after the Offering, consistent with reduced salaries pursuant to employment agreements with the Company, effective upon consummation of the Offering.

(13) The decrease in selling, general and administrative expenses reflects the elimination of salaries paid to owners of certain dealerships acquired in the Acquisitions whose positions and salaries will be eliminated in conjunction with the Offering.

(14) Reflects the Company's estimate of the increase in rent expense related to lease agreements entered into with the sellers of the Bowers Dealerships for the dealerships' real property with a net carrying value of $2.3 million that will not be acquired by the Company, and decreases in depreciation expense (based on useful lives ranging from 31.5 to 39 years) and interest expense related to mortgage indebtedness encumbering such property. The related mortgage indebtedness was approximately $1.8 million with interest charged at 8.9% annually. The increase in rent expense and decreases in depreciation expense and interest expense are based on the terms of the asset purchase agreement pertaining to the Bowers Dealerships.

(15) Reflects the elimination of amortization expense related to goodwill that arose in previous acquisitions in the Bowers Dealerships, assuming that each of the acquisitions giving rise to goodwill was consummated on January 1, 1996. See Note (2) above.

(16) Reflects the amortization over an assumed amortization period of 40 years of approximately $61.6 million in intangible assets, which consist primarily of goodwill, resulting from the Acquisitions which were assumed to occur on January 1, 1996. See "The Acquisitions" and "Pro Forma Combined and Consolidated Balance Sheet."

(17) In connection with the Bowers Acquisition, the Company will issue a promissory note of up to $4.0 million that will bear interest at NationsBank's prime rate less 0.5%. This adjustment reflects an increase in interest expense related to the promissory note assuming a prime rate of 8.5%.

(18) Reflects the net increase in provision for income taxes resulting from adjustments (6) and (11) through (17) above, computed using effective income tax rates ranging from 38.5% to 42.8%.

(19) Certain of the Bowers Dealerships, the Lake Norman Dealerships, and Dyer Volvo were not subject to federal and state income taxes because they were either S corporations, partnerships, or limited liability companies during the period indicated. This adjustment reflects an increase in the federal and state income tax provision as if these entities had been taxable at the combined statutory income tax rate of approximately 39%. Upon completion of the Acquisitions, these businesses that have historically not been subject to corporate income tax will thereafter be subject to federal and state income tax as C corporations.

(20) Reflects an increase from the Company's historical effective tax rate resulting from a higher statutory tax rate used due to an increase in taxable income for the pro forma combined entity and from an additional pro forma permanent difference for non-taxable goodwill amortization.

(21) Reflects the elimination of federal and state tax expense which were assessed on the recapture of the LIFO inventory reserve which was required by tax law pursuant to the conversion of Dyer Volvo from a C corporation to an S corporation effective January 1, 1996. The liability associated with this tax assessment was not a liability assumed by the Company in its purchase of the net assets of Dyer Volvo.

(22) Reflects the increase in salaries of existing and new officers who have entered into employment agreements with the Company, effective upon consummation of the Offering.

(23) Reflects the net decrease in provision for income taxes resulting from adjustment (22) above, computed using an effective income tax rate of 39.9%.

PRO FORMA COMBINED AND CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 1997

<TABLE>
<CAPTION>

		THE ACQUISITIONS				
ASSETS	ACTUAL (1)	BOWERS DEALERSHIPS	LAKE NORMAN DEALERSHIPS	KEN MARKS FORD	DYER VOLVO	PRO FORMA ADJUSTMENTS FOR THE ACQUISITIONS
<S>	<C>	<C>	<C>	<C>	<C>	<C>
			(IN THOUSANDS)			
Current Assets:						
Cash and cash equivalents.............	$ 9,238	$ 4,766	$ 3,467	$ 2,491	$ 173	$ (85,300)(2) 26,850(9)
Marketable equity securities..........	769					
Receivables...........................	12,897	2,649	2,535	2,347	2,535	
Inventories...........................	73,410	30,948	22,778	14,802	11,129	6,817(3)
Deferred income taxes.................	256			96		
Other current assets..................	818	2,779	244	679	32	
Total current assets..............	97,388	41,142	29,024	20,415	13,869	(51,633)
Property and equipment, net.............	13,270	4,106	567	489	1,156	(2,311)(4)
Goodwill, net...........................	9,463	8,286				61,550(2) (8,286)(5)
Other assets............................	263	658(2)	462	14	297	
Total assets......................	$120,384	$54,192	$30,053	$20,918	$ 15,322	$ (680)
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current Liabilities:						
Notes payable-floor plan...............	$ 67,856	$26,771	$25,865	$16,165	$ 5,534	$
Notes payable-other....................		3,685	28			
Trade accounts payable.................	3,848	1,190	1,352	622		
Accrued interest.......................	491	178				
Other accrued liabilities..............	3,394	1,424	472	1,648	512	
Taxes payable..........................	913(10)			67	239	176(6)
Payable to Company's Chairman..........	3,500					
Current maturities of long-term debt...	487	428	71			357(2)
Total current liabilities.........	80,489	33,676	27,788	18,502	6,285	533
Long-term debt..........................	5,137	2,332	786			

						(1,768)(4)
						3,643(2)
						26,850(9)
Payable to affiliated companies..........	855					
Deferred income taxes....................	931			17		882(6)
Income tax payable.......................	4,566(10)					
Other long-term liabilities..............					238	
Stockholders' Equity:						
Common Stock of combined companies.....		300	75	1	153	(529)(2)
Class A Common Stock...................						
Class B Common Stock...................	62					
Paid-in capital........................	14,418		600	424	28	(1,052)(2)
Treasury stock.........................					(4,976)	4,976(2)
Retained earnings and members' and partners' equity.....................	14,023	17,884	804	1,974	13,594	6,817(3) (1,058)(6) (543)(4) (31,145)(2) (8,286)(5)
Unrealized loss on marketable equity securities....................	(97)					
Total stockholders' equity.........	28,406	18,184	1,479	2,399	8,799	(30,820)
Total liabilities and stockholders' equity................................	$120,384	$54,192	$30,053	$20,918	$ 15,322	$ (680)

<CAPTION>

ASSETS	PRO FORMA ADJUSTMENTS FOR THE OFFERING	TOTAL
<S>	<C>	<C>
Current Assets:		
Cash and cash equivalents..............	$ 58,450(7) (3,500)(8)	$ 16,635
Marketable equity securities...........		769
Receivables............................		22,963
Inventories............................		159,884
Deferred income taxes..................		352
Other current assets...................		4,552
Total current assets..............	54,950	205,155
Property and equipment, net..............		17,277
Goodwill, net............................		71,013
Other assets.............................		1,694
Total assets......................	$ 54,950	$295,139
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable-floor plan...............	$	$142,191
Notes payable-other....................		3,713
Trade accounts payable.................		7,012
Accrued interest.......................		669
Other accrued liabilities..............		7,450
Taxes payable..........................		1,395
Payable to Company's Chairman..........	(3,500)(8)	
Current maturities of long-term debt...		1,343
Total current liabilities..........	(3,500)	163,773
Long-term debt...........................		36,980
Payable to affiliated companies..........		855
Deferred income taxes....................		1,830
Income tax payable.......................		4,566
Other long-term liabilities..............		238
Stockholders' Equity:		
Common Stock of combined companies.....		
Class A Common Stock...................	50(7)	50
Class B Common Stock...................		62
Paid-in capital........................	58,400(7)	72,818
Treasury stock.........................		
Retained earnings and members' and partners' equity.....................		14,064
Unrealized loss on marketable equity securities....................		(97)
Total stockholders' equity.........	58,450	86,897
Total liabilities and stockholders' equity................................	$ 54,950	$295,139

</TABLE>

(FOOTNOTES ON FOLLOWING PAGE)

(1) The Reorganization, including the acquisition of the 31% minority interest in Town & Country Toyota for $3.2 million in Class B Common Stock in exchange therefor, was effective as of June 30, 1997 and is therefore reflected in the actual balance sheet as of that date. The acquisition of the minority interest resulted in the recognition of $3.0 million of additional goodwill.

(2) Reflects the preliminary allocation of the aggregate purchase price of the Acquisitions based on the estimated fair value of the net assets acquired. Because the carrying amount of the net assets acquired, which primarily consist of accounts receivable, inventory, equipment, and floor plan indebtedness, approximates their fair value, management believes the application of purchase accounting will not result in an adjustment to the carrying amount of those net assets. Under the acquisition agreements, the negotiated purchase prices for the Acquisitions will be adjusted downward to the extent that the fair value of the tangible net assets as of the closing is less than an agreed upon amount. The amount of goodwill and the corresponding amortization actually recorded may ultimately be different from the amounts estimated here, depending upon the actual fair value of tangible net assets acquired at closing of the Acquisitions. The estimated purchase price allocation consists of the following:

<TABLE>
<CAPTION>

	BOWERS DEALERSHIPS	KEN MARKS FORD	LAKE NORMAN DEALERSHIPS	DYER VOLVO	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
			(IN THOUSANDS)		
Estimated total consideration:					
Cash.............................	$ 23,600	$ 25,500	$18,200	$ 18,000	$85,300
Promissory note issued...........	4,000	--	--	--	4,000
Total........................	27,600	25,500	18,200	18,000	89,300
Less negotiated minimum fair value of tangible net assets acquired...	9,200	5,050	3,000	10,500	27,750
Excess of purchase price over fair value of net tangible assets acquired..........................	$ 18,400	$ 20,450	$15,200	$ 7,500	$61,550

</TABLE>

In connection with the acquisition of Dyer Volvo, the Company will issue a warrant that will entitle the holder to acquire 42,187 shares of Class A Common Stock, representing a 0.375% ownership interest in the Company at an exercise price per share equal to the price offered in the Offering. The Pro Forma Combined and Consolidated Balance Sheet does not give effect to the issuance of this warrant because management believes the effect on the Company's pro forma financial position and results of operations would not be materially different from that which is presented. The difference between the purchase price and the fair market value of the net tangible assets acquired will be allocated to intangible assets, primarily goodwill and amortized over 40 years.

Volvo's consent to the acquisition of European Motors' Volvo franchise as part of the Bowers Acquisition and the acquisition of Dyer Volvo requires that each former owner maintain a 20% voting interest in, and serve as the manager of, these respective dealerships. Company management believes that the effect of these arrangements, as currently structured, on the Company's pro forma financial positions and results of operations would not be materially different from that presented above.

(3) Reflects the conversion from the LIFO Method of inventory accounting to the FIFO Method of inventory accounting at the Lake Norman Dealerships, Ken

Marks Ford and Dyer Volvo in the amounts of $1.6 million, $2.8 million and $2.5 million, respectively. The Company intends to convert to the FIFO Method conditioned upon the closing of the Offering. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Overview."

(4) Reflects the distribution of real property of the Bowers Dealerships with a net depreciated cost of approximately $2.3 million, which are not being acquired in the Acquisitions, and the related mortgage indebtedness in the amount of approximately $1.8 million. See "Certain Transactions."

(5) Reflects the elimination of goodwill that arose in previous acquisitions of the Bowers Dealerships.

(6) Reflects the amount of taxes payable that will result from the FIFO conversion at Ken Marks Ford in the amount of $1.1 million.

(7) Reflects the issuance of Class A Common Stock in the Offering assuming a per share price of $13.00, which is the midpoint of the range of the initial public offering price set forth on the cover page of this Prospectus, and the Stock Split pertaining to the Class B Common Stock. See "Use of Proceeds" and "Prospectus Summary."

(8) Reflects the repayment of the Payable to the Company's Chairman. See "Use of Proceeds."

(9) Reflects borrowings made under the Company's new credit arrangements to provide a portion of the funds necessary for consummation of the Acquisitions. These borrowings are payable in full two years from establishment, and have been shown as a non-current liability in the accompanying pro forma combined and consolidated balance sheet. Should the actual per share price of the Offering be different than $13.00, the net proceeds of the Offering and the actual amount borrowed to provide a portion of the funds necessary for the consummation of the Acquisitions would be different than amounts assumed here (excluding funds borrowed to finance the Fort Mill Acquisition and the Williams Acquisition). See "Use of Proceeds."

(10) In connection with the Reorganization and the Offering, the Company will convert from the last-in, first-out (LIFO) method of inventory accounting to the first-in, first-out (FIFO) method of inventory accounting. The accompanying pro forma combined and consolidated balance sheet includes $5.5 million representing an additional tax liability which will result from this conversion. This liability will be payable over a six-year period.

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

The following discussion of the results of operations and financial condition should be read in conjunction with (i) the Sonic Automotive, Inc. and Affiliated Companies Combined and Consolidated Financial Statements and the related notes thereto included elsewhere in this Prospectus, (ii) the financial statements of certain of the entities being acquired in the "Acquisitions" and the related notes thereto and (iii) the Pro Forma Financial Statements and the related notes thereto, all included elsewhere in this Prospectus.

OVERVIEW

Sonic Automotive, Inc. is one of the leading automotive retailers in the United States, operating 23 dealership franchises, four standalone used vehicle facilities and seven collision repair centers in the southeastern and southwestern United States. Sonic sells new and used cars and light trucks, sells replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges related F&I for its automotive customers. The

Company's business is geographically diverse, with dealership operations in the Charlotte, Chattanooga, Nashville, Tampa-Clearwater, Houston and Atlanta markets, each of which the Company believes is experiencing favorable demographic trends. Sonic sells 15 domestic and foreign brands, which consist of BMW, Cadillac, Chrysler, Dodge, Ford, Honda, Infiniti, Jaguar, Jeep, KIA, Oldsmobile, Plymouth, Toyota, Volkswagen and Volvo. In several of its markets, the Company has a significant market share for new cars and light trucks, including 13.7% in Charlotte and 9.1% in Chattanooga in 1996. Pro forma for the Acquisitions, the Company had revenues of $899.6 million and retail unit sales of 24,206 new and 13,475 used vehicles in 1996. The Company believes that in 1996, based on pro forma retail unit sales it would have been one of the ten largest dealer groups out of a total of more than 15,000 dealer groups in the United States and, based on pro forma revenues, it would have had three of the top 100 individual dealerships locations in the United States.

The Company intends to pursue an acquisition growth strategy led by a management team that has experience in the consolidation of automotive retailing as well as motorsports businesses. Bruton Smith, who is also the Chief Executive Officer of Speedway Motorsports, Inc., the owner and operator of several motorsports facilities, first entered the automotive retailing business in the mid-1960's. Mr. Smith will devote approximately 50% of his business time to the Company. Since 1990, Mr. Smith has successfully acquired three dealerships and increased revenues from his dealerships from $199.4 million in 1992 to $376.6 million in 1996, without giving effect to the Acquisitions. In the Tennessee market, Mr. Bowers has acquired or opened eight dealerships since 1992 and increased revenues (primarily through acquisitions) of the Bowers Dealerships from $13.2 million in 1992 to $101.5 million in 1996. No assurance can be given that Messrs. Smith and Bowers will be successful in acquiring or opening new dealerships for the Company or increasing the Company's revenues.

New vehicle revenues include the sale and lease of new vehicles. Used vehicle revenues include amounts received for used vehicles sold to retail customers, other dealers and wholesalers. Other operating revenues include parts and services revenues, fees and commissions for arranging F&I and sales of third party extended warranties for vehicles (collectively, "F&I transactions"). In connection with vehicle financing contracts, the Company receives a fee (a "finance fee") from the lender for originating the loan. If, within 90 days of origination, the customer pays off the loans through refinancing or selling/trading in the vehicle or defaults on the loan, the finance company will assess a charge (a "chargeback") for a portion of the original commission. The amount of the chargeback depends on how long the related loan was outstanding. As a result, the Company has established reserves based on its historical chargeback experience. The Company also sells warranties provided by third-party vendors, and recognizes a commission at the time of sale.

While the automotive retailing business is cyclical, Sonic sells several products and services that are not closely tied to the sale of new and used vehicles. Such products and services include the Company's parts and service and collision repair businesses, both of which are not dependent upon near-term new vehicle sales volume. One measure of cyclical exposure in the automotive retailing business is based on the dealerships' ability to cover fixed costs with gross profit from revenues independent of vehicle sales. According to this measurement of "fixed coverage," a higher percentage of non-vehicle sales revenue to fixed costs indicates a lower exposure to economic cycles. Each manufacturer requires its dealerships to report fixed coverage according to a specific method, and the methods used vary widely among the manufacturers and are not comparable.

The Company's cost of sales and profitability are also affected by the allocations of new vehicles which its dealerships receive from Manufacturers. When the Company does not receive allocations of new vehicle models adequate to meet customer demand, it purchases additional vehicles from other dealers at a premium to the manufacturer's invoice, reducing the gross margin realized on the sales of such vehicles. In addition, the Company follows a disciplined approach in selling

vehicles to other dealers and wholesalers when the vehicles have been in the Company's inventory longer than the guidelines set by the Company. Such sales are frequently at or below cost and, therefore, affect the Company's overall gross margin on vehicle sales. The Company's salary expense, employee benefits costs and advertising expenses comprise the majority of its selling, general and administrative ("SG&A") expenses. The Company's interest expense fluctuates based primarily on the level of the inventory of new vehicles held at its dealerships, substantially all of which is financed (such financing being called "floor plan financing").

The Company has historically accounted for all of its dealership acquisitions using the purchase method of accounting and, as a result, does not include in its financial statements the results of operations of these dealerships prior to the date they were acquired by the Company. The Combined and Consolidated Financial Statements of the Company discussed below reflect the results of operations, financial position and cash flows of each of the Company's dealerships acquired prior to June 30, 1997. As a result of the effects of the Reorganization, as well as the effects of the Acquisitions and the Offering, the historical combined and consolidated financial information described in "Management's Discussion and Analysis of Financial Condition and Results of Operations," is not necessarily indicative of the results of operations, financial position and cash flows of the Company in the future or the results of operations, financial position and cash flows which would have resulted had the Reorganization and Acquisitions occurred at the beginning of the periods presented in the Combined and Consolidated Financial Statements.

The Company's total revenues have increased from $199.4 million in 1992 to $376.6 million in 1996, for a compound annual growth rate of 17.2% (primarily as a result of acquisitions). Operating income during this period experienced faster growth, with operating income increasing from $3.7 million in 1992 to $10.8 million in 1996, for a 30.7%, compound annual growth rate (primarily as a result of acquisitions). Income before income taxes and minority interest, however, has only increased at a compound annual growth rate of 18.3% primarily because interest expense on floor plan obligations has increased from 1.1% of total revenues in 1992 to 1.6% of total revenues in 1996. Inventory and floor plan balances increased during 1995 and 1996 to support the Company's strategy of increasing market share. In early 1997, the Company instituted additional inventory controls in order to reduce interest costs to levels typical of the industry. Interest expense on floor plan obligations as a percentage of total revenues has improved from 1.5% for the six months ended June 30, 1996 to 1.4% for the six months ended June 30, 1997.

As of June 30, 1997, the Company effected the Reorganization pursuant to which the Company (i) acquired all of the capital stock of the Sonic Dealerships and (ii) issued Class B Common Stock in exchange for the Dealership Securities. The Company will acquire these minority interests in purchase transactions at a price in excess of their book value by approximately $2.5 million. This excess will be capitalized as goodwill and amortized over forty years. From May through October 1997, the Company consummated or signed definitive agreements to purchase six additional dealerships or dealership groups for an aggregate purchase price of $94.8 million. The Company intends to use the proceeds from the Offering, along with borrowings under the Six-Month Facility (as defined herein), the initial borrowing under the Revolving Facility, and the Bowers Note to pay the purchase price of the Acquisitions. In connection with the Acquisitions, the Company will book approximately $61.6 million of goodwill which will be amortized over forty years.

The automobile industry is cyclical and historically has experienced periodic downturns, characterized by oversupply and weak demand. Many factors affect the industry including general economic conditions and consumer confidence, the level of discretionary personal income, interest rates and available credit. During the five years ended December 31, 1996, the automobile industry was generally in a growth period with new vehicles sales growing at a compound rate of 10.5% as a result of price increases of 6.2% and unit sales increases of 4.0%. During the first six months of 1997, however, industry sales of new cars declined by 2.0%, although the Company's new car and light truck unit sales increased by 7.0% during the period. During these periods, interest rates were relatively stable.

RESULTS OF OPERATIONS

The following table summarizes, for the periods presented, the percentages of total revenues represented by certain items reflected in the Company's statement of operations.

<TABLE>
<CAPTION>

	PERCENTAGE OF TOTAL REVENUES FOR				
	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1994	1995	1996	1996	1997

<S> <C> <C> <C> <C>
<C>

Revenues:					
New vehicle sales	61.5 %	60.0 %	61.9 %	61.0 %	64.4 %
Used vehicle sales	23.9 %	26.0 %	24.9 %	25.6 %	22.6 %
Parts, service and collision repair	12.7 %	11.5 %	11.3 %	11.1 %	10.8 %
Finance and insurance	1.9 %	2.5 %	1.9 %	2.3 %	2.2 %
Total revenues	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	87.2 %	87.1 %	87.9 %	88.2 %	88.6 %
Gross profit	12.8 %	12.9 %	12.1 %	11.8 %	11.4 %
Selling, general and administrative	9.2 %	9.4 %	8.9 %	8.8 %	8.7 %
Operating income	3.2 %	3.2 %	2.9 %	2.9 %	2.6 %
Interest expense	1.3 %	1.6 %	1.7 %	1.6 %	1.6 %
Income before income taxes	2.2 %	1.7 %	1.3 %	1.5 %	1.2 %

</TABLE>

SIX MONTHS ENDED JUNE 30, 1997 COMPARED TO SIX MONTHS ENDED JUNE 30, 1996

REVENUES. Revenues grew in each of the Company's primary revenue areas, except for used vehicles, for the first half of 1997 as compared with the first half of 1996, causing total revenues to increase 12.2% to $212.7 million. New vehicle sales revenue increased 18.4% to $137.1 million, compared with $115.7 million. New vehicle unit sales increased from 6,027 to 6,553, accounting for 51.5% of the increase in vehicle sales revenues. The remainder of the increase was primarily due to a 8.9% increase in the average selling price resulting from changes in vehicle prices, particularly a shift in customer preference to higher cost light trucks and sport utility vehicles.

Used vehicle revenues from retail sales declined 7.2% from $35.2 million in the first half of 1996 to $32.7 million in the first half of 1997. The decline in used vehicle revenues was due principally to declines in used vehicle unit sales at the Company's Town & Country Ford and Lone Star Ford locations, which related to changes in consumer demand.

The Company's parts, service and collision repair revenue increased 9.0% to $22.9 million from $21.0 million, and declined as a percentage of revenue to 10.8% from 11.1%. The increase in service and parts revenue was due principally to increased parts revenue, including wholesale parts, from the Company's Lone Star Ford and Fort Mill Ford locations. F&I revenue increased $0.5 million, due principally to increased new vehicle sales and related financings.

GROSS PROFIT. Gross profit increased 8.5% in the 1997 period to $24.3 million from $22.4 million in the 1996 period due to increases in revenues of new vehicles principally at the Company's Lone Star Ford and Fort Mill Ford locations. Parts and service revenue increases also contributed to the increase in gross profit. Gross profit as a percentage of sales declined from 11.8% to 11.4% due principally to reductions in higher margin used vehicle sales from the prior period.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. SG&A expenses increased 10.8% from $16.6 million to $18.4 million. These expenses increased due to increases in sales volume as well as expenses associated with the Acquisitions and the Offering.

INTEREST EXPENSE. The Company's interest expense increased 10.1% from $3.0 million to $3.3 million. The increase in interest expense was due to the acquisition of Fort Mill Chrysler-Plymouth-Dodge dealership in June of 1997, increases in interest rates on floor plan debt and increased new vehicle inventory levels at existing dealerships.

NET INCOME. As a result of the factors noted above, the Company's net income decreased by $0.2 million in the first half of 1997 compared to the first half of 1996.

YEAR ENDED DECEMBER 31, 1996 COMPARED TO YEAR ENDED DECEMBER 31, 1995

REVENUES. The Company's total revenue increased 21.1% to $376.6 million in 1996 from $311.0 million in 1995. New vehicle sales increased 25.0% to $233.1 million in 1996 from $186.5 million in 1995, primarily because of the acquisition in

February 1996 of the Company's Fort Mill Ford dealership. The inclusion of the results of the Fort Mill Ford dealership accounted for 65.3% of the Company's overall increase in new vehicle sales in 1996. Of the increase in sales, 60.7% was attributable to increases in unit sales from 1995 to 1996. The remainder of the increase in new vehicle sales in 1996 was largely attributable to an increase in average unit sales prices of 9.8% which the Company believes was primarily due to changes in inventory mix (in response to shifting customer preferences to light trucks and sport utility vehicles) and general increases in new vehicle sales prices.

Used vehicle revenues from retail sales increased 12.0% to $68.0 million in 1996 from $60.8 million in 1995. The inclusion of the results of the Company's Fort Mill Ford dealership accounted for substantially all of this increase in used vehicle sales. The Company attributes the remainder of the increase in its used vehicle sales in 1996 to increases of approximately 5.6% in the average retail selling price per vehicle sold. Increases in average retail selling prices were due to changes in product mix and general price increases.

The Company's parts, service and collision repair revenue increased 19.0% to $42.6 million for 1996, compared to $35.9 million in 1995. Of this increase, $4.4 million or 64.5% was due to the inclusion of the Company's Fort Mill Ford dealership in the 1996 results of operations. The remainder of the increase was principally the result of improved service operations and wholesale parts distribution at the Company's Town and Country Ford dealership. F&I revenues declined $0.7 million, or 8.9%, due principally to reductions in sales of finance and insurance products at Town and Country Ford.

GROSS PROFIT. Gross profit increased 13.7% in 1996 to $45.6 million from $40.1 million in 1995 primarily due to the addition of the Fort Mill Ford dealership. Gross profit decreased from 12.9% to 12.1% as a percentage of sales due principally to declines in F&I income and declines in gross profit margins on the sale of used vehicles. Gross margins on new vehicles increased primarily due to increases in the average selling price per unit due to a change in mix of new vehicles sold, particularly higher margin light trucks and sport utility vehicles.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. The Company's SG&A expenses increased $4.3 million, or 14.8%, from $29.3 million in 1995 to $33.7 million in 1996. However, as a percentage of revenue, SG&A expenses decreased from 9.4% to 8.9%. Expenses associated with the Fort Mill Ford dealership acquired by the Company in 1996 accounted for approximately 91.4% of this increase. The Company attributes the remainder of the increase in selling, general and administrative expenses primarily to higher compensation levels in 1996 and to an increase in advertising expenses.

INTEREST EXPENSE. The Company's interest expense in 1996 increased 29.6% to $6.4 million from $4.9 million in 1995. Of this increase, $1.0 million or 70.4% was attributable to floor plan financing at the Company's Fort Mill Ford dealership acquired in February 1996. The remainder of the increase primarily reflects interest expense on the debt assumed in the acquisition of Fort Mill Ford and an increase in floor plan interest rates during 1996.

NET INCOME. The Company's net income in 1996 decreased 6.3% to $3.0 million from $3.2 million in 1995. This decrease was principally caused by increased interest costs related to floor plan financing and debt assumed in the acquisition of Fort Mill Ford.

YEAR ENDED DECEMBER 31, 1995 COMPARED TO YEAR ENDED DECEMBER 31, 1994

REVENUES. The Company's total revenue increased 16.4% to $311.0 million in 1995 from $267.1 million in 1994. New vehicle sales increased 13.5% to $186.5 million in 1995 from $164.4 million in 1994. The Company attributes the increase in new vehicle sales to unit sales increases of 6.1% primarily from the Town & Country Ford and Lone Star Ford dealerships which increased 9.3% and 7.1%, respectively. The remainder of the increase was due to increased sales of higher priced light trucks and sport utility vehicles and general price increases.

Used vehicle revenues from retail sales increased by 27.9% to $60.8 million in 1995, compared with $47.5 million in 1994. The increase in used vehicle unit sales was due principally to increases at the Company's Lone Star Ford, Town & Country Ford and Frontier Cadillac-Oldsmobile locations. Unit sales volume increased 18.2%, or 798 units, accounting for 70.9% of the increase in used vehicle revenues. The remainder of the increase was due to improvements in product mix and general increases in used vehicle selling prices.

The Company's parts, service and collision repair revenue increased 5.5% or $1.9 million, from $34.0 million in 1994 to $35.9 million in 1995. Wholesale parts sale increases at the Company's Lone Star Ford dealership and improved service operations at the Company's Town and Country Toyota dealership account for the majority of the increase. F&I revenue increased $2.6 million due principally to additional sales of F&I products at the Company's Town and Country Ford and Lone Star Ford dealerships.

GROSS PROFIT. Gross profit increased 17.6% in 1995 to $40.1 million from $34.1 million in 1994. Gross profit as a percentage of sales increased from 12.8% to 12.9% due principally to a 50.8% increase in high margin F&I product sales. Gross margins on used vehicles improved due to the Company's strategy of improved inventory management and the purchase of quality used vehicles.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. The Company's SG&A expenses increased $4.7 million to $29.3 million or 19.1% and represented 9.4% in total revenues in 1995 from $24.6 million or 9.2% of total revenues in 1994.

INTEREST EXPENSE. The Company's interest expense in 1995 increased 43.5% to $4.9 million from $3.4 million in 1994. Increased interest expense was due to increases in inventory levels and related floor plan borrowings.

NET INCOME. The Company's net income in 1995 decreased 13.5% to $3.2 million from $3.7 million in 1994. This decrease was caused by the increase in floor plan financing due to an increase in vehicle inventory levels.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal needs for capital resources are to finance acquisitions, debt service and working capital requirements. Historically, the Company has relied primarily upon internally generated cash flows from operations, borrowing under its various credit facilities and borrowings and capital contributions from its stockholders to finance its operations and expansion. After the Offering, the Company does not expect to receive any additional financing from its existing stockholders.

The Company has historically maintained a separate revolving floor plan credit facility for each dealership which has been used to finance vehicle inventory. The Company currently has floor plan credit facilities with Ford Motor Credit, Chrysler Financial Corporation and World Omni Financial Corporation. As of June 30, 1997 there was an aggregate of $67.9 million outstanding under the floor plan credit facilities. These floor plan facilities bear interest at variable rates ranging from LIBOR plus 2.75% to prime plus 1.0%. Typically new vehicle floor plan indebtedness exceeds the related inventory balances. The inventory balance is generally reduced by the manufacturer's purchase discounts, and such reduction is not reflected in the related floor plan liability.

The Company makes monthly interest payments on the amount financed under the floor plan lines but is not required to make loan principal repayments prior to the sale of the vehicles. The underlying notes are due when the related vehicles are sold and are collateralized by vehicle inventories and other assets of the Company. The floor plan financing agreements contain a number of covenants, including among others, covenants restricting the Company with respect to the creation of liens and changes in ownership, officers and key management personnel.

The Company has received a commitment from Ford Motor Credit to consolidate its new vehicle floor plan lines, contingent upon the Offering and other customary terms and conditions. The average interest expense under this new agreement is anticipated to be approximately 7.6% compared to historical interest rates ranging from 7.75% to 10.25%.

The Company leases various facilities and equipment under operating lease agreements including leases with related parties. See "Certain Transaction -- Leases."

During the first six months of 1997, the Company generated net cash of $4.0 million from operating activities. Net cash provided by operating activities was $2.1 million in 1996 and was primarily attributable to net income of $3.0

million. Increased inventory levels and accounts receivable were primarily offset by increased floor plan indebtedness and accounts payable. The increase in inventory levels in 1996 reflects an increase in the volume of sales and the timing of shipments from the Manufacturers. Increased receivables reflect increased sales primarily attributable to Fort Mill Ford and Fort Mill Chrysler-Plymouth-Dodge acquired in 1996 and 1997, respectively. The Company generated net cash from operations of $3.0 million in 1995 and 1994.

Cash used for investing activities, excluding amounts paid in acquisitions, was approximately $0.8 million for the first six months of 1997 and related primarily to acquisitions of property and equipment. Cash provided by (used in) investing activities was ($11.5) million, $0.3 million and ($1.7) million in 1996, 1995 and 1994, respectively, including $1.9 million, $1.5 million and $1.4 million of capital expenditures during such periods.

In 1996, cash provided by financing activities of $7.1 million reflected the purchase of capital stock by a stockholder of the Company, the proceeds of which were used to fund the acquisition of Fort Mill Ford and the purchase of stock by a stockholder of Town & Country Ford. Cash used in financing activities, excluding capital contributions for the six months ended June 30, 1997 was $0.2 million principally due to scheduled payments on long-term debt.

In conjunction with the recent consummation of the Lake Norman Acquisition, the Company obtained from NationsBank, N.A. ("NationsBank") a short-term line of credit in an aggregate principal amount of up to $20.0 million that matures no later than February 15, 1998 (the "Six-Month Facility"). A total of $20.0 million in aggregate principal amount is currently outstanding under the Six-Month Facility, which amount has been applied to fund the purchase price of the Lake Norman Acquisition and the Williams Acquisition. The Six-Month Facility is secured by a pledge of Speedway Motorsports, Inc. common stock shares owned by Bruton Smith, the Company's Chairman and Chief Executive Officer. See "Certain Transactions -- The Smith Guaranties and Pledges." No assets of the Company secure the Six-Month Facility, and the Company is under no obligation to repay or reimburse Mr. Smith should NationsBank foreclose on the securities pledged by Mr. Smith.

The Company recently obtained an acquisition line of credit from Ford Motor Credit in the form of the Revolving Facility in an initial aggregate principal amount of $26.0 million (the "Initial Loan Commitment"), which the Company expects to be increased to an aggregate principal amount of $75.0 million (the "Maximum Loan Commitment"). The Company has also received a commitment from Ford Motor Credit to provide floor plan financing to the Company's wholly-owned dealership subsidiaries (the "Wholesale Credit Lines" and, together with the Revolving Facility, the "Facilities"). The Revolving Facility will mature in two years, unless the Company requests that such term be extended, at the option of Ford Motor Credit, for a number of additional one year terms to be negotiated by the parties. No assurance can be given that such extensions will be granted. The Revolving Facility is expected to be increased to the Maximum Loan Commitment after the consummation of the Offering, subject to customary terms and conditions. The proceeds from the Initial Loan Commitment were used to consummate the Ken Marks Acquisition. Amounts to be drawn under the Maximum Loan Commitment are anticipated by the Company to be used (i) for the acquisition of additional dealership subsidiaries, (ii) to refinance the amounts remaining outstanding under the Six-Month Facility (after application of the proceeds of the Offering), which will result in the retirement of the Six-Month Facility, and (iii) to provide general working capital needs of the Company not to exceed $10 million. The Wholesale Credit Lines are to be provided to the Company's dealership subsidiaries, including the dealerships acquired in the Acquisitions, subject to customary terms and conditions on terms substantially the same as the floor plan financing previously provided by Ford Motor Credit to the Company's subsidiaries.

Although management believes that the Revolving Facility will be increased to the Maximum Loan Commitment after the consummation of the Offering, no assurance can be given that such increase will occur. The Initial Loan Commitment is secured by a pledge of Speedway Motorsports, Inc. common stock owned by Sonic Financial. See "Certain Transactions -- The Smith Guaranties and Pledges." The Company is under no obligation to repay or reimburse Sonic Financial if Ford Motor Credit forecloses on its securities. In addition, all of the Facilities are secured by a pledge by the Company of all the capital stock, membership interests and partnership interests of all of the Company's dealership subsidiaries and a lien on all of the Company's other assets, except for real estate owned by the Company. Mr. Smith and the Company's subsidiaries also guarantee the Facilities, and the Company will guarantee the Wholesale Credit Lines. The guarantees made by the Company's dealership subsidiaries are secured by certain assets of such dealership subsidiaries. If the Revolving Facility is increased to the Maximum Loan Commitment, Mr. Smith's guaranty and Sonic Financial's pledge of Speedway Motorsports, Inc. common stock may be released. (If net proceeds of the Offering to the Company are $70 million or greater, the guarantee of the Revolving Facility by Bruton Smith, and the pledge of shares of Speedway Motorsports, Inc. common stock owned by Sonic Financial, will be released pursuant to the terms of the Revolving Facility. If net proceeds of the Offering to the Company are less than $70 million, Sonic Financial will be required to provide continued credit support for the Revolving Facility in the form of a pledge of shares of Speedway Motorsports, Inc. common stock owned by Sonic Financial equal in value to three times the amount of the shortfall between $70 million and the actual net proceeds of the Offering to the Company.) When the Company will need to refinance the Revolving Facility, there can be no assurance that Mr. Smith will agree to guarantee such debt or that the assets of Mr. Smith or Sonic Financial will be available to provide additional security under a new credit agreement, or that a new credit agreement could be arranged on terms as favorable as the terms of the Six-Month Facility or the Revolving Facility without a gurantee by, or pledge of the assets of, Mr. Smith or Sonic Financial. Pursuant to the terms of the Revolving Facility, the Company also agreed not to pledge any of its assets to any third party (with the exception of currently encumbered real estate and assets of the Company's dealership subsidiaries that are subject to previous pledges or liens). See "Risk Factors -- Limitations on Financial Resources Available for Acquisitions; Ability to Refinance Existing Debt."

The Revolving Facility currently does not contain any affirmative financial covenants by the Company, but does contain certain negative covenants made by the Company, including covenants restricting or prohibiting the payment of dividends, capital expenditures and material dispositions of assets as well as other customary covenants. It is anticipated by the Company that when the Initial Loan Commitment is increased to the Maximum Loan Commitment, the Revolving Facility will be amended by Ford Motor Credit and the Company to provide for, in addition to the negative covenants described in the previous sentence, additional financial covenants requiring the Company to maintain compliance with, among other things, specified ratios of (i) debt to tangible equity (as defined in the Revolving Facility), (ii) current assets to current liabilities, (iii) earnings before interest, taxes, depreciation and amortization (EBITDA) to fixed charges, (iv) EBITDA to interest expense, (v) EBITDA to total debt and (vi) EBITDA to total floor plan debt. Moreover, the loss of voting control over the Company by the Smith Group or the failure by the Company, with certain exceptions, to own all the outstanding equity,

membership or partnership interests in its dealership subsidiaries will constitute an event of default under the Revolving Facility.

Capital expenditures, excluding amounts paid in acquisitions, were $0.9 million, $1.9 million, $1.5 million and $1.4 million in the first six months of 1997 and in 1996, 1995 and 1994, respectively. The Company's principal capital expenditures typically include building improvements and equipment for use in the Company's dealerships. Capital expenditures in 1996 and 1995 were primarily attributable to expenditures for the addition of a used car lot in 1996 and other capital improvements at the Lone Star Ford dealership. Excluding the purchase price for the Acquisitions and future acquisitions, the Company is anticipating total capital expenditures in the second half of 1997 to be approximately $1.0 million. The Company expects to increase its capital expenditures over the next few years as part of its acquisition and growth strategy.

The Company believes that funds generated through future operations and availability of borrowings under its floor plan financing (or any replacements thereof) and its other credit arrangements (including the Maximum Loan Commitment expected to become effective after consummation of the Offering) will be sufficient to fund its debt service and working capital requirements and any seasonal operating requirements, including its currently anticipated internal growth for the foreseeable future. The Company estimates that it will incur a tax liability of approximately $5.5 million in connection with the change in its tax basis of accounting for inventory from LIFO to FIFO. The Company believes that it will be required to pay this liability over a six-year period, beginning in January 1998, and believes that it will be able to pay such obligation with cash provided by operations. The Company expects to fund any future acquisitions from its future cash flow from operations, additional debt financing (including the Maximum Loan Commitment) or Class A Common Stock issuances. The Company does not currently have in place any credit facilities for additional acquisitions. There can be no assurance that additional financing can be obtained on terms favorable to the Company, or that the Company will be able to use its Common Stock to fund any future acquisitions. See "Risk Factors -- Limitations on Financial Resources Available for Acquisitions; Ability to Refinance Existing

Debt", " -- Stock Ownership/Issuance Limits; Limitation on Ability to Issue Additional Equity" and "The Acquisitions -- Future Acquisitions."

SEASONALITY

The Company's operations are subject to seasonal variations. The first quarter generally contributes less revenue and operating profits than the second, third and fourth quarters. Seasonality is principally caused by weather conditions and timing of manufacturer incentive programs and model changeovers.

Set forth below is revenue information with respect to the Company's operations for the most recent six quarters.

<TABLE>
<CAPTION>

	1996				1997	
	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	1ST QUARTER	2ND QUARTER
	(IN THOUSANDS)					
Revenues..	$85,669	$103,946	$93,222	$93,767	$98,739	$114,008

</TABLE>

EFFECTS OF INFLATION

Due to the relatively low levels of inflation in 1994, 1995 and 1996 and the first half of 1997, inflation did not have a significant effect on the Company's results of operations for those periods.

NEW ACCOUNTING STANDARDS

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share." This Statement specifies the computation, presentation and disclosure requirements for earnings per share. The Company believes that the adoption of such Statement would not result in earnings per share materially different than pro forma earnings per share presented in the accompanying statements of income.

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income." This standard establishes standards of reporting and display of comprehensive income and its components in a full set of general-purpose financial statements. This Statement will be effective for the Company's fiscal year ending December 31, 1998, and the Company does not intend to adopt this statement prior to the effective date. Had the Company adopted this Statement as of January 1, 1994, it would have reported comprehensive income of $2.8 million, $2.4 million and $2.1 million for the years ended December 31, 1994, 1995 and 1996, respectively.

BUSINESS

OVERVIEW

The Company is one of the leading automotive retailers in the United States, operating 23 dealership franchises, four standalone used vehicle facilities and seven collision repair centers in the southeastern and southwestern United States. Sonic sells new and used cars and light trucks, sells replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges related F&I for its automotive customers. The Company's business is geographically diverse, with dealership operations in the Charlotte, Chattanooga, Nashville, Tampa-Clearwater, Houston and Atlanta markets, each of which the Company believes is experiencing favorable demographic trends. Sonic sells 15 domestic and foreign brands, which consist of BMW, Cadillac, Chrysler, Dodge, Ford, Honda, Infiniti, Jaguar, Jeep, KIA, Oldsmobile, Plymouth, Toyota, Volkswagen and Volvo. In several of its markets, the Company has a significant market share for new cars and light trucks, including 13.7% in Charlotte and 9.1% in Chattanooga in 1996. Pro forma for the Acquisitions, the Company had revenues of $899.6 million and retail unit sales of 24,206 new and 13,475 used vehicles in 1996. The Company believes that in 1996, based on pro forma retail unit sales, it would have been one of the ten largest dealer groups out of a total of more than 15,000 dealer groups in the United States and, based on pro forma revenues, it would have had three of the top 100 individual dealerships locations in the United States.

The Company's founder and Chief Executive Officer, O. Bruton Smith, has over 30 years of automotive retailing experience. In addition, the Company's other executive officers, regional vice presidents and executive managers have on average 18 years of automotive retailing experience. The Company's dealerships have won the highest attainable awards from various manufacturers measuring quality and customer satisfaction. These awards include the Five Star Award from Chrysler, the Chairman's Award from Ford, the President's Award from BMW and the President's Circle Award from Infiniti. In addition, the Company was named to Ford's Top 100 Club, which consists of Ford's top 100 retailers based on retail volume and consumer satisfaction. Also, various members of the management team have served on several manufacturer dealer councils which act as liaisons between the manufacturers and dealer groups.

The Company intends to pursue an acquisition growth strategy led by a management team that has experience in the consolidation of automotive retailing as well as motorsports businesses. Bruton Smith, who is also the Chief Executive Officer of Speedway Motorsports, Inc., the owner and operator of several motorsports facilities, first entered the automotive retailing business in the mid-1960's. Mr. Smith will devote approximately 50% of his business time to the Company. Since 1990, Mr. Smith has successfully acquired three dealerships and increased his dealerships' revenues from $199.4 million in 1992 to $376.6 million in 1996, without giving effect to the Acquisitions. In the Tennessee market, Mr. Bowers has acquired or opened eight dealerships since 1992 and increased revenues (primarily through acquisitions) of the Bowers Dealerships from $13.2 million in 1992 to $101.5 million in 1996. No assurance can be given that Messrs. Smith and Bowers will be successful in acquiring or opening new dealerships for the Company or increasing the Company's revenues.

The Company believes the competitive advantages which differentiate it from its local competitors include the reputation of the Company's management in the automotive retailing industry, regional and national economies of scale, brand and geographic diversity, and the established customer base and local name recognition of the Company's dealerships. The Company has developed and implemented several growth strategies to capitalize on these competitive advantages. One of these is to continue to expand its operations in the Southeast and Southwest by acquiring additional dealerships both within its current markets and in new markets. The Company also is seeking additional growth from the increased sale of higher margin products and services such as wholesale parts, after-market products, collision repair services and F&I.

Automobile retailing is highly competitive. The Company's competition includes franchised automobile dealerships, some with greater resources than the Company, selling the same or similar makes of vehicles offered by the Company. Other competitors include other franchised dealers, private market buyers and sellers of used vehicles, used vehicle dealers, service center chains and independent service and repair shops. Primarily as a result of competitive pressures, gross profit margins on new vehicle sales have been declining since 1986. The Company has also experienced gross profit margin pressure on used vehicle sales over the last 18 months. For further discussion of competition affecting the Company's business, see "Risk Factors -- Competition" and "Business -- Competition."

GROWTH STRATEGY

The Company's objective is to capitalize on the consolidation of the automotive retailing industry. Key elements of the Company's strategy to achieve this objective include the acquisition of additional dealerships and the leveraging of the Company's new vehicle franchises to increase sales of higher margin products and services.

(Bullet) ACQUIRE DEALERSHIPS. The Company plans to implement a "hub and spoke" acquisition program primarily by pursuing (i) well-managed dealerships in new metropolitan and growing suburban geographic markets, and (ii) dealerships that will allow the Company to capitalize on regional economies of scale, offer a greater breadth of products and services in any of its markets or increase brand diversity. The growth generated through acquisitions creates opportunities for economies of scale, including more favorable financing terms from lenders and cost savings from the consolidation of administrative functions such as employee benefits, risk management and employee training.

NEW MARKETS. The Company looks to acquire well-managed dealerships in geographic markets it does not currently serve, principally in the Southeast and Southwest regions of the United States. The Company will target dealers having superior operational and financial management. Generally, the Company will seek to retain the acquired dealerships' operational and financial management, and thereby benefit from their market knowledge, name recognition and local reputation. The Company also anticipates that management teams at the acquired dealerships will enable the Company to identify more effectively additional acquisition opportunities in these markets.

EXISTING MARKETS. The Company seeks growth in its operations within existing markets by acquiring dealerships that increase the brands, products and services offered in those markets. These acquisitions should produce opportunities for additional operating efficiencies, promote increased name recognition and provide the Company with better opportunities for repeat and referral business. Such acquisitions should also create opportunities for regional economies of scale in areas such as vendor consolidation, facility and personnel utilization and advertising spending. Additionally, cost savings may be achieved by consolidating certain administrative functions on a regional basis that would not be efficient on a national basis, such as accounting, information systems, title work, credit and collection.

(Bullet) PURSUE OPPORTUNITIES IN ANCILLARY PRODUCTS AND SERVICES. The Company intends to pursue opportunities to increase its sales of higher-margin products and services by expanding its collision repair centers and its wholesale parts and after-market products businesses, which, other than after market products, are not directly related to the new vehicle cycle.

COLLISION REPAIR CENTERS. The Company's collision repair business provides favorable margins and is not significantly affected by economic cycles or consumer spending habits. The Company believes that because of the high capital investment required for collision repair shops and the cost of complying with environmental and worker safety regulations, large volume body shops will be more successful in the future than smaller volume shops. The Company believes that this industry will consolidate and that it will be able to capitalize on this trend by expanding its collision repair business. The Company also believes that opportunities exist for those automotive retailers that can establish relationships with major insurance carriers. The Company currently participates in 35 direct repair programs with major insurance companies and its relationships with these carriers provide a source of collision repair customers. The Company currently has eight collision repair centers accounting for approximately $8.9 million in pro forma revenue for the year ended 1996. Sonic intends over the next several years to establish collision repair centers at various of its other facilities as market conditions warrant.

WHOLESALE PARTS. Over time, the Company plans to capitalize on its growing representation of numerous manufacturers in order to increase its sales of factory authorized parts to wholesale buyers such as independent mechanical and body repair garages and rental and commercial fleet operators.

AFTER-MARKET PRODUCTS. The Company intends to expand its offerings of after-market products in many of its dealership locations. After-market products, such as custom wheels, performance parts, telephones and other accessories, enable the dealership to capture incremental revenue on new and used vehicle sales.

(Bullet) ENHANCE PROFIT OPPORTUNITIES IN FINANCE AND INSURANCE. The Company offers its customers a wide range of financing and leasing alternatives for the purchase of vehicles, as well as credit life, accident and health and disability insurance and extended service contracts. As a result of its size and scale, the Company believes it will be able to negotiate with the lending institutions that purchase its financing contracts to increase the Company's revenues. Likewise, the Company expects to negotiate to increase the commissions it earns on extended service and insurance products. It also expects that the integration of innovative computer technologies and in-depth sales training will serve as an important tool in enhancing F&I profitability.

(Bullet) INCREASE USED VEHICLE SALES. The Company believes that there will be opportunities to improve the used vehicle departments at several of its dealerships. The Company currently operates four standalone used vehicle facilities. In 1998, the Company intends to convert part of an existing facility in Nashville to a used vehicle facility. It also intends to develop used vehicle facilities in other markets where management believes opportunities exist.

OPERATING STRATEGY

Sonic's operating objectives are to focus on customer satisfaction throughout the organization in order to build long-term customer relationships and to capitalize on operating efficiencies which will enhance its financial performance. The Company seeks to achieve these objectives by implementing the following operating strategies.

- (Bullet) OPERATE MULTIPLE DEALERSHIPS IN GEOGRAPHICALLY DIVERSE MARKETS. The Company operates dealerships in Charlotte, Chattanooga, Nashville, Tampa-Clearwater, Houston and Atlanta. By operating in several locations throughout the United States, the Company believes it will be better able to insulate its earnings from local economic downturns. In addition, the Company believes that by establishing a significant market presence in its operating regions, it will be able to provide superior customer service through a market-specific sales, service, marketing and inventory strategy. It is the Company's strategy, for instance, that the savings in a market on reduced advertising costs will be re-deployed into customer service and customer retention programs. The Company's market share in its Charlotte and Chattanooga markets was 13.7% and 9.1%, respectively in 1996.

- (Bullet) ACHIEVE HIGH LEVELS OF CUSTOMER SATISFACTION. Customer satisfaction has been and will continue to be a focus of the Company. The Company's personalized sales process is intended to satisfy customers by providing high-quality, affordable vehicles in a positive, "consumer friendly" buying environment. The Company's service department also seeks to provide its customers with a professional and reliable service experience of a consistently high standard. Beyond establishing strong consumer loyalty, this focus on customer satisfaction engenders good relations with Manufacturers. Manufacturers generally measure CSI, which is a result of a survey given to new vehicle buyers. Some Manufacturers offer specific performance incentives, on a per vehicle basis, if certain CSI levels (which vary by Manufacturer) are achieved by a dealer. Manufacturers can withhold approval of acquisitions if a dealer fails to maintain a minimum CSI score. Historically, the Company has not been denied Manufacturer approval of acquisitions based on CSI scores. To keep management focused on customer satisfaction, the Company includes CSI results as a component of its incentive compensation program.

- (Bullet) TRAIN AND DEVELOP QUALIFIED MANAGEMENT. Sonic requires all of its employees, from service technicians to regional vice presidents, to participate in in-house training programs. The Company leverages the experience of senior management, along with third party trainers from manufacturers, industry affiliates and vendors, to formally train all employees. This training regimen has resulted in many of the Company's regional vice presidents, executive managers and salespeople being certified by NADA, and has become a convenient and effective way to share best practices among the Company's employees at all levels of the various dealerships. The Company is developing an education center (the "Education Center") to be equipped with classrooms specifically designed on a departmental basis. The F&I classroom in the Education Center, for example, is to be equipped with simulation software that replicates the dealers' systems and allows the employee to handle all facets of an F&I transaction. The Company believes that its comprehensive training of all employees at every level of their career path offers the Company a competitive advantage over other dealership groups in the development and retention of its workforce.

- (Bullet) OFFER A DIVERSE RANGE OF AUTOMOTIVE PRODUCTS AND SERVICES. Sonic offers a broad range of automotive products and services, including a wide selection of new and used vehicles, vehicle financing and insurance programs, replacement parts and maintenance and repair programs. The Company offers 15 product lines ranging from economy to luxury brands consisting of BMW, Cadillac, Chrysler, Dodge, Ford, Honda, Infiniti, Jaguar, Jeep, KIA, Oldsmobile, Plymouth, Toyota, Volkswagen and Volvo. The Company also offers a variety of used vehicles at a broad range of prices. Offering numerous new vehicle brands enables the Company to satisfy a variety of customers, reduces dependence on any one Manufacturer and reduces exposure to supply problems and product cycles.

- (Bullet) CAPITALIZE ON EFFICIENCIES IN OPERATIONS. Because management compensation is based primarily on dealership performance, expense reduction and operating efficiencies are a significant management focus. As the Company pursues its acquisition strategy, the Company's size and market presence should provide it with an opportunity to negotiate favorable contracts on such expense items as advertising, purchasing, bank financings, employee benefit plans and other vendor contracts. In addition, the Company has instituted both regional and national operations committees that meet on a regular basis to share best practices to improve dealership performance.

- (Bullet) UTILIZE PROFESSIONAL MANAGEMENT PRACTICES AND INCENTIVE BASED COMPENSATION PROGRAMS. As a result of Sonic's size and geographic dispersion, the Company's senior management has instituted a multi-tiered management structure to supervise effectively its dealership operations. In addition to the officers of the Company, this structure includes executive managers who are responsible for individual dealership operations, as well as regional vice presidents responsible for various regions throughout the country. In an effort to align management's interest with that of stockholders, a portion of

the incentive compensation program for each officer, vice president and executive manager is provided in the form of Company stock options, with additional incentives based on the performance of individual profit centers. Sonic believes that this organizational structure, with room for advancement and the opportunity for equity participation, serves as a strong motivation for its employees.

(Bullet) APPLY TECHNOLOGY THROUGHOUT OPERATIONS. The Company believes that, with the customized technology it has introduced in certain markets, it has been able to improve its operations over time by integrating its systems into all aspects of its business. In these markets the Company uses computer-based technology to monitor its dealerships' operating performance and quickly adjust to market changes, and to integrate computer systems into its sales, F&I and parts and service operations. For example, sales managers use a database to identify and solicit prospective customers, and to design appropriate financing packages for prospective buyers. Service and parts managers utilize computer technology to coordinate between the two departments and to service customers more efficiently. In addition to these uses, the Company's technology also plays a role in its inventory management. The Company intends to expand this computer system into more of its dealerships and markets as existing contracts for computer systems expire.

INDUSTRY OVERVIEW

Automotive retailing, with approximately $640 billion in 1996 retail sales, is the largest consumer retail market in the United States, representing approximately 8% of the domestic gross product based on data collected by NADA and the U.S. Department of Commerce. Retail sales of new vehicles, which are sold exclusively through new vehicle dealers, were approximately $328 billion. In addition, used vehicle retail sales in 1996 were estimated at $311 billion, with approximately $260 billion in sales by franchised and independent dealers and the balance in privately negotiated transactions. From 1992 to 1996, new vehicles sales have grown at an annual compound rate of 10.5%, while used vehicle sales have grown at a rate of 15.8% for retail used vehicle sales and 6.7% for wholesale used vehicle sales. This significant increase in sales revenue is primarily because the average price of a new vehicle has risen at a compound average rate of 6.2% from 1992 to 1996 and newer, high-quality used vehicles now comprise a larger part of the used vehicle market. During this period, unit sales grew at rates of only 4.0% for new vehicles, 6.4% for retail used vehicles and 1.4% for wholesale used vehicles. For the six months ended June 30, 1997, industry retail sales were down 2% as a result of retail car sales declines of 5.3% and retail truck sales gains of 2.4% from the same period in 1996.

The following table sets forth information regarding vehicle sales by new vehicle dealerships for the periods indicated.

<TABLE>
<CAPTION>

	UNITED STATES NEW VEHICLE DEALERS' VEHICLE SALES (1)				
	1992	1993	1994	1995	1996
<S>	<C>	<C>	<C>	<C>	<C>
	(UNITS IN MILLIONS; DOLLARS IN BILLIONS)				
New vehicle unit sales	12.9	13.9	15.1	14.7	15.1
New vehicle sales (2)	$220.3	$253.3	$289.1	$301.2	$328.4
Used vehicle unit sales-retail	9.3	9.9	10.9	11.5	11.9
Used vehicle sales-retail (2)	$ 77.1	$ 90.7	$110.6	$126.9	$137.9
Used vehicle unit sales-wholesale	6.9	6.4	6.9	7.0	7.3
Used vehicle sales -- wholesale (2)	$ 26.2(3)	$ 24.3	$ 27.9	$ 30.4	$ 33.9
Total vehicle sales	$323.6	$368.3	$427.6	$458.5	$500.2
Annual growth in total vehicle sales	--	13.8%	16.1%	7.2%	9.1%

</TABLE>

(1) Reflects new vehicle dealership sales at retail and wholesale. In addition, sales by independent retail used vehicle dealers were approximately $81, $100, $134, $130 and $122 billion, respectively, and casual used car sales were estimated at approximately $36, $33, $40, $52 and $51 billion, respectively, for each of the five years ended December 31, 1996.

(2) Sales figures are calculated by multiplying unit sales by the average sales price for the year.

(3) The NADA did not report the averages sales price for wholesale transactions prior to 1993. As a result, the 1992 wholesale used vehicle sales were calculated using the 1993 average wholesale price for used vehicles.

In addition to new and used vehicles, dealerships offer a wide range of other products and services, including repair and warranty work, replacement parts, extended warranty coverage, financing and credit insurance. In 1996, the average dealership's revenue consisted of 57.7% new vehicles sales, 30.4% used vehicle sales, and 11.9% other products and services. As a result of intense competition for new vehicle sales, the average dealership generates the majority of its profits from the sale of used vehicles and other products and services, including finance and insurance, mechanical and collision repair, and parts and

service. In 1996, for example, a used vehicle earned an average gross margin of 11.0% as compared to a new vehicle's average gross margin of 6.4%, in each case for sales by new vehicle dealerships. As is typical in the retailing industry, dealership profitability varies widely across different stores and, ultimately, profitability depends on effective management of inventory, competition, marketing, quality control and, most importantly, responsiveness to the customer.

NEW VEHICLE SALES. Franchised dealerships were originally established by automobile manufacturers for the distribution of their new vehicles. In return for exclusive distribution rights within specified territories, manufacturers exerted significant influence over their dealers by limiting the transferability of ownership in dealerships, designating the dealerships location, and managing the supply and composition of the dealership's inventory. These arrangements resulted in the proliferation of small, single-owner operations that, at their peak in the late 1940's, totaled almost 50,000. As a result of competitive, economic and political pressures during the 1970's and 1980's, significant changes and consolidation occurred in the automotive retail industry. One of the most significant changes was the increased penetration by foreign manufacturers and the resulting loss of market share by domestic car makers, which forced many dealerships to close or sell to better-capitalized dealership groups. According to industry data, the number of franchised dealerships has declined from approximately 25,000 dealerships in 1990 to approximately 22,000 in 1996. Although significant consolidation has taken place since the automotive retailing industry's inception, the industry today remains highly fragmented, with the largest 100 dealer groups generating less than 10% of total sales revenues and controlling less than 5% of all franchised dealerships.

USED VEHICLE SALES. Sales of used vehicles have increased over the past five years, primarily as a result of the substantial increase in new vehicle prices and the greater availability of newer used vehicles due to the increased popularity of short-term leases. Like the new vehicle market, the used vehicle market is highly fragmented, with approximately 22,000 new vehicle dealers accounting for approximately $172 billion in 1996 sales. In addition, an even greater number of independent used car dealers accounted for approximately $122 billion in 1996 sales. Privately negotiated transactions accounted for the remaining 1996 sales, estimated at $51 billion. In addition, an increasing number of used vehicles are being sold by "superstore" outlets, which market only used vehicles and offer a wide selection of low mileage, popular models. In 1996, the top 100 new vehicle dealer groups accounted for less than 2% of used vehicle sales.

INDUSTRY CONSOLIDATION. The Company believes that further consolidation is likely due to increased capital requirements of dealerships, the limited number of viable alternative exit strategies for dealership owners, and the desire of certain manufacturers to strengthen their brand identity by consolidating their franchised dealerships. The Company also believes that an opportunity exists for dealership groups with significant equity capital, and experience in identifying, acquiring and professionally managing dealerships, to acquire additional dealerships for cash, stock, debt or a combination thereof. Publicly owned dealer groups, such as the Company, are able to offer prospective sellers tax advantaged transactions through the use of publicly traded stock which may, in certain circumstances, make them more attractive to prospective sellers.

DEALERSHIP OPERATIONS

Upon completion of the Reorganization and the Acquisitions, the Company will own eight dealership franchises in the Charlotte market, ten dealership franchises in the Chattanooga market, two dealership franchises in the Nashville market, one dealership franchise in the Houston market, one dealership franchise in the Tampa-Clearwater market and one dealership franchise in the Atlanta market.

The following table sets forth, for each of those areas, information relating to the Company's pro forma performance for the year ended December 31, 1996 and the six months ended June 30, 1997:

<TABLE>
<CAPTION>

	CHARLOTTE MARKET	NASHVILLE/ CHATTANOOGA MARKET	HOUSTON MARKET	TAMPA/ CLEARWATER MARKET	ATLANTA MARKET	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
			(IN THOUSANDS)			
YEAR ENDED DECEMBER 31, 1996 SALES:						
New vehicles	$ 229,181	$ 98,777	$ 83,763	$ 88,844	$39,940	$540,505
Used vehicles	105,034	45,400	33,403	42,982	20,931	247,750
Parts, service and collision repair	33,260	17,338	18,927	14,224	11,163	94,912
Finance and insurance	7,397	2,877	3,338	2,317	542	16,471
Total	$ 374,872	$ 164,392	$139,431	$148,367	$72,576	$899,638
SIX MONTHS ENDED JUNE 30, 1997 SALES:						
New vehicles	$ 123,130	$ 40,938	$ 55,902	$ 45,577	$19,596	$285,143
Used vehicles	57,978	26,281	17,865	19,580	11,777	133,481
Parts, service and collision repair	17,865	9,694	10,363	5,999	5,960	49,881
Finance and insurance	4,464	1,539	2,249	1,029	129	9,410
Total	$ 203,437	$ 78,452	$ 86,379	$ 72,185	$37,462	$477,915

</TABLE>

Since 1990 the Company has grown significantly, as a result of the acquisition and integration of new vehicle dealerships and an increase in revenues at its existing dealerships. The following table sets forth the name, brands, year of acquisition and location of the dealerships acquired by or awarded to the Company or one of the Bowers Dealerships since 1990:

<TABLE>
<CAPTION>

DEALERSHIP AND BRANDS CURRENTLY REPRESENTED	YEAR ACQUIRED	LOCATION
<S>	<C>	<C>
SONIC AUTOMOTIVE		
Town & Country Toyota	1990	Charlotte
Fort Mill Ford	1996	Charlotte
Fort Mill Chrysler-Plymouth-Dodge	1997	Charlotte
Lake Norman Dodge	1997	Charlotte
Lake Norman Chrysler-Plymouth-Jeep-Eagle	1997	Charlotte
Williams Chrysler-Plymouth-Jeep	1997	Charlotte
Ken Marks Ford	1997	Tampa/ Clearwater
BOWERS DEALERSHIPS		
Infiniti of Chattanooga	1992	Chattanooga
Nelson Bowers Ford	1993	Chattanooga
Cleveland Village Honda	1994	Chattanooga
Cleveland Chrysler-Plymouth-Jeep-Eagle	1994	

		Chattanooga
Jaguar of Chattanooga (awarded franchise)	1995	Chattanooga
European Motors of Nashville "BMW, Volkswagen"	1996	Nashville
European Motors "BMW, Volvo"	1996	Chattanooga
Nelson Bowers Dodge	1997	Chattanooga
KIA -- VW of Chattanooga (awarded franchise)	1997	Chattanooga

</TABLE>

DEALERSHIP MANAGEMENT

Operations of the dealerships are overseen by Regional Vice Presidents, who report to the Company's Chief Operating Officer. Each of the Company's dealerships is managed by an Executive Manager who is responsible for the operations of the dealership and the dealership's financial and customer satisfaction performance. The Executive Manager is responsible for selecting, training and retaining dealership personnel. All Executive Managers report to the Company's senior management on a regular basis and prepare a comprehensive monthly financial and operating statement of their dealership. In addition, the Company's senior management meets on a monthly basis with its Executive Managers to address changing customer preferences, operational concerns and to share best practices, such as maintaining a customer-friendly buying environment, maximizing potential revenues per new vehicle sale through increased F&I penetration, using customer calling and coupon programs to attract and retain service customers, and continued training of dealership personnel.

Each Executive Manager is complemented by a team which includes two senior managers that aid in the operation of the dealership. The General Sales Manager is primarily responsible for the operations, personnel, financial performance and customer satisfaction performance of the new vehicle sales, used vehicle sales, and finance and insurance departments. The Parts and Service Director is primarily responsible for the operations, personnel, financial and customer satisfaction performance of the service, parts and collision repair departments (if applicable). Each of the departments of the dealership typically has a manager who reports to the General Sales Manager or Parts and Service Director.

After the Acquisitions, the Company's Regional Vice Presidents will be as listed, with their region of responsibility and age, on the following table:

<TABLE>
<CAPTION>

NAME	AGE	REGION OF RESPONSIBILITY
Ken Marks, Jr.	35	Florida
Jeffrey C. Rachor	35	Mid-South (Tennessee, Georgia, Kentucky and Alabama)
Ivan A. Tufty	57	Texas
William Sullivan	65	North Carolina and South Carolina

</TABLE>

NEW VEHICLE SALES

The Company sells 15 brands of cars, light trucks and sport utility vehicles. The products have a broad range of prices from lower priced, or economy vehicles, to luxury vehicles. The Company believes that its brand, product and price diversity

reduces the risk of changes in customer preferences, product supply shortages and aging products. Sales of new vehicles in 1996 were approximately 41% cars and 59% trucks. Approximately 13% of sales in 1996 were luxury brands (BMW, Cadillac, Infiniti, Jaguar and Volvo). See "Risk Factors -- Dependence on Automobile Manufacturers."

The following table sets forth, by vehicle brand, information relating to the Company's and the dealerships being acquired pursuant to the Acquisitions new vehicle sales for 1996 and the first six months of 1997:

<TABLE>
<CAPTION>

NEW VEHICLE SALES

SIX MONTHS

<S>	YEAR ENDED DECEMBER 31, 1996 (1) NEW VEHICLE REVENUES <C>	YEAR ENDED DECEMBER 31, 1996 (1) PERCENTAGE OF NEW VEHICLE REVENUES <C>	ENDED JUNE 30, 1997 (1) NEW VEHICLE REVENUES <C>
	(REVENUE AMOUNTS IN THOUSANDS)		
VEHICLE BRAND/MANUFACTURER			
BMW	$ 10,838	2.2%	$ 13,993
Cadillac	2,029	0.4%	770
Chrysler/Dodge/Plymouth/Jeep/Eagle	88,951	17.9%	50,935
Ford	297,169	59.9%	164,768
Honda	11,599	2.3%	4,992
Infiniti	6,618	1.3%	3,247
Jaguar	2,296	0.5%	1,405
KIA	--	--	685
Oldsmobile	2,212	0.4%	1,055
Toyota	30,520	6.2%	19,246
Volvo	43,060	8.7%	21,478
Volkswagen	732	0.2%	257
Total	$ 496,024	100.0%	$ 282,831

<CAPTION>

<S>	SIX MONTHS ENDED JUNE 30, 1997(1) PERCENTAGE OF NEW VEHICLE REVENUES <C>
VEHICLE BRAND/MANUFACTURER	
BMW	4.9%
Cadillac	0.3%
Chrysler/Dodge/Plymouth/Jeep/Eagle	18.0%
Ford	58.3%
Honda	1.8%
Infiniti	1.1%
Jaguar	0.5%
KIA	0.2%
Oldsmobile	0.4%
Toyota	6.8%
Volvo	7.6%
Volkswagen	0.1%
Total	100.0%

</TABLE>

(1) Does not include Nelson Bowers Dodge which was purchased on March 1, 1997 and KIA-VW of Chattanooga which was purchased in April 1997. European Motors of Nashville and European Motors were purchased in October 1996 and May 1996, respectively, and information for such dealerships is included from their purchase dates through December 1996.

The Company seeks to provide customer oriented service and build lasting customer relationships that will result in repeat and referral business. Sales techniques and processes vary depending on the product line and local market conditions. All of the Company's dealerships use computer technology for prospecting and customer follow-up and extensively train sales staff to meet the needs of customers. Certain of the dealerships use computer kiosks to allow customers to browse vehicle inventories at their leisure. Depending on brand and local market, dealerships may use "greeters" rather than sales people to initially assist customers entering a dealership.

Substantially all of the Company's new vehicles are acquired from Manufacturers. Allocation of vehicle inventory from Manufacturers is based primarily on sales volume and input from dealers. Vehicle purchases are financed through revolving credit facilities known in the industry as floor plan lending.

The following table presents information with respect to the Company's new vehicle sales:

<TABLE>
<CAPTION>

	SONIC DEALERSHIPS YEAR ENDED DECEMBER 31, ACTUAL 1992	1993	1994	1995	1996	PRO FORMA FOR THE ACQUISITIONS 1996	SONIC DEALERSHIPS SIX MONTHS ENDED JUNE 30, ACTUAL 1996

1997
<S> <C> <C> <C> <C> <C> <C> <C> <C>

	(IN THOUSANDS, EXCEPT VEHICLE UNIT DATA)							
Unit sales...........	8,060	9,429	9,686	10,273	11,693	24,206	6,027	6,553
Sales revenue.........	$126,230	$152,525	$164,361	$186,517	$233,146	$540,505	$115,721	$137,069
Gross profit..........	$ 8,513	$ 10,474	$ 11,494	$ 13,584	$ 17,169	$ 40,221	$ 7,672	$ 8,893
Gross profit margin...	6.7%	6.9%	7.0%	7.3%	7.4%	7.4%	6.6%	6.5%

<CAPTION>

<S>	SONIC DEALERSHIPS SIX MONTHS ENDED JUNE 30, PRO FORMA FOR THE ACQUISITIONS 1997 <C>
Unit sales...........	12,596
Sales revenue.........	$285,143
Gross profit..........	$ 20,749
Gross profit margin...	7.3%

</TABLE>

New vehicle sales include retail lease transactions and lease-type transactions, both of which are arranged by the Company. New vehicle leases generally have short terms. Lease customers, therefore, return to the new vehicle market more

frequently. Leases also provide a source of late-model, generally low mileage, vehicles for its used vehicle inventory. Generally, leased vehicles are under warranty for the entire lease term, which allows the Company to provide repair service to the lessee throughout the term of the lease.

USED VEHICLE SALES

The Company sells a broad variety of makes and models of used cars, vans, trucks and sport utility vehicles. On a pro forma basis in 1996, the Company sold 9,281 used car and 4,194 used truck (including sport utility vehicles) units. Used vehicle retail sales for 1996 represented 35.8% of pro forma total retail unit sales.

Used vehicles are obtained by the Company through customer trade-ins, at "closed" auctions which may be attended only by new vehicle dealers and which offer off-lease, rental and fleet vehicles, and at "open" auctions which offer repossessed vehicles and vehicles sold by other dealers. The Company sells its used vehicles to retail customers and, in the case of vehicles in poor condition or vehicles which remain unsold for a specified period of time, to other dealers or wholesalers. Sales to other dealers or wholesalers are frequently close to or below cost and therefore negatively affect the Company's gross margin on used vehicle sales.

The Company emphasizes retail sales of used vehicles in order to offer a wider variety of vehicles and to benefit from the higher gross margins from used vehicle sales. To improve the marketability of used vehicles the Company employs both manufacturer supported and in-house used car certification programs and sale of extended warranties on used vehicles. At certain locations, the Company provides a five day money back guarantee on the sale of all used vehicles. The Company intends to expand this guarantee program to all locations.

After the Acquisitions, the Company will operate four standalone used car facilities. As the Company enters new markets and gains market share in existing markets, the Company intends to expand its standalone used car facilities to take advantage of the high quality sources of vehicles available to new vehicle retailers.

The following table sets forth information on the Company's used vehicle sales:

<TABLE>
<CAPTION>

SONIC
DEALERSHIPS
SONIC DEALERSHIPS SIX MONTHS
ENDED
YEAR ENDED DECEMBER 31, JUNE 30,
PRO FORMA
FOR THE

			ACTUAL			ACQUISITIONS	ACTUAL	
	1992	1993	1994	1995	1996	1996	1996	1997
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
			(IN THOUSANDS, EXCEPT VEHICLE UNIT DATA)					
Retail unit sales..........	3,892	4,104	4,374	5,172	5,488	13,475	2,836	2,638
Retail sales revenue.......	$33,636	$37,742	$47,537	$60,766	$68,054	$181,787	$35,200	$32,666
Retail gross profit........	3,610	3,964	5,182	5,792	5,748	16,762	2,968	2,772
Retail gross margin........	10.7%	10.5%	10.9%	9.5%	8.4%	9.2%	8.4%	8.5%
Wholesale unit sales.......	3,756	4,189	4,656	5,009	5,344	12,385	2,751	2,750
Wholesale sales revenue....	$11,199	$13,363	$16,062	$20,025	$25,642	$ 65,963	$13,412	$15,342
Wholesale gross profit.....	16	27	43	(45)	(23)	(52)	(12)	(145)
Wholesale gross margin.....	0.1%	0.2%	0.3%	(0.2)%	(0.1)%	(0.1)%	(0.1)%	(0.9)%
Total unit sales...........	7,648	8,293	9,030	10,181	10,832	25,860	5,587	5,388
Total revenue..............	$44,835	$51,105	$63,599	$80,791	$93,696	$247,750	$48,612	$48,008
Total gross profit.........	3,626	3,991	5,225	5,747	5,725	16,710	2,956	2,627
Total gross margin.........	8.1%	7.8%	8.2%	7.1%	6.1%	6.7%	6.1%	5.5%

<CAPTION>

	SONIC DEALERSHIPS SIX MONTHS ENDED JUNE 30, PRO FORMA FOR THE ACQUISITIONS 1997
<S>	<C>
Retail unit sales..........	7,043
Retail sales revenue.......	$ 96,249
Retail gross profit........	8,521
Retail gross margin........	8.9%
Wholesale unit sales.......	6,513
Wholesale sales revenue....	$ 37,232
Wholesale gross profit.....	(34)
Wholesale gross margin.....	0.1%
Total unit sales...........	13,556
Total revenue..............	$ 133,481
Total gross profit.........	8,487
Total gross margin.........	6.4%

</TABLE>

SERVICE AND PART SALES

The Company provides service and parts at each of its franchised dealerships. The Company provides maintenance and repair services at its 19 new vehicle dealership facilities and three used vehicle facilities. The Company utilizes approximately 400 service bays in providing both warranty and non-warranty services. Service and parts sales provide higher gross margins than vehicle sales. On a pro forma basis in 1996, the Company's service and parts operations generated $85.9 million in revenues and $35.1 million in gross profit, representing 9.6% and 31.0% of total revenues and gross profit, respectively.

Historically, the automotive repair industry has been highly fragmented. However, the Company believes the increased use of advanced technology in vehicles has made it difficult for independent repair shops to perform major or technical repairs. Additionally, manufacturers permit warranty work to be performed only at franchised dealerships. Given the increasing technological complexity of motor vehicles and the trend to long term warranties, the Company believes an increasing percentage of repair work will be performed at franchised dealerships.

The Company regards its service operations as an integral part of its overall approach to customer service. Vehicle service provides additional opportunities to build long-term customer relationships. The Company uses customer calling, coupon programs and other techniques to attract and retain service customers. Although individual dealerships vary based on markets and brands, many Company dealerships use service "teams" and variable rate or "menu" pricing structures to improve customer satisfaction with repair service.

Sales of factory authorized equipment and parts to wholesale customers are an integral component of parts operations at certain of the Company's dealerships. For example, the Company's Lone Star Ford dealership sold approximately $9.3 million in wholesale parts in 1996. The Company plans to capitalize on its representation of numerous manufacturers and its experience as a wholesale parts distributor in order to increase sales of factory authorized equipment and parts to wholesale customers.

The following table sets forth information regarding the Company's service and parts sales:

	SONIC DEALERSHIPS YEAR ENDED DECEMBER 31,						SONIC DEALERSHIPS SIX MONTHS ENDED JUNE 30,		
	ACTUAL					PRO FORMA FOR THE ACQUISITIONS	ACTUAL		PRO FORMA FOR THE ACQUISITIONS
	1992	1993	1994	1995	1996	1996	1996	1997	1997
	(IN THOUSANDS)								
Sales revenue.............	$21,778	$27,243	$30,298	$31,957	$37,702	$ 85,958	$18,607	$20,220	$ 44,649
Gross profit..............	7,540	9,540	10,344	11,003	13,106	35,142	6,317	6,822	18,494
Gross profit margin........	34.6%	35.0%	34.1%	34.4%	34.8%	40.9%	33.9%	33.7%	41.4%

COLLISION REPAIR

The Company operates collision repair centers, or body shops, at seven of its dealership locations. In 1996, collision repair accounted for $8.9 million, or 1.0%, of the Company's pro forma revenues and 4.4% of the Company's gross profit. The Company's collision repair business provides favorable margins and, similar to service and parts, is not significantly affected by business cycles or consumer preferences. In addition, because of the higher cost of used vehicles, insurance adjusters are more hesitant to declare a vehicle a total loss, resulting in more significant, and higher cost, repair jobs. The Company believes that, because of the high capital investment required for collision repair shops and the cost of complying with governmental regulations, large volume body shops will be more successful in the future than smaller volume shops. The Company believes the collision repair business will consolidate and that it will be able to capitalize on this consolidation.

The following table sets forth information regarding the Company's collision repair operations:

	SONIC DEALERSHIPS YEAR ENDED DECEMBER 31,						SONIC DEALERSHIPS SIX MONTHS ENDED JUNE 30,	
	ACTUAL					PRO FORMA FOR THE ACQUISITIONS	ACTUAL	
	1992	1993	1994	1995	1996	1996	1996	1997

<C>

	(IN THOUSANDS)							
Sales revenue......................	$2,765	$3,094	$3,686	$3,903	$4,942	$8,954	$2,398	$2,686
Gross profit.......................	1,378	1,516	1,870	1,956	2,452	4,993	1,201	1,284
Gross profit margin................	49.8%	49.0%	50.7%	50.1%	49.6%	55.8%	50.1%	47.8%

<CAPTION>

<S>	SONIC DEALERSHIPS SIX MONTHS ENDED JUNE 30, PRO FORMA FOR THE ACQUISITIONS 1997 <C>
Sales revenue......................	$5,232
Gross profit.......................	2,628
Gross profit margin................	50.2%

</TABLE>

FINANCE AND INSURANCE

The Company offers its customers a wide range of financing and leasing alternatives for the purchase of vehicles. In addition, as part of each sale, the Company offers customers credit life, accident and health and disability insurance to cover the financing cost of their vehicle, as well as warranty or extended service contracts. The Company's pro forma revenue from financing, insurance and extended warranty transactions was $16.5 million in 1996 and $9.4 million for the six months ended June 30, 1997.

The Company believes that its customers' ability to obtain financing at its dealerships significantly enhances the Company's ability to sell new and used vehicles. The Company provides a variety of financing and leasing alternatives in order to meet the specific needs of each potential customer. The Company believes its ability to obtain customer-tailored financing on a "same day" basis provides it with an advantage over many of its competitors, particularly smaller competitors which do not generate sufficient volume to attract the diversity of financing sources that are available to the Company. The dealership will then be able to provide a customer with a broader array of lease payment alternatives and, consequently, appeal to a term buyer who is trying to purchase a vehicle of choice at or below a specific monthly payment. During 1996, the Company arranged for financing for approximately 44.0% of its new vehicle sales and 53.1% of its used vehicle sales.

The Company assigns its vehicle financing contracts and leases to other parties, instead of directly financing sales, which reduces the Company's exposure to loss from financing activities. The Company receives a commission from the lender for originating and assigning the loan or lease but is assessed a chargeback fee by the lender if a loan is canceled, in most cases, within 120 days of making the loan. Early cancellation can result from early repayment because of refinancing of the loan, the sale or trade-in of the vehicle, or default on the loan. The Company establishes an allowance to absorb estimated chargebacks and refunds. The Company believes that its high volume of business makes the Company's retail contracts more attractive to lenders, which may enable the Company to negotiate higher commission rates in contrast to lower volume dealerships.

In addition to its financing activities, the Company offers extended service contracts in connection with the sale of new and used vehicles. Extended service contracts on new vehicles supplement the warranties offered by the vehicle manufacturer, and on used vehicles, such contracts supplement any remaining manufacturer warranty or serve as the primary service contract on the vehicle. The extended service contracts sold by the Company are issued by third-party insurers that pay the Company a commission upon sale of the contract. In 1996, the Company sold extended service contracts on 24.0% and 36.1% respectively, of its new and used retail vehicle sales. The Company also offers its customers credit life, health and accident insurance when they finance an automobile purchase, and receives a commission on each policy sold.

SALES AND MARKETING

The Company's marketing and advertising activities vary among its dealerships and among its markets. The Company advertises primarily through television, newspapers, radio and direct mail and regularly conducts special promotions designed to focus vehicle buyers on its product offerings. The Company intends to continue tailoring its marketing efforts to the relevant marketplace in order to reach the Company's targeted customer base. The Company also has computer technology to aid sales people in prospecting for customers. Under arrangements with manufacturers, the Company receives a subsidy for a portion of its advertising expenses incurred in connection with a manufacturer's vehicles. Because of the Company's leading market presence in certain markets, the Company believes it has been able to realize cost savings on its advertising expenses due to volume discounts and other concessions from media. The Company also believes its consolidated marketing campaigns within particular markets result in enhanced name recognition and sales volume when compared with smaller competitors in the same market.

RELATIONSHIPS WITH MANUFACTURERS

Each of the Company's dealerships operates under a separate franchise or dealer agreement (a "Dealer Agreement") which governs the relationship between the dealership and the Manufacturer. In general, each Dealer Agreement specifies the location of the dealership for the sale of vehicles and for the performance of certain approved services in a specified market area. The designation of such areas generally does not guarantee exclusivity within a specified territory. In addition, most Manufacturers allocate vehicles on a "turn and earn" basis which rewards high volume. A Dealer Agreement requires the dealer to meet specified standards regarding showrooms, the facilities and equipment for servicing vehicles, inventories, minimum net working capital, personnel training, and other aspects of the business. The Dealer Agreement with each dealership also gives each Manufacturer the right to approve the dealership's general manager and any material change in management or ownership of the dealership. Each Manufacturer may terminate a Dealer Agreement under certain circumstances, such as a change in control of the dealership without Manufacturer approval, the impairment of the reputation or financial condition of the dealership, the death, removal or withdrawal of the dealership's general manager, the conviction of the dealership or the dealership's owner or general manager of certain crimes, a failure to adequately operate the dealership or maintain wholesale financing arrangements, insolvency or bankruptcy of the dealership or a material breach of other provisions of the Dealer Agreement. In connection with the Offering, the Company is amending its Dealer Agreements or otherwise obtaining consents from Manufacturers to revise those provisions which would have prohibited the Company from selling its Common Stock to the public. See "Description of Capital Stock -- Delaware Law, Certain Charter and Bylaw Provisions and Certain Franchise Agreement Provisions."

Many automobile manufacturers are still developing their policies regarding public ownership of dealerships. The Company believes that these policies will continue to change as more dealership groups sell their stock to the public, and as the established, publicly-owned dealership groups acquire more franchises. To the extent that new or amended manufacturer policies restrict the number of dealerships which may be owned by a dealership group, or the transferability of the Company's Common Stock, such policies could have a material adverse effect on the Company. See "Risk Factors -- Dependence on Automobile Manufacturers," " -- Manufacturers' Restrictions on Acquisitions," " -- Stock Ownership/Issuance Limits; Limitation on Ability to Issue Additional Equity" and " -- Concentration of Voting Power and Anti-Takeover Provisions."

The Company's Dealer Agreement with Ford requires the Company to deliver to Ford all Securities and Exchange Commission filings made by the Company or third-parties with respect to the Company, including Schedules 13D and 13G. If any such filing shows that (a) any person or entity would acquire 15% or more of Sonic's voting securities, (b) any person or entity that owns or controls 15% or more of Sonic's voting securities (or other securities convertible into such voting securities) intends or may intend to acquire additional voting securities of Sonic, (c) an extraordinary corporate transaction, such as a merger or liquidation, involving Sonic or any of its subsidiaries is anticipated, (d) a material asset sale involving Sonic or any of its subsidiaries is anticipated, (e) a change in Sonic's Board of Directors or management is planned or has occurred, or (f) any other material change in Sonic's business or corporate structure is planned or has occurred, then the Company must give Ford notice of such event. If Ford reasonably determines that such an event is not in its interest, the Company may be required to sell or resign from one or more of its Ford franchises. Should Sonic or any of its Ford franchisee subsidiaries enter into an agreement to transfer the assets of a Ford franchisee subsidiary to a third party, the right of first refusal described in the Ford Dealer Agreement will apply.

Under the Company's Dealer Agreements with Toyota and Infiniti, Toyota and Infiniti have the right to approve any ownership or voting rights of Sonic of 20% or greater by any individual or entity. Honda may force the sale of the Company's Honda franchise if any person or entity, other than members of the

Smith Group, acquires 5% or greater of the Common Stock (10% or greater if such entity is an institutional investor), and Honda deems such person or entity to be unsatisfactory. Volkswagen has approved the sale of no more than 25% of the voting control of Sonic in the Offering, and any future changes in ownership or transfers among the Company's current stockholders that could effect the voting or managerial control of Sonic's Volkswagen franchisee subsidiaries requires the prior approval of Volkswagen. Similarly, Chrysler has approved of the public sale of only 50% of the Common Stock and requires prior approval of any future sales that would result in a change in voting or managerial control of the Company. Moreover, Honda's approval of the Offering is subject to the Smith Group plus Nelson Bowers owning 51% of the shares of Common Stock on a fully-diluted basis. Upon consummation of the Offering, 48.9% of the Common Stock (on a fully-diluted basis after giving effect to the options to be issued at the time of the Offering under the Stock Option Plan), will be owned by persons other than the Smith Group or Nelson Bowers (assuming full exercise of the Underwriters' over-allotment option).

Under the Company's Dealer Agreement with General Motors ("GM"), the Company has agreed, among other things, to disclose the following provisions:

> Sonic will deliver to GM copies of all Schedules 13D and 13G, and all amendments thereto and terminations thereof, received by Sonic, within five days of receipt of such Schedules. If Sonic is aware of any ownership of its stock that should have been reported to it on Schedule 13D but that is not reported in a timely manner, it will promptly give GM written notice of such ownership, with any relevant information about the owner that Sonic possesses.

> If Sonic, through its Board of Directors or through shareholder action, proposes or if any person, entity or group sends Sonic a Schedule 13D, or any amendments thereto, disclosing (a) an agreement to acquire or the acquisition of aggregate ownership of more than 20% of the voting stock of Sonic and (b) Sonic, through its Board of Directors or through shareholder action, proposes or if any plans or proposals which relate to or would result in the following: (i) the acquisition by any person of more than 20% of the voting stock of Sonic other than for the purposes of ordinary passive investment; (ii) an extraordinary corporate transaction, such as a material merger, reorganization or liquidation, involving Sonic or a sale or transfer of a material amount of assets of Sonic and its subsidiaries; (iii) any change which, together with any changes made to the Board of Directors within the preceding year, would result in a change in control of the then current Board of Sonic; or (iv) in the case of an entity that produces motor vehicles or controls or is controlled by or is under common control with an entity that either produces motor vehicles or is a motor vehicle franchisor, the acquisition by any person, entity or group of more than 20% of the voting stock of Sonic and any proposal by any such person, entity or group, through the Sonic Board of Directors or shareholders action, to change the Board of Directors of Sonic, then, if such actions in GM's business judgment could have a material or adverse effect on its image or reputation in the GM dealerships operated by Sonic or be materially incompatible with GM's interests (and upon notice of GM's reasons for such judgment), Sonic has agreed that it will take one of the remedial actions set forth in the next paragraph within 90 days of receiving such Schedule 13D or such amendment.

> If Sonic is obligated under the previous paragraph to take remedial action, it will (a) transfer to GM or its designee, and GM or its designee will acquire the assets, properties or business associated with any GM dealership operated by Sonic at fair market value as determined in accordance with GM's Dealership Agreement with the Company, or (b) provide evidence to GM that such person, entity or group no longer has such threshold level of ownership interest in Sonic or that the actions described in clause (b) of the previous paragraph will not occur.

> Should Sonic or its GM franchisee subsidiary enter into an agreement to transfer the assets of the GM franchisee subsidiary to a third party, the right of first refusal described in the GM Dealer Agreement shall apply to any such transfer.

Certain state statutes in Florida and other states limit manufacturers' control over dealerships. Under Florida law, notwithstanding any contrary terms in a dealer agreement, manufacturers may not unreasonably withhold approval for the sale of a dealership. Acceptable grounds for disapproval include material shortcomings in the character, financial condition or business experience of the proposed transferee. In addition, dealerships may challenge manufacturers' attempts to establish new dealerships in the dealer's markets, and state regulators may deny applications to establish new dealerships for a number of reasons, including a determination that the manufacturer is adequately represented in the area. Manufacturers must have "good cause" for any termination or failure to renew a dealer agreement, and an automaker's license to distribute vehicles in Florida may be revoked if, among other things, the automaker has forced or attempted to force an automobile dealer to accept delivery of motor vehicles not ordered by that dealer.

Under Texas law, despite the terms of contracts between manufacturers and dealers, manufacturers may not unreasonably withhold approval of a transfer of a dealership. It is unreasonable under Texas law for a manufacturer to reject a prospective transferee of a dealership who is of good moral character and who otherwise meets the manufacturer's written, reasonable and uniformly applied standards or qualifications relating to the prospective transferee's business experience and financial qualifications. In addition, under Texas law and the laws of other states, franchised dealerships may challenge manufacturers' attempts to establish new franchises in the franchised dealers' markets, and state regulators may deny applications to establish new dealerships for a number of reasons, including a determination that the manufacturer is adequately represented in the region. Texas law limits the ability of manufacturers to terminate or fail to renew franchises. In addition, other laws in Texas and elsewhere limit the ability of manufacturers to withhold their approval for the relocation of a franchise or require that disputes be arbitrated. In addition, a manufacturer's license to distribute vehicles in Texas may be revoked if, among other things, the manufacturer has forced or attempted to force an automobile dealer to accept delivery of motor vehicles not ordered by that dealer.

Georgia law provides that no manufacturer may arbitrarily reject a proposed change of control or sale of an automobile dealership, and any manufacturer challenging such a transfer of a dealership must provide written reasons for its rejection to the dealer. Manufacturers bear the burden of proof to show that any disapproval of a proposed transfer of a dealership is not arbitrary. If a manufacturer terminates a franchise agreement due to a proposed transfer of the dealership or for any other reason not considered to constitute good cause under Georgia law, such termination will be ineffective. As an alternative to rejecting or accepting a proposed transfer of a dealership or terminating the franchise agreement, Georgia law provides that a manufacturer may offer to purchase the dealership on the same terms and conditions offered to the prospective transferee.

Under Tennessee law, a manufacturer may not modify, terminate or refuse to renew a franchise agreement with a dealer except for good cause, as defined in the governing Tennessee statutes. Further, a manufacturer may be denied a Tennessee license, or have an existing license revoked or suspended if the manufacturer modifies, terminates, or suspends a franchise agreement due to an event not constituting good cause. Good cause includes material shortcomings in the character, financial condition or business experience of the dealer. A manufacturer's Tennessee license may also be revoked if the manufacturer prevents or attempts to prevent the sale or transfer of the dealership by unreasonably withholding consent to the transfer.

COMPETITION

The retail automotive industry is highly competitive. Depending on the geographic market, the Company competes with both dealers offering the same brands and product line as the Company and dealers offering other automakers' vehicles. The Company also competes for vehicle sales with auto brokers and leasing companies. The Company competes with small, local dealerships and with large multi-franchise auto dealerships. Many of the Company's larger competitors are larger and have greater financial and marketing resources and are more widely known than the Company. Some of the Company's competitors also may utilize marketing techniques, such as Internet visibility or "no negotiation" sales methods, not currently used by the Company.

The Company also competes with regional and national car rental companies, which sell their used rental cars, and used automobile "superstores," such as AutoNation and CarMax. In the future, new competitors may enter the automotive retailing market, including automobile manufacturers (such as Ford) that may decide to open additional retail outlets or acquire other dealerships. In addition, the used vehicle superstores generally offer a greater and more varied selection of vehicles than the Company's dealerships. As the Company seeks to acquire dealerships in new markets, it may face significant competition (including competition from other publicly-owned dealer groups) as it strives to gain market share. See "Risk Factors -- Competition"

The Company believes that the principal competitive factors in vehicle sales are the marketing campaigns conducted by automakers, the ability of dealerships to offer a wide selection of the most popular vehicles, the location of dealerships and the quality of customer service. Other competitive factors include customer preference for makes of automobiles, pricing (including manufacturer rebates and other special offers) and warranties.

In addition to competition for vehicle sales, the Company also competes with other auto dealers, service stores, auto parts retailers and independent mechanics in providing parts and service. The Company believes that the principal competitive factors in parts and service sales are price, the use of factory-approved replacement parts, the familiarity with a dealer's makes and models and the quality of customer service. A number of regional and national chains offer selected parts and service at prices that may be lower than the Company's prices.

In arranging or providing financing for its customers' vehicle purchases, the Company competes with a broad range of financial institutions. The Company believes that the principal competitive factors in providing financing are convenience, interest rates and contract terms.

The Company's success depends, in part, on national and regional automobile-buying trends, local and regional economic factors and other regional competitive pressures. The Company sells its vehicles in the Charlotte, Chattanooga, Nashville, Tampa-Clearwater, Houston and Atlanta markets. Conditions and competitive pressures affecting these markets, such as price-cutting by dealers in these areas, or in any new markets the Company enters, could adversely affect the Company, although the retail automobile industry as a whole might not be affected. See "Risk Factors -- Competition."

GOVERNMENTAL REGULATIONS AND ENVIRONMENTAL MATTERS

A number of regulations affect the Company's business of marketing, selling, financing and servicing automobiles. The Company also is subject to laws and regulations relating to business corporations generally.

Under North Carolina, South Carolina, Tennessee, Florida, Georgia and Texas law as well as the laws of other states into which the Company may expand, the Company must obtain a license in order to establish, operate or relocate a dealership or operate an automotive repair service. These laws also regulate the Company's conduct of business, including its advertising and sales practices. Other states may have similar requirements.

The Company's operations are also subject to laws governing consumer protection. Automobile dealers and manufacturers are subject to so-called "Lemon Laws" that require a manufacturer or the dealer to replace a new vehicle or accept it for a full refund within one year after initial purchase if the vehicle does not conform to the manufacturer's express warranties and the dealer or manufacturer, after a reasonable number of attempts, is unable to correct or repair the defect. Federal laws require certain written disclosures to be provided on new vehicles, including mileage and pricing information.

The imported automobiles purchased by the Company are subject to United States customs duties and, in the ordinary course of its business, the Company may, from time to time, be subject to claims for duties, penalties, liquidated damages, or other charges. Currently, United States customs duties are generally assessed at 2.5% of the customs value of the automobiles imported, as classified pursuant to the Harmonized Tariff Schedule of the United States. See "Risk Factors -- Imported Products."

The Company's financing activities with its customers are subject to federal truth-in-lending, consumer leasing and equal credit opportunity regulations as well as state and local motor vehicle finance laws, installment finance laws, usury laws and other installment sales laws. Some states regulate finance fees that may be paid as a result of vehicle sales. State and federal environmental regulations, including regulations governing air and water quality and the storage and disposal of gasoline, oil and other materials, also apply to the Company.

The Company believes that it complies in all material respects with the laws affecting its business. Possible penalties for violation of any of these laws include revocation of the Company's licenses and fines. In addition, many laws may give customers a private cause of action.

As with automobile dealerships generally, and service parts and body shop operations in particular, the Company's business involves the use, storage, handling and contracting for recycling or disposal of hazardous or toxic substances or wastes, including environmentally sensitive materials such as motor oil, waste motor oil and filters, transmission fluid, antifreeze, freon, waste paint and lacquer thinner, batteries, solvents, lubricants, degreasing agents, gasoline and diesel fuels. The Company's business also involves the past and current operation and/or removal of aboveground and underground storage tanks containing such substances or wastes. Accordingly, the Company is subject to regulation by federal, state and local authorities establishing health and environmental quality standards, and liability related thereto, and providing penalties for violations of those standards. The Company is also subject to laws, ordinances and regulations governing remediation of contamination at facilities it operates or to which it sends hazardous or toxic substances or wastes for treatment, recycling or disposal.

The Company believes that it does not have any material environmental liabilities and that compliance with environmental laws and regulations will not, individually or in the aggregate, have a material adverse effect on the Company's results of operations or financial condition. However, soil and groundwater contamination is known to exist at certain properties used by the Company. Furthermore, environmental laws and regulations are complex and subject to frequent change. There can be no assurance that compliance with amended, new or more stringent laws or regulations, stricter interpretations of existing laws or the future discovery of environmental conditions will not require additional expenditures by the Company, or that such expenditures will not be material. See "Risk Factors -- Adverse Effect of Government Regulation; Environmental Regulatory Compliance Costs."

FACILITIES

The Company's principal executive offices are located at 5401 East Independence Boulevard, Charlotte, North Carolina 28218, and its telephone number is (704) 532-3301. These executive offices are located on the premises owned by Town & Country Ford. The following table identifies, for each of the properties to be utilized by the Company's dealership operations the location, the owner/lessor, and the term and rental rate of the Company's lease for such property, if applicable:

<TABLE>
<CAPTION>

DEALERSHIP	OWNERSHIP STATUS	OWNER/LESSOR	1997 MONTHLY RENT (2)	EXPIRATION DATE	FACILITY
<S>	<C>	<C>	<C>	<C>	<C>
Town & Country Ford.................. 5401 East Independence Blvd., Charlotte	Lease	STC Properties (1)	$ 34,083	2000	Main Bldg. Body Shop
Lone Star Ford....................... 8477 North Freeway, Houston	Lease	Viking Investments (1)	$ 30,000	2005	Main Bldg. Used Car Bldg. Body Shop Fleet Bldg.
Fort Mill Ford....................... 788 Gold Hill Rd., Fort Mill, SC	Own	--	--	--	Main Bldg. Body Shop
Fort Mill Chrysler-Plymouth-Dodge.... 3310 Hwy. 51, Fort Mill, SC	Lease	Jeffrey Boyd	$ 16,667	2002	Main Bldg. Used Car Bldg.
Town & Country Toyota................ 9101 South Blvd., Charlotte	Own	--	--	--	Main Bldg. Body Shop
Frontier Oldsmobile-Cadillac......... 2501 Roosevelt Blvd., Monroe, NC	Lease	Landers Oldsmobile-Cadillac	$ 17,000	1998(3)	Main Bldg. Body Shop Used Car Bldg.
Ken Marks Ford....................... 24825 US Hwy. 19 North, Clearwater & 3925 Tampa Rd., Oldsmar, FL	Lease	Marks Holding Company (1)	$ 95,000	2007(3)	Main Bldg.
Dyer Volvo........................... 5260 Peachtree Industrial Blvd., Atlanta	Lease	D&R Investments (1)	$ 50,000 (4)	2009(3)	Main Bldg.
Lake Norman	Lease	Phil M. and Quinton M. Gandy	$ 40,000 (4)	2007(3)	Main

Chrysler-Plymouth-Jeep-Eagle....... Chartwell Center Dr., Cornelius, NC		and affiliates			Bldg.
Lake Norman Dodge.................... I-77 & Torrence Chapel Rd., Cornelius, NC	Lease	Phil M. and Quinton M. Gandy and affiliates	$ 40,000 (4)	2007(3)	Main Bldg. Truck Center
KIA/VW of Chattanooga............... 6015 International Dr., Chattanooga	Lease	KIA Land Development (1)	$ 11,070	2007(3)	Main Bldg.
European Motors of Nashville......... 630 Murfreeboro Pike, Nashville	Lease	Third National Bank, David P'Pool, Stella P'Pool	$ 21,070	1998(3)	Main Bldg.(6)
European Motors...................... 5949 Brainerd Rd., Chattanooga	Lease	Nelson Bowers (1)	$ 16,846 (4)	2007(3)	Main Bldg.
Jaguar of Chattanooga............... 5915 Brainerd Rd., Chattanooga	Lease	JAG Properties LLC, Thomas Green, Jr. and Nelson Bowers (1)	$ 22,010	2017(3)	Main Bldg.
Cleveland Chrysler-Plymouth-Jeep-Eagle....... 2496 South Lee Hwy., Cleveland, TN	Lease	Cleveland Properties LLC (1)	$ 14,000	2011(3)	Main Bldg.
Nelson Bowers Dodge................. 402 West Martin Luther King Blvd., Chattanooga	Lease	Edward & Barbara Wright	$ 16,800	2001(3)	Main Bldg.
Cleveland Village Imports........... 2490 & 2492 South Lee Hwy., Cleveland, TN	Lease	Thomas Green, Jr. and Nelson Bowers (1)	$ 11,000	1997(3)	Main Bldg.(7)
Nelson Bowers Ford.................. 717 South Lee Hwy., Cleveland, TN	Lease	Robert G. Card, Jr.	$ 8,900	Month to) Month(3	Main Bldg.
Williams Motors..................... 803 North Anderson Rd., Rock Hill, SC	Lease	J.T. Williams	$ 14,000	1998(5)	Main Bldg.

<CAPTION>

DEALERSHIP <S>	SQ. FT. <C>	ACRES <C>
Town & Country Ford................. 5401 East Independence Blvd., Charlotte	85,013 24,768	12.48
Lone Star Ford...................... 8477 North Freeway, Houston	79,725 2,125 26,450 1,500	24.76
Fort Mill Ford...................... 788 Gold Hill Rd., Fort Mill, SC	34,162 11,275	10.00
Fort Mill Chrysler-Plymouth-Dodge.... 3310 Hwy. 51, Fort Mill, SC	9,809 1,470	5.50
Town & Country Toyota............... 9101 South Blvd., Charlotte	50,800 17,840	5.70
Frontier Oldsmobile-Cadillac......... 2501 Roosevelt Blvd., Monroe, NC	14,825 11,250 2,200	7.08
Ken Marks Ford...................... 24825 US Hwy. 19 North, Clearwater & 3925 Tampa Rd., Oldsmar, FL	79,100	22.00
Dyer Volvo.......................... 5260 Peachtree Industrial Blvd., Atlanta	60,000	6.00
Lake Norman Chrysler-Plymouth-Jeep-Eagle....... Chartwell Center Dr., Cornelius, NC	26,000	6.00
Lake Norman Dodge.................... I-77 & Torrence Chapel Rd., Cornelius, NC	25,000 5,000	6.00
KIA/VW of Chattanooga............... 6015 International Dr., Chattanooga	8,445	3.75
European Motors of Nashville.........	49,385	4.00

630 Murfreeboro Pike, Nashville		
European Motors...................... 5949 Brainerd Rd., Chattanooga	40,295	12.24
Jaguar of Chattanooga................ 5915 Brainerd Rd., Chattanooga	34,850	3.57
Cleveland Chrysler-Plymouth-Jeep-Eagle....... 2496 South Lee Hwy., Cleveland, TN	17,750	5.60
Nelson Bowers Dodge.................. 402 West Martin Luther King Blvd., Chattanooga	30,000	4.88
Cleveland Village Imports............ 2490 & 2492 South Lee Hwy., Cleveland, TN	15,760	2.05
Nelson Bowers Ford................... 717 South Lee Hwy., Cleveland, TN	19,725	1.40
Williams Motors...................... 803 North Anderson Rd., Rock Hill, SC	15,000(8)	3.0(8)

</TABLE>

(FOOTNOTES ON FOLLOWING PAGE)

(1) These lessors are affiliates of the Company's stockholders and/or executive officers. See "Risk Factors -- Potential Conflicts of Interest," "Certain Transactions -- Certain Dealership Leases" and "Principal Stockholders."

(2) All of the Company's leases are "triple net" leases and require the Company to pay all real estate taxes, maintenance and insurance costs for the property.

(3) Each of these leases provides for two renewal terms of five years each, at the option of the Company.

(4) Monthly rent expense based on estimate from the purchase agreement relating to the Acquisition.

(5) This lease provides for four renewal terms of one year each, at the option of the Company.

(6) European Motors of Nashville has entered into a 20-year lease with H.G. Hill Realty Company, an entity unaffiliated with the Company, regarding a new BMW facility to be constructed at a site separate from its existing facility. The monthly rent payments under this lease are not presently fixed and will depend upon the final construction costs of the new facility. The lease term will begin when the Company occupies these premises.

(7) Cleveland Village Imports also leases a used-car lot across the street from its main facility from individuals not affiliated with the Company for a term expiring in 2002 and providing for $3,000 in monthly rent.

(8) Estimated size.

The Company's dealerships are generally located along major U.S. or interstate highways. One of the principal factors considered by the Company in evaluating an acquisition candidate is its location. The Company prefers to acquire dealerships located along major thoroughfares, primarily interstate highways with ease of access, which can be easily visited by prospective customers.

The Company owns certain of the real estate associated with Town & Country Toyota and Fort Mill Ford. The remainder of the properties utilized by the Company's dealership operations are leased as set forth in the foregoing table. The Company believes that its facilities are adequate for its current needs. In connection with its acquisition strategy, the Company intends to lease the real estate associated with a particular dealership whenever practicable.

Under the terms of its franchise agreements, the Company must maintain an appropriate appearance and design of its facilities and is restricted in its ability to relocate its dealerships. See " -- Relationships with Manufacturers."

EMPLOYEES

As of June 30, 1997 the Company employed 1,814 people, of whom approximately 271 were employed in managerial positions, 654 were employed in non-managerial sales positions, 387 were employed in non-managerial parts and service positions and 502 were employed in administrative support positions.

The Company believes that many dealerships in the retail automobile industry have difficulty in attracting and retaining qualified personnel for a number of reasons, including the historical inability of dealerships to provide employees with an equity interest in the profitability of the dealerships. The Company intends, upon completion of the Offering, to provide certain executive officers, managers and other employees with stock options and all employees with a stock purchase plan and believes this type of equity incentive will be attractive to existing and prospective employees of the Company. See "Management -- Stock Option Plan" and " -- Employee Stock Purchase Plan" and "Risk Factors -- Dependence on Key Personnel and Limited Management and Personnel Resources."

The Company believes that its relationship with its employees is good. None of the Company's employees is represented by a labor union. Because of its dependence on the Manufacturers, however, the Company may be affected by labor strikes, work slowdowns and walkouts at the Manufacturer's manufacturing facilities. See "Risk Factors -- Dependence on Automobile Manufacturers."

LEGAL PROCEEDINGS AND INSURANCE

From time to time, the Company is named in claims involving the manufacture of automobiles, contractual disputes and other matters arising in the ordinary course of the Company's business. Currently, no legal proceedings are pending against or involve the Company that, in the opinion of management, could reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Company.

Because of their vehicle inventory and nature of business, automobile retail dealerships generally require significant levels of insurance covering a broad variety of risks. The Company's insurance includes an umbrella policy as well as insurance on its real property, comprehensive coverage for its vehicle inventory, general liability insurance, employee dishonesty coverage and errors and omissions insurance in connection with its vehicle sales and financing activities.

MANAGEMENT

EXECUTIVE OFFICERS AND DIRECTORS; KEY PERSONNEL

The executive officers, directors and key personnel of the Company, and their ages as of the date of this Prospectus, are as follows:

<TABLE>
<CAPTION>

NAME	AGE	POSITION(S) WITH THE COMPANY
<S>	<C>	<C>
O. Bruton Smith....................	70	Chairman, Chief Executive Officer and Director*
Bryan Scott Smith..................	29	President, Chief Operating Officer and Director*
Nelson E. Bowers, II...............	53	Executive Vice President and Director Nominee*
		Chief Financial Officer, Vice President-Finance, Treasurer, Secretary and Director*
Theodore M. Wright.................	35	
William R. Brooks..................	47	Director
Jeffrey C. Rachor..................	35	Regional Vice President-Mid South Region
O. Ken Marks, Jr...................	35	Regional Vice President-Florida
Ivan A. Tufty......................	57	Regional Vice President-Texas
William M. Sullivan................	65	Regional Vice President-North and South Carolina

</TABLE>

* Executive Officer

O. BRUTON SMITH has been the Chairman, Chief Executive Officer and a director of the Company since its organization in 1997 and presently is the controlling stockholder of the Company through his direct and indirect ownership of Class B Common Stock. Mr. Smith has been the president and controlling stockholder of Sonic Financial since its formation, which prior to the Reorganization owned a controlling interest in all of the Company's dealerships except Town & Country Toyota and presently owns a controlling interest in the Company's Common Stock. Mr. Smith, prior to the Reorganization, owned a controlling interest in Town & Country Toyota. Mr. Smith currently is, and since their acquisition by Sonic Financial has been, a director and the president of each of the Company's dealerships. Mr. Smith has worked in the retail automobile industry since 1966. Mr. Smith's initial term as a director of the Company will expire at the annual meeting of stockholders of the Company to be held in 2000. Mr. Smith is also the chairman and chief executive officer, a director and controlling shareholder, either directly or through Sonic Financial, of Speedway Motorsports, Inc. ("SMI"). SMI is a public company traded on the NYSE. Among other things, it owns and operates the following NASCAR racetracks: Atlanta Motor Speedway, Bristol Motor Speedway, Charlotte Motor Speedway, Sears Point Raceway and Texas Motor Speedway. He is also the executive officer and a director of each of SMI's operating subsidiaries. Under his employment agreement with the Company, Mr. Smith is required to devote approximately 50% of his business time to the Company's business.

BRYAN SCOTT SMITH has been the President and Chief Operating Officer of the Company since April 1997, and a director of the Company since its organization in 1997. Mr. Smith, who is the son of Bruton Smith, has been the Vice President since 1993 and, prior to the Reorganization, the minority owner of Town & Country Ford. Mr. Smith joined the Company's predecessor in January 1991 on a full-time basis as an assistant used car manager. In August of 1991, Mr. Smith became the used car manager at Town & Country Ford. Mr. Smith was promoted to General Manager of Town & Country Ford in November 1992 where he remained until his appointment to President and Chief Operating Officer of the Company in April of 1997. Mr. Smith's initial term as a director of the Company will expire at the annual meeting of stockholders of the Company to be held in 1998.

NELSON E. BOWERS, II will be appointed the Executive Vice President and a director of the Company upon consummation of the Bowers Acquisition. Mr. Bowers owns a controlling interest in the dealerships that are the subject of the Bowers Acquisition and has worked in the retail automobile industry since 1974. Mr. Bowers has served on national dealer councils for BMW and Volvo and has owned and operated dealerships since 1979. Several of the dealerships owned by Mr. Bowers have been awarded the highest awards available from manufacturers for customer satisfaction. Mr. Bowers' initial term as a director of the Company will expire at the annual meeting of stockholders to be held in 1999.

THEODORE M. WRIGHT has been the Chief Financial Officer, Vice President-Finance, Treasurer and Secretary of the Company since April 1997, and a director of the Company since June 1997. Before joining the Company, Mr. Wright was a Senior Manager and in charge of the Columbia, South Carolina office of Deloitte & Touche LLP. Prior to joining the Columbia office, Mr. Wright was a Senior Manager in Deloitte & Touche LLP's National Office Accounting Research and SEC Services Departments from 1994 to 1995. From 1992 to 1994 Mr. Wright was an audit manager with Deloitte & Touche LLP. Mr. Wright's initial term as a director of the Company will expire at the annual meeting of stockholders to be held in 1999.

WILLIAM R. BROOKS has been a director of the Company since its formation. Mr. Brooks also served as the Company's Treasurer, Vice President and Secretary from its organization in February 1997 to April 1997 when Mr. Wright was appointed to those positions. Since December 1994, Mr. Brooks has been the Vice President, Treasurer, Chief Financial Officer and a director of SMI. Mr. Brooks also serves as an executive officer and a director for various operating subsidiaries of SMI. Before the formation of SMI in December 1994, Mr. Brooks was the Vice President of the Charlotte Motor Speedway and a Vice President and a director of Atlanta Motor Speedway. Mr. Brooks joined Sonic Financial from Price Waterhouse in 1983. At Sonic Financial, he was promoted from Manager to Controller in 1985 and again to Chief Financial Officer in 1989. Mr. Brooks' initial term as a director of the Company will expire at the annual meeting of stockholders to be held in 2000.

JEFFREY C. RACHOR will be appointed Regional Vice President upon consummation of the Bowers Acquisition. Mr. Rachor has over 13 years experience in automobile retailing and has been the chief operating officer at the Bowers Dealerships since 1989. During this period, Mr. Rachor has also served at various times as the general manager of Toyota, Saturn and Chrysler-Plymouth-Jeep-Eagle dealerships. Prior to joining the Bowers organization, Mr. Rachor was an assistant regional manager with American Suzuki Motor Corporation from 1987 to 1989 and a Metro Sales Manager and a District Sales Manager with GM's Buick Motor Division from 1983 to 1987.

O. KEN MARKS, JR. owns a controlling interest in Ken Marks Ford and has operated that dealership as its chief executive since prior to 1992. Mr. Marks is a Chairman's award winner from Ford and has over 13 years experience in auto retailing. Ken Marks Ford is one of the top 100 automobile dealerships in the United States and one of the 30 largest Ford dealerships. Mr. Marks will be appointed a Regional Vice President upon consummation of the Offering.

IVAN A. TUFTY has been Executive Manager of Lone Star Ford since 1990 and will be appointed a Regional Vice President upon consummation of the Offering. Under Mr. Tufty's leadership, Lone Star Ford has been recognized as one of the 30 largest Ford dealerships and one of the 100 largest dealerships in the United States. Mr. Tufty has over 40 years of experience in auto retailing and was a dealer principal and equity owner for 12 years.

WILLIAM M. SULLIVAN has been Vice-President of Town & Country Ford since prior to 1992 and will be appointed a Regional Vice President upon consummation of the Offering. Mr. Sullivan has over 25 years experience in auto retailing as an Executive Manager, head of F&I and in other roles.

As soon as practicable after the Offering, the Company intends to name two or three individuals not employed by or affiliated with the Company to the Company's Board of Directors.

The Board of Directors of the Company is divided into three classes, each of which, after a transitional period, will serve for three years, with one class being elected each year. The executive officers are elected annually by, and serve at the discretion of, the Company's Board of Directors.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Since the Company's organization in February 1997, all matters concerning executive officer compensation have been addressed by the entire Board of Directors. Bruton Smith, Scott Smith and Theodore Wright were executive officers of the Company and, together with William R. Brooks, will constitute the entire Board until the consummation of the Offering when Nelson Bowers, an executive officer of the Company, is to be appointed. Bruton Smith serves as Chairman of the Board of SMI. William R. Brooks, an executive officer of SMI, serves on the Board of the Company. As soon as practicable after the Offering, the Company intends to name at least two independent directors who will comprise the Company's compensation committee. See "Management."

LIMITATIONS OF DIRECTORS LIABILITY

The Certificate includes a provision that effectively eliminates the liability of directors to the Company or to the Company's stockholders for monetary damages for breach of the fiduciary duties of a director, except for breaches of the duty of loyalty, acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, certain actions with respect to unlawful dividends, stock repurchases or redemptions and any transaction from which the director derived an improper personal benefit. This provision does not prevent stockholders from seeking nonmonetary remedies covering any such action, nor does it affect liabilities under the federal securities laws. The Company's Bylaws further provide that the Company shall indemnify each of its directors and officers, to the fullest extent authorized by Delaware Law, with respect to any threatened, pending or completed action, suit or proceeding to which such person may be a party by reason of serving as a director or officer. Delaware Law currently authorizes a corporation to indemnify its directors and

officers against expenses (including attorney's fees), judgments, fines and amounts paid in settlements actually and reasonably incurred by them in connection with any action, suit or proceeding brought by a third party if such officers or directors acted in good faith and in a manner they reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had no reason to believe their conduct was unlawful. Indemnification is permitted in more limited circumstances with respect to derivative actions. The Company believes that these provisions of the Certificate and the Bylaws are necessary to attract and retain qualified persons to serve as directors and officers.

COMMITTEES OF THE BOARD

The Board of Directors will establish a Compensation Committee and an Audit Committee consisting of independent directors upon the election of at least two independent directors. The Compensation Committee will review and approve compensation for the executive officers, and administer, and determine awards under, the Stock Option Plan and any other incentive compensation plans for employees of the Company. See " -- Stock Option Plan" and " -- Employee Stock Purchase Plan." The Audit Committee will recommend the selection of auditors for the Company and will review the results of the audit and other reports and services provided by the Company's independent auditors. The Company has not previously had either of these committees.

DIRECTOR COMPENSATION

Members of the Board of Directors who are not employees of the Company will be compensated for their services in amounts to be determined. The Company will also reimburse all directors for their expenses incurred in connection with their activities as directors of the Company. Directors who are also employees of the Company receive no compensation for serving on the Board of Directors.

EXECUTIVE COMPENSATION

Sonic was incorporated on January 31, 1997 and did not conduct any operations prior to that time. The Company anticipates that during 1997 its most highly compensated executive officers with annual salaries exceeding $100,000, and their annual base salaries for 1997, will be: Bruton Smith -- $350,000, Scott Smith -- $300,000, Nelson Bowers -- $400,000, and Theodore Wright -- $180,000.

Set forth below is information for the years ended December 31, 1996, 1995 and 1994 with respect to compensation for services to the Company's predecessors of the Company's executive officers.

SUMMARY COMPENSATION TABLE

<TABLE>
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		ANNUAL COMPENSATION			LONG-TERM COMPENSATION AWARDS	
NAME AND PRINCIPAL POSITION(S)	YEAR	SALARY (1)	BONUS (2)	OTHER ANNUAL COMPENSATION	NUMBER OF SHARES UNDERLYING OPTIONS (4)	ALL OTHER COMPENSATION (5)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
O. Bruton Smith	1996	$ 164,750	--	$ 33,350(3)	--	--
Chairman, Chief Executive Officer	1995	142,200	--	41,350(3)	--	--
and Director	1994	142,200	--	41,000(3)	--	--
Bryan Scott Smith	1996	$ 48,000	$ 230,714	(5)	--	--
President, Chief	1995	48,000	168,670	(5)	--	--
Operating Officer	1994	48,000	134,537	(5)	--	--
and Director						

</TABLE>

(1) Does not include the dollar value of perquisites and other personal benefits.

(2) The amounts shown are cash bonuses earned in the specified year and paid in the first quarter of the following year.

(3) The Company provides Mr. Smith with the use of automobiles for personal use, the annual cost of which is reflected as Other Annual Compensation.

(4) The Company's Stock Option Plan was adopted in September 1997. Therefore, no options were granted to any of the Company's executive officers in 1996, 1995 or 1994.

(5) The aggregate amount of perquisites and other personal benefits received did not exceed the lesser of $50,000 or 10% of the total annual salary and bonus reported for such executive officer.

EMPLOYMENT AGREEMENTS

The Company has entered into employment agreements with Messrs. Bruton Smith, Scott Smith, Bowers, Wright, Marks and Rachor (the "Employment Agreements"), effective upon consummation of the Offering, which provide for an annual base salary and certain other benefits. Pursuant to the Employment Agreements, the 1997 base salaries of Messrs. Bruton Smith, Scott Smith, Bowers, Wright, Marks and Rachor will be $350,000, $300,000, $400,000, $180,000, $48,000, and $150,000, respectively. The executives will also receive such additional increases as may be determined by the Compensation Committee. The Employment Agreements, except those of Messrs. Rachor and Marks, provide for the payment of annual performance-based bonuses equal to a percentage of the executive's base salary, upon achievement by the Company (or relevant region) of certain performance objectives, based on the Company's pre-tax income, to be established by the Compensation Committee. The Employment Agreements of Messrs. Rachor and Marks provide for the payment of annual performance-based bonuses, paid in equal installments on a monthly basis, equal to a percentage of the pre-tax earnings of subsidiaries of the Company located within his regions of responsibility, in the case of Mr. Rachor, and of Ken Marks Ford in the case of Mr. Marks. See " -- Incentive Compensation Plan." Under the terms of the Employment Agreements, the Company will employ Mr. Bruton Smith through November 2000. Under the terms of their respective Employment Agreements, the Company will employ Messrs. Scott Smith, Bowers, Wright, Marks and Rachor for five years or until their respective Employment Agreements are terminated by the Company or the executive. Messrs. Scott Smith, Bowers, Wright, Marks and Rachor also receive under their Employment Agreements, options pursuant to the Company's Stock Option Plan, for 99,875 shares, 79,313 shares, 38,188 shares, 35,250 shares and 41,125 shares, of the Class A Common Stock, respectively, exercisable at the initial public offering price, vesting in three equal annual installments beginning October 1998 and expiring in October 2007.

Each of the Employment Agreements contain similar noncompetition provisions. These provisions, during the term of the Employment Agreement, (i) prohibit the disclosure or use of confidential Company information, and (ii) prohibit competition with the Company for the Company's employees and its customers, interference with the Company's relationships with its vendors, and employment with any competitor of the Company in specified territories. The provisions referred to in (ii) above shall also apply for a period of two years following the expiration or termination of an Employment Agreement. With respect to Messrs. Bruton Smith, Scott Smith and Wright, the geographic restrictions apply in any Standard Metropolitan Statistical Area ("SMSA") or county in which the Company has a place of business at the time their employment ends. With respect to Messrs. Bowers and Rachor, the restrictions apply only in the SMSA's for Houston, Charlotte, Chattanooga, and Nashville, provided that such noncompetition provisions do not apply to his operation of Saturn of Chattanooga. With respect to Mr. Marks, the territorial restrictions apply only in the SMSA's or counties in which the Company has a place of business and about which Marks had access to confidential information or for which he had operational or managerial involvement.

STOCK OPTION PLAN

In October 1997, the Board of Directors and stockholders of the Company adopted the Company's 1997 Stock Option Plan (the "Stock Option Plan") in order to attract and retain key personnel. The following discussion of the material features of the Stock Option Plan is qualified by reference to the text of such Plan filed as an exhibit to the Registration Statement of which this Prospectus is a part.

Under the Stock Option Plan, options to purchase up to an aggregate of 1,125,000 shares of Class A Common Stock may be granted to key employees of the Company and its subsidiaries and to officers, directors, consultants and other individuals providing services to the Company. Members of the Board of Directors who serve on the Compensation Committee must qualify as "non-employee directors," as that term is defined in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended.

The Compensation Committee of the Board of Directors of the Company will administer the Stock Option Plan and will determine, among other things, the persons who are to receive options, the number of shares to be subject to each option and the vesting schedule of options. The Board of Directors of the Company will determine the terms and conditions upon which the Company may make loans to enable an optionee to pay the exercise price of an option. In selecting individuals for options and determining the terms thereof, the Compensation Committee may consider any factors it considers relevant, including present and potential contributions to the success of the Company. Options granted under the Stock Option Plan must be exercised within a period fixed by the Compensation Committee, which period may not exceed ten years from the date of grant of the option or, in the case of incentive stock options ("ISOs") granted to any holder on the date of grant of more than ten percent of the total combined voting power of all classes of stock of the Company, five years from the date of grant of the option. Options may be made exercisable in whole or in installments, as determined by the Compensation Committee.

Options generally may not be transferred other than by will or the laws of descent and distribution and, during the lifetime of an optionee, options may be exercised only by the optionee. Notwithstanding the foregoing, the Compensation Committee, in its absolute discretion, may grant transferable options if such options are not ISOs. The exercise price of options that are not ISOs will be determined at the discretion of the Compensation Committee. The exercise price of ISOs may not be less than the market value of the Class A Common Stock on the date of grant of the option. In the case of ISOs granted to any holder on the date of grant of more than ten percent of the total combined voting power of all classes of stock of the Company and its subsidiaries, the exercise price may not be less than 110% of the market value per share of the Class A Common Stock on the date of grant. Unless designated as "incentive stock options" intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended (the

"Code"), options granted under the Stock Option Plan are intended to be "nonstatutory stock options" ("NSOs"). The exercise price may be paid in cash, in shares of Class A Common Stock owned by the optionee, in NSOs granted under the Stock Option Plan (except that the exercise price of an ISO may not be paid in NSOs) or in any combination of cash, shares and NSOs.

Options granted under the Stock Option Plan may include the right to acquire a "reload" option. In such a case, if a participant pays all or part of the exercise price of an option with shares of Class A Common Stock held by the participant for at least six months, then, upon exercise of the option, the participant is granted a second option to purchase, at the fair market value as of the date of grant of the second option, the number of shares of Class A Common Stock transferred to the Company by the participant in payment of the exercise price of the original option. A reload option is not exercisable until one year after the grant date of such reload option or the expiration date of the original option. If the exercise price of a reload option is paid for with shares of Class A Common Stock that have been held by the optionee for more than six months, then another reload option will be issued. Shares of Class A Common Stock covered by a reload option will not reduce the number of shares of Class A Common Stock available under the Stock Option Plan.

The Stock Option Plan provides that, in the event of changes in the corporate structure of the Company or certain events affecting the shares of the Company, adjustments will automatically be made in the number and kind of shares available for issuance and in the number and kind of shares covered by outstanding options. It further provides that, in connection with any merger or consolidation in which the Company is not the surviving corporation and which results in the holders of the outstanding voting securities of the Company owning less than a majority of the surviving corporation or any sale or transfer by the Company of all or substantially all its assets or any tender offer or exchange offer for or the acquisition, directly or indirectly, by any person or group of all or a majority of the then-outstanding voting securities of the Company, all outstanding options under the Stock Option Plan will become exercisable in full on and after (i) the 15th day prior to the effective date of such merger, consolidation, sale, transfer or acquisition or (ii) the date of commencement of such tender offer or exchange offer, as the case may be.

The Board of Directors of the Company, on or before the consummation of the Offering, intends to grant NSOs and ISOs to purchase an aggregate of 587,509 shares of Class A Common Stock under the Stock Option Plan to three executive officers, five regional vice presidents and one dealer manager of the Company. Messrs. Scott Smith, Bowers and Wright are to be granted NSOs to purchase 79,875 shares, 59,313 shares, and 18,188 shares, respectively at an exercise equal to the public offering price of the Class A Common Stock sold in the Offering. Messrs. Scott Smith, Bowers and Wright are also to be granted ISOs to purchase 20,000 shares, 20,000 shares and 20,000 shares, respectively, at an exercise price equal to the public offering price of the Class A Common Stock sold in the Offering. All of these options will become exercisable in three equal annual installments beginning in October 1998 with the last installment vesting in October 2000, and all these options will expire in October 2007. Consequently, all executive officers as a group are to be granted NSOs to purchase an aggregate of 157,376 shares and ISOs to purchase an aggregate of 60,000 shares. Non-executive officer employees are to be granted NSOs and ISOs to purchase an aggregate of 290,133 shares and 80,000 shares, respectively. See " -- Employment Agreements."

The issuance and exercise of ISOs have no federal income tax consequences to the Company. While the issuance and exercise of ISOs generally have no ordinary income tax consequences to the holder, upon the exercise of an ISO, the holder will treat the excess of the fair market value on the date of exercise over the exercise price as an item of tax adjustment for alternative minimum tax purposes. If the holder of Class A Common Stock acquired upon the exercise of an ISO disposes of such stock before the later of (i) two years following the grant of the ISO and (ii) one year following the exercise of the ISO (a "Disqualifying Disposition"), the holder will recognize ordinary income for federal income tax purposes in an amount equal to the lesser of (i) the excess of the Class A Common Stock's fair market value on the date of exercise over the option exercise price, and (ii) the excess of the amount realized on disposition of the Class A Common Stock over the option exercise price. Any additional gain upon the disposition will be taxed as capital gains. The disposition of Class A Common Stock acquired from the exercise of an ISO other than in a Disqualifying Disposition will ordinarily result in capital gains or

loss to the holder for federal income tax purposes equal to the difference between the amount realized on disposition of the Class A Common Stock and the option exercise price. Any capital gain will be subject to reduced rates of tax if such shares were held more than twelve months, and will be subject to further reduced rates if such shares were held more than eighteen months. The Company will be entitled to a compensation expense deduction for the Company's taxable year in which the disposition occurs equal to the amount of ordinary income recognized by the holder.

The issuance of NSOs has no federal income tax consequences to the Company or the holder. Upon the exercise of an NSO, the Company generally will be allowed a federal income tax deduction equal to the amount by which the fair market value of the underlying shares on the date of exercise exceeds the exercise price. NSO holders will recognize ordinary income for federal income tax purposes at the time of option exercise in the same amount. In the event of a sale of shares acquired by exercise of a NSO, any appreciation or depreciation after the exercise date generally will be taxed as capital gain or loss; provided that any gain will be subject to reduced rates of tax if such shares were held for more than twelve months and will be subject to further reduced rates if such shares were held for more than eighteen months. The disposition of shares acquired by exercise of a NSO will result in capital gains or losses to the holder.

The Company intends to register the shares underlying the Stock Option Plan as required by the federal securities laws. If such registration is not required, such shares may be issued upon option exercise in reliance upon the private offering exemption codified in Section 4(2) of the Securities Act. Resale of such shares may be permitted subject to the limitations of Rule 144.

EMPLOYEE STOCK PURCHASE PLAN

In October 1997, the Board of Directors and stockholders of the Company adopted the Sonic Employee Stock Purchase Plan (the "ESPP"). The ESPP is intended to promote the interests of the Company by providing employees of the Company the opportunity to acquire a proprietary interest in the Company through the purchase of Class A Common Stock. The following discussion of the material features of the ESPP is qualified by reference to the text of such Plan filed in an exhibit to the Registration Statement of which this Prospectus is a part.

The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code. The ESPP is administered by the Compensation Committee, which, subject to the terms of the ESPP, has plenary authority in its discretion to interpret and construe the ESPP. The Compensation Committee will construe the provisions of the ESPP so as to extend and limit participation in a manner consistent with the requirements of Section 423 of the Code. A total of 150,000 shares of Class A Common Stock have been reserved for purchase under the ESPP.

On January 1 of each year during the term of the ESPP (the "Grant Date"), all eligible employees electing to participate in the ESPP ("Participating Employees") will be granted options to purchase shares of Class A Common Stock. Prior to each Grant Date, the Compensation Committee will determine the number of shares of Class A Common Stock available for purchase under each option, with the same number of shares to be available under each option granted on the same Grant Date. No Participating Employee may be granted an option which would permit such employee to purchase stock under the ESPP and all other employee stock purchase plans of the Company at a rate which exceeds $25,000 of the fair market value of such stock (determined at the time such option is granted) for each calendar year in which such option is outstanding at any time.

A Participating Employee may elect to designate a limited percentage of such employee's compensation (as defined in the ESPP) to be deferred by payroll deduction as a contribution to the ESPP. A Participating Employee instead may elect to make contributions by direct cash payment to the ESPP rather than by payroll deduction. To the extent a Participating Employee has accumulated enough funds, his or her contributions to the ESPP will be used to exercise the option granted under the ESPP through purchases of Class A Common Stock on the last business day of March, June, September and December on which the principal trading market for the Class A Common Stock is open for trading and on any other interim dates during the year which the Compensation Committee designates for such purpose (the "Exercise Date"). Contributions which are not enough to purchase a whole share of Class A Common Stock will be carried forward and applied on the next Exercise Date in that calendar year; provided that contributions remaining after the last Exercise Date of the calendar year may be distributed to the Participating Employee at his election.

The purchase price at which Class A Common Stock will be purchased through the ESPP shall be 85% of the lesser of (i) the fair market value of the Class A Common Stock on the applicable Grant Date, and (ii) the fair market value of the

Class A Common Stock on the applicable Exercise Date. Any option granted to a Participating Employee will be exercised automatically on each Exercise Date during the calendar year of the option's Grant Date in whole or in part such that the Participating Employee's accumulated contributions as of such Exercise Date, either through direct cash payment or payroll

deduction, will be applied to the purchase of the maximum number of whole shares of Class A Common Stock that such contribution will permit at the applicable option price, limited to the number of shares available for purchase under the option.

Any option granted to a Participating Employee will expire on the last Exercise Date of the calendar year in which granted. However, if a Participating Employee withdraws from the ESPP or terminates employment prior to such Exercise Date, the option may expire earlier.

Upon termination of a Participating Employee's employment for any reason other than cause, death or leave of absence in excess of ninety days, such employee may, at his election, request the return of contributions not yet used to purchase Class A Common Stock or continue participation in the ESPP until the Exercise Date next following the date of termination of employment such that any unexpired option held will be exercised automatically on such Exercise Date. If a Participating Employee dies while employed by the Company or prior to the Exercise Date next following termination of employment, such employee's estate will have the right to elect to withdraw all contributions not yet used to purchase Class A Common Stock or to exercise the Participating Employee's option for the purchase of Class A Common Stock on the Exercise Date next following the date of such employee's death.

The Board of Directors of the Company may at any time amend, suspend or terminate the ESPP; provided, however, that the ESPP may not be amended to increase the maximum number of shares of Class A Common Stock for which options may be granted under the ESPP, other than in connection with a change in capitalization, without obtaining the approval of Sonic stockholders.

The ESPP is intended to meet the requirements of an "employee stock purchase plan" under Section 423 of the Code. No federal taxable income will be recognized by Participating Employees upon the grant of an option to purchase Class A Common Stock under the ESPP. In addition, a Participating Employee will not recognize federal taxable income on the exercise of an option granted under the ESPP.

If the Participating Employee holds shares of Class A Common Stock acquired upon the exercise of an option granted under the ESPP until a date that is more than two years from the grant date of the relevant option and one year from the date of option exercise (or dies while owning such shares), the employee must report as ordinary income in the year of disposition of the shares (or at death) the lesser of (a) the excess of the fair market value of the shares at the time of disposition (or death) over the option exercise price and (b) the excess of the fair market value of the shares on the date the relevant option was granted over the option exercise price. For this purpose, the option exercise price is 85% of the fair market value of the shares on the date the relevant option was granted (assuming the shares are offered at a 15% discount). Any additional income is treated as long-term capital gain. If these holding period requirements are met, the Company is not entitled to any deduction for tax purposes. If the Participating Employee does not meet the holding period requirements, the employee recognizes at the time of disposition of the shares ordinary income equal to the difference between the price paid for the shares and the fair market value on the date of exercise, irrespective of the price at which the employee disposes of the shares, and an amount equal to such ordinary income is generally deductible by the Company. Any gain or loss realized on the disposition of the shares will generally be capital gain or loss; provided that any gain will be subject to reduced rates of tax if the shares were held for more than twelve months and will be subject to further reduced rates if the shares were held for more than eighteen months.

Because the ESPP is based on voluntary participation, benefits thereunder are not determinable.

The Company intends to register the shares underlying the ESPP as required by the federal securities laws. If such registration is not required, such shares may be issued upon option exercise in reliance upon the private offering exemption codified in Section 4(2) of the Securities Act. Resale of such shares may be permitted subject to the limitations of Rule 144.

CERTAIN TRANSACTIONS

REGISTRATION RIGHTS AGREEMENT

As part of the Reorganization, the Company entered into a Registration Rights Agreement dated as of June 30, 1997 (the "Registration Rights Agreements") with Sonic Financial, Bruton Smith, Scott Smith and William S. Egan. Sonic Financial, Bruton Smith, Scott Smith and Egan Group, LLC, an assignee of Mr. Egan (the "Egan Group") currently are the owners of record of 4,440,625, 1,035,625, 478,125 and 295,625 shares of Class B Common Stock, respectively. Upon the registration of any of their shares or as otherwise provided in the Certificate, such shares will automatically be converted into a like number of shares of Class A Common Stock. Subject to certain limitations, the Registration Rights Agreements provide Sonic Financial, Bruton Smith, Scott Smith and the Egan Group with certain piggyback registration rights that permit them to have their shares of Common Stock, as selling security holders, included in any registration statement pertaining to the registration of Class A Common Stock for issuance by the Company or for resale by other selling security holders, with the exception of registration statements on Forms S-4 and S-8 relating to exchange offers (and certain other transactions) and employee stock compensation plans, respectively. These registration rights will be limited or restricted to the extent an underwriter of an offering, if an underwritten offering, or the Company's Board of Directors, if not an underwritten offering, determines that the amount to be registered by Sonic Financial, Bruton Smith, Scott Smith or the Egan Group would not permit the sale of Class A Common Stock in the quantity and at the price originally sought by the Company or the original selling security holders, as the case may be. The Registration Rights Agreement expires on the tenth anniversary of the closing of the Offering. Sonic Financial is controlled by the Company's Chairman and Chief Executive Officer, Bruton Smith.

THE SMITH ADVANCE

In connection with the Fort Mill Acquisition, Mr. Smith advanced approximately $3.5 million to the Company (the "Smith Advance"). The Smith Advance was used by the Company to pay a portion of the cash consideration for the Fort Mill Acquisition at closing. The Smith Advance is evidenced by a demand note bearing interest at the minimum statutory rate of 3.83% per annum. The Company anticipates seeking additional cash advances or credit support in the form of guarantees or collateral from Mr. Smith in order to meet cash payment obligations in the remaining Acquisitions which close prior to the consummation of the Offering. The Company intends to repay the principal of and interest on the Smith Advance and any similar future advances from Mr. Smith used to fund the Acquisitions from the proceeds of this Offering.

THE SMITH GUARANTIES AND PLEDGES

Under the Six-Month Facility, Bruton Smith has guaranteed the obligations of the Company and secured his guarantee with a pledge of shares of common stock of Speedway Motorsports, Inc. owned directly by him. Under the Revolving Facility, Mr. Smith guaranteed the obligations of the Company and such obligations are further secured with a pledge of shares of common stock of Speedway Motorsports, Inc. owned directly or indirectly by him. Mr. Smith has pledged securities having an estimated value of approximately $40.0 million to secure the Six-Month Facility (the "Six-Month Pledge"). Should NationsBank foreclose on the Six-Month Pledge, the Company is under no obligation to repay or reimburse Mr. Smith. Mr. Smith pledged securities indirectly owned by him having an estimated value of approximately $50.0 million to secure the Initial Loan Commitment under the Revolving Facility (the "Revolving Pledge"). If net proceeds of the Offering to the Company are $70 million or greater, the Revolving Pledge will be released pursuant to the terms of the Revolving Facility. If net proceeds of the Offering to the Company are less than $70 million, Sonic Financial, a company controlled by Mr. Smith, will be required to provide continued credit support for the Revolving Facility in the form of a pledge of securities owned by Sonic Financial equal in value to three times the amount of the shortfall between $70 million and the actual net proceeds of the Offering to the Company. The Company will be under no obligation to repay or reimburse Mr. Smith or Sonic Financial if Ford Motor Credit forecloses on the Revolving Pledge. For further discussion of these lending arrangements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

CERTAIN DEALERSHIP LEASES

Certain of the properties leased by the Company's dealership subsidiaries are owned by officers, directors or holders of 5% or more of the Common Stock of the Company or their affiliates. These leases contain terms comparable to, or more favorable to the Company than, terms that would be obtained from unaffiliated third parties. Town & Country Ford operates at facilities leased from STC Properties, a North Carolina joint venture ("STC"). Town & Country Ford maintains a 5% undivided interest in STC and Sonic Financial owns the remaining 95% of STC. The STC lease on the Town & Country Ford facilities will expire in October 2000. Annual payments under the STC lease were $510,085 for each of 1994, 1995 and 1996. Current minimum rent payments are $409,000 annually ($34,083 monthly) through 1999, and will be decreased to $340,833

in 2000, such rents being below market. When this lease expires, the Company anticipates obtaining a long-term lease on the Town & Country Ford facility at fair market rent.

Lone Star Ford operates, in part, at facilities leased from Viking Investments Associates, a Texas association ("Viking"), which is controlled by Mr. Bruton Smith. The Viking lease on the Lone Star Ford property expires in 2005. Annual payments under the Viking lease were $351,420, $331,302 and $360,000 for 1994, 1995 and 1996, respectively. Minimum annual rents under this lease are $360,000 ($30,000 monthly), such amount being below market. When this lease expires, the Company anticipates obtaining a long-term lease on the Lone Star Ford facility at fair market rent.

The dealership leases discussed below will be executed and effective as of the consummation of the Acquisitions. The terms of these leases are comparable to terms that would be obtained from unaffiliated third parties because they were negotiated at arms-length before the lessors became affiliated with the Company.

KIA of Chattanooga operates at facilities leased from KIA Land Development, a company in which Nelson Bowers, the Company's Executive Vice President, maintains an ownership interest. The Company negotiated this lease in connection with the Bowers Acquisition. This triple net lease expires in 2007 and the monthly rent will be $11,070 per month. The Company may renew this lease at its option for two additional five year terms. At each renewal, the lessor may adjust lease rents to reflect fair market rents for the property.

European Motors operates at its Chattanooga facilities under a triple net lease from Mr. Bowers. The Company negotiated this lease in connection with the Bowers Acquisition. The European Motors lease expires in 2007 and provides for monthly rent of $16,846. This lease also provides for renewals on terms identical to the KIA of Chattanooga lease.

Jaguar of Chattanooga operates at facilities leased from JAG Properties, a company in which Mr. Bowers maintains an ownership interest. The Company negotiated this lease in connection with the Bowers Acquisition. This triple net lease expires in 2017 and provides for monthly rent of $22,010. The Company may renew this lease on terms identical to the KIA of Chattanooga renewal options.

Cleveland Chrysler-Plymouth-Jeep-Eagle leases its facilities from Cleveland Properties LLC, a limited liability company in which Mr. Bowers maintains an ownership interest. The Company negotiated this lease in connection with the Bowers Acquisition. This triple net lease expires in 2011, provides for monthly rent of $14,000 and may be renewed on terms identical to the KIA of Chattanooga lease.

Cleveland Village Imports operates at facilities leased from Nelson Bowers and another individual. Nelson Bowers, the Company's President and a director, owns a 75% undivided interest in the land and buildings leased by Cleveland Village Imports, with the remaining interests owned by an unrelated party. Such land and buildings are leased under two leases: one is a triple net fixed lease expiring on December 31, 1997 with rent of $8,000 per month and the other, pertaining to a used car lot, is a month-to-month lease with rent of $3,000 per month. In connection with the Bowers Acquisition, the lessors have agreed to allow the expiration of these leases in October 1997, and to replace them with a triple net lease at a negotiated rental rate for a 15-year initial term and two five-year renewals at the option of the Company.

Dyer Volvo operates at facilities leased from D&R Investments, an entity in which Richard Dyer, the Company's Executive Manager for Dyer Volvo, maintains an ownership interest. This triple net lease, negotiated by the Company in connection with the Dyer Acquisition, expires in 2009 and provides for monthly rent of $50,000. The Dyer Volvo lease also provides the Company with two optional renewals of five years each with rent at each renewal being adjusted to fair market rent.

Ken Marks Ford ("KMF") operates at facilities leased from Marks Holding Company, a corporation that is owned by Ken Marks, the Company's Regional Vice President-Florida. In connection with the Ken Marks Acquisition, the lessor has agreed to enter into a triple net lease with the Company as lessee at a negotiated rental rate of $95,000 per month for an initial term expiring 2007 with two five-year renewals at the option of the Company.

CHARTOWN TRANSACTIONS

Chartown is a general partnership engaged in real estate development and management. Before the Reorganization, Town & Country Ford maintained a 49% partnership interest in Chartown with the remaining 51% held by SMDA Properties, LLC, a North Carolina limited liability company ("SMDA"). Mr. Smith owns an 80% direct membership interest in SMDA with the remaining 20% owned indirectly through Sonic Financial. In addition, Sonic Financial also held a demand promissory note for approximately $1.6 million issued by Chartown (the "Chartown Note"), which was uncollectible due to insufficient funds. As part of the Reorganization, the Chartown Note was canceled and Town & Country Ford transferred its partnership interest in Chartown to Sonic Financial for nominal consideration. In connection with that transfer, Sonic Financial

agreed to indemnify Town & Country Ford for any and all obligations and liabilities, whether known or unknown, relating to Chartown and Town & Country Ford's ownership thereof.

THE BOWERS VOLVO NOTE

In connection with Volvo's approval of the Company's acquisition of a Volvo franchise in the Bowers Acquisition, Volvo, among other things, conditioned its approval upon Nelson Bowers, the Company's Executive Vice President and a director nominee, acquiring and maintaining a 20% interest in the Company's Sonic Automotive of Chattanooga, LLC ("Chattanooga Volvo") subsidiary that will operate the Volvo franchise. Mr. Bowers will finance all of the purchase price for this 20% interest by issuing a promissory note (the "Bowers Volvo Note") in favor of Sonic Automotive of Nevada, Inc. ("Sonic Nevada"), the wholly-owned subsidiary of the Company that controls a majority interest in Chattanooga Volvo. The Bowers Note will be secured by Mr. Bowers' interest in Chattanooga Volvo.

The Bowers Volvo Note will be in a principal amount of $900,000 (subject to adjustment following the closing of the Bowers Acquisition) and bear interest at the lowest applicable federal rate as published by the U.S. Treasury Department in effect on the date Mr. Bowers purchases his interest in Chattanooga Volvo. Accrued interest will be payable annually. The operating agreement of Chattanooga Volvo will provide that profits and distributions are to be allocated first to Mr. Bowers to the extent of interest to be paid on the Bowers Volvo Note and next to the other members of Chattanooga Volvo according to their percentages of ownership. No other profits or any losses of Chattanooga Volvo will be allocated to Mr. Bowers under this arrangement. Mr. Bowers' interest in Chattanooga Volvo will be redeemed and the Bowers Volvo Note will be due and payable in full when Volvo no longer requires Mr. Bowers to maintain his interest in Chattanooga Volvo.

OTHER TRANSACTIONS

During each of the three years ended December 31, 1996, Town & Country Ford paid $48,000 to Sonic Financial as a management fee. Sonic Financial's services to Town & Country Ford have included performance of the following functions, among others: maintenance of lender and creditor relationships; tax planning; preparation of tax returns and representation in tax examinations; record maintenance; internal audits and special audits; assistance to independent public accountants; and litigation support to company counsel. Payments of fees to and receipt of services from Sonic Financial ceased before the Reorganization. Since that time, the Company has been providing these services for itself and its subsidiaries, including Town and Country Ford.

Beginning in early 1997, certain of the Sonic Dealerships have entered into arrangements to sell to their customers credit life insurance policies underwritten by American Heritage Life Insurance Company, an insurer unaffiliated with Sonic ("American Heritage"). American Heritage in turn reinsures all of these policies with Provident American Insurance Company, a Texas insurance company ("Provident American"). Under these arrangements, the Sonic Dealerships paid an aggregate of $140,000 to American Heritage in premiums for these policies since January 1, 1997. The Company anticipates terminating this arrangement with American Heritage by 1998. Provident American is a wholly-owned subsidiary of Sonic Financial.

Town & Country Ford and Lone Star Ford have each made several non-interest bearing advances to Sonic Financial. As of June 30, 1997, Town & Country Ford had made approximately $2.1 million of such advances. In preparation for the Reorganization, a demand promissory note by Sonic Financial evidencing certain of Town & Country Ford's advances in the amount of $1.6 million was canceled in exchange for the redemption of certain shares of the capital stock of Town & Country Ford held by Sonic Financial. As of June 30, 1997, Lone Star Ford had made approximately $0.5 million of advances to Sonic Financial. In preparation for the Reorganization, a demand promissory note by Sonic Financial evidencing certain of Lone Star Ford's advances in the amount of $363,000 was canceled pursuant to a dividend. At years ended December 31, 1996, 1995 and 1994, the aggregate balances of such advances due from Sonic Financial were approximately $2.5 million, $0 and $0, respectively.

Certain subsidiaries of the Company (such subsidiaries together with the Company and Sonic Financial being hereinafter referred to as the "Sonic Group") have joined with Sonic Financial in filing consolidated federal income tax returns for several years. Such subsidiaries will join with Sonic Financial in filing for 1996 and for the period ending on June 30, 1997. Under applicable federal tax law, each corporation included in Sonic Financial's consolidated return is jointly and severally liable for any resultant tax. Under a tax allocation agreement dated as of June 30, 1997, however, the Company agreed to pay to Sonic Financial, in the event that additional federal income tax is determined to be due, an amount equal to the Company's separate federal income tax liability computed for all periods in which any member of the Sonic Group has been a member of Sonic Financial's consolidated group less amounts previously recorded by the Company. Also pursuant to such agreement, Sonic Financial agreed to indemnify the Company for any additional amount determined to be due from Sonic Financial's consolidated group in excess of the federal income tax liability of the Sonic Group for such periods. The tax allocation

agreement establishes procedures with respect to tax adjustments, tax claims, tax refunds, tax credits and other tax attributes relating to periods ending prior to the time that the Sonic Group shall leave Sonic Financial's consolidated group.

The Company acquired the Sonic Dealerships in the Reorganization pursuant to four separate stock subscription agreements (the "Subscription Agreements"). The Subscription Agreements provide for the acquisition of 100% of the capital stock or membership interests, as the case may be, of each of the Sonic Dealerships from Sonic Financial, Mr. Smith, the Egan Group (an assignee of Mr. Egan) and Bryan Scott Smith in exchange for certain amounts of the Company's issued and outstanding Class B Common Stock. See "Principal Stockholders."

For additional information concerning related party transactions of the Company, see Note (7) to the Combined and Consolidated Financial Statements of Sonic and for the businesses being acquired in the Acquisitions, see "The Acquisitions" and the notes to the historical financial statements for each respective business acquired included in this Prospectus.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of October 10, 1997 by (i) each stockholder who is known by the Company to own beneficially more than five percent of the outstanding Common Stock, (ii) each director of the Company, (iii) each executive officer of the Company, and (iv) all directors and executive officers of the Company as a group, and as adjusted to reflect the sale by the Company of the shares of Class A Common Stock in this Offering. Prior to this Offering, no shares of Class A Common Stock were issued and outstanding. However, options to acquire 587,509 shares of Class A Common Stock will be issued on or before the closing of the Offering to certain of the Company's officers and employees, and the Dyer Warrant will be issued upon the closing of the Dyer Acquisition. Holders of Class A Common Stock are entitled to one vote per share on all matters submitted to a vote of the stockholders of the Company. Holders of Class B Common Stock are entitled to ten votes per share on all matters submitted to a vote of the stockholders, except that the Class B Common Stock is entitled to only one vote per share with respect to any transaction proposed or approved by the Board of Directors of the Company or proposed by all the holders of the Class B Common Stock or as to which any member of the Smith Group or any affiliate thereof has a material financial interest other than as a then existing stockholder of the Company constituting a (a) "going private" transaction (as defined herein), (b) disposition of substantially all of the Company's assets, (c) transfer resulting in a change in the nature of the Company's business, or (d) merger or consolidation in which current holders of Common Stock would own less than 50% of the Common Stock following such transaction. In the event of any transfer outside of the Smith Group or the Smith Group holds less than 15% of the total number of shares of Common Stock outstanding, such transferred shares or all shares, respectively, of Class B Common Stock will automatically convert into an equal number of shares of Class A Common Stock. See "Description of Capital Stock."

NAME (1)	NUMBER OF SHARES OF CLASS A COMMON STOCK OWNED	NUMBER OF SHARES OF CLASS B COMMON STOCK OWNED	PERCENTAGE OF ALL OUTSTANDING COMMON STOCK BEFORE OFFERING	PERCENTAGE OF ALL OUTSTANDING COMMON STOCK AFTER OFFERING(2)
O. Bruton Smith (3)(4)...	--	5,476,250	87.6%	48.7%
Sonic Financial Corporation (3)................................	--	4,440,625	71.1%	39.5%
Bryan Scott Smith (3)(5).......................................	--	478,125	7.7%	4.3%
William R. Brooks (3)..	--	--	--	--
Theodore M. Wright (3)(5)......................................	--	--	--	--
Nelson E. Bowers, II (3)(5)....................................	--	--	--	--
All directors and executive officers as a group (10 persons)....	--	5,954,375	95.27%	52.9%

(1) Unless otherwise noted, each person has sole voting and investment power over the shares listed opposite his name subject to community property laws where applicable.

(2) The percentages of total voting power would be as follows: Bruton Smith, 81.1%; Sonic Financial, 65.8%; Scott Smith, 7.1%; William Brooks, less than 1%; Theodore Wright, less than 1%; Nelson E. Bowers, II, less than 1%; and all directors and executive officers as a group, 88.2%. Assumes the Underwriters' over-allotment option is not exercised.

(3) The address of such person is care of the Company at 5401 East Independence Boulevard, Charlotte, North Carolina 28218.

(4) The shares of Common Stock shown as owned by such person or group include all of the shares owned by Sonic Financial as indicated elsewhere in the table. Mr. Smith owns the substantial majority of Sonic Financial's outstanding capital stock.

(5) Does not give effect to options granted under the Company's Stock Option Plan to purchase shares of Class A Common Stock at the public offering price. Since none of such options become exercisable prior to October 1998. See "Management -- Stock Option Plan."

DESCRIPTION OF CAPITAL STOCK

The Company's authorized capital stock consists of (i) 50,000,000 shares of Class A Common Stock, $.01 par value, (ii) 15,000,000 shares of Class B Common Stock, $.01 par value, and (iii) 3,000,000 shares of Preferred Stock, $.10 par value. Upon completion of this Offering, the Company will have 5,000,000 outstanding shares of Class A Common Stock and 6,250,000 outstanding shares of Class B Common Stock and no outstanding shares of preferred stock (assuming the Underwriters' over-allotment option is not exercised).

The following summary description of the Company's capital stock does not purport to be complete and is qualified in its entirety by reference to the Company's Certificate, which is filed as an exhibit to the Registration Statement of which this Prospectus forms a part, and Delaware Law. Reference is made to such exhibit and Delaware Law for a detailed description of the provisions thereof summarized below.

COMMON STOCK

The Company's Class A Common Stock and Class B Common Stock are equal in all respects except for voting rights, conversion rights of the Class B Common Stock and as required by law, as discussed more fully below.

VOTING RIGHTS; CONVERSION OF CLASS B COMMON STOCK TO CLASS A COMMON STOCK

The voting powers, preferences and relative rights of the Class A Common Stock and the Class B Common Stock are subject to the following provisions. Holders of Class A Common Stock have one vote per share on all matters submitted to a vote of the stockholders of the Company. Holders of Class B Common Stock are entitled to ten votes per share except as described below. Holders of all classes of Common Stock entitled to vote will vote together as a single class on all matters presented to the stockholders for their vote or approval except as otherwise required by Delaware Law. There is no cumulative voting with respect to the election of directors. In the event any shares of Class B Common Stock held by a member of the Smith Group (as defined below) are transferred outside of the Smith Group, such shares will automatically be converted into shares of Class A Common Stock. In addition, if the total number of shares of Common Stock held by members of the Smith Group is less than 15% of the total number of shares of Common Stock outstanding, all of the outstanding shares of Class B Common Stock automatically will be reclassified as Class A Common Stock. In any merger, consolidation or business combination, the consideration to be received per share by holders of Class A Common Stock must be identical to that received by holders of Class B Common Stock, except that in any such transaction in which shares of common stock are distributed, such shares may differ as to voting rights to the extent that voting rights now differ between the classes of Common Stock.

Notwithstanding the foregoing, the holders of Class A Common Stock and Class B Common Stock vote as a single class, with each share of each class entitled to one vote per share, with respect to any transaction proposed or approved by the Board of Directors of the Company or proposed by or on behalf of holders of the Class B Common Stock or as to which any member of the Smith Group or any affiliate thereof has a material financial interest other than as a then existing stockholder of the Company constituting a (a) "going private" transaction, (b) sale or other disposition of all or substantially all of the Company's assets, (c) sale or transfer which would cause the nature of the Company's business to be no longer primarily oriented toward automobile dealership operations and related activities or (d) merger or consolidation of the Company in which the holders of the Common Stock will own less than 50% of the Common Stock following such transaction. A "going private" transaction is defined as any "Rule 13e-3 Transaction," as such term is defined in Rule 13e-3 promulgated under the Securities Exchange Act of 1934. An "affiliate" is defined as (i) any individual or entity who or that, directly or indirectly, controls, is controlled by, or is under common control with any member of the Smith Group, (ii) any corporation or organization (other than the Company or a majority-owned subsidiary of the Company) of which any member of the Smith Group is an officer partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of voting securities, or in which any member of the Smith Group has a substantial beneficial interest, (iii) a voting trust or similar arrangement pursuant to which any member of the Smith Group generally controls the vote of the shares of Common Stock held by or subject to such trust or arrangement, (iv) any other trust or estate in which any member of the Smith Group has a substantial beneficial interest or as to which any member of the Smith Group serves as trustee or in a similar fiduciary capacity, or (v) any relative or spouse of any member of the Smith Group or any relative of such spouse, who has the same residence as any member of the Smith Group.

As used in this Prospectus, the term the "Smith Group" consists of the following persons: (i) Mr. Smith and his guardian, conservator, committee, or attorney-in-fact; (ii) William S. Egan and his guardian, conservator, committee, or attorney-in-fact; (iii) each lineal descendant of Messrs. Smith and Egan (a "Descendant") and their respective guardians, conservators,

committees or attorneys-in-fact; and (iv) each "Family Controlled Entity" (as defined below). The term "Family Controlled Entity" means (i) any not-for-profit corporation if at least 80% of its board of directors is composed of Mr. Smith, Mr. Egan and/or Descendants; (ii) any other corporation if at least 80% of the value of its outstanding equity is owned by members of the Smith Group; (iii) any partnership if at least 80% of the value of the partnership interests are owned by members of the Smith Group; and (iv) any limited liability or similar company if at least 80% of the value of the company is owned by members of the Smith Group. For a discussion of the effects of the disproportionate voting rights of the Common Stock, see "Risk Factors -- Concentration of Voting Power and Antitakeover Provisions."

Under the Company's Certificate and Delaware Law, the holders of Class A Common Stock and/or Class B Common Stock are each entitled to vote as a separate class, as applicable, with respect to any amendment to the Company's Certificate that would increase or decrease the aggregate number of authorized shares of such class, increase or decrease the par value of the shares of such class, or modify or change the powers, preferences or special rights of the shares of such class so as to affect such class adversely.

DIVIDENDS

Holders of the Class A Common Stock and the Class B Common Stock are entitled to receive ratably such dividends, if any, as are declared by the Company's Board of Directors out of funds legally available for that purpose, provided, that dividends paid in shares of Class A Common Stock or Class B Common Stock shall be paid only as follows: shares of Class A Common Stock shall be paid only to holders of Class A Common Stock and shares of Class B Common Stock shall be paid only to holders of Class B Common Stock. The Company's Certificate provides that if there is any dividend, subdivision, combination or reclassification of either class of Common Stock, a proportionate dividend, subdivision, combination or reclassification of the other class of Common Stock shall simultaneously be made.

OTHER RIGHTS

Stockholders of the Company have no preemptive or other rights to subscribe for additional shares. In the event of the liquidation, dissolution or winding up of the Company, holders of Class A Common Stock and Class B Common Stock are entitled to share ratably in all assets available for distribution to holders of Common Stock after payment in full of creditors. No shares of any class of Common Stock are subject to a redemption or a sinking fund. All outstanding shares of Common Stock are, and all shares offered by this Prospectus will be, when sold, validly issued, fully paid and nonassessable.

TRANSFER AGENT AND REGISTRAR

The Company has appointed First Union National Bank as the transfer agent and registrar for the Class A Common Stock. The Company has not appointed a transfer agent for the Class B Common Stock.

PREFERRED STOCK

No shares of preferred stock are outstanding. The Company's Certificate authorizes the Board of Directors to issue up to 3,000,000 shares of preferred stock in one or more series and to establish such designations and such relative voting, dividend, liquidation, conversion and other rights, preferences and limitations as the Board of Directors may determine without further approval of the stockholders of the Company. The issuance of preferred stock by the Board of Directors could, among other things, adversely affect the voting power of the holders of Class A Common Stock and, under certain circumstances, make it more difficult for a person or group to gain control of the Company. See "Risk Factors -- Concentration of Voting Power and Anti-takeover Provisions."

The issuance of any series of preferred stock, and the relative designations, rights, preferences and limitations of such series, if and when established, will depend upon, among other things, the future capital needs of the Company, the then-existing market conditions and other factors that, in the judgment of the Board of Directors, might warrant the issuance of preferred stock. At the date of this Prospectus, there are no plans, agreements or understandings for the issuance of any shares of preferred stock.

DELAWARE LAW, CERTAIN CHARTER AND BYLAW PROVISIONS AND CERTAIN FRANCHISE AGREEMENT PROVISIONS

Certain provisions of Delaware Law and of the Company's Certificate and Bylaws, summarized in the following paragraphs, may be considered to have an antitakeover effect and may delay, deter or prevent a tender offer, proxy contest or other takeover attempt that a stockholder might consider to be in such stockholder's best interest, including such an attempt as might result in payment of a premium over the market price for shares held by stockholders.

DELAWARE ANTITAKEOVER LAW. The Company, a Delaware corporation, is subject to the provisions of Delaware Law, including Section 203. In general, Section 203 prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which such person became an interested stockholder unless: (i) prior to such date, the Board of Directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; or (ii) upon becoming an interested stockholder, the stockholder then owned at least 85% of the voting stock, as defined in Section 203; or (iii) subsequent to such date, the business combination is approved by both the Board of Directors and by holders of at least 66 2/3% of the corporation's outstanding voting stock, excluding shares owned by the interested stockholder. For these purposes, the term "business combination" includes mergers, asset sales and other similar transactions with an "interested stockholder." An "interested stockholder" is a person who, together with affiliates and associates, owns (or, within the prior three years, did own) 15% or more of the corporation's voting stock. Although Section 203 permits a corporation to elect not to be governed by its provisions, the Company to date has not made this election.

CLASSIFIED BOARD OF DIRECTORS. The Company's Bylaws provide for the Board of Directors to be divided into three classes of directors serving staggered three-year terms. As a result, approximately one-third of the Board of Directors will be elected each year. Classification of the Board of Directors expands the time required to change the composition of a majority of directors and may tend to discourage a takeover bid for the Company. Moreover, under Delaware Law, in the case of a corporation having a classified board of directors, the stockholders may remove a director only for cause. This provision, when coupled with the provision of the Bylaws authorizing only the board of directors to fill vacant directorships, will preclude stockholders of the Company from removing incumbent directors without cause, simultaneously gaining control of the Board of Directors by filing the vacancies with their own nominees. See "Mangement -- Executive Officers and Directors; Key Personnel."

SPECIAL MEETINGS OF STOCKHOLDERS. The Company's Bylaws provide that special meetings of stockholders may be called only by the Chairman or by the Secretary or any Assistant Secretary at the request in writing of a majority of the Board of Directors of the Company. The Company's Bylaws also provide that no action required to be taken or that may be taken at any annual or special meeting of stockholders may be taken without a meeting; the powers of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied. These provisions may make it more difficult for stockholders to take action opposed by the Board of Directors.

ADVANCE NOTICE REQUIREMENTS FOR STOCKHOLDER PROPOSALS AND DIRECTOR NOMINATIONS. The Company's Bylaws provide that stockholders seeking to bring business before an annual meeting of stockholders, or to nominate candidates for election as directors at an annual or a special meeting of stockholders, must provide timely notice thereof in writing. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the principal executive office of the Company, (i) in the case of an annual meeting that is called for a date that is within 30 days before or after the anniversary date of the immediately preceding annual meeting of stockholders, not less than 60 days nor more than 90 days prior to such anniversary date, and, (ii) in the case of an annual meeting that is called for a date that is not within 30 days before or after the anniversary date of the immediately preceding annual meeting, or in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth day following the day on which notice of the date of the meeting was mailed or public disclosure of the date of the meeting was made, whichever occurs first. The Bylaws also specify certain requirements for a stockholder's notice to be in proper written form. These provisions may preclude some stockholders from bringing matters before the stockholders at an annual or special meeting or from making nominations for directors at an annual or special meeting.

CONFLICT OF INTEREST PROCEDURES. The Company's Certificate contains provisions providing that transactions between the Company and its affiliates must be no less favorable to the Company than would be available in transactions involving arms'-length dealing with unrelated third parties. Moreover, any such transaction involving aggregate payments in excess of $500,000 must be approved by a majority of the Company's directors and a majority of the Company's independent directors. Otherwise, the Company must obtain an opinion as to the financial fairness of the transactions to be issued by an investment banking or appraisal firm of national standing.

RESTRICTIONS UNDER FRANCHISE AGREEMENTS. The Company's franchise agreements impose restrictions on the transfer of the Common Stock. A number of Manufacturers prohibit transactions which affect changes in management control of the Company. For instance, Ford may cause the Company to sell or resign from its Ford franchises if any person or entity acquires 15% or more of the Company's voting securities. Likewise, General Motors, Toyota and Infiniti may force the sale of their respective franchises if 20% or more of the Company's voting securities are so acquired. Honda may force the sale of the Company's Honda franchise if any person or entity, other than members of the Smith Group, acquires 5% of the Common

Stock (10% if such entity is an institutional investor), and Honda deems such person or entity to be unsatisfactory. Volkswagen has approved of the public sale of only 25% of the voting control of the Company and requires prior approval of any change in control or management of the Company that would affect the Company's control or management of its Volkswagen franchisee subsidiaries. Chrysler also has approved of the public sale of only 50% of the Common Stock and requires prior approval of any future sales that would result in a change in voting or managerial control of the Company. Such restrictions may prevent or deter prospective acquirers from obtaining control of the Company. See "Risk Factors -- Stock Ownership/Issuance Limits; Limitation on Ability to Issue Additional Equity" and "Business -- Relationships with Manufacturers."

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this Offering, the Company will have outstanding 5,000,000 shares of Class A Common Stock (assuming no exercise of the Underwriters' over-allotment option). All of such shares will be freely transferable and may be resold without further registration under the Securities Act, except for any shares purchased by an "affiliate" of the Company (as defined by Rule 144), which shares will be subject to the resale limitations of Rule 144. The 6,250,000 shares (the "Restricted Shares") of Class B Common Stock outstanding, which are convertible into Class A Common Stock, are "restricted" securities within the meaning of Rule 144 irrespective of whether the conversion right is exercised. The 629,696 shares of Class A Common Stock, which underlie options to be granted on or before the closing of the Offering under the Company's Stock Option Plan and the Dyer Warrant, may be resold only pursuant to a registration statement under the Securities Act or an applicable exemption from registration thereunder such as an exemption provided by Rule 144.

In general, under Rule 144 as currently in effect, a person (or persons whose shares are aggregated) who has beneficially owned "restricted securities" for at least one year may, under certain circumstances, resell within any three-month period, such number of shares as does not exceed the greater of one percent of the then-outstanding shares of Class A Common Stock or the average weekly trading volume of Class A Common Stock during the four calendar weeks prior to such resale. Rule 144 also permits, under certain circumstances, the resale of shares without any quantity limitation by a person who has satisfied a two-year holding period and who is not, and has not been for the preceding three months, an affiliate of the Company. In addition, holding periods of successive non-affiliate owners are aggregated for purposes of determining compliance with these one- and two-year holding period requirements.

Upon completion of this Offering, none of the 6,250,000 shares of Class B Common Stock outstanding on the date of this Prospectus will have been held for at least one year. Since all such shares are restricted securities, none of them may be resold pursuant to Rule 144 upon completion of this Offering. Any transfer of shares of the Class B Common Stock to any person other than a member of the Smith Group will result in a conversion of such shares to Class A Common Stock.

The Restricted Shares will not be eligible for sale under Rule 144 until the expiration of the one-year holding period from the date such Restricted Shares were acquired.

The availability of shares for sale or actual sales under Rule 144 and the perception that such shares may be sold may have a material adverse effect on the market price of the Class A Common Stock. Sales under Rule 144 also could impair the Company's ability to market additional equity securities.

Additionally, the Company has entered into the Registration Rights Agreement with Sonic Financial, Bruton Smith, Scott Smith and William Egan. The Registration Rights Agreement provides piggyback registration rights with respect to 6,250,000 shares of Common Stock in the aggregate. For further information regarding the Registration Rights Agreement, see "Certain Transactions -- Registration Rights Agreements."

The Company, all of the executive officers of the Company and the holders of Class B Common Stock have agreed, subject to certain exceptions, not, directly or indirectly, to (i) sell, grant an option or otherwise transfer or dispose of any Class A Common Stock or securities convertible into or exchangeable or exercisable for Class A Common Stock, including shares of Class B Common Stock, or file a registration statement under the Securities Act with respect to the foregoing, or (ii) enter into any swap or other agreement or transaction that transfers, in whole or part, the economic consequences of ownership of the Class A Common Stock for 180 days from the date of this Prospectus without the prior written consent of Merrill Lynch; provided that the Company may sell shares of Class A Common Stock to a third party as consideration for the Company's acquisition from such third party of an automobile dealership, so long as such third party executes a lock up agreement on substantially the same terms described above for a period expiring 180 days after the date of this Prospectus.

UNDERWRITING

Subject to the terms and conditions set forth in a purchase agreement (the "Purchase Agreement"), the Company has agreed to sell to each of the Underwriters named below, and each of the Underwriters, for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), NationsBanc Montgomery Securities, Inc. and Wheat, First Securities, Inc. are acting as representatives (the "Representatives"), has severally agreed to purchase from the Company, the number of shares of Class A Common Stock set forth opposite its name below. In the Purchase Agreement, the several Underwriters have agreed, subject to the terms and conditions set forth therein, to purchase all the shares of Class A Common Stock offered hereby, if any are purchased. In the event of a default by an Underwriter, the Purchase Agreement provides that, in certain circumstances, purchase commitments of the nondefaulting Underwriters may be increased or the Purchase Agreement may be terminated.

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UNDERWRITERS	NUMBER OF SHARES
Merrill Lynch, Pierce, Fenner & Smith Incorporated........	
NationsBanc Montgomery Securities, Inc........	
Wheat, First Securities, Inc........	
Total........	5,000,000

</TABLE>

The Underwriters have advised the Company that they propose initially to offer the shares of Class A Common Stock to the public at the initial public offering price set forth on the cover page of this Prospectus and to certain dealers at such price less a concession not in excess of $ per share of Class A Common Stock. The Underwriters may allow, and such dealers may reallow, a discount not in excess of $ per share of Class A Common Stock to certain other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

At the request of the Company, the Underwriters have reserved up to 5% of the shares of Class A Common Stock for sale at the initial public offering price, and otherwise on the same terms as sales pursuant to the Offering, to directors, officers, employees, business associates and related persons of the Company. The number of shares of Class A Common Stock available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares which are not so purchased will be offered by the Underwriters to the general public on the same basis as the other shares offered hereby.

The Company, all of the executive officers of the Company and all the holders of Class B Common Stock have agreed, subject to certain exceptions, not to, directly or indirectly, (i) sell, grant any option to purchase or otherwise transfer or dispose of any Class A Common Stock or securities convertible into or exchangeable or exercisable for Class A Common Stock, including shares of Class B Common Stock, or file a registration statement under the Securities Act with respect to the foregoing or (ii) enter into any swap or other agreement or transaction that transfers, in whole or part, the economic consequence of ownership of the Class A Common Stock, without the prior written consent of Merrill Lynch, for a period of 180 days after the date of this Prospectus; provided that the Company may sell shares of Class A Common Stock to a third party as consideration for the Company's acquisition from such third party of an automobile dealership, provided that such third party executes a lock-up agreement on substantially the same terms described above for a period expiring 180 days after the date of this Prospectus.

The Company has granted an option to the Underwriters, exercisable within 30 days after the date of this Prospectus, to purchase up to an aggregate of

750,000 additional shares of Class A Common Stock at the initial public offering price set forth on the cover page of this Prospectus, less the underwriting discount. The Underwriters may exercise this option only to

cover over-allotments, if any, made on the sale of the Class A Common Stock offered hereby. To the extent that the Underwriters exercise this option, each Underwriter will be obligated, subject to certain conditions, to purchase a number of additional shares of Class A Common Stock proportionate to such Underwriter's initial amount reflected in the foregoing table.

Prior to the Offering, there has been no public market for the Class A Common Stock. The initial public offering price for the Class A Common Stock will be determined by negotiation between the Company and the Representatives. The factors considered in determining the initial public offering price, in addition to prevailing market conditions, are price-earnings ratios of publicly traded companies that the Representatives believe to be comparable to the Company, certain financial information of the Company, the history of, and the prospects for, the Company and the industry in which it competes, and an assessment of the Company's management, its past and present operations, the prospects for and the timing of future revenues of the Company, the present state of the Company's development, and the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to the Company. There can be no assurance that an active trading market will develop for the Class A Common Stock or that the Class A Common Stock will trade in the public market subsequent to the Offering made hereby at or above the initial public offering price.

The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the Underwriters may be required to make in respect thereof.

The Class A Common Stock has been approved for listing on the NYSE, subject to official notice of issuance, under the symbol "SAH." In order to meet the requirements for listing of the Class A Common Stock on that exchange, the Underwriters have undertaken to sell lots of 100 or more shares to a minimum of 2,000 beneficial holders.

The Representatives have advised the Company that the Underwriters do not intend to confirm sales of Class A Common Stock offered hereby to any accounts over which they exercise discretionary authority.

Until the distribution of the Class A Common Stock is completed, rules of the Securities and Exchange Commission may limit the ability of the Underwriters and certain selling group members to bid for and purchase the Class A Common Stock. As an exception to these rules, the Representatives are permitted to engage in certain transactions that stabilize the price of Class A Common Stock. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Class A Common Stock.

If the Underwriters create a short position in the Class A Common Stock in connection with the Offering, I.E., if they sell more shares of Class A Common Stock than are set forth on the cover page of this Prospectus, the Representatives may reduce that short position by purchasing Class A Common Stock in the open market. The Representatives may also elect to reduce any short position by exercising all or part of the over-allotment option described above.

The Representatives may also impose a penalty bid on certain Underwriters and selling group members. This means that if the Representatives purchase shares of Class A Common Stock in the open market to reduce the Underwriters' short position or to stabilize the price of the Class A Common Stock, they may reclaim the amount of the selling concession from the Underwriters and selling group members who sold those shares as part of the Offering.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of a security to the extent that it were to discourage resales of the security.

Neither the Company nor any of the Underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Class A Common Stock. In addition, neither the Company nor any of the Underwriters makes any representation that the Representatives will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

NationsBank, an affiliate of NationsBanc Montgomery Securities, Inc., loaned the Company $20 million under the Six-Month Facility to finance the Lake

Norman Acquisition and the Williams Acquistion. More than 10% of the net proceeds of the Offering will be received by NationsBank by reason of the use of such proceeds to repay a portion of such borrowings. Accordingly, the Offering will be conducted in accordance with NASD Conduct Rule 2710(c)(8), which requires that the public offering price of the Common Stock be no higher than the price recommended by a Qualified Independent Underwriter which has participated in the preparation of the Registration Statement and performed its usual standard of due diligence with respect thereto. Merrill Lynch will act as the Qualified Independent Underwriter for the Offering, and the public offering price will not be higher than the price recommended by Merrill Lynch.

LEGAL MATTERS

Parker, Poe, Adams & Bernstein L.L.P., Charlotte, North Carolina, counsel to the Company, will render an opinion that the shares of Class A Common Stock offered hereby, when issued and paid for in accordance with the terms of the Underwriting Agreement, will be duly authorized, validly issued, fully paid and nonassessable. Fried, Frank, Harris, Shriver & Jacobson (a partnership including professional corporations), New York, New York, has served as counsel to the Underwriters in connection with this Offering.

EXPERTS

The combined and consolidated financial statements of Sonic Automotive, Inc. and Affiliated Companies, the financial statements of Dyer & Dyer, Inc., the combined financial statements of Bowers Automotive Group, the combined financial statements of Lake Norman Dodge, Inc. and Affiliated Companies, and the financial statements of Ken Marks Ford, Inc. included in this Prospectus have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports appearing herein, and are included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission (the "SEC") a Registration Statement on Form S-1 under the Securities Act with respect to the shares of Class A Common Stock offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto. For further information with respect to the Company and the shares of Class A Common Stock offered hereby, reference is made to the Registration Statement, including the exhibits and schedules filed as part thereof. Statements contained in this Prospectus as to the contents of any contract or any other documents are not necessarily complete, and, in each such instance, reference is made to the copy of the contract or document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference thereto. The Registration Statement, together with its exhibits and schedules, may be inspected at the Public Reference Section of the SEC at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the regional offices of the SEC located at 7 World Trade Center, Suite 1300, New York, New York 10048 and at the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of all or any part of such materials may be obtained from any such office upon payment of the fees prescribed by the SEC. Such information may also be inspected and copied at the office of the NYSE at 20 Broad Street, New York, New York 10005. The Commission also maintains a Website (http://www.sec.gov.) that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC.

INDEX TO FINANCIAL STATEMENTS

<TABLE>
<CAPTION>

PAGE

<S>
<C>
SONIC AUTOMOTIVE, INC. AND AFFILIATED COMPANIES:
  INDEPENDENT AUDITORS'
REPORT.. F-2
  COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS:
    Combined and Consolidated Balance Sheets at December 31, 1995 and 1996 and unaudited at June 30, 1997............
F-3

Combined and Consolidated Statements of Income for the years ended December 31, 1994, 1995 and 1996 and unaudited for the six months ended June 30, 1996 and 1997... F-4
Combined and Consolidated Statements of Stockholders' Equity for the years ended December 31, 1994, 1995 and 1996 and unaudited for the six months ended June 30, 1997......................... F-5
Combined and Consolidated Statements of Cash Flows for the years ended December 31, 1994, 1995 and 1996 and unaudited for the six months ended June 30, 1996 and 1997.. F-6
Notes to Combined and Consolidated Financial Statements.. F-7

DYER & DYER, INC.:
INDEPENDENT AUDITORS' REPORT.. F-16
FINANCIAL STATEMENTS:
Balance Sheets at December 31, 1995 and 1996 and unaudited at June 30, 1997..................................... F-17
Statements of Income and Retained Earnings for the years ended December 31, 1994, 1995 and 1996 and unaudited for the six months ended June 30, 1996 and 1997.. F-18
Statements of Stockholder's Equity for the years ended December 31, 1994, 1995 and 1996 and unaudited for the six months ended June 30, 1997.. F-19
Statements of Cash Flows for the years ended December 31, 1994, 1995 and 1996 and unaudited for the six months ended June 30, 1996 and 1997.. F-20
Notes to Financial Statements... F-21

BOWERS DEALERSHIPS AND AFFILIATED COMPANIES:
INDEPENDENT AUDITORS' REPORT.. F-25
COMBINED FINANCIAL STATEMENTS:
Combined Balance Sheets at December 31, 1995 and 1996 and unaudited at June 30, 1997............................. F-26
Combined Statements of Income for the years ended December 31, 1995 and 1996 and unaudited for the six months ended June 30, 1996 and 1997.. F-27
Combined Statements of Stockholders' Equity for the years ended December 31, 1995 and 1996 and unaudited for the six months ended June 30, 1997.............................. F-28
Combined Statements of Cash Flows for the years ended December 31, 1995 and 1996 and unaudited for the six months ended June 30, 1996 and 1997.. F-29
Notes to Combined Financial Statements.. F-30

LAKE NORMAN DODGE, INC. AND AFFILIATED COMPANIES:
INDEPENDENT AUDITORS' REPORT.. F-37
COMBINED FINANCIAL STATEMENTS:
Combined Balance Sheets at December 31, 1996 and unaudited at June 30, 1997..................................... F-38
Combined Statements of Income for the year ended December 31, 1996 and unaudited for the six months ended June 30, 1996 and 1997.. F-39
Combined Statements of Stockholders' Equity for the year ended December 31, 1996 and unaudited for the six months ended June 30, 1997... F-40
Combined Statements of Cash Flows for the year ended December 31, 1996 and unaudited for the six months ended June 30, 1996 and 1997.. F-41
Notes to Combined Financial Statements.. F-42

KEN MARKS FORD, INC.:
INDEPENDENT AUDITORS' REPORT.. F-46
FINANCIAL STATEMENTS:
Balance Sheets at April 30, 1997 and unaudited at July 31, 1997.. F-47
Statements of Income for the year ended April 30, 1997 and unaudited for the three months ended July 31, 1996 and 1997... F-48
Statements of Stockholders' Equity for the year ended April 30, 1997 and unaudited for the three months ended July 31, 1997.. F-49

Statements of Cash Flows for the year ended April 30, 1997 and unaudited for the three months ended July 31, 1996 and 1997....... F-50
Notes to Financial Statements....... F-51
</TABLE>

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF
SONIC AUTOMOTIVE, INC.
Charlotte, North Carolina

We have audited the accompanying combined balance sheets of Sonic Automotive, Inc. and Affiliated Companies (the "Company"), which are under common ownership and management, as of December 31, 1995 and 1996, and the related combined statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Sonic Automotive, Inc. and Affiliated Companies as of December 31, 1995 and 1996, and the combined results of their operations and their combined cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Charlotte, North Carolina

September 29, 1997 (October 16, 1997 as to Notes 1 and 2)

SONIC AUTOMOTIVE, INC.
AND AFFILIATED COMPANIES

COMBINED AND CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 1995 AND 1996 AND JUNE 30, 1997

	DECEMBER 31, 1995	DECEMBER 31, 1996	JUNE 30, 1997 (UNAUDITED)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 8,993,887	$ 6,679,490	$ 9,237,585
Marketable equity securities	706,126	638,500	769,123
Receivables (Note 5) (net of allowance for doubtful accounts of $160,031 and $224,789 at December 31, 1995 and 1996, respectively)	9,085,376	11,907,786	12,897,264
Inventories (Notes 1, 3 and 5)	51,347,994	71,549,716	73,409,956
Deferred income taxes (Note 6)	117,500	279,896	256,032
Other current assets	311,019	332,561	818,171

Total current assets	70,561,902	91,387,949	97,388,131
PROPERTY AND EQUIPMENT, NET (Notes 4 and 5)	8,527,338	12,466,713	13,269,789
GOODWILL, NET (Note 1)	--	4,266,084	9,463,179
DUE FROM AFFILIATES (Note 7)	--	2,465,929	--
OTHER ASSETS	372,610	389,277	263,374
TOTAL ASSETS	$79,461,850	$110,975,952	$120,384,473
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Notes payable -- floor plan (Note 3)	$45,151,111	$ 63,893,356	$ 67,855,408
Trade accounts payable	3,043,180	3,642,572	3,847,922
Accrued interest	503,391	521,190	491,341
Other accrued liabilities	1,554,713	3,031,473	4,307,119
Payable to affiliated companies (Note 7)	2,000,000	--	--
Payable to Company's Chairman (Note 2)	--	--	3,500,000
Current maturities of long-term debt	169,932	518,979	487,242
Total current liabilities	52,422,327	71,607,570	80,489,032
LONG-TERM DEBT (Note 5)	3,560,766	5,285,862	5,137,210
PAYABLE TO AFFILIATED COMPANIES (Note 7)	1,219,204	914,339	854,984
DEFERRED INCOME TAXES (Note 6)	777,600	1,059,380	930,923
INCOME TAX PAYABLE (Note 6)	4,976,276	5,499,777	4,565,796
MINORITY INTEREST (Note 1)	199,522	313,912	--
COMMITMENTS AND CONTINGENCIES (Notes 7 and 10)			
STOCKHOLDERS' EQUITY (Notes 1, 8 and 9):			
Preferred stock, $.10 par, 3,000,000 shares authorized and unissued	--	--	--
Class A Common Stock, $.01 par, 50,000,000 shares authorized and unissued	--	--	--
Class B Common Stock, $.01 par, 15,000,000 shares authorized, 6,250,000 shares issued and outstanding	62,500	62,500	62,500
Paid-in capital	6,269,046	13,333,160	14,418,342
Retained earnings	10,010,097	12,993,014	14,023,119
Unrealized loss on marketable equity securities	(35,488)	(93,562)	(97,433)
Total stockholders' equity	16,306,155	26,295,112	28,406,528
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$79,461,850	$110,975,952	$120,384,473

</TABLE>

See notes to combined and consolidated financial statements.

SONIC AUTOMOTIVE, INC.
AND AFFILIATED COMPANIES

COMBINED AND CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996
AND THE SIX MONTHS ENDED JUNE 30, 1996 AND 1997

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	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1994	1995	1996	1996	1997
<S>	<C>	<C>	<C>	<C>	<C>
					(UNAUDITED)
REVENUES:					

Vehicle sales	$227,959,827	$267,307,949	$326,841,772	$164,332,724	$185,077,493
Parts, service and collision repair	33,984,096	35,859,960	42,643,812	21,005,202	22,906,377
Finance and insurance	5,180,998	7,813,408	7,118,217	4,277,094	4,763,248
Total revenues	267,124,921	310,981,317	376,603,801	189,615,020	212,747,118
COST OF SALES	233,011,078	270,878,010	331,047,060	167,191,296	188,422,240
GROSS PROFIT	34,113,843	40,103,307	45,556,741	22,423,724	24,324,878
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	24,631,532	29,343,430	33,677,529	16,590,478	18,413,226
DEPRECIATION AND AMORTIZATION	838,011	832,261	1,075,618	359,630	395,573
OPERATING INCOME	8,644,300	9,927,616	10,803,594	5,473,616	5,516,079
OTHER INCOME AND EXPENSE:					
Interest expense, floor plan	3,000,622	4,504,526	5,968,430	2,800,778	3,017,903
Interest expense, other	443,409	436,435	433,250	183,898	269,145
Gain on sale of marketable equity securities	--	107,007	354,922	278,917	134,496
Other income	609,088	342,047	263,676	90,495	139,346
Total other expense	2,834,943	4,491,907	5,783,082	2,615,264	3,013,206
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	5,809,357	5,435,709	5,020,512	2,858,352	2,502,873
PROVISION FOR INCOME TAXES (Note 6)	2,118,004	2,175,680	1,923,205	1,093,034	916,172
INCOME BEFORE MINORITY INTEREST	3,691,353	3,260,029	3,097,307	1,765,318	1,586,701
MINORITY INTEREST IN EARNINGS OF SUBSIDIARY	15,564	22,167	114,390	40,612	46,993
NET INCOME	$ 3,675,789	$ 3,237,862	$ 2,982,917	$ 1,724,706	$ 1,539,708
PRO FORMA NET INCOME PER SHARE (Note 1) (unaudited)			$ 0.48		$ 0.25
PRO FORMA NUMBER OF SHARES USED TO COMPUTE PER SHARE DATA (Note 1) (unaudited)			6,250,000		6,250,000

</TABLE>

See notes to combined and consolidated financial statements.

SONIC AUTOMOTIVE, INC.
AND AFFILIATED COMPANIES

COMBINED AND CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996 AND
THE SIX MONTHS ENDED JUNE 30, 1997

<TABLE>
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	CLASS B COMMON STOCK (NOTE 1) SHARES	AMOUNT	PAID-IN CAPITAL	RETAINED EARNINGS	UNREALIZED LOSS ON MARKETABLE EQUITY SECURITIES
<S>	<C>	<C>	<C>	<C>	<C>
BALANCE AT DECEMBER 31, 1993	6,250,000	$ 62,500	$ 4,774,700	$ 3,096,446	$ --
Net income	--	--	--	3,675,789	--
BALANCE AT DECEMBER 31, 1994	6,250,000	62,500	4,774,700	6,772,235	--
Capital contribution	--	--	1,494,346	--	

--					
Change in net unrealized loss on marketable equity securities..................................	--	--	--	--	(35,488)
Net income....................................	--	--	--	3,237,862	--
BALANCE AT DECEMBER 31, 1995.....................	6,250,000	62,500	6,269,046	10,010,097	(35,488)
Capital contribution	--	--	7,064,114	--	--
Change in net unrealized loss on marketable equity securities..................................	--	--	--	--	(58,074)
Net income....................................	--	--	--	2,982,917	--
BALANCE AT DECEMBER 31, 1996.....................	6,250,000	62,500	13,333,160	12,993,014	(93,562)
Capital contribution (unaudited)...............	--	--	3,208,510	--	--
Stock redemption (unaudited) (Note 7)..........	--	--	(2,123,328)	--	--
Dividend (unaudited) (Note 7)..................	--	--	--	(509,603)	--
Change in net unrealized loss on marketable equity securities (unaudited).......................	--	--	--	--	(3,871)
Net income (unaudited).........................	--	--	--	1,539,708	--
BALANCE AT JUNE 30, 1997 (UNAUDITED).............	6,250,000	$ 62,500	$ 14,418,342	$ 14,023,119	$ (97,433)

<CAPTION>

<S>	TOTAL STOCKHOLDERS' EQUITY <C>
BALANCE AT DECEMBER 31, 1993.....................	$ 7,933,646
Net income....................................	3,675,789
BALANCE AT DECEMBER 31, 1994.....................	11,609,435
Capital contribution..........................	1,494,346
Change in net unrealized loss on marketable equity securities..................................	(35,488)
Net income....................................	3,237,862
BALANCE AT DECEMBER 31, 1995.....................	16,306,155
Capital contribution	7,064,114
Change in net unrealized loss on marketable equity securities..................................	(58,074)
Net income....................................	2,982,917
BALANCE AT DECEMBER 31, 1996.....................	26,295,112
Capital contribution (unaudited)...............	3,208,510
Stock redemption (unaudited) (Note 7)..........	(2,123,328)
Dividend (unaudited) (Note 7)..................	(509,603)
Change in net unrealized loss on marketable equity securities (unaudited).......................	(3,871)
Net income (unaudited).........................	1,539,708
BALANCE AT JUNE 30, 1997 (UNAUDITED).............	$ 28,406,528

</TABLE>

See notes to combined and consolidated financial statements.

SONIC AUTOMOTIVE, INC.
AND AFFILIATED COMPANIES

COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996 AND
THE SIX MONTHS ENDED JUNE 30, 1996 AND 1997

<TABLE>
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	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1994	1995	1996	1996	1997
<S>	<C>	<C>	<C>	<C>	

<C>

(UNAUDITED)					
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income	$ 3,675,789	$ 3,237,862	$ 2,982,917	$ 1,724,706	$ 1,539,708
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	838,011	832,261	1,075,618	359,630	395,573
Minority interest	15,564	22,167	114,390	40,612	46,993
Loss (gain) on disposal of property and equipment	--	(38,721)	79,660	--	--
Gain on sale of marketable equity securities	--	(107,007)	(354,922)	(278,917)	(134,496)
Deferred income taxes	258,400	450,400	(240,548)	(62,002)	23,864
Changes in assets and liabilities that relate to operations:					
(Increase) decrease in receivables	(2,091,063)	(228,084)	(2,420,651)	287,459	(989,478)
(Increase) decrease in inventories	(10,392,680)	(5,025,452)	(14,012,965)	(3,511,263)	2,799,710
(Increase) decrease in other current assets	(66,945)	21,173	(10,455)	(189,391)	(483,564)
Increase (decrease) in other non-current assets	(679)	(14,104)	(69,883)	2,851	113,403
Increase in notes payable-floor plan	9,489,146	3,431,241	12,984,772	4,117,088	290,190
Increase (decrease) in accounts payable and accrued expenses	676,526	(42,224)	1,439,486	1,285,875	1,309,913
Increase (decrease) in income tax payable	558,254	500,780	523,501	--	(933,981)
Total adjustments	(715,466)	(197,570)	(891,997)	2,051,942	2,438,127
Net cash provided by operating activities	2,960,323	3,040,292	2,090,920	3,776,648	3,977,835
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of business, net of cash received	--	--	(5,126,595)	(692,883)	(3,627,347)
Purchases of property and equipment	(1,386,877)	(1,508,848)	(1,906,739)	--	(886,149)
Proceeds from sale of property and equipment	32,162	556,789	4,036	--	--
Purchase of marketable equity securities	(82,801)	(1,622,845)	(207,400)	--	--
Proceeds from sales of marketable equity securities	--	1,073,539	514,700	88,900	--
Net (advances to) receipts from affiliate companies	(295,578)	1,772,022	(4,770,794)	(3,251,199)	65,633
Net cash provided by (used in) investing activities	(1,733,094)	270,657	(11,492,792)	(3,855,182)	(4,447,863)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Capital contributions	--	1,494,346	7,064,114	1,000,000	3,208,510
Proceeds from long-term debt	107,284	2,899	599,206	--	--
Payments of long-term debt	(441,500)	(269,254)	(575,845)	(468,970)	(180,387)
Net cash provided by (used in) financing activities	(334,216)	1,227,991	7,087,475	531,030	3,028,123
NET INCREASE (DECREASE) IN CASH	893,013	4,538,940	(2,314,397)	452,496	2,558,095
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3,561,934	4,454,947	8,993,887	8,993,887	6,679,490
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 4,454,947	$ 8,993,887	$ 6,679,490	$ 9,446,383	$ 9,237,585
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION -- Cash paid during the period for:					
Interest	$ 3,324,678	$ 4,776,504	$ 6,488,657	$ 2,839,031	$ 3,320,996
Income taxes	$ 998,850	$ 1,522,100	$ 2,042,268	$ 834,000	$ 930,000

</TABLE>

See notes to combined and consolidated financial statements.

SONIC AUTOMOTIVE, INC.
AND AFFILIATED COMPANIES

NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND BUSINESS -- Sonic Automotive, Inc ("Sonic" or the "Company") was incorporated in the State of Delaware in February, 1997 in order to effect a reorganization of certain affiliated companies (the "Reorganization") and to undertake an initial public offering of Sonic's common stock (the "Offering"). Sonic and affiliated companies (collectively, the "Company") operate automobile dealerships in the Houston, Texas and Charlotte, North Carolina metropolitan areas. The Company sells new and used cars and light trucks, sells replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges related financing and insurance. The financial statements for the periods through June 30, 1997 represent the combined data for the entities under common ownership and control which became subsidiaries of Sonic pursuant to the Reorganization on June 30, 1997, including the following entities:

Town and Country Ford, Inc.	Charlotte
Lone Star Ford, Inc.	Houston
FMF Management, Inc. (d/b/a Fort Mill Ford)	Charlotte
Town and Country Toyota, Inc.	Charlotte
Frontier Oldsmobile-Cadillac, Inc.	Charlotte

All material intercompany transactions have been eliminated in the combined financial statements. Effective June 30, 1997, these five entities became wholly-owned subsidiaries of Sonic through the exchange of their common stock or membership interests for 6,250,000 shares of Sonic's Class B common stock having a $.01 par value per share. On June 2, 1997 Sonic, through its wholly-owned subsidiary, Fort Mill Chrysler-Plymouth-Dodge, acquired certain dealership assets and liabilities of Jeff Boyd Chrysler-Plymouth-Dodge, Inc. (a previously unrelated entity) for a total purchase price of approximately $3.7 million. The unaudited consolidated financial statements as of and for the six months ended June 30, 1997, which give effect to the Reorganization, include the accounts of the above five entities and also include the accounts and results of operations of Fort Mill Chrysler-Plymouth-Dodge from the date of its acquisition.

The Reorganization was accounted for at historical cost in a manner similar to a pooling-of-interests as the entities were under the common management and control of Mr. O. Bruton Smith. The acquisition of Jeff Boyd Chrysler-Plymouth-Dodge was accounted for as a purchase.

Prior to the Reorganization, Town and Country Toyota, Inc. was 69% owned by Mr. O. Bruton Smith, the Company's Chairman and Chief Executive Officer, Lone Star Ford, Inc. and Frontier Oldsmobile -- Cadillac, Inc. were 100% owned by Sonic Financial Corporation ("SFC"), which in turn is 100% owned by Mr. Smith and related family trusts. Town and Country Ford, Inc. was owned 80% by SFC and 20% by Mr. Scott Smith (O. Bruton Smith's son). FMF Management, Inc. was owned 50% by SFC and 50% by Mr. O. Bruton Smith.

In connection with the Reorganization, the Company purchased the 31% minority interest in Town and Country Toyota, Inc. for $3.2 million in a transaction accounted for using purchase accounting. On a pro forma basis for the six months ended June 30, 1996 and 1997, revenues would have been unchanged and net income and net income per share would not be materially different had the acquisition of this minority interest occurred on January 1, 1996 and January 1, 1997, respectively.

In connection with the anticipated Offering, Sonic expects to issue shares of its Class A common stock. The Class B common stock entitles the holder to ten votes per share, except in certain circumstances, while the Class A common stock entitles its holder to one vote per share.

PRO FORMA NET INCOME PER SHARE -- Pro forma net income per share in the accompanying financial statements has been prepared based upon the shares outstanding after the Reorganization and without giving effect to the issuance of common stock related to the Offering.

REVENUE RECOGNITION -- The Company records revenue when vehicles are delivered to customers, and when vehicle service work is performed. Finance and insurance commission revenue is recognized principally at the time the contract is placed with the financial institution.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

DEALER AGREEMENTS -- The Company purchases substantially all of its new vehicles from manufacturers at the prevailing prices charged by the manufacturer to its franchised dealers. The Company's sales could be unfavorably impacted by the manufacturer's unwillingness or inability to supply the dealership with an adequate supply of new car inventory.

Each dealership operates under a dealer agreement with the manufacturer which generally restricts the location, management and ownership of the respective dealership. The ability of the Company to acquire additional franchises from a particular manufacturer may be limited due to certain restrictions imposed by manufacturers. Additionally, the Company's ability to enter into other significant acquisitions may be restricted and the acquisition of the Company's stock by third parties may be limited by the terms of the franchise agreement.

CASH AND CASH EQUIVALENTS -- The Company considers contracts in transit and all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. Contracts in transit represent cash in transit to the Company from finance companies related to vehicle purchases, and was $2,644,804 and $5,222,589 at December 31, 1995 and 1996, respectively.

INVENTORIES -- In connection with the Offering, the Company intends to convert from the last-in-first-out method (the "LIFO Method") of inventory accounting to the first-in-first-out method (the "FIFO Method"), for its inventories of new vehicles. In accordance with Accounting Principles Board Opinion No. 20, "Accounting Changes", the accompanying financial statements and related notes have been retroactively restated to reflect that change. Accordingly, inventories of new vehicles, including demonstrators, and parts and accessories are stated at the lower of FIFO cost or market. Inventories of used vehicles are stated at the lower of specific cost or market.

The new method of accounting for inventories of new vehicles was adopted to provide a better matching of revenues and expenses in the future and to conform with the predominant industry practice for automobile dealerships that are publicly-held. The effect of the accounting change on net income as previously reported is as follows:

	1994	1995	1996
Net income on a LIFO Basis	$2,784,032	$2,437,915	$2,146,675
Adjustment for effect of a change in accounting principle that is applied retroactively	891,757	799,947	836,242
Net income as adjusted	$3,675,789	$3,237,862	$2,982,917

PROPERTY AND EQUIPMENT -- Property and equipment are stated at cost. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives of the assets. The range of estimated useful lives is as follows:

	USEFUL LIVES
Building	40
Office equipment and fixtures	5-7
Parts and service equipment	5
Company vehicles	5

Leasehold improvements are amortized over the lesser of the terms of their respective leases or the estimated useful lives of the related assets.

Expenditures for maintenance and repairs are expensed as incurred. Significant betterments are capitalized.

GOODWILL -- Goodwill represents the excess of purchase price over the estimated fair value of the net assets acquired and is being amortized over a 40 year period. The cumulative amount of goodwill amortization at December 31, 1996 was approximately $98,000.

The Company periodically reviews goodwill to assess recoverability. The Company's policy is to compare the carrying value of goodwill with the expected undiscounted cash flows from operations of the acquired business.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

MARKETABLE EQUITY SECURITIES -- The Company's marketable equity securities are classified as "available for sale" and are not bought and held principally for the purpose of selling them in the near term. As such, these securities are reported at fair value, with unrealized gains and losses, net of tax, excluded from earnings and reported as a separate component of stockholders' equity. Realized gains and losses on sales of marketable equity securities are determined using the specific identification method.

INCOME TAXES -- Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to the capitalization of additional inventory costs for income tax purposes, the recording of chargebacks and repossession losses on the direct write-off method for income tax purposes, the direct write-off of uncollectible accounts for income tax purposes, and the accelerated depreciation method used for income tax purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. In addition, deferred tax assets are recognized for state operating losses that are available to offset future taxable income.

CONCENTRATIONS OF CREDIT RISK -- Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash on deposit with financial institutions. At times, amounts invested with financial institutions may exceed FDIC insurance limits.

Concentrations of credit risk with respect to receivables are limited primarily to automobile manufacturers and financial institutions. Credit risk arising from trade receivables from commercial customers is reduced by the large number of customers comprising the trade receivables balances. Trade receivables are concentrated in the Company's two market areas of Houston, Texas and Charlotte, North Carolina metropolitan areas.

FAIR VALUE OF FINANCIAL INSTRUMENTS -- As of December 31, 1995 and 1996 the fair values of the Company's financial instruments including receivables, due from affiliates, notes payable-floor plan, trade accounts payable, payables to affiliated companies and Company Chairman and long-term debt approximate their carrying values.

USE OF ESTIMATES -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ADVERTISING -- The Company expenses advertising costs in the period incurred. Advertising expense amounted to $3,765,363, $4,525,670 and $4,989,283 for 1994, 1995 and 1996, respectively.

IMPAIRMENT OF LONG-LIVED ASSETS -- Effective January 1, 1996, the Company adopted the provisions of SFAS No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF. This Statement requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Adoption of SFAS No. 121 did not have a material impact on the Company's results of operations, financial position, and cash flows.

NEW ACCOUNTING STANDARDS -- In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share." This Statement specifies the computation, presentation and disclosure requirements for earnings per share. The Company believes that the adoption of such Statement would not result in earnings per share materially different than pro forma earnings per share presented in the accompanying statements of income.

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income." This Standard establishes standards of reporting and display of comprehensive income and its components in a full set of general-purpose financial statements. This Statement will be effective for the Company's fiscal year ending December 31, 1998, and the Company does not intend to adopt this Statement prior to the effective date. Had the Company early adopted this Statement, it would have reported comprehensive income of $2,784,032, $2,402,427 and $2,088,601 for the years ended December 31, 1994, 1995 and 1996, respectively.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

INTERIM FINANCIAL INFORMATION -- The accompanying unaudited financial information for the six months ended June 30, 1996 and 1997 has been prepared on substantially the same basis as the audited financial statements, and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial information set forth therein. The results for interim periods are not necessarily indicative of the results to be expected for the entire fiscal year.

STOCK SPLIT -- All share and per share amounts included in the accompanying financial statements for all periods presented have been adjusted to reflect a 625 for 1 stock split of the Class B Common Stock effective as of October 16, 1997.

2. BUSINESS ACQUISITIONS

In June 1997, the Company through its wholly-owned subsidiary, Fort Mill Chrysler-Plymouth-Dodge, acquired certain dealership assets and liabilities of Jeff Boyd Chrysler-Plymouth-Dodge for a total purchase price of $3.7 million. Of the total purchase price of $3.7 million, $3.5 million was advanced to the Company by Mr. O. Bruton Smith, with interest charged at 3.83%. It is anticipated that this advance will be repaid in full with proceeds from the Offering. Had the Offering occurred as of June 1997 (the date of the advance), and this $3.5 million advance was repaid with the proceeds, supplemental pro forma earnings per share, using weighted average shares of 6,294,872 would not have resulted in a change to earnings per share as reported.

This transaction was accounted for using purchase accounting and the results of the operations of this dealership have been included from the date of acquisition through June 30, 1997 in the accompanying Unaudited Combined and Consolidated Statement of Income. Company management believes that on a pro-forma basis, revenues, net income and earnings per share would not have been materially affected assuming this acquisition had occurred on January 1, 1996. The purchase price has been allocated to the assets and liabilities acquired at their estimated fair market value at the acquisition date as follows:

Working capital	$ 977,000
Property and equipment	250,000
Goodwill	2,473,000
Total	$3,700,000

In June, July and August the Company entered into definitive agreements to purchase six additional dealership groups for an aggregate purchase price of $94.8 million as follows:

Bowers Dealerships	Chattanooga, Tennessee
Lake Norman Dodge and Affiliates	Cornelius, North Carolina
Ken Marks Ford	Clearwater, Florida
Dyer Volvo	Atlanta, Georgia
Jeff Boyd Chrysler-Plymouth-Dodge	Fort Mill, South Carolina
Williams Motors, Inc.	Rock Hill, South Carolina

The Lake Norman Dodge and Affiliates, Ken Marks Ford, Jeff Boyd Chrysler-Plymouth-Dodge and Williams Motors, Inc. acquisitions have been consummated. The completion of the remaining acquisitions may be dependent upon the successful completion of the Offering.

In conjunction with the Lake Norman acquisition, the Company obtained a short-term line of credit with aggregate principal availability of $20 million maturing no later than February 15, 1998. The Company borrowed $18.2 million against this line to fund the purchase of Lake Norman. This line of credit is secured by certain assets of the Company's Chairman and Chief Executive Officer.

2. BUSINESS ACQUISITIONS -- Continued

On February 1, 1996, the Company acquired Fort Mill Ford for a total purchase price of $5,741,114. The acquisition has been accounted for as a purchase and the results of operations of Fort Mill Ford have been included in the accompanying combined financial statements from the date of acquisition. The purchase price has been allocated to the assets and liabilities acquired at their estimated fair market value at the acquisition date as follows:

Working capital	$ 822,000
Property and equipment	3,022,000
Goodwill	4,364,000
Non-current liabilities assumed	(2,467,000)
Total	$5,741,000

The following unaudited pro forma financial data is presented as if Fort Mill Ford had been acquired at January 1, 1995. Pro forma results of operations for 1996 are not presented because the acquisition occurred in February 1996, and the pro forma results for the year ended December 31, 1996 would not be materially different from the historical results presented:

	1995
Revenues	$345,198,523
Net income	$ 2,874,909
Earnings per share	$ 0.46

The pro forma information presented above is not necessarily indicative of the operating results that would have occurred had Fort Mill Ford been acquired on January 1, 1995. These results are also not necessarily indicative of the results of future operations.

3. INVENTORIES AND RELATED NOTES PAYABLE -- FLOOR PLAN

Inventories consist of the following:

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
			(UNAUDITED)
New vehicles	$37,895,075	$51,797,883	$56,126,061
Used vehicles	8,913,145	14,372,285	11,826,874
Parts and accessories	4,185,547	4,939,724	4,997,869
Other	354,227	439,824	459,152
Total	$51,347,994	$71,549,716	$73,409,956

The inventory balance is generally reduced by manufacturer's purchase discounts, and such reduction is not reflected in the related floor plan liability.

All new and certain used vehicles are pledged to collateralize floor plan notes payable to financial institutions in the amount of $45,151,111 and $63,893,356 at December 31, 1996. The floor plan notes bear interest, payable monthly on the outstanding balance, at the prime rate plus 1% (9 1/4% at December 31, 1995 and 1996). Total floor plan interest expense amounted to $3,000,622, $4,504,526 and $5,968,430 in 1994, 1995 and 1996, respectively. The notes payable are due when the related vehicle is sold. As such, these floor plan notes payable are shown as a current liability in the accompanying combined and consolidated balance sheets.

4. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	DECEMBER 31, 1995	DECEMBER 31, 1996	JUNE 30, 1997 (UNAUDITED)
Land	$ 1,477,795	$ 2,677,795	$ 2,677,795
Buildings and improvements	7,085,878	10,080,659	10,381,145
Office equipment and fixtures	2,442,965	2,036,980	2,360,424
Parts and service equipment	2,955,729	2,866,291	2,941,456
Company vehicles	373,683	437,261	512,113
Construction in progress	265,677	--	--
Total, at cost	14,601,727	18,098,986	18,872,933
Less accumulated depreciation	(6,074,389)	(5,632,273)	(5,603,144)
Property and equipment, net	$ 8,527,338	$12,466,713	$13,269,789

5. LONG-TERM DEBT

Long-term debt consists of the following:

	DECEMBER 31, 1995	DECEMBER 31, 1996
Note payable in monthly installments of $8,333 plus interest at the prime rate plus 1 1/2%, through July 2001, collateralized by accounts receivable, inventory and equipment	$ --	$ 458,335
Mortgage payable in monthly installments of $12,222 plus interest at prime plus 3/4%, through May 2004, collateralized by building	--	1,087,778
Unsecured note payable in monthly installments of $9,100, including interest at 8%, through March 2004	--	599,238
Mortgage note payable in monthly installments of $4,203, including interest at 7%, through November 2008, collateralized by land and building	425,751	405,700
Mortgage note payable in monthly installments of $27,415 including interest at prime plus 1/2%, through April 2001, at which time remaining outstanding principal balance is due, collateralized by building	3,135,379	3,062,926

Other notes payable	169,568	190,864
	3,730,698	5,804,841
Less current maturities	(169,932)	(518,979)
Long-term debt	$3,560,766	$5,285,862

Future maturities of debt at December 31, 1996 are as follows:

Year ending December 31:	
1997	$ 518,979
1998	455,505
1999	434,609
2000	446,374
2001	3,096,525
Thereafter	852,849
Total	$5,804,841

6. INCOME TAXES

The provision (benefit) for income taxes consists of the following components:

	1994	1995	1996
Current:			
Federal	$1,814,944	$1,608,418	$1,855,901
State	44,660	116,862	307,852
	1,859,604	1,725,280	2,163,753
Deferred	244,900	427,200	(189,179)
Change in valuation allowance	13,500	23,200	(51,369)
Total	$2,118,004	$2,175,680	$1,923,205

The reconciliation of the statutory federal income tax rate with the Company's federal and state overall effective income tax rate is as follows:

	1994	1995	1996
Statutory federal rate	34.00%	34.00%	34.00%
State income taxes	--	3.84	3.60
Miscellaneous	2.46	2.19	.71
Effective tax rates	36.46%	40.03%	38.31%

Deferred income taxes reflect the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Significant components of the Company's deferred tax assets and liabilities as of December 31 are as follows:

	1995	1996
Deferred tax assets:		
Allowance for bad debts	$ 62,300	$ 85,992
Inventory reserves	126,400	160,820
Net operating loss carryforwards	183,800	74,931
Other	1,300	75,656
Total deferred tax assets	373,800	397,399
Valuation allowance	(126,300)	(75,000)
Deferred tax assets, net	247,500	322,399
Deferred tax liabilities:		
Basis difference in fixed assets	(155,200)	(556,384)
Basis difference in equity investment	(644,400)	(478,876)
Other	(108,000)	(66,623)
Total deferred tax liability	(907,600)	(1,101,883)
Net deferred tax liability	$ (660,100)	$ (779,484)

The net changes in the valuation allowance against deferred tax assets were an increase of $23,200 for the year ended December 31, 1995 and a decrease of ($51,300) for the year ended December 31, 1996. The increase (decrease) was related primarily to the generation (expiration) of state net operating loss carryforwards. At December 31, 1996, the Company had state net operating loss carryforwards of $1,259,000 which will expire between 1998 and 2002.

A change to the FIFO from the LIFO method of inventory for new vehicles resulted in an additional income tax liability. This liability was recorded as $4,976,276 and $5,499,777 at December 31, 1995 and 1996, respectively and is payable over a six year period beginning in January 1998.

6. INCOME TAXES -- Continued

Certain subsidiaries of Sonic (such subsidiaries together with the Company and Sonic Financial being hereinafter referred to as the "Sonic Group") have joined with Sonic Financial in filing consolidated federal income tax returns for several years. Such subsidiaries will join with Sonic Financial in filing for 1996 and for the period ending on June 30, 1997. Under applicable federal tax law, each corporation included in Sonic Financial's consolidated return is jointly and severally liable for any resultant tax. Under a tax allocation agreement dated as of June 30, 1997, however, the Company agreed to pay to Sonic Financial, in the event that additional federal income tax is determined to be due, an amount equal to the Company's separate federal income tax liability computed for all periods in which any member of the Sonic Group has been a member of Sonic Financial's consolidated group, less amounts previously recorded by the Company. Also pursuant to such agreement, Sonic Financial agreed to indemnify the Company for any additional amount determined to be due from Sonic Financial's consolidated group in excess of the federal income tax liability of the Sonic Group for such periods. The tax allocation agreement establishes procedures with respect to tax adjustments, tax claims, tax refunds, tax credits and other tax attributes relating to periods ending prior to the time that the Sonic Group shall leave Sonic Financial's consolidated group.

7. RELATED PARTIES

Town & Country Ford and Lone Star Ford have each made several non-interest bearing advances to Sonic Financial. As of December 31, 1996, Town & Country Ford had made $1,956,326 of such advances. In preparation for the Reorganization, a demand promissory note by Sonic Financial evidencing these advances was canceled in exchange for the redemption of certain shares of the capital stock of Town & Country Ford held by Sonic Financial. As of December 31, 1996, Lone Star Ford had made $509,603 of advances to Sonic Financial. In preparation for the Reorganization, a demand promissory note by Sonic Financial evidencing certain of Lone Star Ford's advances was canceled pursuant to a dividend.

The Company had amounts payable to affiliated companies of $3,219,204 and $914,339, at December 31, 1995 and 1996, respectively. The balance, consisting of non-interest bearing loans from affiliates, is classified as noncurrent based upon its expected repayment date.

Town & Country Ford, Inc. operates at facilities leased from an entity owned 5% by Town & Country Ford, Inc. and 95% by Sonic Financial Corporation. This lease expires in October 2000. Annual payments under this lease were $510,085 for each of the 1994, 1995 and 1996 fiscal years. Current minimum rent payments are $409,000 annually ($34,083 monthly) through 1999, and will be decreased to $340,833 in 2000.

Lone Star Ford operates in part from an entity controlled by the Company's Chairman and Chief Executive Officer. This lease expires in 2005. Annual payments under this lease were $351,420, $331,302 and $360,000 for the 1994, 1995 and 1996 fiscal years, respectively. Current minimum rent payments are $360,000 annually ($30,000 monthly).

During each of the three years ended December 31, 1996, Town & Country Ford paid $48,000 to Sonic Financial as a management fee. Sonic Financial's services to Town & Country Ford have included performance of the following functions, among others: maintenance of lender and creditor relationships; tax planning; preparation of tax returns and representation in tax examinations; record maintenance; internal audits and special audits; assistance to independent public accountants; and litigation support to company counsel. Payments of fees to and receipt of services from Sonic Financial ceased before the Reorganization.

Beginning in early 1997, certain of Sonic's dealerships have entered into arrangements to sell to their customers credit life insurance policies underwritten by American Heritage Life Insurance Company, an insurer unaffiliated with Sonic ("American Heritage"). American Heritage in turn reinsures all of these policies with Provident American Insurance Company, a Texas insurance company ("Provident American") and a wholly-owned subsidiary of Sonic Financial. Under these arrangements, the dealerships paid an aggregate of $140,000 to American Heritage in premiums for these policies for the six months ended June 30, 1997. The Company anticipates terminating this arrangement with American Heritage by 1998.

Chartown is a general partnership engaged in real estate development and management. Before the Reorganization, Town & Country Ford maintained a 49% partnership interest in Chartown with the remaining 51% held by SMDA Properties, LLC, a North Carolina limited liability company ("SMDA"). The Company's Chairman and Chief Executive Officer owns an

7. RELATED PARTIES -- Continued

80% direct membership interest in SMDA with the remaining 20% owned indirectly through Sonic Financial. In addition, Sonic Financial also held a demand promissory note for $1,555,528 million issued by Chartown (the "Chartown Note"), which was uncollectible due to insufficient funds. As a part of the Reorganization, the Chartown Note was cancelled and Town & Country Ford transferred its partnership interest in Chartown to Sonic Financial for nominal consideration. In connection with that transfer, Sonic Financial agreed to indemnify Town & Country Ford for any and all obligations and liabilities, whether known or unknown, relating to Chartown and Town & Country Ford's ownership thereof. Town & Country Ford's recorded investment in Chartown was nominal for all periods presented in the accompanying financial statements.

8. PREFERRED STOCK

In 1997, the Company authorized 3,000,000 shares of "blank check" preferred stock with such designations, rights and preferences as may be determined from time to time by the Board of Directors. No preferred shares were issued and outstanding at June 30, 1997.

9. EMPLOYEE BENEFIT PLANS

Substantially all of the employees of the Company are eligible to participate in a 401(k) plan maintained by SFC. Contributions by the Company to the plan were not significant in any period presented.

The Company intends to adopt the 1997 Stock Option Plan (the "Plan"). Under the provisions of the Plan, options to purchase shares of Class A Common Stock may be granted to key employees of the Company and its subsidiaries and to officers, directors, consultants and other individuals providing services to the Company. The exercise price of the options may not be less than the market value of the Class A Common Stock on the date of grant. Vesting periods will range from 5 to 10 years. The Company intends to adopt the provisions of Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees" to account for the Plan's transactions.

The Company intends to adopt the Sonic Employee Stock Purchase Plan (the "ESPP"). The ESPP provides employees of the Company the opportunity to purchase Class A Common Stock after completion of the Offering. Under the terms of the ESPP, on January 1 of each year all eligible employees electing to participate will be granted an option to purchase shares of Class A Common Stock. The Company's Compensation Committee will annually determine the number of shares of Class A Common Stock available for purchase under each option. The purchase price at which Class A Common Stock will be purchased through the ESPP will be 90% of the lesser of (i) the fair market value of the Class A Common Stock on the applicable Grant Date and (ii) the fair market value of the Class A Common Stock on the applicable Exercise Date. Options will expire on the last exercise date of the calendar year in which granted.

10. CONTINGENCIES

The Company is contingently liable for customer contracts placed with financial institutions of approximately $675,000 and $741,000 at December 31, 1995 and 1996, respectively. However, the Company's potential loss is limited to the difference between the present value of the installment contract at the date of the repossession and the market value of the vehicle at the date of sale. Other accrued liabilities include a provision for repossession losses. The Company provides a reserve for repossession losses based on the ratio that historical loss experience bears to the amount of outstanding customer contracts.

The Company has available $1,500,000 under draft-clearing credit lines with a bank in order to immediately fund the Company's checking account for sold vehicle contracts from other financial institutions. The Company is contingently liable to the bank until the contracts are approved by the financial institutions. At December 31, 1996, $151,227 was outstanding under these lines.

In the event that the Company fails to close the acquisitions of Dyer Volvo, Ken Marks Ford, and the Bowers Dealerships by certain dates, the Company will be required to pay termination fees which total approximately $4.0 million.

The Company is involved in various legal proceedings. Management believes that the outcome of such proceedings will not have a materially adverse effect on the Company's financial position or future results of operations and cash flows.

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND STOCKHOLDER OF
DYER & DYER, INC.
Atlanta, Georgia

We have audited the accompanying balance sheets of Dyer & Dyer, Inc. (the "Company") as of December 31, 1995 and 1996, and the related statements of income, stockholder's equity, and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dyer & Dyer, Inc. as of December 31, 1995 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Charlotte, North Carolina
August 7, 1997

DYER & DYER, INC.

BALANCE SHEETS

DECEMBER 31, 1995 AND 1996 AND JUNE 30, 1997

	DECEMBER 31, 1995	DECEMBER 31, 1996	JUNE 30, 1997 (UNAUDITED)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 1,522,546	$ 941,280	$ 172,937
Receivables	432,779	1,213,846	2,535,230
Inventories (Notes 1 and 2)	9,043,156	15,071,313	11,128,333
Prepaid expenses	274,998	103,958	32,267
Total current assets	11,273,479	17,330,397	13,868,767
PROPERTY AND EQUIPMENT, NET (Notes 1 and 3)	774,909	1,279,774	1,156,207
OTHER ASSETS	287,628	292,250	297,424
TOTAL ASSETS	$12,336,016	$18,902,421	$15,322,398
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Notes payable, floor plan (Note 2)	$ 2,610,935	$ 7,146,245	$ 5,533,925
Trade accounts payable	511,292	1,131,472	--
Income taxes payable (Notes 1 and 5)	--	238,712	238,712
Accrued payroll and bonuses	82,183	229,297	277,377
Other accrued liabilities	196,537	261,932	235,360
Total current liabilities	3,400,947	9,007,658	6,285,374
INCOME TAXES PAYABLE (Note 5)	21,012	477,423	238,711
COMMITMENTS (Note 4)			
STOCKHOLDER'S EQUITY:			
Common stock, $100 par value -- 3,000 shares authorized; 1,531 shares issued; 781 shares outstanding	153,100	153,100	153,100
Paid-in capital	27,623	27,623	27,623
Retained earnings	13,709,477	14,212,760	13,593,733
Total	13,890,200	14,393,483	13,774,456
Less treasury stock (750 shares at cost)	(4,976,143)	(4,976,143)	(4,976,143)
Total stockholder's equity	8,914,057	9,417,340	8,798,313
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$12,336,016	$18,902,421	$15,322,398

See notes to financial statements.

DYER & DYER, INC.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996
AND THE SIX MONTHS ENDED JUNE 30, 1996 AND 1997

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1994	1995	1996	1996	1997
					(UNAUDITED)
REVENUES:					
Vehicle sales	$52,245,947	$52,613,480	$60,870,919	$30,767,026	$31,373,513
Parts, service and collision repair	8,680,440	9,097,763	11,163,230	5,481,708	5,960,212
Finance and insurance	203,198	404,505	542,474	213,711	128,911
Total	61,129,585	62,115,748	72,576,623	36,462,445	37,462,636
COST OF SALES	54,121,066	55,776,668	62,547,497	31,969,022	32,377,247
GROSS PROFIT	7,008,519	6,339,080	10,029,126	4,493,423	5,085,389
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	6,160,564	5,621,343	6,997,283	3,353,559	3,498,432
DEPRECIATION AND AMORTIZATION	123,228	90,538	126,359	45,451	150,621
OPERATING INCOME	724,727	627,199	2,905,484	1,094,413	1,436,336
OTHER INCOME AND EXPENSE:					
Interest expense, floor plan	56,944	171,690	372,590	178,970	276,393
Other income	609,684	314,788	452,063	234,834	247,213
Total other income (expense)	552,740	143,098	79,473	55,864	(29,180)
INCOME BEFORE INCOME TAXES	1,277,467	770,297	2,984,957	1,150,277	1,407,156
PROVISION FOR INCOME TAXES (Notes 1 and 5)	491,365	295,850	954,846	954,846	--
NET INCOME	$ 786,102	$ 474,447	$ 2,030,111	$ 195,431	$ 1,407,156
PRO FORMA PROVISION FOR INCOME TAXES (Note 5)			$ 1,149,507	$ 442,972	$ 541,896
PRO FORMA NET INCOME (Note 5)			$ 1,835,450	$ 707,305	$ 865,260

</TABLE>

See notes to financial statements

DYER & DYER, INC.

STATEMENTS OF STOCKHOLDER'S EQUITY

YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996
AND THE SIX MONTHS ENDED JUNE 30, 1997

<TABLE>
<CAPTION>

	COMMON STOCK	PAID-IN CAPITAL	TREASURY STOCK	RETAINED EARNINGS	TOTAL STOCKHOLDER'S EQUITY
BALANCE DECEMBER 31, 1993	$153,100	$27,623	$(4,976,143)	$12,448,928	$ 7,653,508
Net income	--	--	--	786,102	786,102
BALANCE DECEMBER 31, 1994	153,100	27,623	(4,976,143)	13,235,030	8,439,610
Net income	--	--	--	474,447	

					474,447
BALANCE DECEMBER 31, 1995	153,100	27,623	(4,976,143)	13,709,477	8,914,057
Dividends	--	--	--	(1,526,828)	(1,526,828)
Net income	--	--	--	2,030,111	2,030,111
BALANCE DECEMBER 31, 1996	153,100	27,623	(4,976,143)	14,212,760	9,417,340
Dividends (unaudited)	--	--	--	(2,026,183)	(2,026,183)
Net income (unaudited)	--	--	--	1,407,156	1,407,156
BALANCE JUNE 30, 1997 (unaudited)	$153,100	$27,623	$(4,976,143)	$13,593,733	$ 8,798,313

</TABLE>

See notes to financial statements.

DYER & DYER, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996
AND THE SIX MONTHS ENDED JUNE 30, 1996 AND 1997

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1994	1995	1996	1996	1997
					(UNAUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income	$ 786,102	$ 474,447	$2,030,111	$ 195,431	$1,407,156
Adjustments to reconcile net income to net cash provided by operating activities:					
(Gain) loss on disposal of fixed assets	8,011	11,757	86,745	--	(116)
Depreciation and amortization	123,228	90,538	126,359	45,451	150,621
Changes in assets and liabilities that relate to operations:					
(Increase) decrease in accounts receivable	(390,834)	191,714	(768,730)	(39,751)	(1,355,959)
(Increase) decrease in inventories	11,184	(4,213,189)	(6,028,157)	(1,566,226)	3,942,980
(Increase) decrease in prepaid expenses	79,966	(177,992)	171,040	218,576	71,691
Increase (decrease) in notes payable, floor plan	(127,470)	2,581,585	4,535,310	290,990	(1,612,320)
Increase (decrease) in accounts payable	7,048	498,092	620,180	(376,134)	(1,131,472)
Increase (decrease) in other accrued liabilities	105,201	(187,726)	147,106	170,944	25,008
Increase (decrease) in income taxes payable	(20,682)	8,484	760,526	760,526	(242,212)
Total adjustments	(204,348)	(1,196,737)	(349,621)	(495,624)	(151,779)
Net cash provided by (used) in operating activities	581,754	(722,290)	1,680,490	(300,193)	1,255,377
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of property and equipment	(18,485)	(181,259)	(717,969)	(14,013)	(26,938)
Increase in cash value of life insurance	(15,398)	(26,316)	(4,622)	(2,311)	(5,174)
Deposits held by financial institutions	13,001	10,849	(12,337)	22,238	34,575
Net cash provided by (used) in investing activities	(20,882)	(196,726)	(734,928)	5,914	2,463

CASH FLOWS FROM FINANCING ACTIVITIES:					
Dividends paid......................................	--	--	(1,526,828)	(759,810)	(2,026,183)
INCREASE (DECREASE) IN CASH...........................	560,872	(919,016)	(581,266)	(1,054,089)	(768,343)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD.......	1,880,690	2,441,562	1,522,546	1,522,546	941,280
CASH AND CASH EQUIVALENTS AT END OF PERIOD............	$2,441,562	$1,522,546	$ 941,280	$ 468,457	$ 172,937
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:					
Cash paid during the period for:					
Interest..	$ 57,766	$ 176,464	$ 509,621	$ 247,970	$ 279,460
Income taxes......................................	$ 399,605	$ 438,810	$ 31,826	$ 31,826	$ 242,237

</TABLE>

See notes to financial statements.

DYER & DYER, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND BUSINESS -- Dyer & Dyer, Inc. (the "Company") was incorporated in South Carolina in 1978, and operates a Volvo automobile dealership in Atlanta, Georgia. The Company sells new and used cars, sells replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges related financing and insurance.

In August 1997, the Company signed a definitive purchase agreement whereby its net assets would be acquired by Sonic Automotive, Inc. ("Sonic") for $18 million. This acquisition is to be effective prior to the completion of an anticipated public offering of common stock by Sonic Automotive in 1997. In addition to the $18 million, the Company's stockholder will receive a warrant entitling the holder to acquire common stock of Sonic Automotive at an exercise price equal to the public offering stock price.

In connection with Volvo's approval of the sale of the Company to Sonic, Volvo, among other things, conditioned its approval upon Richard Dyer, acquiring and maintaining a 20% interest in the subsidiary of Sonic that will operate the Volvo franchise. Mr. Dyer will finance all of the purchase price for this 20% interest by the issuance of a promissory note to be secured by Mr. Dyers' interest in the dealership. The principal amount of the note will be $3.6 million and it will bear interest at the lowest applicable federal rate, payable annually. Mr. Dyers' interest in the dealership will be redeemed and the note will be due and payable in full when Volvo no longer requires Mr. Dyer to maintain his interest in the dealership.

REVENUE RECOGNITION -- The Company records revenue when vehicles are delivered to customers, and when vehicle service work is performed. Finance and insurance commission revenue is recognized principally at the time the contract is placed with the financial institution.

DEALER AGREEMENTS -- The Company purchases substantially all of its new vehicles from the manufacturer at the prevailing prices charged by the manufacturer to its franchised dealers. The Company's sales could be unfavorably impacted by the manufacturer's unwillingness or inability to supply the dealership with an adequate supply of new car inventory.

The dealership operates under a dealer agreement with the manufacturer which generally restricts the location, management and ownership of the dealership. The ability of the Company to acquire additional franchises may be limited due to certain restrictions imposed by the manufacturer. Additionally, the Company's ability to enter into significant acquisitions may be restricted and the acquisition of the Company's stock by third parties may be limited by the terms of the franchise agreement.

The manufacturer has implemented various incentive programs for its dealers that provide for specified payments to the dealers based on the results of customer satisfaction surveys and the implementation of certain standardized policies and procedures. These programs are for a limited duration and remain subject to cancellation by the manufacturer at any time. Incentive payments credited to cost of sales amounted to approximately $210,000, $267,000 and $1,326,000 during 1994, 1995 and 1996, respectively, and $290,000 and $912,000 for the six months ended June 30, 1996 and 1997, respectively.

CASH AND CASH EQUIVALENTS -- The Company considers contracts in transit and all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. Contracts in transit represent cash in transit to the Company from finance companies related to vehicle purchases, and was approximately $1,522,000 and $934,000 at December 31, 1995 and 1996, respectively, and $167,000 at June 30, 1997.

INVENTORIES -- Inventories of new vehicles, including demonstators, are valued at the lower of last-in, first-out ("LIFO") cost or market. Inventories of used vehicles are stated at the lower of first-in, first-out ("FIFO") cost or market, and parts and accessories are stated at the lower of specific cost or market.

PROPERTY AND EQUIPMENT -- Property and equipment are stated at cost. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives of the assets. The range of estimated useful lives are as follows:

	USEFUL LIVES
Office equipment and fixtures	5-7
Parts and service equipment	5
Company vehicles	5

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

Leasehold improvements are amortized over the lesser of the terms of their respective leases or the estimated useful lives of the related assets. Expenditures for maintenance and repairs are expensed as incurred. Significant betterments are capitalized.

INCOME TAXES -- For the years ended December 31, 1994 and 1995, the Company was a C Corporation and, therefore, provided for income taxes using the balance sheet method. There were no significant deferred tax assets and liabilities as of December 31, 1995. Effective January 1, 1996, the Company elected to be treated as an S Corporation for federal and state income tax purposes. As such the Company's taxable income is included in the stockholder's annual income tax return. Accordingly, no provision for federal or state income taxes has been included in the Company's statements of income for the periods beginning after December 31, 1995, except for the amounts associated with the Company's change to an S corporation (See Note 5).

CONCENTRATIONS OF CREDIT RISK -- Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash on deposit with financial institutions. At times, amounts invested with financial institutions may exceed FDIC insurance limits.

Concentrations of credit risk with respect to receivables are limited primarily to automobile manufacturers and financial institutions. Credit risk arising from trade receivables from commercial customers is reduced by the large number of customers comprising the trade receivables balances. Trade receivables are concentrated in the Atlanta, Georgia area.

USE OF ESTIMATES -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ADVERTISING -- The Company expenses advertising costs in the period incurred. Advertising expense approximated $709,000, $525,000 and $765,000 during 1994, 1995 and 1996, respectively.

IMPAIRMENT OF LONG-LIVED ASSETS -- Effective January 1, 1996, the Company adopted the provisions of SFAS No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF. This statement requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Adoption of SFAS No. 121 did not have a material impact on the Company's results of operations or financial position.

INTERIM FINANCIAL INFORMATION -- The accompanying unaudited financial information for the six months ended June 30, 1996 and 1997 has been prepared on substantially the same basis as the audited financial statements, and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial information set forth therein. The results of interim periods are not necessarily indicative of results to be expected for the entire fiscal year.

2. INVENTORIES AND RELATED NOTES PAYABLE -- FLOOR PLAN

Inventories consist of the following:

<TABLE>
<CAPTION>

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
<S>	<C>	<C>	<C>
			(UNAUDITED)
New vehicles..	$ 5,692,043	$ 7,980,256	$ 5,017,765
Used vehicles...	2,768,230	6,362,410	5,542,979
Parts and accessories...	503,490	586,129	420,959
Other...	79,393	142,518	146,630
Total...	$ 9,043,156	$15,071,313	$11,128,333

</TABLE>

At December 31, 1995 and 1996 and at June 30, 1997, the excess of current replacement cost over the stated LIFO valuation of new vehicles, parts and accessories amount to $2,387,114, $2,503,330 and $2,503,330 (unaudited), respectively.

2. INVENTORIES AND RELATED NOTES PAYABLE -- FLOOR PLAN -- Continued

Had the Company used the FIFO method of valuing new vehicle, parts and accessories inventory, pretax earnings would have been $1,335,380, $1,200,776 and $3,101,173 in 1994, 1995 and 1996, respectively.

All new and certain used vehicles are pledged to collateralize floor plan notes payable to financial institutions in the amount of $2,610,935 and $7,146,245 at December 31, 1995 and 1996, respectively. The floor plan notes bear interest, payable monthly on the outstanding balance, at the prime rate plus 1/2% to 1 1/2% (prime rate was 8.25% at December 31, 1996). Total floor plan interest expense amounted to $56,944, $171,690 and $372,590 in 1994, 1995 and 1996, respectively. The notes payable are due when the related vehicle is sold. As such, these floor plan notes payable are shown as a current liability in the accompanying balance sheets.

3. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

<TABLE>
<CAPTION>

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
<S>	<C>	<C>	<C>
			(UNAUDITED)
Leasehold improvements..	$1,479,385	$1,885,415	$1,885,415
Furniture and fixtures..	1,372,801	1,546,987	1,550,022
Other equipment...	565,398	571,778	571,778
Computer equipment..	188,851	195,598	198,428
Service vehicles..	117,535	122,916	143,989
	3,723,970	4,322,694	4,349,632
Less accumulated depreciation and amortization......................	(2,949,061)	(3,042,920)	(3,193,425)
Property and equipment, net...	$ 774,909	$1,279,774	$1,156,207

</TABLE>

4. LEASES

The Company leases its business premises under noncancelable operating leases for five to twenty-five year terms from a partnership partially owned by the sole stockholder of the Company. Future minimum rental payments required under noncancelable leases at December 31, 1996 are as follows:

Year ending December 31:	
1997	$ 754,162
1998	756,956
1999	759,832
2000	762,800
2001	765,856
Thereafter	5,551,504
Total	$9,351,110

Rent expense approximated $711,000, $708,000 and $715,000 during 1994, 1995 and 1996, respectively.

5. INCOME TAXES

The provision for income taxes consists of the following:

	DECEMBER 31,		
	1994	1995	1996
Current:			
Federal	$439,714	$231,720	$811,620
State	47,463	40,864	143,226
	487,177	272,584	954,846
Deferred	4,188	23,266	--
Total	$491,365	$295,850	$954,846

Effective with the Company's S Corporation election, it was required to recapture its December 31, 1995 LIFO reserve of approximately $2,400,000 and pay tax on that amount for both Federal and State income tax purposes. The taxes are payable in four equal annual installments beginning March 15, 1996. This conversion to S Corporation status resulted in the recognition of approximately $955,000 in income tax expense.

As a result of the Company's change to S Corporation status on January 1, 1996 (see Note 1), it is exposed to potential future taxes on built-in gains which were present on the date of the conversion. If the planned acquisition of the net assets of the Company described in Note 1 is consummated, the disposal of tangible and intangible property which appreciated prior to the election of S Corporation status will result in the assessment of the built-in gains tax.

The pro forma provision for income taxes and the pro forma net income for the year ended December 31, 1996 and the six months ended June 30, 1996 and 1997 reflect amounts that would have been recorded had the Company's income been taxed for federal and state purposes as if it was a C Corporation.

6. RETIREMENT PLAN

The Company has a contributory 401(k) plan covering substantially all employees. Company contributions to the Plan are equal to 25% of the first 4% of participant contributions. Company contributions amounted to $1,000, $18,000 and $18,000 in 1994, 1995 and 1996, respectively.

INDEPENDENT AUDITORS' REPORT

TO THE BOARDS OF DIRECTORS AND STOCKHOLDERS OF
BOWERS DEALERSHIPS AND AFFILIATED COMPANIES

Chattanooga, Tennessee

We have audited the accompanying combined balance sheets of Bowers Dealerships and Affiliated Companies (the "Company"), which are under common ownership and management, as of December 31, 1995 and 1996, and the related combined statements of income, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Bowers Dealerships and Affiliated Companies as of December 31, 1995 and 1996, and the combined results of their operations and their combined cash flows for the years then ended in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

Charlotte, North Carolina
August 7, 1997 (October 16, 1997 as to Note 1)

BOWERS DEALERSHIPS
AND AFFILIATED COMPANIES

COMBINED BALANCE SHEETS

DECEMBER 31, 1995 AND 1996 AND JUNE 30, 1997

<TABLE>
<CAPTION>

	DECEMBER 31, 1995	DECEMBER 31, 1996	JUNE 30, 1997 (UNAUDITED)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 1,385,006	$ 2,738,432	$ 4,766,608
Receivables	1,622,865	3,088,329	2,648,740
Inventories (Note 3)	10,752,116	19,605,557	30,948,007
Other current assets (Note 7)	994,715	2,067,241	2,778,937
Total current assets	14,754,702	27,499,559	41,142,292
PROPERTY AND EQUIPMENT, NET (Note4)	870,400	3,825,229	4,105,822
GOODWILL, NET (Note 1)	978,735	4,374,573	8,285,460
OTHER ASSETS	560,729	564,240	658,529
TOTAL ASSETS	$17,164,566	$36,263,601	$54,192,103
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Notes payable -- floor plan (Note 3)	$10,187,565	$16,695,482	$26,771,632
Notes payable -- other (Note 6)	1,770,025	3,256,407	3,684,869
Trade accounts payable	185,858	1,012,806	1,189,736
Accrued interest	69,164	105,505	178,143
Other accrued liabilities	580,745	1,397,118	1,424,075
Current maturities of long-term debt	363,851	285,469	427,557

Total current liabilities	13,157,208	22,752,787	33,676,012
LONG-TERM DEBT (Note 6)	668,390	2,224,813	2,332,276
COMMITMENTS AND CONTINGENCIES (Notes 5 and 10)			
EQUITY			
Common stock of combined companies (Note 8):	300,000	300,000	300,000
Retained earnings and members' and partners' equity	3,038,968	10,986,001	17,883,815
Total equity	3,338,968	11,286,001	18,183,815
TOTAL LIABILITIES AND EQUITY	$17,164,566	$36,263,601	$54,192,103

</TABLE>

See notes to combined financial statements

BOWERS DEALERSHIPS
AND AFFILIATED COMPANIES

COMBINED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 1995 AND 1996
AND THE SIX MONTHS ENDED JUNE 30, 1996 AND 1997

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		SIX MONTHS ENDED JUNE 30,	
	1995	1996	1996	1997
			(UNAUDITED)	
REVENUES:				
Vehicle sales	$67,318,855	$91,182,583	$37,133,540	$63,950,004
Parts, service and collision repair	3,939,295	7,969,924	3,337,725	9,107,226
Finance and insurance	1,843,590	2,337,303	1,107,834	1,496,912
Total revenues	73,101,740	101,489,810	41,579,099	74,554,142
COST OF SALES	63,581,225	87,756,814	35,532,069	63,945,021
GROSS PROFIT	9,520,515	13,732,996	6,047,030	10,609,121
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	8,004,120	11,807,108	5,080,153	8,293,720
DEPRECIATION AND AMORTIZATION	186,545	364,958	137,879	309,048
OPERATING INCOME	1,329,850	1,560,930	828,998	2,006,353
OTHER INCOME AND EXPENSE:				
Interest expense, floor plan	964,399	1,177,603	569,072	880,676
Interest expense, other	75,365	195,954	64,374	118,666
Other income (expense)	(29,827)	120,511	21,714	421,730
Total other expense	1,069,591	1,253,046	611,732	577,612
INCOME BEFORE INCOME TAXES (Note 1)	260,259	307,884	217,266	1,428,741
PROVISION FOR INCOME TAXES	41,879	60,851	60,215	30,927
NET INCOME	$ 218,380	$ 247,033	$ 157,051	$ 1,397,814
PRO FORMA PROVISION FOR INCOME TAXES (Note 1)	$ 101,709	$ 120,321	$ 84,907	$ 558,352
PRO FORMA NET INCOME (Note 1)	$ 158,550	$ 187,563	$ 132,359	$ 870,389

</TABLE>

See notes to combined financial statements

BOWERS DEALERSHIPS
AND AFFILIATED COMPANIES

COMBINED STATEMENTS OF EQUITY

YEARS ENDED DECEMBER 31, 1995 AND 1996
AND THE SIX MONTHS ENDED JUNE 30, 1997

<TABLE>
<CAPTION>

	COMMON STOCK OF COMBINED COMPANIES	RETAINED EARNINGS AND MEMBERS' AND PARTNERS' EQUITY	TOTAL EQUITY
BALANCE AT DECEMBER 31, 1994	$ 300,000	$ 1,032,746	$ 1,332,746

Capital contribution	--	1,787,842	1,787,842
Net income	--	218,380	218,380
BALANCE AT DECEMBER 31, 1995	300,000	3,038,968	3,338,968
Capital contribution	--	7,700,000	7,700,000
Net income	--	247,033	247,033
BALANCE AT DECEMBER 31, 1996	300,000	10,986,001	11,286,001
Capital contribution (unaudited)	--	5,500,000	5,500,000
Net income (unaudited)	--	1,397,814	1,397,814
BALANCE AT JUNE 30, 1997 (unaudited)	$ 300,000	$17,883,815	$18,183,815

</TABLE>

See notes to combined financial statements.

BOWERS DEALERSHIPS
AND AFFILIATED COMPANIES

COMBINED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 1995 AND 1996 AND
THE SIX MONTHS ENDED JUNE 30, 1996 AND 1997

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31, 1995	1996	SIX MONTHS ENDED JUNE 30, 1996	1997
			(UNAUDITED)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	$ 218,380	$ 247,033	$ 157,051	$1,397,814
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	186,545	364,958	137,879	309,048
Changes in assets and liabilities that relate to operations:				
(Increase) decrease in receivables	479,709	(1,465,463)	492,538	439,590
(Increase) decrease in inventories	149,322	(2,990,886)	(129,128)	(8,623,984)
Increase in other current assets	(231,440)	(1,072,526)	(538,493)	(711,698)
Increase in other non-current assets	(450,803)	(3,511)	(135,291)	(94,289)
Increase (decrease) in notes payable -- floor plan	(198,815)	6,507,915	2,301,244	10,076,150
Increase (decrease) in accounts payable and accrued expenses	(1,151,902)	1,679,663	1,073,370	276,524
Total adjustments	(1,217,384)	3,020,150	3,202,119	1,671,341
Net cash provided by (used in) operating activities	(999,004)	3,267,183	3,359,170	3,069,155
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of business, net of cash received	--	(9,840,438)	(4,790,970)	(6,718,465)
Additions to property and equipment	(263,811)	(2,737,742)	(2,850,697)	(500,528)
Net cash used in investing activities	(263,811)	(12,578,180)	(7,641,667)	(7,218,993)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Capital contributions	1,787,842	7,700,000	2,700,000	5,500,000
Proceeds from long-term debt	272,084	1,872,169	1,872,169	500,000
Payments of long-term debt	(797,363)	(394,129)	(114,690)	(250,448)
Proceeds from notes payable -- other	1,410,025	1,486,382	1,600,994	

539,000

Payments of notes payable -- other	(220,000)	--	--	(110,538)
Net cash provided by financing activities	2,452,588	10,664,422	6,058,473	6,178,014
NET INCREASE IN CASH	1,189,773	1,353,425	1,775,976	2,028,176
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	195,234	1,385,007	1,385,007	2,738,432
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,385,007	$ 2,738,432	$3,160,983	$4,766,608
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION --				
Cash paid during the period for:				
Interest	$ 1,021,118	$ 1,337,216	$ 649,259	$ 926,704
Income taxes	$ 96,391	$ 76,081	$ 35,636	$ 27,620
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:				
Net liabilities recorded from combining affiliated companies	$ 372,533	$ --	$ --	$ --

</TABLE>

See notes to combined financial statements.

BOWERS DEALERSHIPS
AND AFFILIATED COMPANIES

NOTES TO COMBINED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND BUSINESS -- Bowers Dealerships and Affiliated Companies (the "Company") operates automobile dealerships in the Chattanooga and Nashville, Tennessee areas. The Company sells new and used cars and light trucks, sells replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges financing and insurance. As of December 31, 1996, the Company had eight dealership locations selling new vehicles manufactured by BMW, Chrysler, Ford, Honda, Infiniti, Jaguar, and Volkswagen. Subsequent to December 31, 1996 the Company acquired a Dodge dealership. (see Note 2).

The accompanying combined financial statements include the accounts of the following entities:

<TABLE>
<CAPTION>

NAME	LOCATION	STRUCTURE
Cleveland Village Imports, Inc	Chattanooga	C Corporation
Nelson Bowers Ford, L.P	Chattanooga	Limited Partnership
Infiniti of Chattanooga, Inc	Chattanooga	C Corporation
Cleveland Chrysler Plymouth Jeep Eagle, LLC	Chattanooga	Limited Liability Company
Jaguar of Chattanooga, LLC	Chattanooga	Limited Liability Company
KIA of Chattanooga	Chattanooga	Limited Liability Company
European Motors of Nashville LLC	Nashville	Limited Liability Company
European Motors LLC	Chattanooga	Limited Liability Company

</TABLE>

The combined financial statements have been prepared in connection with a planned acquisition of the net assets of these entities and the aforementioned Dodge dealership by Sonic Automotive ("Sonic"). Sonic will purchase the net assets of the above entities for a total purchase price of $27.6 million, comprised of $23.6 in cash and a $4 million note payable. This acquisition is to be effective prior to the completion of an anticipated public offering of common stock by Sonic in 1997. The accompanying combined financial statements reflect the financial position, results of operations, and cash flows of each of the above listed dealerships. The combination of these entities has been accounted for at historical cost in a manner similar to a pooling-of-interest because the entities are under common management and control. All material intercompany transactions have been eliminated.

In connection with Volvo's approval of the sale of the Company's Volvo dealership to Sonic, Volvo, among other things, conditioned its approval upon Nelson Bowers, acquiring and maintaining a 20% interest in the subsidiary of Sonic that will operate the Volvo franchise. Mr. Bowers will finance all of the purchase price for this 20% interest by issuing a promissory note to the subsidiary of Sonic that controls the majority interest in Chattanooga Volvo. This note will be secured by Mr. Bowers' interest in Chattanooga Volvo. The principal amount of the note will be approximately $900,000 and it will bear interest at the lowest applicable federal rate payable annually. Mr. Bowers' interest in Chattanooga Volvo will be redeemed and this note will be due and payable in full when Volvo no longer requires Mr. Bowers to maintain his interest in Chattanooga Volvo.

REVENUE RECOGNITION -- The Company records revenue when vehicles are delivered to customers, and when vehicle service work is performed. Finance and insurance commission revenue is recognized principally at the time the contract is placed with the financial institution.

DEALER AGREEMENTS -- The Company purchases substantially all of its new vehicles from manufacturers at the prevailing prices charged by the manufacturer to its franchised dealers. The Company's sales could be unfavorably impacted by the manufacturer's unwillingness or inability to supply the dealership with an adequate supply of new car inventory.

Each dealership operates under a dealer agreement with the manufacturer except Volkswagen of Nashville which operates under a management agreement which generally restricts the location, management and ownership of the respective dealership. The ability of the Company to acquire additional franchises from a particular manufacturer may be limited due to certain restrictions imposed by manufacturers. Additionally, the Company's ability to enter into significant acquisitions may be restricted and the acquisition of the Company's stock by third parties may be limited by the terms of the franchise agreement.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

CASH AND CASH EQUIVALENTS -- The Company considers contracts in transit and all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. Contracts in transit represent cash in transit to the Company from finance companies related to a vehicle purchase, and was $654,165 and $1,702,294 at December 31, 1995 and 1996, respectively.

INVENTORIES -- Inventories of new and used vehicles, including demonstrators, are valued at the lower of first-in, first-out ("FIFO") cost or market, and parts and accessories are stated at the lower of specific cost or market.

PROPERTY AND EQUIPMENT -- Property and equipment are stated at cost. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives of the assets. The range of estimated useful lives is as follows:

	USEFUL LIVES
Building	31.5-39
Office equipment and fixtures	5-7
Parts, service equipment and vehicles	7

Leasehold improvements are amortized over the lesser of the terms of their respective leases or the estimated useful lives of the related assets.

Expenditures for maintenance and repairs are expensed as incurred. Significant betterments are capitalized.

GOODWILL -- Goodwill represents the excess of purchase price over the estimated fair value of the net assets acquired and is being amortized over a 40 year period. The cumulative amount of goodwill amortization at December 31, 1995 and 1996 was $33,561 and $87,723, respectively.

The Company periodically reviews goodwill for impairment by comparing the carrying amount of goodwill with the estimated undiscounted future cash flows from operations of the acquired business.

INCOME TAXES -- With the exception of Infiniti of Chattanooga, Inc. and Cleveland Village Imports, Inc., all entities included in the accompanying combined financial statements are either S Corporations, Limited Partnerships or Limited Liability Companies (LLC). As such, these entities do not pay Federal corporate income taxes on their taxable income. In addition, the Limited Partnerships and LLC's are not subject to state income taxes. The stockholders or partners are liable for individual income taxes on their respective shares of the Company's taxable income.

Because Infiniti of Chattanooga, Inc. and Cleveland Village Imports, Inc.

is a C Corporation, federal and state income taxes are provided for in the financial statements and consist of taxes currently due plus deferred taxes. In addition, the S Corporations are subject to Tennessee income taxes which are provided for in the financial statements. Income taxes are provided for income taxes using the balance sheet method. Deferred taxes result primarily from warranty accruals and the accelerated depreciation method used for income tax purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. In addition, deferred tax assets are recognized for state operating losses that are available to offset future taxable income.

The pro forma provision for income taxes and the pro forma net income for the years ended December 31, 1995 and 1996, and for the six months ended June 30, 1996 and 1997 reflect amounts that would have been recorded had the Company's income been taxed for federal and state purposes as if it was a C Corporation.

CONCENTRATIONS OF CREDIT RISK -- Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash deposits. At times, amounts invested with financial institutions may exceed FDIC insurance limits.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

Concentrations of credit risk with respect to receivables are limited primarily to automobile manufacturers and financial institutions. Credit risk arising from trade receivables from commercial customers is reduced by the large number of customers comprising the trade receivables balances. Trade receivables are concentrated in the Company's two market areas of Chattanooga and Nashville, Tennessee.

USE OF ESTIMATES -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ADVERTISING -- The Company expenses advertising costs in the period incurred. Advertising expense amounted to $744,674 and $1,132,263 for 1995 and 1996, respectively.

IMPAIRMENT OF LONG-LIVED ASSETS -- Effective January 1, 1996, the Company adopted the provisions of SFAS No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF. This statement requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may be impaired. Adoption of SFAS No. 121 did not have a material impact on the Company's results of operations or financial position.

INTERIM FINANCIAL INFORMATION -- The accompanying unaudited financial information for the six months ended June 30, 1997 has been prepared on substantially the same basis as the audited financial statements, and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial information set forth therein. The results of interim periods are not necessarily indicative of results to be expected for the entire fiscal year.

2. BUSINESS ACQUISITIONS

EUROPEAN MOTORS LLC -- In May 1996, the Company acquired European Motors LLC for a total purchase price of $4,790,970. The acquisition has been accounted for as a purchase and the results of operations of European Motors LLC have been included in the accompanying combined financial statements from the date of acquisition. The total purchase price has been allocated to the assets and liabilities acquired at their estiamted fair market value at acquisition date as follows:

<TABLE>

<S>	<C>
Inventory	$3,840,970
Property and equipment	250,000
Goodwill	700,000
Total	$4,790,970

</TABLE>

EUROPEAN MOTORS OF NASHVILLE, INC. -- In October 1996, the Company acquired

European Motors of Nashville, Inc. The total purchase price was $5,049,468. The acquisition has been accounted for using purchase accounting and the results of operations of this dealership has been included in the accompanying combined financial statements from the date of acquisition. The total purchase price has been allocated to the assets and liabilities acquired at their estimated fair market value at acquisition date as follows:

<TABLE>

Inventory	$2,003,086
Property and equipment	296,382
Goodwill	2,750,000
Total	$5,049,468

</TABLE>

DODGE OF CHATTANOOGA -- On March 1, 1997, the Company acquired Dodge of Chattanooga for a total purchase price of $6,718,465. The acquisition has been accounted for as a purchase and the results of operations of Dodge of Chattanooga have been included in the accompanying unaudited combined financial statements from the date of acquisition through June 30,

2. BUSINESS ACQUISITIONS -- Continued

1997. The purchase price has been allocated to the assets and liabilities acquired at their estimated fair market value at acquisition date as follows:

<TABLE>

Inventory	$2,718,465
Goodwill	4,000,000
Total	$6,718,465

</TABLE>

The following unaudited pro forma financial data is presented as if European Motors of Nashville, Inc. and European Motors LLC were acquired on January 1, 1995 and January 1, 1996, respectively.

<TABLE>

	YEAR ENDED DECEMBER 31, 1995	1996
Revenues	$130,223,683	$136,389,810
Net income	$ 694,050	$ 476,033

</TABLE>

The following unaudited pro forma financial data is presented as if Dodge of Chattanooga, Inc. was acquired on January 1, 1996 and January 1, 1997, respectively:

<TABLE>

	SIX MONTHS ENDED JUNE 30, 1996	1997
Revenues	$57,230,202	$78,452,142
Net income	$ 635,737	$ 1,404,814

</TABLE>

The pro forma information presented above is not necessarily indicative of the operating results that would have occurred had European Motors of Nashville, Inc. and European Motors LLC been acquired on January 1, 1995 and 1996, respectively and Dodge of Chattanooga on January 1, 1996 and January 1, 1997. These results are also not necessarily indicative of the results of future operations.

3. INVENTORIES AND RELATED NOTES PAYABLE -- FLOOR PLAN

Inventories consist of the following:

	DECEMBER 31, 1995	DECEMBER 31, 1996	JUNE 30, 1997 (UNAUDITED)
New vehicles	$ 8,261,122	$13,622,029	$19,572,873
Used vehicles	1,911,689	4,178,998	9,235,162
Parts and accessories	564,263	1,707,880	1,837,802
Other	15,042	96,650	302,170
Total	$10,752,116	$19,605,557	$30,948,007

All new and certain used vehicles are pledged to collateralize floor plan notes payable to financial institutions in the amount of $10,187,565 and $16,695,482 at December 31, 1995 and 1996, respectively. The floor plan notes bear interest, that fluctuates with prime and are payable monthly on the outstanding balance, ranging from 6.25% to 9.75% at December 31, 1996. Total floor plan interest expense amounted to $964,399 and $1,177,603 in 1995 and 1996, respectively. The notes payable are due when the related vehicle is sold. As such, these floor plan notes payable are shown as a current liability in the accompanying combined balance sheets.

4. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	DECEMBER 31, 1995	DECEMBER 31, 1996	JUNE 30, 1997 (UNAUDITED)
Land	$ --	$ 608,307	$ 638,557
Buildings and improvements	22,149	1,723,644	1,723,644
Office equipment and fixtures	844,823	1,208,546	1,422,551
Parts and service equipment	630,827	1,200,983	1,491,388
Leasehold improvements	254,693	262,260	262,261
	1,752,492	5,003,740	5,538,401
Less accumulated depreciation	882,092	1,178,511	1,432,579
Property and equipment, net	$ 870,400	$ 3,825,229	$ 4,105,822

5. OPERATING LEASES

The Company leases its business premises under noncancelable operating leases for one to twenty-six year terms. Future minimum rental payments required under nonconcealable leases at December 31, 1996 are as follows:

Year ending December 31:	
1997	$ 929,765
1998	687,431
1999	387,120
2000	387,120

2001	387,120
Thereafter	4,994,184
Total	$7,772,740

</TABLE>

Rent expense under these noncancelable leases amounted to $458,999 and $740,187 during 1995 and 1996, respectively.

6. FINANCING ARRANGEMENTS

Notes payable-other consists of a demand note to a bank and advances principally from a stockholder. The stockholder advances are restricted to investment in a cash management fund sponsored by finance companies. Other current assets at December 31, 1995 and 1996 include $797,000 and $1,041,000, respectively, of restricted cash in the cash management fund.

Notes payable-other consist of the following:

<TABLE>
<CAPTION>

	DECEMBER 31, 1995	DECEMBER 31, 1996	JUNE 30, 1997 (UNAUDITED)
Unsecured stockholder advances restricted for investment -- due on demand, interest ranging from 8.5% to 9.25%	$ 552,000	$1,041,000	$ 1,580,000
Other unsecured non-interest bearing stockholder advances due on demand	1,218,025	2,215,407	2,104,869
Notes payable -- other	$1,770,025	$3,256,407	$ 3,684,869

</TABLE>

6. FINANCING ARRANGEMENTS -- Continued

Long-term debt consists of the following:

<TABLE>
<CAPTION>

	DECEMBER 31, 1995	DECEMBER 31, 1996	JUNE 30, 1997 (UNAUDITED)
Mortgage note payable on land and building with a carrying value of $2,302,487, interest payable at 8.9%, due June 1, 2001	$ --	$1,799,152	$ 1,767,753
Note payable due to stockholder, interest payable at 9.5%, due December 31, 2001	564,000	564,000	564,000
Note payable related to purchase of dealership, due February 28, 1999	--	--	333,333
Notes payable for equipment with a carrying value of $76,608, interest payable ranging from 9.6% to 11.18%, payable in full November 15, 1997	109,380	76,199	45,332
Note payable on company owned vehicles, with a carrying value of approximately $20,253, bearing interest at 9.5%	298,861	20,253	--
Note payable to an unrelated car dealership, due December 3, 1999	60,000	45,000	45,000
Note payable -- other	--	5,678	4,415
	1,032,241	2,510,282	2,759,833
Less current maturities	(363,851)	(285,469)	(427,557)
Long-term debt	$ 668,390	$2,224,813	$ 2,332,276

</TABLE>

Future maturities of the above debt at December 31, 1996 are as follows:

<TABLE>

Year ending December 31:	
1997	$ 285,469
1998	259,650
1999	372,930
2000	89,829
2001	1,502,404
Total	$2,510,282

</TABLE>

7. RELATED PARTIES

The Company operates certain dealerships at facilities leased from affiliated companies. The leases are classified as operating leases. Future minimum rent payments are $483,390 in 1997, $387,390 annually through 2001 and

$4,994,184 thereafter. Rent expense in 1995 and 1996 for these leases amounted to $315,390 and $441,390, respectively.

The Company has made non-interest bearing advances to stockholders totaling $403,415, which was outstanding as of December 31, 1995 and 1996 and June 30, 1997, respectively. These amounts are reflected in other non-current assets in the accompanying combined balance sheets.

The Company also made advances to stockholders totaling $459,818, which primarily relates to the purchase of real estate and the construction of a facility owned by an entity affiliated through common ownership. This amount is included in other current assets, as it is the opinion of Company management that this amount will be collected in full by December 31, 1997.

The Company purchases advertising services from an entity affiliated through common ownership. Advertising expenses from services received from this entity included in the accompanying statements of operations for the years ended December 31, 1995 and 1996 was $422,777 and $412,982, respectively.

The Company sells extended warranty contracts to customers related to vehicle sales through warranty contracts procured from an entity affiliated through common ownership. Total premiums paid to this affiliated entity for these contracts totaled $389,620 and $453,850 for the years ended December 31, 1995 and 1996, respectively.

7. RELATED PARTIES -- Continued

The Company purchases products and services from an entity affiliated through common ownership relative to automobile etching and automobile pack products sold to customers. Total products and services purchased for the years ended December 31, 1995 and 1996 was $69,733 and $97,164 respectively.

For the year ended December 31, 1996, the Company paid $23,760 for services provided to an automobile auction entity which is related through common ownership.

8. EQUITY

During 1997, an entity affiliated through common ownership began paying the salaries of certain executive officers and other selling, general and administrative expenses relating to the Company. The affiliated company charged the Company management fees during the six months ended June 30, 1997 totaling $864,000 for the reimbursement of amounts paid by the affiliate on behalf of the Company.

The capital structure of the entities included in the combined financial statements of the Company at December 31, 1995 is as follows:

<TABLE>
<CAPTION>

	COMMON STOCK				
	PAR VALUE	SHARES AUTHORIZED	SHARES ISSUED AND OUTSTANDING	AMOUNT	RETAINED EARNINGS AND MEMBERS' AND PARTNERS' EQUITY
<S>	<C>	<C>	<C>	<C>	<C>
Cleveland Village Imports, Inc.	No par	2,000	2,000	$ 300,000	$ 552,817
Nelson Bowers Ford, L.P.				--	759,039
Cleveland Chrysler Plymouth Jeep Eagle, LLC				--	562,328
Jaguar of Chattanooga, LLC				--	1,164,784
				$ 300,000	$ 3,038,968

</TABLE>

The capital structure of the entities included in the combined financial statements of the Company at December 31, 1996 is as follows:

<TABLE>
<CAPTION>

COMMON STOCK
SHARES

	PAR VALUE	SHARES AUTHORIZED	ISSUED AND OUTSTANDING	AMOUNT	RETAINED EARNINGS AND MEMBERS' AND PARTNERS' EQUITY
<S>	<C>	<C>	<C>	<C>	<C>
Cleveland Village Imports, Inc..........................	No par	2,000	2,000	$ 300,000	$ 563,672
Nelson Bowers Ford, L.P................................				--	699,958
Cleveland Chrysler Plymouth Jeep Eagle, LLC............				--	417,300
Jaguar of Chattanooga, LLC.............................				--	1,141,782
European Motors of Nashville, LLC......................				--	5,014,936
European Motors LLC....................................				--	3,148,353
				$ 300,000	$10,986,001

</TABLE>

9. EMPLOYEE BENEFIT PLANS

In April 1997, the Company established a 401(k) plan, whereby substantially all of the employees of the company meeting certain service requirements are eligible to participate. Contributions by the Company to the plan were not significant in any period presented.

10. CONTINGENCIES

The Company is involved in various legal proceedings. Management believes that the outcome of such proceedings will not have a materially adverse effect on the Company's financial position or future results of operations and cash flows.

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF
LAKE NORMAN DODGE, INC.
Cornelius, North Carolina

We have audited the accompanying combined balance sheet of Lake Norman Dodge, Inc. and Affiliated Companies (the "Company"), which are under common ownership and management, as of December 31, 1996, and the related combined statements of income, stockholders' equity, and cash flows for the year then ended. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Lake Norman Dodge, Inc. and Affiliated Companies as of December 31, 1996, and the combined results of their operations and their combined cash flows for the year then ended in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Charlotte, North Carolina

August 7, 1997
(September 29, 1997 as to Note 1)

LAKE NORMAN DODGE, INC. AND AFFILIATED COMPANIES

COMBINED BALANCE SHEETS

DECEMBER 31, 1996 AND JUNE 30, 1997

<TABLE>
<CAPTION>

DECEMBER

	DECEMBER 31, 1996	JUNE 30, 1997 (UNAUDITED)
<S>	<C>	<C>
ASSETS (NOTE 4)		
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,491,358	$ 3,466,789
Receivables	1,998,315	2,535,247
Inventories (Note 2)	23,603,843	22,778,488
Prepaid expenses	--	243,870
Total current assets	29,093,516	29,024,394
PROPERTY AND EQUIPMENT, NET (Note 3)	485,880	566,875
OTHER ASSETS (NOTE 6):		
Due from employees	281,497	302,628
Due from related partnership	159,554	159,554
Total other assets	441,051	462,182
TOTAL ASSETS	$30,020,447	$30,053,451
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable-floor plan (Note 2)	$25,957,314	$25,865,010
Trade accounts payable	1,364,121	1,351,664
Note payable to bank (Note 4)	68,168	27,644
Other accrued liabilities	765,620	472,485
Current maturities of long-term debt	142,857	71,429
Total current liabilities	28,298,080	27,788,232
LONG-TERM DEBT (Note 4)	785,715	785,714
COMMITMENTS (Note 5)		
STOCKHOLDERS' EQUITY:		
Common stock of combined companies	75,000	75,000
Paid-in capital	600,009	600,009
Retained earnings	261,643	804,496
Total stockholders' equity	936,652	1,479,505
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$30,020,447	$30,053,451

</TABLE>

See notes to combined financial statements.

LAKE NORMAN DODGE, INC. AND AFFILIATED COMPANIES

COMBINED STATEMENTS OF INCOME

YEAR ENDED DECEMBER 31, 1996 AND SIX MONTHS ENDED JUNE 30, 1996 AND 1997

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31, 1996	SIX MONTHS ENDED JUNE 30, 1996	1997 (UNAUDITED)
<S>	<C>	<C>	<C>
REVENUES:			
Vehicle sales	$124,538,878	$55,071,168	$69,798,274

Finance and insurance	3,617,296	1,773,355	1,949,987
Parts and service	9,543,187	4,371,529	5,321,329
Total revenues	137,699,361	61,216,052	77,069,590
COST OF SALES	121,806,212	53,845,015	68,272,355
GROSS PROFIT	15,893,149	7,371,037	8,797,235
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	14,215,002	6,736,729	6,937,071
DEPRECIATION AND AMORTIZATION	88,987	37,414	46,900
OPERATING INCOME	1,589,160	596,894	1,813,264
OTHER INCOME AND EXPENSE:			
Interest expense, floor plan	1,552,250	588,951	1,185,518
Interest expense, other	49,540	2,880	67,647
Other income	257,747	113,277	176,322
Total other expense	1,344,043	478,554	1,076,843
NET INCOME	$ 245,117	$ 118,340	$ 736,421
PRO FORMA INCOME TAX PROVISION (Note 1)	$ 97,213	$ 46,934	$ 292,138
PRO FORMA NET INCOME (Note 1)	$ 147,904	$ 71,406	$ 444,283

</TABLE>

See notes to combined financial statements.

LAKE NORMAN DODGE, INC. AND AFFILIATED COMPANIES

COMBINED STATEMENTS OF STOCKHOLDERS' EQUITY

YEAR ENDED DECEMBER 31, 1996 AND SIX MONTHS ENDED JUNE 30, 1997

<TABLE>
<CAPTION>

	COMMON STOCK SHARES	COMMON STOCK AMOUNT	PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL STOCKHOLDERS' EQUITY
<S>	<C>	<C>	<C>	<C>	<C>
BALANCE AT DECEMBER 31, 1995	75	$75,000	$475,009	$728,963	$1,278,972
Capital contribution	--	--	125,000	--	125,000
Net income	--	--	--	245,117	245,117
Distributions to owners	--	--	--	(712,437)	(712,437)
BALANCE AT DECEMBER 31, 1996	75	75,000	600,009	261,643	936,652
Net income (unaudited)	--	--	--	736,421	736,421
Distributions to owners (unaudited)	--	--	--	(193,568)	(193,568)
BALANCE AT JUNE 30, 1997 (unaudited)	75	$75,000	$600,009	$804,496	$1,479,505

</TABLE>

See notes to combined financial statements.

LAKE NORMAN DODGE, INC. AND AFFILIATED COMPANIES

COMBINED STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 1996 AND THE SIX MONTHS ENDED JUNE 30, 1996 AND 1997

<TABLE>
<CAPTION>

	YEAR ENDED	SIX MONTHS ENDED JUNE 30,	
	DECEMBER 31, 1996	1996	1997
<S>	<C>	<C>	<C>
			(UNAUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 245,117	$ 118,340	$ 736,421
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Bad debts and repossessions	44,523	--	9,910
Depreciation and amortization expense	88,987	37,414	46,900
Increase in LIFO reserve	169,316	177,898	324,486
Changes in assets and liabilities that relate to operations:			
Increase in receivable	(533,128)	(417,366)	(546,842)
Increase (decrease) in inventories	(10,887,995)	1,039,475	500,867
Increase (decrease) in prepaid expenses	15,895	(271,689)	(243,870)
(Increase) decrease in accounts payable	109,802	(240,517)	(12,456)
(Increase) decrease in notes payable floor plan	13,226,616	547,291	(92,304)
(Increase) decrease in other accrued liabilities	488,012	1,281,747	(293,135)
Total adjustments	2,722,028	2,154,253	(306,444)
Net cash provided by operating activities	2,967,145	2,272,593	429,977
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(282,711)	(141,084)	(127,895)
Advances to employees -- net	(86,179)	(87,558)	(21,131)
Advances to related partnership -- net	(159,553)	--	--
Net cash used in investing activities	(528,443)	(228,642)	(149,026)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from bank note	100,000	100,000	--
Payments on bank note	(69,331)	(30,214)	(40,524)
Proceeds from long-term debt	1,000,000	1,000,000	--
Payments on long-term debt	(71,429)	--	(71,428)
Capital contribution	125,000	--	--
Distributions to owners	(712,437)	(540,205)	(193,568)
Net cash provided by (used in) financing activities	371,803	529,581	(305,520)
NET INCREASE (DECREASE) IN CASH	2,810,505	2,573,532	(24,569)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	680,853	680,853	3,491,358
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 3,491,358	$ 3,254,385	$ 3,466,789
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the period for interest	$ 1,601,790	$ 591,831	$ 1,253,165

</TABLE>

See notes to combined financial statements.

LAKE NORMAN DODGE, INC. AND AFFILIATED COMPANIES

NOTES TO COMBINED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND BUSINESS -- Lake Norman Dodge, Inc. and Affiliated Companies' (the "Company") operates two automobile dealerships in the Charlotte, North Carolina area. The Company sells new and used cars and light trucks, sells replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges related financing and insurance.

The combined financial statements include the accounts of Lake Norman Dodge, Inc. ("LND") and its subsidiary, Lake Norman Chrysler-Plymouth-Jeep-Eagle, LLC ("LNCPJE") and certain proprietorships of Phil Gandy and Quinton Gandy. LND is 100% owned by Phil Gandy and Quinton Gandy. All significant intercompany balances and planned transactions have been eliminated in combination.

The combined financial statements have been prepared in connection with a planned acquisition of the net assets of these entities by Sonic Automotive, Inc. ("Sonic"). In May 1997, the Company signed a definitive purchase agreement whereby its outstanding capital stock would be acquired by Sonic for $18,200,000. This acquisition was consummated on September 29, 1997, and is being done in contemplation of an anticipated public offering of common stock by Sonic in 1997.

The accompanying combined financial statements reflect the financial position, results of operations, and cash flows of each of the above listed entities. The combination of these entities has been accounted for at historical cost in a manner similar to a pooling-of-interest because the entities are under common management and control. All material intercompany transactions have been eliminated.

LNCPJE was organized on March 18, 1996, as a North Carolina limited liability company and commenced operations on July 1, 1996. The certain proprietorships of Phil Gandy and Quinton Gandy include commissions earned related to sales of extended warranty contracts through LND and LNCPJE, which were paid directly to Phil Gandy and Quinton Gandy at the option of LND and LNCPJE. Earned commissions relating to the sales of these contracts reflect a recurring transaction relating to the dealerships and therefore these proprietorships have been included in the accompanying combined financial statements.

REVENUE RECOGNITION -- The Company records revenue when vehicles are delivered to customers, and when vehicle service work is performed. Finance and insurance commission revenue is recognized principally at the time the contract is placed with the financial institutions.

DEALER AGREEMENTS -- The Company purchases substantially all of its new vehicles from manufacturers at the prevailing prices charged by the manufacturer to its franchised dealers. The Company's sales could be unfavorably impacted by the manufacturers' unwillingness or inability to supply the dealership with an adequate supply of new car inventory.

Each dealership operates under a dealer agreement with the manufacturer which generally restricts the location, management and ownership of the respective dealership. The ability of the Company to acquire additional franchises from a particular manufacturer may be limited due to certain restrictions imposed by manufacturers. Additionally, the Company's ability to enter into significant acquisitions may be restricted and the acquisition of the Company's stock by third parties may be limited by the terms of the franchise agreement.

CASH AND CASH EQUIVALENTS -- The Company considers contracts in transit and all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. Contracts in transit represent cash in transit to the Company from finance companies related to vehicle purchases, and was $2,110,467 at December 31, 1996.

INVENTORIES -- Inventories of new vehicles, including demonstrators, are valued at the lower of last-in, first-out ("LIFO") cost or market. Inventories of used vehicles are stated at the lower of first-in, first-out ("FIFO") cost or market, and parts and accessories are stated at the lower of specific cost or market.

PROPERTY AND EQUIPMENT -- Property and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the assets using primarily accelerated methods. The range of estimated useful lives is as follows:

	USEFUL LIVES
Parts and service equipment	5 years
Office equipment and fixtures	5-7 years
Company vehicles	5 years

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

Leasehold improvements are amortized over the lesser of the terms of their respective leases or the estimated useful lives of the related assets.

Expenditures for maintenance and repairs are expensed as incurred. Significant betterments are capitalized.

INCOME TAXES -- LND has elected to be treated as an S Corporation for federal and state income tax purposes, and LNCPJE is a limited liability company (LLC). As such the stockholders and members, respectively, include their pro rata share of the Company's taxable income for the year in their individual income tax returns. The proprietorship income of Phil and Quinton Gandy combined herein is also included in their personal income tax returns. Accordingly, no provision for federal or state income taxes has been included in the accompanying combined statement of income.

The pro forma provision for income taxes and the pro forma net income for the year ended December 31, 1996 and for the six months ended June 30, 1996 and 1997 reflect amounts that would have been recorded had the Company's income been taxed for federal and state purposes as if it was a C Corporation.

CONCENTRATIONS OF CREDIT RISK -- Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash deposits. At times, amounts invested with financial institutions may exceed FDIC insurance limits.

Concentrations of credit risk with respect to receivables are limited primarily to automobile manufacturers and financial institutions. Credit risk arising from trade receivables from commercial customers is reduced by the large number of customers comprising the trade receivables balances. Trade receivables are concentrated in the Charlotte, North Carolina metropolitan area.

USE OF ESTIMATES -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ADVERTISING COSTS -- The Company expenses all costs of advertising when incurred. Advertising costs of $1,828,534 are included in operating expenses for 1996.

INTERIM FINANCIAL INFORMATION -- The accompanying unaudited financial information for the six months ended June 30, 1997 has been prepared on substantially the same basis as the audited financial statements, and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial information set forth therein. The results for interim periods are not necessarily indicative of the results to be expected for the entire fiscal year.

The combined statement of income for the year ended December 31, 1996 includes expenses approximating $1,200,000 for discretionary bonuses to stockholders determined at year end. Of this amount approximately $565,000 was incurred through June 30, 1996. Given the planned acquisition by Sonic, it is uncertain if a similar discretionary bonus will be awarded in 1997. As such, no bonus has been accrued through June 30, 1997.

2. INVENTORIES AND RELATED NOTES PAYABLE -- FLOORPLAN

Inventories consist of the following:

<TABLE>
<CAPTION>

	DECEMBER 31, 1996	JUNE 30, 1997 (UNAUDITED)
New vehicles	$ 16,617,268	$18,626,219
Used vehicles	6,437,598	3,720,437
Parts and accessories	548,977	431,832
Total	$ 23,603,843	$22,778,488

</TABLE>

Had the Company used the FIFO method of valuing new vehicle inventory, inventories would have been $1,564,142 higher and net income would have been $414,432 as of and for the year ended December 31, 1996. The inventory balance is

2. INVENTORIES AND RELATED NOTES PAYABLE -- FLOORPLAN -- Continued

generally reduced by the manufacturer's purchase discounts and such reduction is not reflected in the related floor plan liability.

All new and certain used vehicles are pledged to collateralize floor plan notes payable to financial institutions in the amount of $25,957,314 at December 31, 1996. The floor plan notes bear interest, payable monthly on the outstanding balance, at the prime rate plus 0.5% (8.75% at December 31, 1996). Total floor plan interest expense amounted to $1,552,250 in 1996. The notes payable are due when the related vehicle is sold. As such, these floor plan notes payable are shown as a current liability in the accompanying balance sheet.

3. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	DECEMBER 31, 1996	JUNE 30, 1997 (UNAUDITED)
Service equipment	$ 309,944	$ 373,652
Parts and accessory equipment	35,480	38,876
Vehicles	11,809	53,898
Furniture and fixtures	212,155	278,479
Leasehold improvements	460,097	497,345
	1,029,485	1,242,250
Less accumulated depreciation	(543,605)	(675,375)
Property and equipment, net	$ 485,880	$ 566,875

4. NOTE PAYABLE TO BANK AND LONG-TERM DEBT

The note payable with a balance of $68,168 at December 31, 1996 is due in monthly installments of $7,172, including interest at 8.25%, through October, 1997. The note is collateralized by modular buildings used in Company operations.

In July, 1996, the Company borrowed $1,000,000 from Chrysler Financial Corporation. Payments of $11,905 plus interest at prime plus .5% (8.75% at December 31, 1996) are due monthly, through July, 2003. The loan is collateralized by a security interest in all assets of LNCPJE. Principal is due as follows:

Year ending December 31:	
1997	$142,857
1998	142,857
1999	142,857
2000	142,857
2001	142,857
2002	142,857
Thereafter	71,430
	928,572
Less current maturities	142,857
Long-term debt	$785,715

5. OPERATING LEASES

The Company leases its operating facilities from its shareholders under three separate leases expiring March, 2000 and June, 2001. Monthly payments under these leases at December 31, 1996, total $83,000. One of these leases has an option for renewal for two additional five year terms. The Company pays all operating costs such as utilities, repairs, maintenance and insurance relating to these facilities. Total payments made to related parties under these leases in 1996 were $786,000 exclusive of operating costs.

5. OPERATING LEASES -- Continued

At December 31, 1996 future minimum rental payments under these operating leases are as follows:

YEAR	
1997	$ 996,000
1998	996,000
1999	996,000
2000	564,000
2001	210,000
Total	$3,762,000

The Company leases automobiles through Chrysler Finance under twenty-four and thirty-six month agreements expiring at various dates. The Company pays monthly rental of varying amounts. In addition, the Company pays all operating costs, including insurance, repairs, and maintenance. Payments under automobile leases were $170,800 in 1996.

At December 31, 1996, minimum future lease payments under these leases are as follows:

1997	$216,000
1998	81,000
Total	$297,000

6. RELATED PARTIES

DUE FROM RELATED PARTIES -- Due from employees includes $219,878 due from shareholders. These amounts bear interest at the prevailing U. S. Treasury rates for short-term debt, are noncollateralized and have no specific repayment terms.

Amounts due from related partnership are noninterest bearing, noncollateralized and have no specific repayment terms.

7. EMPLOYEE SAVINGS PLAN

The Company operates a savings plan under Section 401(k) of the Internal Revenue Code. This plan allows employees to defer a portion of their income on a pre-tax basis through plan contributions. The Company makes matching contributions up to 2% of employee salary. Company contributions to the plan in 1996 totaled $56,800. The Company also paid plan expenses of $1,312.

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF
KEN MARKS FORD, INC.
Clearwater, Florida

We have audited the accompanying balance sheet of Ken Marks Ford, Inc. (the "Company") as of April 30, 1997, and the related statements of income, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ken Marks Ford, Inc. as of April 30, 1997, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Charlotte, North Carolina

August 26, 1997 (October 15, 1997 as to Note 1)

KEN MARKS FORD, INC.

BALANCE SHEETS

APRIL 30, 1997 AND JULY 31, 1997

	APRIL 30, 1997	JULY 31, 1997 (UNAUDITED)
ASSETS (NOTE 4)		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,504,102	$ 2,937,429
Receivables	2,374,483	1,558,416
Inventories (Note 2)	11,216,499	11,809,574
Prepaid expenses and other current assets	529,633	265,122
Deferred income taxes (Note 5)	91,742	91,742
TOTAL CURRENT ASSETS	16,716,459	16,662,283
PROPERTY AND EQUIPMENT (Note 3)	470,738	530,257
OTHER ASSETS	14,000	14,000
TOTAL ASSETS	$17,201,197	$17,206,540
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable -- floor plan (Note 2)	$12,557,574	$12,720,185
Trade accounts payable	678,252	691,537
Accrued payroll and bonuses	836,425	718,767
Other accrued liabilities (Note 7)	777,388	541,500
Allowance for insurance, service contract and finance income chargebacks	224,544	224,544
Income tax payable (Note 5)	15,161	0
TOTAL CURRENT LIABILITIES	15,089,344	14,896,533
DEFERRED INCOME TAXES (Note 5)	17,705	17,705
COMMITMENTS AND CONTINGENCIES (Notes 6 and 7)		
STOCKHOLDERS' EQUITY:		
Common stock, $1.00 par value, 500 shares authorized and issued	500	500
Paid-in capital	423,800	423,800
Retained earnings	1,669,848	1,868,002
Total stockholders' equity	2,094,148	2,292,302
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$17,201,197	$17,206,540

See notes to financial statements.

KEN MARKS FORD, INC.

STATEMENTS OF INCOME

YEAR ENDED APRIL 30, 1997 AND THREE MONTHS ENDED JULY 31, 1996 AND 1997

	YEAR ENDED APRIL 30, 1997	THREE MONTHS ENDED JULY 31, 1996	THREE MONTHS ENDED JULY 31, 1997
			(UNAUDITED)
REVENUES:			
Vehicle sales	$130,045,246	$33,823,641	$33,167,639
Parts, service and collision repairs	13,116,124	3,660,782	2,930,561
Finance and insurance	2,188,071	596,854	529,109
Total revenues	145,349,441	38,081,277	36,627,309
COST OF SALES	126,870,910	33,111,680	32,195,397
GROSS PROFIT	18,478,531	4,969,597	4,431,912
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 7)	15,743,940	4,034,940	3,644,179
DEPRECIATION AND AMORTIZATION	100,771	20,846	20,302
OPERATING INCOME	2,633,820	913,811	767,431
OTHER INCOME AND EXPENSE:			
Interest expense, floor plan (Note 2)	2,008,468	480,132	485,358
Other income	140,916	16,189	40,654
Total other income and expense	1,867,552	463,943	444,704
INCOME BEFORE INCOME TAXES	766,268	449,868	322,727
PROVISION FOR INCOME TAXES (Note 5)	295,988	173,649	124,573
NET INCOME	$ 470,280	$ 276,219	$ 198,154

See notes to financial statements.

KEN MARKS FORD, INC.

STATEMENTS OF STOCKHOLDERS' EQUITY

YEAR ENDED APRIL 30, 1997 AND THREE MONTHS ENDED JULY 31, 1997

	COMMON STOCK	PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL STOCKHOLDERS' EQUITY
BALANCE APRIL 30, 1996	$ 500	$423,800	$1,219,568	$ 1,643,868
Dividends	--	--	(20,000)	(20,000)
Net income	--	--	470,280	470,280
BALANCE APRIL 30, 1997	$ 500	$423,800	$1,669,848	$ 2,094,148
Net income (unaudited)	--	--	198,154	198,154
BALANCE JULY 31, 1997 (unaudited)	$ 500	$423,800	$1,868,002	$ 2,292,302

See notes to financial statements.

KEN MARKS FORD, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED APRIL 30, 1997 AND THREE MONTHS ENDED
JULY 31, 1996 AND 1997

<TABLE>
<CAPTION>

<S>	<C> YEAR ENDED APRIL 30, 1997	<C> THREE MONTHS ENDED JULY 31, 1996 (UNAUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 470,280	$ 276,219
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	100,771	20,846
Deferred income taxes	13,763	6,600
Loss on disposal of property and equipment	45,192	--
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(1,033,143)	323,213
(Increase) decrease in inventories	5,197,288	1,129,058
(Increase) decrease in prepaid expenses	429,467	(595,810)
Decrease in due from related parties	134,141	--
Increase (decrease) in notes payable, floor plan	(3,401,971)	(663,355)
Increase in trade accounts payable	322,319	219,902
Decrease in accrued payroll and bonuses	(284,875)	(400,442)
Increase (decrease) in accrued expenses and other payables	(848,544)	484,719
Decrease in allowance for insurance, service contract and finance income chargebacks	(85,107)	--
Increase (decrease) in income tax payable	(39,839)	112,049
Total adjustments	549,462	636,780
Net cash provided by operating activities	1,019,742	912,999
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(183,674)	(5,060)
Net cash used in investing activities	(183,674)	(5,060)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid to stockholders	(20,000)	--
Net cash used in financing activities	(20,000)	--
NET INCREASE IN CASH	816,068	907,939
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,688,034	1,688,034
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,504,102	$ 2,595,973
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$ 2,008,468	$ 480,132
Income taxes	$ 322,064	$ 55,000

<CAPTION>

<S>	<C> THREE MONTHS ENDED JULY 31, 1997 (UNAUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 198,154

Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	20,302
Deferred income taxes	--
Loss on disposal of property and equipment	--
Change in operating assets and liabilities:	
(Increase) decrease in accounts receivable	816,067
(Increase) decrease in inventories	(593,075)
(Increase) decrease in prepaid expenses	264,511
Decrease in due from related parties	--
Increase (decrease) in notes payable, floor plan	162,611
Increase in trade accounts payable	13,285
Decrease in accrued payroll and bonuses	(117,658)
Increase (decrease) in accrued expenses and other payables	(235,888)
Decrease in allowance for insurance, service contract and finance income chargebacks	--
Increase (decrease) in income tax payable	(15,161)
Total adjustments	314,994
Net cash provided by operating activities	513,148
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property and equipment	(79,821)
Net cash used in investing activities	(79,821)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Dividends paid to stockholders	--
Net cash used in financing activities	--
NET INCREASE IN CASH	433,327
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,504,102
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,937,429
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	$ 485,358
Income taxes	$ 144,000

</TABLE>

See notes to financial statements.

KEN MARKS FORD, INC.

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND BUSINESS -- Ken Marks Ford, Inc. (the "Company") operates an automobile dealership in the Tampa-Clearwater areas in Florida. The Company sells new and used cars, sells replacement parts, provides vehicle maintenance, warranty, paint and repair services and arranges related financing and insurance.

In July 1997, the Company signed a definitive purchase agreement whereby its outstanding capital stock would be acquired by Sonic Automotive, Inc. ("Sonic") for $25,482,500. This acquisition was consummated on October 15, 1997, and is being done in contemplation of an anticipated public offering of common stock by Sonic Automotive, Inc. in 1997.

REVENUE RECOGNITION -- The Company records revenue when vehicles are delivered to customers, and when vehicle service work is performed. Finance and insurance commission revenue is recognized principally at the time the contract is placed with the financial institution.

DEALER AGREEMENTS -- The Company purchases substantially all of its new vehicles from manufacturers at the prevailing prices charged by the manufacturer to its franchised dealers. The Company's sales could be unfavorably impacted by the manufacturer's unwillingness or inability to supply the dealership with an adequate supply of new car inventory. Each dealership operates under a dealer agreement with the manufacturer. These agreements generally restrict the location, management and ownership of the respective dealership.

CASH AND CASH EQUIVALENTS -- The Company considers contracts in transit and all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. Contracts in transit represent cash in transit to the Company from finance companies related to vehicle purchases, and was approximately $628,000 at April 30, 1997.

INVENTORIES -- Inventories of new vehicles, including demonstrators, are valued at the lower of last-in, first-out ("LIFO") cost or market. Inventories of parts and accessories are valued on a LIFO basis using the Current Year Parts Price Index. Inventories of used vehicles are valued on a specific identification basis.

PROPERTY AND EQUIPMENT -- Property and equipment are stated at cost.

Depreciation is computed using straight-line and accelerated methods over the estimated useful lives of the assets. The range of estimated useful lives is as follows:

<TABLE>
<CAPTION>

<S>	USEFUL LIVES <C>
Leasehold improvements	18-31 years
Machinery and equipment	5-7 years
Furniture and fixtures	5-7 years

</TABLE>

INCOME TAXES -- Deferred income tax assets and liabilities are determined based on the difference between financial reporting and tax basis of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

CONCENTRATIONS OF CREDIT RISK -- Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash deposits. At times, amounts invested with financial institutions may exceed FDIC insurance limits.

Concentrations of credit risk with respect to receivables are limited primarily to automobile manufacturers and financial institutions. Credit risk arising from trade receivables from commercial customers is reduced by the large number of customers comprising the trade receivables balance. Trade receivables are concentrated in the Tampa-Clearwater metropolitan area.

USE OF ESTIMATES -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

Advertising -- The Company expenses advertising costs in the period incurred. Advertising expenses approximated $991,000 for the year ended April 30, 1997.

2. INVENTORIES AND RELATED NOTES PAYABLE -- FLOOR PLAN

Inventories consist of the following:

<TABLE>
<CAPTION>

<S>	APRIL 30, 1997 <C>	JULY 31, 1997 <C> (UNAUDITED)
New vehicles	$ 8,477,840	$ 9,270,932
Used vehicles	2,341,929	2,193,166

Parts and accessories	396,730	345,476
Total	$11,216,499	$11,809,574

</TABLE>

At April 30, 1997, the excess of current replacement cost over the stated LIFO valuation of new vehicles, parts and accessories amounts to $2,749,237. The inventory balance generally is reduced by the manufacturer's purchase discounts, and such reduction is not reflected in the related floor plan liability.

Had the Company used the FIFO method of valuing new vehicle, parts and accessories inventory, pretax earnings would have been $949,454 for the year ended April 30, 1997.

All new vehicles are pledged to collateralize floor plan notes payable to financial institutions in the amount of $12,557,574 at April 30, 1997. The floor plan notes bear interest, payable monthly on the outstanding balance, at the prime rate plus 1% (9.5% at April 30, 1997). Total floor plan interest expense amounted to $2,008,468 during the year ended April 30, 1997. The notes payable become due when the related vehicle is sold. As such, these floor plan notes payable are shown as a current liability in the accompanying balance sheet.

Certain inventory items collateralize the revolving line of credit described in Note 4. All new vehicles and demonstrators and substantially all parts and accessories are purchased from Ford Motor Company.

3. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

<TABLE>
<CAPTION>

	APRIL 30, 1997	JULY 31, 1997
<S>	<C>	<C>
		(UNAUDITED)
Parts and service equipment	$ 333,063	$ 340,284
Furniture and fixtures	400,152	409,991
Leasehold improvements	481,815	544,576
	1,215,030	1,294,851
Less accumulated depreciation	(744,292)	(764,594)
Property and equipment, net	$ 470,738	$ 530,257

</TABLE>

4. FINANCING ARRANGEMENT

The Company has a revolving line of credit with Ford Motor Credit Corporation in the amount of $2,500,000. At April 30, 1997, no amount was outstanding relating to this line of credit, which is collateralized by personal guarantees from the stockholders and the net assets of the Company.

5. INCOME TAXES

The provision for income taxes consists of the following:

<TABLE>
<CAPTION>

	APRIL 30, 1997
<S>	<C>
Current taxes	$ 282,225
Deferred taxes	13,763
Provision for income taxes	$ 295,988

</TABLE>

Deferred income tax assets and liabilities consist of the following:

<TABLE>
<CAPTION>

	APRIL 30, 1997
<S>	<C>
Deferred tax asset -- current, primarily from differences relating to finance and insurance reserves and allowance for bad debts	$ 91,742
Deferred tax liability -- long-term, primarily from differences relating to depreciation	(17,705)
Net deferred tax asset	$ 74,037

</TABLE>

6. COMMITMENTS AND CONTINGENCIES

Ford Motor Company (FMC) owns vehicles which are used as short-term rentals for which the Company pays FMC monthly fees. A portion of the fees are applied against the purchase price the Company must pay for the vehicles when they are no longer used for rental. The contingent liability to FMC to purchase the vehicles under this program was approximately $1,771,000 at April 30, 1997.

The Company is a defendant in various legal proceedings incurred in the normal course of business. Management believes that the outcome of such proceedings will not have a materially adverse effect on the Company's financial position or future operations and cashflows.

7. RELATED PARTY TRANSACTIONS

The Company leases its operating facility from a corporation which is owned by the Company's stockholders. The lease is currently on a month-to-month basis. Rent charged to expense under this lease was $359,630 for the year ended April 30, 1997. In addition, management fees of $675,000 for the year ended April 30, 1997 were paid by the Company to the above corporation and are included in selling, general and administrative expenses. In addition, related party payables of $270,000 were included in other accrued liabilities at April 30, 1997.

NO DEALER, SALESPERSON, OR ANY OTHER INDIVIDUAL HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE OFFERING COVERED BY THIS PROSPECTUS. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE CLASS A COMMON STOCK IN ANY JURISDICTION WHERE, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE FACTS SET FORTH IN THIS PROSPECTUS OR IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

TABLE OF CONTENTS

<TABLE>
<CAPTION>

<S>	PAGE <C>
Prospectus Summary	3
Risk Factors	9
The Reorganization	19
The Acquisitions	19
Use of Proceeds	23
Dividend Policy	23
Capitalization	24
Dilution	25
Selected Combined And Consolidated Financial Data	26
Pro Forma Combined and Consolidated Financial Data	28
Management's Discussion and Analysis of Financial Condition and Results of Operations	36
Business	43
Management	59
Certain Transactions	66
Principal Stockholders	70
Description of Capital Stock	71
Shares Eligible for Future Sale	75
Underwriting	76
Legal Matters	78
Experts	78
Additional Information	78
Index to Financial Statements	F-1

</TABLE>

UNTIL , 1997 (25 DAYS AFTER THE DATE OF THIS PROSPECTUS), ALL DEALERS EFFECTING TRANSACTIONS IN THE CLASS A COMMON STOCK, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS DELIVERY REQUIREMENT IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

5,000,000 SHARES

(SONIC AUTOMOTIVE logo appears here)

CLASS A COMMON STOCK

PROSPECTUS

MERRILL LYNCH & CO.

NATIONSBANC MONTGOMERY SECURITIES, INC.

WHEAT FIRST BUTCHER SINGER

, 1997

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the expenses to be borne by the Registrant in connection with the issuance and distribution of the securities being registered hereby other than underwriting discounts and commissions. All the amounts shown are estimates, except for the registration fee with the Securities and Exchange Commission, the NASD filing fee and the NYSE fees.

SEC Registration fee	$ 31,516
NASD filing fee	10,900
NYSE fees	84,600
Transfer agent and registrar fees	15,000
Accounting fees and expenses	950,000
Legal fees and expenses	450,000
"Blue Sky" fees and expenses (including legal fees)	15,000
Costs of printing and engraving	325,000
Miscellaneous	117,984
Total	$2,000,000

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Registrant's Bylaws effectively provide that the Registrant shall, to the full extent permitted by Section 145 of the General Corporation Law of the State of Delaware, as amended from time to time ("Section 145"), indemnify all persons whom it may indemnify pursuant thereto. In addition, the Registrant's Amended and Restated Certificate of Incorporation eliminates personal liability of its directors to the full extent permitted by Section 102(b)(7) of the General Corporation Law of the State of Delaware, as amended from time to time ("Section 102(b)(7)").

Section 145 permits a corporation to indemnify its directors and officers against expenses (including attorney's fees), judgments, fines and amounts paid in settlements actually and reasonably incurred by them in connection with any action, suit or proceeding brought by a third party if such directors or officers acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reason to believe their conduct was unlawful. In a derivative action, indemnification may be made only for expenses actually and reasonably incurred by directors and officers in connection with the defense or settlement of an action or suit and only with respect to matter as to which they shall have acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interest of the corporation, except that no indemnification shall be made if such person shall have been adjudged liable to the corporation, unless and only to the extent that the court in which the action or suit was brought shall determine upon application that the defendant officers or directors are reasonably entitled to indemnify for such expenses despite such adjudication of liability.

Section 102(b)(7) provides that a corporation may eliminate or limit the personal liability of a director to the corporation or its stockholders for monetary damages for reach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for willful or negligent conduct in paying dividends or repurchasing stock out of other than lawfully available funds or (iv) for any transaction from which the director derived an improper personal benefit. No such provisions shall eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provision becomes effective.

The Company intends to obtain, prior to the effective date of the

Registration Statement, insurance against liabilities under the Securities Act of 1933 for the benefit of its officers and directors.

Section 7 of the Underwriting Agreement (to be filed as Exhibit 1.1 to this Registration Statement) provides that the Underwriters severally and not jointly will indemnify and hold harmless the Registrant and each director, officer or controlling person of the Registrant from and against any liability caused by any statement or omission in the Registration Statement or Prospectus based upon information furnished to the Registrant by the Underwriters for use therein.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Except as hereinafter set forth, there have been no sales of unregistered securities by the Registrant within the past there years.

As of January 30, 1997, as part of the original organization of the Company, the Registrant issued to Sonic Financial Corporation 100 shares of Common Stock of the Company (the "Original Shares") in exchange for $500 in cash.

As of June 30, 1997, as part of the Reorganization, the Registrant issued to (i) its Chief Executive Officer, Bruton Smith, 1,657 shares of the Registrant's Class B Common Stock in exchange for all his interests in Town & Country Toyota and Fort Mill Ford, (ii) Sonic Financial Corporation 7,105 shares of its Class B Common Stock in exchange for all its interests in the Original Shares, Town & Country Ford, Fort Mill Ford, Lone Star Ford and Frontier Plymouth-Oldsmobile-Cadillac, (iii) William S. Egan 473 shares of its Class B Common Stock in exchange for all his interest in Town & Country Toyota, and (iv) Bryan Scott Smith 765 shares of its Class B Common Stock in exchange for all his interests in Town & Country Ford and Fort Mill Ford. Also, in connection with the Dyer Acquisition, the Company will issue the Dyer Warrant. In each such transaction, the securities were not or will not be registered under the Securities Act, in reliance upon the exemption from registration provided by Section 4(2) of said Act in view of the sophistication of the foregoing purchasers, their access to material information, the disclosures actually made to them by the Registrant and the absence of any general solicitation or advertising.

On or before the consummation of the Offering, the Registrant will issue to nine of its officers and employees, pursuant to the Registrant's Stock Option Plan, options to purchase 562,500 shares of Class A Common Stock in the aggregate and will dividend to holders of its Class B Common Stock 6,240,000 shares of Class B Common Stock in the aggregate. Such securities will not be registered under the Securities Act because such grants and dividend will be without consideration to the Registrant and, consequently, do not constitute offers or sales within the meaning of Section 5 of the Securities Act.

ITEM 16. EXHIBITS.

<TABLE>
<CAPTION>

EXHIBIT NO.	DESCRIPTION
<C>	<S>
1.1	Form of Purchase Agreement
3.1*	Amended and Restated Certificate of Incorporation of the Company
3.2*	Bylaws of the Company
4.1	Form of Class A Common Stock Certificate
4.2*	Registration Rights Agreement dated as of June 30, 1997 among the Company, O. Bruton Smith, Bryan Scott Smith, William S. Egan and Sonic Financial Corporation
5.1	Form of opinion letter of Parker, Poe, Adams & Bernstein L.L.P. regarding the legality of the securities to be registered
10.1*	Form of Lease Agreement to be entered into between the Company (or its subsidiaries) and Nelson E. Bowers, II or his affiliates
10.2*	Form of Lease Agreement to be entered into between the Company (or its subsidiaries) and Marks Holding Company, Inc.
10.3*	Lease Agreement dated as of January 1, 1995 between Lone Star Ford, Inc. and Viking Investment Associates
10.4*	Lease Agreement dated as of October 23, 1979 between O. Bruton Smith, Bonnie Smith and Town and Country Ford, Inc.
10.5*	North Carolina Warranty Deed dated as of April 24, 1987 between O. Bruton Smith and Bonnie Smith, as Grantors and STC Properties, as Grantee
10.6*	Lease dated January 13, 1995 between JAG Properties LLC and Jaguar of Chattanooga LLC
10.7*	Lease dated October 18, 1991 by and between Nelson E. Bowers II, Thomas M. Green, Jr., and Infiniti of Chattanooga, Inc.
10.8*	Amendment to Lease Agreement dated as of January 13, 1995 among Nelson E. Bowers II, Thomas M. Green, Jr., JAG Properties LLC and Infiniti of Chattanooga, Inc.
10.9*	Lease dated March 15, 1996 between Cleveland Properties LLC and Cleveland Chrysler-Plymouth-Jeep-Eagle

	LLC
10.10*	Lease Agreement dated January 2, 1993 among Nelson E. Bowers II, Thomas M. Green, Jr. and Cleveland Village Imports, Inc.
10.11*	Ford Motor Credit Company Automotive Wholesale Plan Application for Wholesale Financing dated August 10, 1972 by Lone Star Ford, Inc.
10.12*	Ford Motor Credit Company Automotive Wholesale Plan Application for Wholesale Financing and Security Agreement dated August 22, 1984 by Town and Country Ford, Inc.
10.13*	Wholesale Floor Plan Security Agreement dated October 5, 1990 between Marcus David Corporation (d/b/a Town & Country Toyota) and World Omni Financial Corp.
10.14*	Demand Promissory Note dated October 5, 1990 of Marcus David Corporation (d/b/a Town & Country Toyota) in favor of World Omni Financial Corp.
10.15*	Security Agreement & Master Credit Agreement (Non-Chrysler Corporation Dealer) dated April 21, 1995 between Cleveland Chrysler-Plymouth-Jeep-Eagle LLC and Chrysler Credit Corporation

</TABLE>

<TABLE>
<CAPTION>

EXHIBIT NO.	DESCRIPTION
<C>	<S>
10.15a*	Promissory Note dated April 21, 1995 in favor of Chrysler Credit Corporation by Cleveland Chrysler Plymouth Jeep Eagle, LLC
10.16*	Security Agreement & Master Credit Agreement dated April 21, 1995 between Saturn of Chattanooga, Inc. and Chrysler Credit Corporation
10.16a*	Promissory Note dated April 21, 1995 in favor of Chrysler Credit Corporation by Saturn of Chattanooga, Inc.
10.17*	Security Agreement & Master Credit Agreement (Non-Chrysler Corporation Dealer) dated April 24, 1995 between Nelson Bowers Ford, L.P. and Chrysler Credit Corporation
10.17a*	Promissory Note dated April 21, 1995 in favor of Chrysler Credit Corporation by Nelson Bowers Ford L.P.
10.18*	Floor Plan Agreement dated May 6, 1996 between European Motors, LLC and NationsBank, N.A.
10.19*	Floor Plan Agreement dated April 11, 1996 between KIA of Chattanooga, LLC and NationsBank, N.A.
10.19a*	Security Agreement dated April 11, 1996 between KIA of Chattanooga, LLC and NationsBank, N.A.
10.20*	Floor Plan Agreement dated October 17, 1996 between European Motors of Nashville, LLC and NationsBank, N.A.
10.20a*	Security Agreement dated October 17, 1996 between European Motors of Nashville, LLC and NationsBank, N.A.
10.21*	Floor Plan Agreement dated March 5, 1997 between Nelson Bowers Dodge, LLC (d/b/a Dodge of Chattanooga) and NationsBank, N.A.
10.22*	Security Agreement and Master Credit Agreement dated May 15, 1996 between Lake Norman Chrysler Plymouth Jeep Eagle, LLC and Chrysler Financial Corporation
10.22a*	Promissory Note dated May 15, 1996 in favor of Chrysler Financial Corporation by Lake Norman Chrysler Plymouth Jeep Eagle, LLC
10.23*	Security Agreement & Capital Loan Agreement dated May 15, 1996 between Lake Norman Dodge, Inc and Chrysler Financial Corp.
10.23a*	Promissory Note dated May 15, 1996 in favor of Chrysler Financial Corporation by Lake Norman Dodge, Inc.
10.23b*	Promissory Note dated May 15, 1996 in favor of Chrysler Financial Corporation by Lake Norman Dodge, Inc.
10.24*	Security Agreement and Master Credit Agreement (Non-Chrysler Corporation Dealer) dated May 15, 1996 between Lake Norman Chrysler Plymouth Jeep Eagle, LLC and Chrysler Financial Corporation
10.24a*	Promissory Note dated May 15, 1996 in favor of Chrysler Financial Corporation by Lake Norman Chrysler Plymouth Jeep Eagle, LLC
10.25*	Floor Plan Agreement dated September 1, 1996 between NationsBank, N.A. and Dyer & Dyer, Inc.
10.25a*	Security Agreement dated September 1, 1996 between NationsBank, N.A. and Dyer & Dyer, Inc.
10.26*	Security Agreement and Master Credit Agreement (Non-Chrysler Corporation Dealer) dated April 21, 1995 between Cleveland Village Imports, Inc. (d/b/a Cleveland Village Honda, Inc.) and Chrysler Credit Corporation
10.27*	Jaguar Credit Corporation Automotive Wholesale Plan Application for Wholesale Financing and Security Agreement dated March 14, 1995 by Jaguar of Chattanooga LLC
10.28*	Assignment of Joint Venturer Interest in Chartown dated as of June 30, 1997 among Town and Country Ford, Inc., SMDA LLC and Sonic Financial Corporation
10.29*	Form of Employment Agreement between the Company and O. Bruton Smith
10.30*	Form of Employment Agreement between the Company and Bryan Scott Smith
10.31*	Form of Employment Agreement between the Company and Theodore M. Wright
10.32*	Form of Employment Agreement between the Company and Nelson E. Bowers, II
10.33*	Tax Allocation Agreement dated as of June 30, 1997 between the Company and Sonic Financial Corporation
10.34	Form of Sonic Automotive, Inc. Stock Option Plan
10.35	Form of Sonic Automotive, Inc. Employee Stock Purchase Plan
10.36*	Subscription Agreement dated as of June 30, 1997 between O. Bruton Smith and the Company
10.37*	Subscription Agreement dated as of June 30, 1997 between Sonic Financial Corporation and the Company
10.38*	Subscription Agreement dated as of June 30, 1997 between Bryan Scott Smith and the Company
10.39*	Subscription Agreement dated as of June 30, 1997 between William S. Egan and the Company

</TABLE>

EXHIBIT NO.	DESCRIPTION
10.40*	Asset Purchase Agreement dated as of May 27, 1997 by and among Sonic Auto World, Inc., Lake Norman Dodge, Inc., Lake Norman Chrysler-Plymouth-Jeep-Eagle LLC, Quinton M. Gandy and Phil M. Gandy, Jr. (confidential portions omitted and filed separately with the SEC)
10.41*	Asset Purchase Agreement dated as of June 24, 1997 by and among Sonic Auto World, Inc., Kia of Chattanooga, LLC, European Motors of Nashville, LLC, European Motors, LLC, Jaguar of Chattanooga LLC, Cleveland Chrysler-Plymouth-Jeep-Eagle LLC, Nelson Bowers Dodge, LLC, Cleveland Village Imports, Inc., Saturn of Chattanooga, Inc., Nelson Bowers Ford, L.P., Nelson E. Bowers II, Jeffrey C. Rachor, and the other shareholders named herein (confidential portions omitted and filed separately with the SEC)
10.42*	Stock Purchase Agreement dated as of July 29, 1997 between Sonic Auto World, Inc. and Ken Marks, Jr., O.K. Marks, Sr. and Michael J. Marks (confidential portions omitted and filed separately with the SEC)
10.43*	Asset Purchase Agreement dated as of August 1997 by and among Sonic Automotive, Inc., Dyer & Dyer, Inc. and Richard Dyer (confidential portions omitted and filed separately with the SEC)
10.44*	Security Agreement and Master Credit Agreement dated April 21, 1995 between Cleveland Chrysler Plymouth Jeep Eagle and Chrysler Credit Corporation
10.45*	Promissory Note dated as of August 28, 1997 by Sonic Automotive, Inc. in favor of NationsBank, N.A.
10.46**	Credit Agreement dated October 15, 1997 by and between Sonic Automotive, Inc. and Ford Motor Credit Company
10.47	Automotive Wholesale Plan Application For Wholesale Financing And Security Agreement dated June 29, 1982 between Ford Motor Credit Company and O.K. Marks Ford, Inc.
21.1*	Subsidiaries of the Company
23.1	Consent of Deloitte & Touche LLP
23.2	Consent of Parker, Poe, Adams & Bernstein L.L.P. (included in Exhibit 5.1 to this Registration Statement)
24*	Power of Attorney (included on the signature page to this Registration Statement)
27*	Financial Data Schedule
99.1*	Consent of Nelson E. Bowers, II

* Filed previously.

** To be filed by Amendment.

ITEM 17. UNDERTAKINGS.

The undersigned Registrant hereby undertakes to provide to the Underwriters, at the closing or closings specified in the Purchase Agreement, certificates in such denominations and registered in such names as may be required by the Underwriters in order to permit prompt delivery to each purchaser.

The undersigned Registrant hereby further undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Charlotte, North Carolina on October 17, 1997.

SONIC AUTOMOTIVE, INC.

By: /s/ THEODORE M. WRIGHT
THEODORE M. WRIGHT
VICE PRESIDENT, TREASURER AND
CHIEF FINANCIAL OFFICER

Pursuant to the requirements of the Securities Act of 1933, this Amendment to the Registration Statement has been signed by the following persons in the capacities and on the date indicated:

<TABLE>
<CAPTION>

SIGNATURE	TITLE	DATE
<S>	<C>	<C>
/s/ * O. BRUTON SMITH	Chairman and Chief Executive Officer (principal executive officer)	October 17, 1997
/s/ * BRYAN SCOTT SMITH	President, Chief Operating Officer and Director	October 17, 1997
/s/ THEODORE M. WRIGHT THEODORE M. WRIGHT	Vice President, Treasurer, Chief Financial Officer (principal financial and accounting officer) and Director	October 17, 1997
/s/ * WILLIAM R. BROOKS	Director	October 17, 1997

*By: /s/ THEODORE M. WRIGHT
THEODORE M. WRIGHT
(ATTORNEY-IN-FACT FOR EACH OF
THE PERSONS INDICATED)
</TABLE>

EXHIBIT INDEX

<TABLE>
<CAPTION>

EXHIBIT NO.	DESCRIPTION	SEQUENTIAL PAGE NO.
<C>	<S>	<C>
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3.1*	Amended and Restated Certificate of Incorporation of the Company	
3.2*	Bylaws of the Company	
4.1	Form of Class A Common Stock Certificate	
4.2*	Registration Rights Agreement dated as of June 30, 1997 among the Company, O. Bruton Smith, Bryan Scott Smith, William S. Egan and Sonic Financial Corporation	
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10.17*	Security Agreement & Master Credit Agreement (Non-Chrysler Corporation Dealer) dated April 24, 1995 between Nelson Bowers Ford, L.P. and Chrysler Credit Corporation
10.17a*	Promissory Note dated April 21, 1995 in favor of Chrysler Credit Corporation by Nelson Bowers Ford L.P.
10.18*	Floor Plan Agreement dated May 6, 1996 between European Motors, LLC and NationsBank, N.A.
10.19*	Floor Plan Agreement dated April 11, 1996 between KIA of Chattanooga, LLC and NationsBank, N.A.
10.19a*	Security Agreement dated April 11, 1996 between KIA of Chattanooga, LLC and NationsBank, N.A.
10.20*	Floor Plan Agreement dated October 17, 1996 between European Motors of Nashville, LLC and NationsBank, N.A.

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SEQUENTIAL EXHIBIT NO. PAGE NO.	DESCRIPTION	
<C>	<S>	<C>
10.20a*	Security Agreement dated October 17, 1996 between European Motors of Nashville, LLC and NationsBank, N.A.	
10.21*	Floor Plan Agreement dated March 5, 1997 between Nelson Bowers Dodge, LLC (d/b/a Dodge of Chattanooga) and NationsBank, N.A.	
10.22*	Security Agreement and Master Credit Agreement dated May 15, 1996 between Lake Norman Chrysler Plymouth Jeep Eagle, LLC and Chrysler Financial Corporation	
10.22a*	Promissory Note dated May 15, 1996 in favor of Chrysler Financial Corporation by Lake Norman Chrysler Plymouth Jeep Eagle, LLC	
10.23*	Security Agreement & Capital Loan Agreement dated May 15, 1996 between Lake Norman Dodge, Inc and Chrysler Financial Corp.	
10.23a*	Promissory Note dated May 15, 1996 in favor of Chrysler Financial Corporation by Lake Norman Dodge, Inc.	
10.23b*	Promissory Note dated May 15, 1996 in favor of Chrysler Financial Corporation by Lake Norman Dodge, Inc.	
10.24*	Security Agreement and Master Credit Agreement (Non-Chrysler Corporation Dealer) dated May 15, 1996 between Lake Norman Chrysler Plymouth Jeep Eagle, LLC and Chrysler Financial Corporation	
10.24a*	Promissory Note dated May 15, 1996 in favor of Chrysler Financial Corporation by Lake Norman Chrysler Plymouth Jeep Eagle, LLC	
10.25*	Floor Plan Agreement dated September 1, 1996 between NationsBank, N.A. and Dyer & Dyer, Inc.	
10.25a*	Security Agreement dated September 1, 1996 between NationsBank, N.A. and Dyer & Dyer, Inc.	
10.26*	Security Agreement and Master Credit Agreement (Non-Chrysler Corporation Dealer) dated April 21, 1995 between Cleveland Village Imports, Inc. (d/b/a Cleveland Village Honda, Inc.) and Chrysler Credit Corporation	
10.27*	Jaguar Credit Corporation Automotive Wholesale Plan Application for Wholesale Financing and Security Agreement dated March 14, 1995 by Jaguar of Chattanooga LLC	
10.28*	Assignment of Joint Venturer Interest in Chartown dated as of June 30, 1997 among Town and Country Ford, Inc., SMDA LLC and Sonic Financial Corporation	
10.29*	Form of Employment Agreement between the Company and O. Bruton Smith	
10.30*	Form of Employment Agreement between the Company and Bryan Scott Smith	
10.31*	Form of Employment Agreement between the Company and Theodore M. Wright	
10.32*	Form of Employment Agreement between the Company and Nelson E. Bowers, II	
10.33*	Tax Allocation Agreement dated as of June 30, 1997 between the Company and Sonic Financial Corporation	
10.34	Form of Sonic Automotive, Inc. Stock Option Plan	
10.35	Form of Sonic Automotive, Inc. Employee Stock Purchase Plan	
10.36*	Subscription Agreement dated as of June 30, 1997 between O. Bruton Smith and the Company	
10.37*	Subscription Agreement dated as of June 30, 1997 between Sonic Financial Corporation and the Company	
10.38*	Subscription Agreement dated as of June 30, 1997 between Bryan Scott Smith and the Company	
10.39*	Subscription Agreement dated as of June 30, 1997 between William S. Egan and the Company	

10.40*	Asset Purchase Agreement dated as of May 27, 1997 by and among Sonic Auto World, Inc., Lake Norman Dodge, Inc., Lake Norman Chrysler-Plymouth-Jeep-Eagle LLC, Quinton M. Gandy and Phil M. Gandy, Jr. (confidential portions omitted and filed separately with the SEC)
10.41*	Asset Purchase Agreement dated as of June 24, 1997 by and among Sonic Auto World, Inc., Kia of Chattanooga, LLC, European Motors of Nashville, LLC, European Motors, LLC, Jaguar of Chattanooga LLC, Cleveland Chrysler-Plymouth-Jeep-Eagle LLC, Nelson Bowers Dodge, LLC, Cleveland Village Imports, Inc., Saturn of Chattanooga, Inc., Nelson Bowers Ford, L.P., Nelson E. Bowers II, Jeffrey C. Rachor, and the other shareholders named herein (confidential portions omitted and filed separately with the SEC)
10.42*	Stock Purchase Agreement dated as of July 29, 1997 between Sonic Auto World, Inc. and Ken Marks, Jr., O.K. Marks, Sr. and Michael J. Marks (confidential portions omitted and filed separately with the SEC)

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EXHIBIT NO.	DESCRIPTION	SEQUENTIAL PAGE NO.
<C>	<S>	<C>
10.43*	Asset Purchase Agreement dated as of August 1997 by and among Sonic Automotive, Inc., Dyer & Dyer, Inc. and Richard Dyer (confidential portions omitted and filed separately with the SEC)	
10.44*	Security Agreement and Master Credit Agreement dated April 21, 1995 between Cleveland Chrysler Plymouth Jeep Eagle and Chrysler Credit Corporation	
10.45*	Promissory Note dated as of August 28, 1997 by Sonic Automotive, Inc. in favor of NationsBank, N.A.	
10.46**	Credit Agreement dated October 15, 1997 by and between Sonic Automotive, Inc. and Ford Motor Credit Company	
10.47	Automotive Wholesale Plan Application For Wholesale Financing And Security Agreement dated June 29, 1982 between Ford Motor Credit Company and O.K. Marks Ford, Inc.	
21.1*	Subsidiaries of the Company	
23.1	Consent of Deloitte & Touche LLP	
23.2	Consent of Parker, Poe, Adams & Bernstein L.L.P. (included in Exhibit 5.1 to this Registration Statement)	
24*	Power of Attorney (included on the signature page to this Registration Statement)	
27*	Financial Data Schedule	
99.1*	Consent of Nelson E. Bowers, II	

</TABLE>

* Filed previously.

** To be filed by Amendment.

DRAFT 10/15/97

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SONIC AUTOMOTIVE, INC.

A Delaware corporation

5,000,000 Shares of Class A Common Stock

PURCHASE AGREEMENT

Dated: November [   ], 1997

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TABLE OF CONTENTS

<TABLE>
<CAPTION>
<S> <C>

	PAGE
SECTION 1. Representations and Warranties	3
(a) Representations and Warranties by the Company	3
(i) Compliance with Registration Requirements	3
(ii) Independent Accountants	4
(iii) Financial Statements	4
(iv) No Material Adverse Change in Business	4
(v) Good Standing of the Company	5
(vi) Good Standing of Subsidiaries	5
(vii) Capitalization	5
(viii) Authorization of Agreement	5
(ix) Authorization and Description of Securities	6
(x) Absence of Defaults and Conflicts	6
(xi) Absence of Labor Dispute	6
(xii) Absence of Proceedings	7
(xiii) Accuracy of Exhibits	7
(xiv) Possession of Intellectual Property	7
(xv) Absence of Further Requirements	7
(xvi) Possession of Licenses and Permits	7
(xvii) Title to Property	8
(xviii) Investment Company Act	8
(xix) Environmental Laws	8
(xx) Registration Rights	9
(xxi) Income Taxes	9
(xxii) Internal Controls	9
(xxiii) Insurance	10
(xxiv) Offering Material	10
(xxv) Suppliers	10
(xxvi) Related Party Transactions	10
(xxvii) Reorganization	10
(xxviii) Pending Acquisitions	10
(xxix) Franchise Agreements	11
(xxx) Credit Agreement	11
(b) Officer's Certificates	11

SECTION 2. Sale and Delivery to Underwriters; Closing....11
(a) Initial Securities....11
(b) Option Securities....11
(c) Payment....12
(d) Denominations; Registration....12

SECTION 3. Covenants of the Company....13
(a) Compliance with Securities Regulations and Commission Requests....13
(b) Filing of Amendments....13
(c) Delivery of Registration Statements....13
(d) Delivery of Prospectus....13
(e) Continued Compliance with Securities Laws....14
(f) Blue Sky Qualifications....14
(g) Rule 158....15
(h) Use of Proceeds....15
(i) Listing....15
(j) Restriction on Sale of Securities....15
(k) Reporting Requirements....15
(l) Compliance with NASD Rules....15

SECTION 4. Payment of Expenses....16
(a) Expenses....16
(b) Termination of Agreement....16

SECTION 5. Conditions of Underwriters' Obligations....16
(a) Effectiveness of Registration Statement....16
(b) Opinion of Counsel for Company....17
(c) Opinion of Counsel for Underwriters....17
(d) Officers' Certificate....17
(e) Accountant's Comfort Letter....18
(f) Bring-down Comfort Letter....18
(g) Approval of Listing....18
(h) No Objection....18
(i) Lock-up Agreement....18
(j) Acquisition Agreements....18
(k) Reorganization....18
(l) Manufacturers' Consents....19
(m) Credit Agreement....19
(n) Subscription Agreements....19
(o) Additional Documents....19
(p) Conditions to Purchase of Option Securities....19
(q) Termination of Agreement....20

SECTION 6. Indemnification....20
(a) Indemnification of Underwriters....20
(b) Indemnification of Company, Directors and Officers....21
(c) Actions against Parties; Notification....21
(d) Settlement without Consent if Failure to Reimburse....22
(e) Indemnification for Reserved Securities....22

SECTION 7. Contribution....23

SECTION 8. Representations, Warranties and Agreements to Survive Delivery....24

SECTION 9. Termination Agreement....24

(a) Termination; General....24
(b) Liabilities....24

SECTION 10. Default by One or More of the Underwriters....25

SECTION 11. Notices....25

SECTION 12. Parties....26

SECTION 13 Governing Law and Time....26

SECTION 14 Effect of Headings....26

SCHEDULES

SCHEDULE A - LIST OF UNDERWRITERS....SCH A-1
SCHEDULE B - PRICING INFORMATION....SCH B-1
SCHEDULE C - LIST OF PERSONS SUBJECT TO LOCK-UP....SCH C-1

EXHIBITS A-1
EXHIBIT A - FORM OF OPINION OF COMPANY'S COUNSEL....A-1
EXHIBIT B - FORM OF LOCK-UP LETTER....B-1
EXHIBIT C - REORGANIZATION DOCUMENTS....C-1

</TABLE>

DRAFT OF UNDERWRITING AGREEMENT [10/13/97]

SONIC AUTOMOTIVE, INC.

A Delaware corporation

Shares of Class A Common Stock

Par Value $0.01 Per Share

PURCHASE AGREEMENT

November [ ], 1997

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
NationsBanc Montgomery Securities, Inc.
Wheat, First Securities, Inc.
as Representatives of the several Underwriters
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
North Tower
World Financial Center
New York, New York 10281-1209

Ladies and Gentlemen:

Sonic Automotive, Inc., a Delaware corporation (the "Company"), confirms its agreement with Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") and each of the other Underwriters named in Schedule A hereto (collectively, the " Underwriters", which term shall also include any underwriter substituted as hereinafter provided in Section 10 hereof), for whom Merrill Lynch, NationsBanc Montgomery Securities, Inc. and Wheat, First Securities, Inc. are acting as representatives (in such capacity, the " Representatives"), with respect to the issue and sale by the Company and the purchase by the Underwriters, acting severally and not jointly, of the respective numbers of shares of Class A Common Stock, par value $0.01 per share, of the Company ("Common Stock") set forth in said Schedule A, and with respect to the grant by the Company to the Underwriters, acting severally and not jointly, of the option described in Section 2(b) hereof to purchase all or any part of 750,000 additional shares of Common Stock to cover over-allotments, if any. The aforesaid

5,000,000 shares of Common Stock (the "Initial Securities") to be purchased by the Underwriters and all or any part of the 750,000 shares of Common Stock subject to the option described in Section 2(b) hereof (the "Option Securities") are hereinafter called, collectively, the " Securities".

The Company understands that the Underwriters propose to make a public offering of the Securities as soon as the Representatives deem advisable after this Agreement has been executed and delivered.

The Company and the Underwriters agree that up to [ ] shares of the Initial Securities to be purchased by the Underwriters (the "Reserved Securities") shall be reserved for sale by the Underwriters to certain eligible employees and persons having business relationships with the Company, as part of the distribution of the Securities by the Underwriters, subject to the terms of this Agreement, the applicable rules, regulations and interpretations of the National Association of Securities Dealers, Inc. and all other applicable laws, rules and regulations. To the extent that such Reserved Securities are not orally confirmed for purchase by such eligible employees and persons having business relationships with the Company by the end of the first business day after the date of this Agreement, such Reserved Securities may be offered to the public as part of the public offering contemplated hereby.

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-1 (No. 333-33295) covering the registration of the Securities under the Securities Act of 1933, as amended (the "1933 Act"), including the related preliminary prospectus or prospectuses. Promptly after execution and delivery of this Agreement, the Company will either (i) prepare and file a prospectus in accordance with the provisions of Rule 430A ("Rule 430A") of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations") and paragraph (b) of Rule 424 ("Rule 424(b)") of the 1933 Act Regulations or (ii) if the Company has elected to rely upon Rule 434 ("Rule 434") of the 1933 Act Regulations, prepare and file a term sheet (a "Term Sheet") in accordance with the provisions of Rule 434 and Rule 424(b). The information included in any such prospectus or in any such Term Sheet, as the case may be, that was omitted from such registration statement at the time it became effective but that is deemed to be part of such registration statement at the time it became effective (a) pursuant to paragraph (b) of Rule 430A is referred to as "Rule 430A Information" or (b) pursuant to paragraph (d) of Rule 434 is referred to as "Rule 434 Information." Each Prospectus used before such registration statement became effective, and any prospectus that omitted, as applicable, the Rule 430A Information or the Rule 434 Information, that was used after such effectiveness and prior to the execution and delivery of this Agreement, is herein called a "preliminary prospectus." Such registration statement, including the exhibits thereto and schedules thereto at the time it became effective and including the Rule 430A Information and the Rule 434 Information, as applicable, is herein called the "Registration Statement." Any registration statement filed pursuant to Rule 462(b) of the 1933 Act Regulations is herein referred to as the "Rule 462(b) Registration Statement," and after such filing the term "Registration Statement" shall include the Rule 462(b) Registration Statement. The final prospectus in the form first furnished to the Underwriters for use in connection with the offering of the Securities are herein called the "Prospectus." If Rule 434 is relied on, the term

"Prospectus" shall refer to the preliminary prospectus dated October [ ], 1997 together with the Term Sheet and all references in this Agreement to the date of the Prospectus shall mean the date of the Term Sheet. For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus, the Prospectus or any Term Sheet or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR").

SECTION 1. Representations and Warranties.

(a) REPRESENTATIONS AND WARRANTIES BY THE COMPANY. The Company represents and warrants to each Underwriter as of the date hereof, as of the Closing Time referred to in Section 2(c) hereof, and as of each Date of Delivery (if any) referred to in Section 2(b), hereof and agrees with each Underwriter, as follows:

(i) Compliance with Registration Requirements. Each of the Registration Statement and any Rule 462(b) Registration Statement has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement or any Rule 462(b) Registration Statement has been issued under the 1933 Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with.

At the respective times the Registration Statement, any Rule 462(b) Registration Statement and any post-effective amendments thereto became effective and at the Closing Time (and, if any Option Securities are purchased, at the Date of Delivery), the Registration Statement, the Rule 462(b) Registration Statement and any amendments and supplements thereto complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading., and the Prospectus, any preliminary prospectus and any supplement thereto or prospectus wrapper prepared in connection therewith, at their respective times of issuance and at the Closing Time, complied and will comply in all material respects with any applicable laws or regulations of foreign jurisdictions in which the Prospectus and such preliminary prospectus, as amended or supplemented, if applicable, are distributed in connection with the offer and sale of Reserved Securities. Neither the Prospectus nor any amendments or supplements thereto (including any prospectus wrapper), at the time the Prospectus or any amendments or supplements thereto were issued and at the Closing Time (and, if any

Option Securities are purchased, at the Date of Delivery), included or will include an untrue statement of a material fact or omitted or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. If Rule 434 is used, the Company will comply with the requirements of Rule 434 and the Prospectus shall not be "materially different", as such term is used in Rule 434, from the prospectus included in the Registration Statement at the time it became effective. The representations and warranties in this

subsection shall not apply to statements in or omissions from the Registration Statement or the Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through the Representatives expressly for use in the Registration Statement or the Prospectus.

Each preliminary prospectus and the prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the 1933 Act, complied when so filed in all material respects with the 1933 Act Regulations and each preliminary prospectus and the Prospectus delivered to the Underwriters for use in connection with this offering was identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(ii) Independent Accountants. The accountants who certified the financial statements and supporting schedules included in the Registration Statement are independent public accountants as required by the 1933 Act and the 1933 Act Regulations.

(iii) Financial Statements. The financial statements included in the Registration Statement and the Prospectus, together with the related schedules and notes, present fairly the financial position of the Company and its consolidated subsidiaries at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; said financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The supporting schedules included in the Registration Statement present fairly in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included in the Registration Statement. The pro forma financial statements and the related notes thereto included in the Registration Statement and the Prospectus present fairly the information shown therein, have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein.

(iv) No Material Adverse Change in Business. Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein, (A) there has been no material adverse change in the condition, financial or otherwise, earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Effect"), (B) there have been no transactions entered into by the Company or any of its subsidiaries, other than those in the ordinary

course of business, which are material with respect to the Company and its subsidiaries considered as one enterprise, and (C) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(v) Good Standing of the Company. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus or as proposed to be conducted and to enter into and perform its obligations under this Agreement; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(vi) Good Standing of Subsidiaries. All of the subsidiaries of the Company (each a "Subsidiary") have been duly organized and are validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect; except as otherwise disclosed in the Registration Statement, all of the issued and outstanding capital stock of each such Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity; none of the outstanding shares of capital stock of any Subsidiary was issued in violation of the preemptive or similar rights of any securityholder of such Subsidiary. The only subsidiaries of the Company are the subsidiaries listed on Exhibit 21.1 to the Registration Statement.

(vii) Capitalization. The authorized, issued and outstanding capital stock of the Company is as set forth in the Prospectus in the column entitled "Actual" under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to this Agreement, pursuant to reservations, agreements or employee benefit plans referred to in the Prospectus or pursuant to the exercise of convertible securities or options referred to in the Prospectus). The shares of issued and outstanding capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive or other similar rights of any securityholder of the Company.

(viii) Authorization of Agreement. This Agreement has been duly authorized, executed and delivered by the Company.

(ix) Authorization and Description of Securities. The Securities have been duly authorized for issuance and sale to the Underwriters pursuant to this Agreement against payment of the consideration set forth herein, will be validly issued, fully paid and non-assessable; the Common Stock conforms to all statements relating thereto contained in the Prospectus and such description conforms to the rights set forth in the instruments defining the same; no holder of the Securities will be subject to personal liability by reason of being such a holder; and the issuance of the Securities is not subject to the preemptive or other similar rights of any securityholder of the Company.

(x) Absence of Defaults and Conflicts. Neither the Company nor any of its subsidiaries is in violation of its charter or by-laws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, franchise agreement, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any subsidiary is subject (collectively, "Agreements and Instruments") except for such defaults that would not result in a Material Adverse Effect; and the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein and in the Registration Statement (including the issuance and sale of the Securities and the use of the proceeds from the sale of the Securities as described in the Prospectus under the caption "Use of Proceeds", the reorganization as described in the Prospectus (the "Reorganization"), entering into the Bank Credit Agreement and consummating the Acquisitions) and compliance by the Company with its obligations hereunder have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any subsidiary pursuant to, the Agreements and Instruments, nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any subsidiary or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any subsidiary or any of their assets, properties or operations. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any subsidiary.

(xi) Absence of Labor Dispute. No labor dispute with the employees of the Company or any subsidiary exists or, to the knowledge of the Company, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or any subsidiary's principal suppliers, manufacturers, customers or contractors, which, in any case, may reasonably be expected to result in a Material Adverse Effect.

(xii) Absence of Proceedings. There is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any subsidiary, which is required to be disclosed in the Registration Statement (other than as disclosed therein), or which might reasonably be expected to result in a Material Adverse Effect, or which might reasonably be expected to materially and adversely affect the properties or assets thereof or the consummation of the transactions contemplated in this Agreement or the performance by the Company of its obligations hereunder or thereunder; the aggregate of all pending legal or governmental proceedings to which the Company or any subsidiary is a party or of which any of their respective property or assets is the subject which are not described in the Registration Statement, including ordinary routine litigation incidental to the business, could not reasonably be expected to result in a Material Adverse Effect.

(xiii) Accuracy of Exhibits. There are no contracts or documents which are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits thereto which have not been so described and filed as required.

(xiv) Possession of Intellectual Property. The Company and its subsidiaries own or possess, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, "Intellectual Property") necessary to carry on the business now operated by them, and neither the Company nor any of its subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of its subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would result in a Material Adverse Effect.

(xv) Absence of Further Requirements. No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency is necessary or required for the performance by the Company of its obligations hereunder, in connection with the offering, issuance or sale of the Securities hereunder or the consummation of the transactions contemplated by this Agreement, except (i) such as have been already obtained or as may be required under the 1933 Act or the 1933 Act Regulations and foreign or state securities or blue sky laws and (ii) such as have been obtained under the laws and regulations of jurisdictions outside the United States in which the Reserved Securities are offered.

(xvi) Possession of Licenses and Permits. The Company and its subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, "Governmental Licenses") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the business now operated by them; the Company and its subsidiaries are in compliance with the terms and conditions of all such Governmental Licenses, except where the failure so to comply would not, singly or in the aggregate, have a Material Adverse Effect; all of the Governmental Licenses are valid and in full force and effect, except when the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not have a Material Adverse Effect; and neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(xvii) Title to Property. The Company and its subsidiaries have good and marketable title to all real property owned by the Company and its subsidiaries and good title to all other properties owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (a) are described in the Prospectus or (b) do not, singly or in the aggregate, materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company or any of its subsidiaries; and all of the leases and subleases material to the business of the Company and its subsidiaries, considered as one enterprise, and under which the Company or any of its subsidiaries holds properties described in the Prospectus, are in full force and effect, and neither the Company nor any subsidiary has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any subsidiary under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or such subsidiary to the continued possession of the leased or subleased premises under any such lease or sublease.

(xviii) Investment Company Act.. The Company is not, and upon the issuance and sale of the Securities as herein contemplated and the application of the net proceeds therefrom as described in the Prospectus will not be, an "investment company" or an entity "controlled" by an "investment company as such terms are defined in the Investment Company Act of 1940, as amended (the "1940 Act").

(xix) Environmental Laws. Except as described in the Registration Statement and except as would not, singly or in the aggregate, result in a Material Adverse Effect, (A) neither the Company nor any of its subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous

Materials (collectively, "Environmental Laws"), (B) the Company and its subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements,
(C) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of its subsidiaries and (D) there are no events or circumstances that might reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its subsidiaries relating to Hazardous Materials or any Environmental Laws.

(xx) Registration Rights. There are no persons with registration rights or other similar rights to have any securities registered pursuant to the Registration Statement or otherwise registered by the Company under the 1933 Act.

(xxi) Income Taxes. All United States federal income tax returns of the Company and its subsidiaries required by law to be filed have been filed (taking into account extensions granted by the applicable federal governmental agency) and all taxes shown by such returns or otherwise assessed, which are due and payable, have been paid, except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. All other corporate franchise and income tax returns of the Company and its subsidiaries required to be filed pursuant to applicable foreign, state or local law have been filed, except insofar as the failure to file such returns would not individually or in the aggregate have in a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and its subsidiaries, considered together as one enterprise, and all taxes shown on such returns or otherwise assessed which are due and payable have been paid, except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. The charges, accruals and reserves on the books of the Company in respect of any income and corporation tax liability for any years not finally determined are adequate to meet any assessments or re-assessments for additional income tax for any years not finally determined, except to the extent of any inadequacy that would not have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and its subsidiaries, considered together as one enterprise.

(xxii) Internal Controls. The Company and its subsidiaries maintain (and in the future will maintain) a system of internal accounting controls sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management's general or specific authorization; and (D) the recorded accountability

for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(xxiii) Insurance. The Company and its subsidiaries carry or are entitled to the benefits of insurance, with financially sound and reputable insurers, in such amounts and covering such risks as is generally maintained by companies of established repute engaged in the same or similar business, and all such insurance is in full force and effect.

(xxiv) Offering Material. The Company has not distributed and, prior to the later to occur of (i) the Closing Time and (ii) completion of the distribution of the Securities, will not distribute any offering material in connection with the offering and sale of the Securities other than the Registration Statement, any preliminary prospectus, the Prospectus or other materials, if any, permitted by the 1933 Act and approved by the Representative(s).

(xxv) Suppliers. No supplier of merchandise to the Company or any of its subsidiaries has ceased shipments of merchandise to the Company, other than in the normal and ordinary course of business consistent with past practices, which cessation would not result in a Material Adverse Effect.

(xxvi) Related Party Transactions. There are no business relationships or related party transactions of the nature described in Item 404 of Regulation S-K involving the Company or any of businesses being acquired pursuant to the Acquisitions (as defined in the Prospectus) and any person described in such Item that are required to be disclosed in the Registration Statement and which have not been so disclosed.

(xxvii) Reorganization. The representations and warranties of the Company contained in the Reorganization documents (the "Reorganization Agreements") as set forth in Exhibit C hereto are true and correct as of the date hereof and the Reorganization Agreements are enforceable against the Company. All of the transactions contemplated by such agreements have been consummated in accordance with the terms as described therein (and as described in the Prospectus) and none of such agreements have been amended or modified since the date of their execution.

(xxviii) Pending Acquisitions. Each of the agreements (collectively, the "Acquisition Agreements") governing the Acquisitions that are contemplated to occur on or before the Closing Date has been duly authorized, executed and delivered by each of the parties, and constitutes a legally valid and binding obligation of the Company and to the Company's knowledge is enforceable against each such party thereto in accordance with its terms; except as described in the Prospectus, each of the representations and warranties of the Company and its subsidiaries and, to the best of the Company's knowledge, of each of the other parties set forth in the Acquisition Agreements was true and correct at the time such representations and warranties were made and will be true and correct at and as of the Closing Date and the Company has received manufacturers consents to all of the Acquisitions.

(xxix) Franchise Agreements. Each franchise agreement, in each case between a Subsidiary and the applicable Manufacturer (as defined in the Prospectus) has been duly authorized by the Company and such Subsidiaries, and, as of the Closing Date, the Company shall have obtained all consents, authorizations and approvals from the Manufacturers required to conduct the Acquisitions and the public offering of Common Stock as contemplated hereby [except for Jaguar].

(xxx) Credit Agreement. The Company has all necessary corporate power and authority to execute, deliver and perform its obligations under the New Credit Agreement, between the Company and Ford Motor Credit Company (the "New Credit Agreement") and the credit agreement between the Company and NationsBank N.A. (the "NationsBank Credit Agreement"); the New Credit Agreement and the NationsBank Credit Agreement have been duly authorized, executed and delivered by the Company, are in the forms heretofore delivered to you, constitute valid and binding obligations of the Company, enforceable against the Company in accordance with its terms; and at the Closing Date, the Company shall be able to make borrowings thereunder.

(b) OFFICER'S CERTIFICATES. Any certificate signed by any officer of the Company or any of its subsidiaries delivered to the Representatives, or to counsel for the Underwriters shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

SECTION 2. Sale and Delivery to Underwriters; Closing.

(a) INITIAL SECURITIES. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from the Company, at the price per share set forth in Schedule B, the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter, plus any additional number of Initial Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 10 hereof.

(b) OPTION SECURITIES. In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company hereby grants an option to the Underwriters, severally and not jointly, to purchase up to an additional shares of Common Stock at the price per share set forth in Schedule B, less an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities. The option hereby granted will expire 30 days after the date hereof and may be exercised in whole or in part from time to time only for the purpose of covering over-allotments which may be made in connection with the offering and distribution of the Initial Securities upon notice by the Representatives to the Company setting forth the number of Option Securities as to which the several Underwriters are then exercising the option and the time and date of payment and delivery for such Option Securities. Any such time and date of delivery for the Option Securities (a "Date of Delivery") shall be determined by the Representatives, but shall not be later than seven full business days after the exercise of said

option, nor in any event prior to the Closing Time, as hereinafter defined. If the option is exercised as to all or any portion of the Option Securities, each of the Underwriters, acting severally and not jointly, will purchase that proportion of the total number of Option Securities then being purchased which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter bears to the total number of Initial Securities, subject in each case to such adjustments as the Representatives in their discretion shall make to eliminate any sales or purchases of fractional shares.

(c) PAYMENT Payment of the purchase price for, and delivery of certificates for, the Initial Securities shall be made at the offices of Fried, Frank, Harris, Shriver & Jacobson, One New York Plaza, New York, NY 10004, or at such other place as shall be agreed upon by the Representatives and the Company, at 9:00 A.M. (Eastern time) on the third (fourth, if the pricing occurs after 4:30 P.M. (Eastern time) on any given day business day after the date hereof (unless postponed in accordance with the provisions of Section 10), or such other time not later than ten business days after such date as shall be agreed upon by the Representatives and the Company (such time and date of payment and delivery being herein called "Closing Time").

In addition, in the event that any or all of the Option Securities are purchased by the Underwriters, payment of the purchase price for, and delivery of certificates for, such Option Securities shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Representatives and the Company, on each Date of Delivery as specified in the notice from the Representatives to the Company.

Payment shall be made to the Company by wire transfer of immediately available funds to a bank account designated by the Company, against delivery to the Representatives for the respective accounts of the Underwriters of certificates for the Securities to be purchased by them. It is understood that each Underwriter has authorized the Representatives, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Initial Securities and the Option Securities, if any, which it has agreed to purchase. Merrill Lynch, individually and not as representative of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Initial Securities or the Option Securities, if any, to be purchased by any Underwriter whose funds have not been received by the Closing Time or the relevant Date of Delivery, as the case may be, but such payment shall not relieve such Underwriter from its obligations hereunder.

(d) DENOMINATIONS; REGISTRATION. Certificates for the Initial Securities and the Option Securities, if any, shall be in such denominations and registered in such names as the Representatives may request in writing at least one full business day before the Closing Time or the relevant Date of Delivery, as the case may be. The certificates for the Initial Securities and the Option Securities, if any, will be made available for examination and packaging by the Representatives in The City of New York not later than 10:00 A.M. (Eastern time) on the business day prior to the Closing Time or the relevant Date of Delivery, as the case may be.

(e) APPOINTMENT OF QUALIFIED INDEPENDENT UNDERWRITER. The Company hereby confirms its engagement of Merrill Lynch as, and Merril Lynch hereby confirms its agreement with the Company to render services as, a "qualified independent underwriter" within the meaning of Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc. with respect to the offering and sale of the Securities. Merrill Lynch, solely in its capacity as qualified independent underwriter and not otherwise, is referred to herein as the "Independent Underwriter."

SECTION 3. Covenants of the Company. The Company covenants with each Underwriter as follows:

(a) COMPLIANCE WITH SECURITIES REGULATIONS AND COMMISSION REQUESTS. The Company, subject to Section 3(b), will comply with the requirements of Rule 430A or Rule 434, as applicable, and will notify the Representatives immediately, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective, or any supplement to the Prospectus or any amended Prospectus shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes. The Company will promptly effect the filings necessary pursuant to Rule 424(b) and will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) FILING OF AMENDMENTS. The Company will give the Representatives notice of its intention to file or prepare any amendment to the Registration Statement (including any filing under Rule 462(b)), any Term Sheet or any amendment, supplement or revision to either the prospectus included in the Registration Statement at the time it became effective or to the Prospectus, will furnish the Representatives with copies of any such documents a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file or use any such document to which the Representatives or counsel for the Underwriters shall object.

(c) DELIVERY OF REGISTRATION STATEMENTS. The Company has furnished or will deliver to the Representatives and counsel for the Underwriters, without charge, signed copies of the Registration Statement as originally filed and of each amendment thereto (including exhibits filed therewith or incorporated by reference therein) and signed copies of all consents and certificates of experts, and will also deliver to the Representatives, without charge, a conformed copy of the Registration Statement as originally filed and of each amendment thereto (without exhibits) for each of the Underwriters. The copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) DELIVERY OF PROSPECTUS. The Company has delivered to each Underwriter, without charge, as many copies of each preliminary prospectus as such Underwriter

reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will furnish to each Underwriter, without charge, during the period when the Prospectus is required to be delivered under the 1933 Act or the Securities Exchange Act of 1934 (the "1934 Act"), such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) CONTINUED COMPLIANCE WITH SECURITIES LAWS. The Company will comply with the 1933 Act and the 1933 Act Regulations so as to permit the completion of the distribution of the Securities as contemplated in this Agreement and in the Prospectus. If at any time when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to amend the Registration Statement or amend or supplement any Prospectus in order that the Prospectus will not include any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary, in the opinion of such counsel, at any such time to amend the Registration Statement or amend or supplement any Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Section 3(b), such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement or the Prospectus comply with such requirements, and the Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may reasonably request.

(f) BLUE SKY QUALIFICATIONS. The Company will use its best efforts, in cooperation with the Underwriters, to qualify the Securities for offering and sale under the applicable securities laws of such states and other jurisdictions as the Representatives may designate and to maintain such qualifications in effect for a period of not less than one year from the later of the effective date of the Registration Statement and any Rule 462(b) Registration Statement; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. In each jurisdiction in which the Securities have been so qualified, the Company will file such statements and reports as may be required by the laws of such jurisdiction to continue such qualification in effect for a period of not less than one year from the effective date of the Registration Statement and any Rule 462(b) Registration Statement.

(g) RULE 158. The Company will timely file such reports pursuant to the 1934 Act as are necessary in order to make generally available to its securityholders as soon as practicable an earnings statement for the purposes of, and to provide the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(h) USE OF PROCEEDS. The Company will use the net proceeds received by it from the sale of the Securities in the manner specified in the Prospectus under "Use of Proceeds".

(i) LISTING. The Company will use its best efforts to effect the listing of the Common Stock (including the Securities) on the New York Stock Exchange (the "NYSE").

(j) RESTRICTION ON SALE OF SECURITIES. During a period of 180 days from the date of the Prospectus, the Company will not, without the prior written consent of the Representatives, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any share of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or file any registration statement under the 1933 Act with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to the Securities to be sold hereunder; provided that the Company may sell shares of Class A Common Stock to a third party as consideration for the Company's acquisition from such third party of a car dealership, provided that such third party executes a lock-up agreement on substantially the same terms described above for a period expiring 180 days after the date of the Prospectus.

(k) REPORTING REQUIREMENTS. The Company, during the period when the Prospectus are required to be delivered under the 1933 Act or the 1934 Act, will file all documents required to be filed with the Commission pursuant to the 1934 Act within the time periods required by the 1934 Act and the rules and regulations of the Commission thereunder.

(l) COMPLIANCE WITH NASD RULES. The Company hereby agrees that it will ensure that the Reserved Securities will be restricted as required by the National Association of Securities Dealers, Inc. (the "NASD") or the NASD rules from sale, transfer, assignment, pledge or hypothecation for a period of three months following the date of this Agreement. The Underwriters will notify the Company as to which persons will need to be so restricted. At the request of the Underwriters, the Company will direct the transfer agent to place a stop transfer restriction upon such securities for such period of time. Should the Company release, or seek to release, from such restrictions any of the Reserved Securities, the Company agrees to reimburse the Underwriters for any reasonable expenses (including, without limitation, legal expenses) they incur in connection with such release.

SECTION 4. Payment of Expenses. (a) EXPENSES. The Company will pay all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits) as originally filed and of each amendment thereto, (ii) the preparation, printing and delivery to the Underwriters of this Agreement, any Agreement among Underwriters and such other documents as may be required in connection with the offering, purchase, sale, issuance or delivery of the Securities, (iii) the preparation, issuance and delivery of the certificates for the Securities to the Underwriters, including any stock or other transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Securities to the Underwriters, (iv) the fees and disbursements of the Company's counsel, accountants and other advisors, (v) the qualification of the Securities under securities laws in accordance with the provisions of Section 3(f) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation of the Blue Sky Survey and any supplement thereto, (vi) the printing and delivery to the Underwriters of copies of each preliminary prospectus, any Term Sheets and of the Prospectus and any amendments or supplements thereto, (vii) the preparation, printing and delivery to the Underwriters of copies of the Blue Sky Survey and any supplement thereto, (viii) the fees and expenses of any transfer agent or registrar for the Securities and (ix) the filing fees incident to, and the reasonable fees and disbursements of counsel to the Underwriters in connection with, the review by the National Association of Securities Dealers, Inc. (the "NASD") of the terms of the sale of the Securities and (x) the fees and expenses incurred in connection with the listing of the Securities on the NYSE and all costs and expenses of the Underwriters, including the fees and disbursements of counsel for the Underwriters, in connection with matters related to the Reserved Securities which are designated by the Company for sale to employees and others having a business relationship with the Company. In addition, the Company will pay all expenses above $90,000 incurred in connection with the lodging, meals and travel costs incurred by or on behalf of Company officers and the Underwriters in connection with the road show presentations to prospective purchasers of the Securities. The Underwriters will pay the first $90,000 of such expenses.

(b) TERMINATION OF AGREEMENT. If this Agreement is terminated by the Representatives in accordance with the provisions of Section 5 or Section 9(a)(i) hereof, the Company shall reimburse the Underwriters for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Underwriters.

SECTION 5. Conditions of Underwriters' Obligations. The obligations of the several Underwriters hereunder are subject to the accuracy of the representations and warranties of the Company contained in Section 1 hereof or in certificates of any officer of the Company or any subsidiary of the Company delivered pursuant to the provisions hereof, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions:

(a) EFFECTIVENESS OF REGISTRATION STATEMENT. The Registration Statement, including any Rule 462(b) Registration Statement, has become effective and at Closing Time no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act or proceedings therefor initiated or threatened by the

Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of counsel to the Underwriters. A prospectus containing the Rule 430A Information shall have been filed with the Commission in accordance with Rule 424(b) (or a post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A) or, if the Company has elected to rely upon Rule 434, a Term Sheet shall have been filed with the Commission in accordance with Rule 424(b).

(b) OPINION OF COUNSEL FOR COMPANY. At Closing Time, the Representatives shall have received the favorable opinion, dated as of Closing Time, of Parker, Poe, Adams & Bernstein LLP , counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters to the effect set forth in Exhibit A hereto and to such further effect as counsel to the Underwriters may reasonably request.

In addition, at Closing Time, the Representatives shall have received a signed copy of the opinions rendered by Parker, Poe, Adams & Bernstein LLP pursuant to the New Credit Agreement, the NationsBank Credit Agreement and the Acquisition Agreements, accompanied by a letter dated as of the date of such opinions stating that the Underwriters may rely on such opinions as if they were addressed to the Underwriters.

(c) OPINION OF COUNSEL FOR UNDERWRITERS. At Closing Time, the Representatives shall have received the favorable opinion, dated as of Closing Time, of Fried, Frank, Harris, Shriver & Jacobson, counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters with respect to the matters set forth in clauses (i), (ii), (v), (vi) (solely as to preemptive or other similar rights arising by operation of law or under the charter or by-laws of the Company), (viii) through (x), inclusive, (xii), (xiv) (solely as to the information in the Prospectus under "Description of Capital Stock--Common Stock") and the penultimate paragraph of Exhibit A hereto. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York and the federal law of the United States and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to the Representatives which may include counsel to the Company. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and its subsidiaries and certificates of public officials.

(d) OFFICERS' CERTIFICATE. At Closing Time, there shall not have been, since the date hereof or since the respective dates as of which information is given in the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and the Representatives shall have received a certificate of the President of the Company

and of the chief financial or chief accounting officer of the Company, dated as of Closing Time, to the effect that (i) there has been no such material adverse change, (ii) the representations and warranties in Section 1(a) hereof are true and correct with the same force and effect as though expressly made at and as of Closing Time, (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to Closing Time, and (iv) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or are contemplated by the Commission.

(e) ACCOUNTANT'S COMFORT LETTER. At the time of the execution of this Agreement, the Representatives shall have received from Deloitte & Touche LLP a letter dated such date, in form and substance satisfactory to the Representatives, together with signed or reproduced copies of such letter for each of the other Underwriters containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus.

(f) BRING-DOWN COMFORT LETTER. At Closing Time, the Representatives shall have received from Deloitte & Touche LLP a letter, dated as of Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (e) of this Section, except that the specified date referred to shall be a date not more than three business days prior to Closing Time.

(g) APPROVAL OF LISTING. At Closing Time, the Securities shall have been approved for listing on the NYSE, subject only to official notice of issuance.

(h) NO OBJECTION. The NASD has confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements.

(i) LOCK-UP AGREEMENTS. At the date of this Agreement, the Representatives shall have received an agreement substantially in the form of Exhibit B hereto signed by the persons listed on Schedule C hereto.

(j) ACQUISITION AGREEMENTS. The acquisitions contemplated by the Acquisition Agreements shall have been consummated in accordance with the terms described therein and there have been no amendments or modifications to the Acquisition Agreements since the date of their execution without the consent of the Representatives and no conditions to the Acquisitions shall have been waived without the consent of the Representatives.

(k) REORGANIZATION. The Reorganization (as described in the Prospectus) shall have been consummated in accordance with the terms as described therein and in the Reorganization Documents and there have been no amendments or modifications to the Reorganization Documents since the date of their execution.

(l) MANUFACTURERS' CONSENTS. The Representatives shall have received on or as of the Closing Date, as the case may be, a certificate, in a form and substance satisfactory to the Representative, of two executive officers of the Company certifying that each of the Company and its subsidiaries owns, possesses or has obtained all required consents and approvals from all Manufacturers with respect to the Acquisitions and the public offering of Common Stock hereunder and such consents and approvals shall be in a form satisfactory to the Representatives [other than Jaguar].

(m) CREDIT AGREEMENT. The New Credit Agreement and the NationsBank Credit Agreement shall have been entered into at or prior to Closing Time. The Company has obtained or assumed floor plan financing for each of the dealerships acquired in the Acquisitions in form and substance satisfactory to the Representatives and in accordance with the pro forma presentation in the Prospectus.

(n) SUBSCRIPTION AGREEMENTS. The subscription agreements and related promissory notes relating to the sale of a 20% interest in the Company's Dyer Volvo and Volvo of Chattanooga dealerships to Richard Dyer and Nelson Bowers, respectively, are substantially in the form provided and there have been no amendments or modifications to such agreements and related notes since the date of their execution.

(o) ADDITIONAL DOCUMENTS. At Closing Time and at each Date of Delivery, counsel for the Underwriters shall have been furnished with such documents and opinions as they may require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Securities as herein contemplated shall be satisfactory in form and substance to the Representatives and counsel for the Underwriters.

(p) CONDITIONS TO PURCHASE OF OPTION SECURITIES. In the event that the Underwriters exercise their option provided in Section 2(b) hereof to purchase all or any portion of the Option Securities, the representations and warranties of the Company contained herein and the statements in any certificates furnished by the Company or any subsidiary of the Company hereunder shall be true and correct as of each Date of Delivery and, at the relevant Date of Delivery, the Representatives shall have received:

(i) Officers' Certificate. A certificate, dated such Date of Delivery, of the President or a Vice President of the Company and of the chief financial or chief accounting officer of the Company confirming that the certificate delivered at the Closing Time pursuant to Section 5(d) hereof remains true and correct as of such Date of Delivery.

(ii) Opinion of Counsel for Company. The favorable opinion of Parker, Poe, Adams & Bernstein LLP, counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, dated such Date of Delivery,

relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(b) hereof.

(iii) Opinion of Counsel for Underwriters. The favorable opinion of Fried, Frank, Harris, Shriver & Jacobson, counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(c) hereof.

(iv) Bring-down Comfort Letter. A letter from Deloitte & Touche LLP, in form and substance satisfactory to the Representatives and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to the Representatives pursuant to Section 5(f) hereof, except that the "specified date" in the letter furnished pursuant to this paragraph shall be a date not more than five days prior to such Date of Delivery.

(q) TERMINATION OF AGREEMENT. If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement, or, in the case of any condition to the purchase of Option Securities on a Date of Delivery which is after the Closing Time, the obligations of the several Underwriters to purchase the relevant Option Securities, may be terminated by the Representatives by notice to the Company at any time at or prior to Closing Time or such Date of Delivery, as the case may be, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6, 7 and 8 shall survive any such termination and remain in full force and effect.

SECTION 6. Indemnification.

(a) INDEMNIFICATION OF UNDERWRITERS. The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or

any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by Merrill Lynch), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(b) INDEMNIFICATION OF COMPANY, DIRECTORS AND OFFICERS. Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(c) ACTIONS AGAINST PARTIES; NOTIFICATION. Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 6(a) above, counsel to the indemnified parties shall be selected by Merrill Lynch, and, in the case of parties indemnified pursuant to Section 6(b) above, counsel to the indemnified parties shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action;

provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) SETTLEMENT WITHOUT CONSENT IF FAILURE TO REIMBURSE. If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a) (ii) or (iii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(e) INDEMNIFICATION FOR RESERVED SECURITIES. In connection with the offer and sale of the Reserved Securities, the Company agrees, promptly upon a request, in writing to indemnify and hold harmless the Underwriters from and against any and all losses, liabilities, claims, damages and expenses incurred by them as a result of the failure of eligible directors, officers, employees, business associates and related persons of the Company to pay for and accept delivery of Reserved Securities which, by the end of the first business day following the date of this Agreement, were subject to a properly confirmed agreement to purchase.

SECTION 7. Contribution. If the indemnification provided for in Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and of the Underwriters on the other hand in connection with the statements or omissions, which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Securities pursuant to this Agreement (before deducting expenses) received by the Company and the total underwriting discount received by the Underwriters, in each case as set forth on the cover of the Prospectus, or, if Rule 434 is used, the corresponding location on the Term Sheet, bear to the aggregate initial public offering price of the Securities as set forth on such cover.

The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, each person, if any, who controls a Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the number of Initial Securities set forth opposite their respective names in Schedule A hereto and not joint.

SECTION 8. Representations, Warranties and Agreements to Survive Delivery. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company or any of its subsidiaries submitted pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or controlling person, or by or on behalf of the Company, and shall survive delivery of the Securities to the Underwriters.

SECTION 9. Termination of Agreement.

(a) TERMINATION; GENERAL. The Representatives may terminate this Agreement, by notice to the Company, at any time at or prior to Closing Time (i) if there has been, since the time of execution of this Agreement or since the respective dates as of which information is given in the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Representatives, impracticable to market the Securities or to enforce contracts for the sale of the Securities, or (iii) if trading in any securities of the Company has been suspended or materially limited by the Commission, or the NYSE, if trading generally on the American Stock Exchange or the NYSE or in the Nasdaq National Market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the Commission, the National Association of Securities Dealers, Inc. or any other governmental authority, or (iv) if a banking moratorium has been declared by either Federal or New York authorities.

(b) LIABILITIES. If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in

Section 4 hereof, and provided further that Sections 1, 6, 7 and 8 shall survive such termination and remain in full force and effect.

SECTION 10. Default by One or More of the Underwriters. If one or more of the Underwriters shall fail at Closing Time or a Date of Delivery to purchase the Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), the Representatives shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representatives shall not have completed such arrangements within such 24-hour period, then:

(a) if the number of Defaulted Securities does not exceed 10% of the number of Securities to be purchased on such date, each of the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(b) if the number of Defaulted Securities exceeds 10% of the number of Securities to be purchased on such date, this Agreement or, with respect to any Date of Delivery which occurs after the Closing Time, the obligation of the Underwriters to purchase and of the Company to sell the Option Securities to be purchased and sold on such Date of Delivery shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement or, in the case of a Date of Delivery which is after the Closing Time, which does not result in a termination of the obligation of the Underwriters to purchase and the Company to sell the relevant Option Securities, as the case may be, either the Representatives or the Company shall have the right to postpone Closing Time or the relevant Date of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectus or in any other documents or arrangements. As used herein, the term "Underwriter" includes any person substituted for a Underwriter under this Section 10.

SECTION 11. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to the Representatives at North Tower, World Financial Center, New York, New York 10281-1201, attention of Joel Van Dusen; with a copy to Stuart Gelfond, Esq., Fried, Frank, Harris, Shriver & Jacobson, One New York Plaza, New York, New York 10004; and notices to the Company shall be directed to it at Sonic Automotive, Inc., 5401 East Independence Boulevard, P.O. Box 18747, Charlotte,

North Carolina 28218, attention of Theodore Wright; with a copy to Gary C. Ivey, Esq., Parker, Poe, Adams & Bernstein L.L.P, 2500 Charlotte Plaza, Charlotte, North Carolina 28244.

SECTION 12. Parties. This Agreement shall each inure to the benefit of and be binding upon the Underwriters and the Company and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters and the Company and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Underwriters and the Company and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

SECTION 13. GOVERNING LAW AND TIME. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME.

SECTION 14. Effect of Headings. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement between the Underwriters and the Company in accordance with its terms.

Very truly yours,

SONIC AUTOMOTIVE, INC

By
Title:

CONFIRMED AND ACCEPTED,
as of the date first above written:

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
NATIONSBANC MONTGOMERY SECURITIES, INC.
WHEAT, FIRST SECURITIES, INC.

By: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By
Authorized Signatory

SCHEDULE A

Name of Underwriter	Number of Initial Securities
Merrill Lynch, Pierce, Fenner & Smith Incorporated..	
NationsBanc Montgomery Securities, Inc...........................	
Wheat, First Securities, Inc.	
Total...	5,000,000

SCHEDULE B

SONIC AUTOMOTIVE, INC.

5,000,000 Shares of Class A Common Stock

(Par Value $0.01 Per Share)

1. The initial public offering price per share for the Securities, determined as provided in said Section 2, shall be $ [ ].

2. The purchase price per share for the Securities to be paid by the several Underwriters shall be $ [ ], being an amount equal to the initial public offering price set forth above less $ [ ] per share; provided that the purchase price per share for any Option Securities purchased upon the exercise of the over-allotment option described in Section 2(b) shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities.

SCHEDULE C

O. Bruton Smith

B. Scott Smith

William R. Brooks

Sonic Financial Corporation

Nelson E. Bowers, II

Theodore M. Wright

Jeffrey C. Rachor

O. Ken Marks, Jr.

Ivan A. Tufty

William M. Sullivan

William S. Egan

Richard S. Dyer

Exhibit A

October 17, 1997

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
NationsBanc Montgomery Securities, Inc.
Wheat, First Securities, Inc.
as Representatives of the several Underwriters
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
North Tower
World Financial Center
New York, New York 10281-1209

Ladies and Gentlemen:

We have acted as counsel for Sonic Automotive, Inc., a Delaware corporation (the "Company") in connection with the underwritten public offering of up to 5,750,000 shares (the "Shares") of Class A Common Stock, par value $.01 per share (the "Common Stock"), of the Company, of which 750,000 shares will be sold pursuant to the exercise of an over-allotment option. This opinion is being delivered to you pursuant to Section 5(b) of the Purchase Agreement between the Underwriters named in Schedule A thereto and the Company (the" Purchase Agreement"). All capitalized terms used herein that are defined in, or by reference in, the Purchase Agreement have the meanings assigned to such terms therein or by reference therein, unless otherwise defined herein.

In connection with this opinion, we have (i) investigated such questions of law, (ii) examined originals or certified, conformed or reproduction copies of such agreements, instruments, documents and records of the Company, such certificates of public officials and such other documents, and (iii) received such information from officers and representatives of the Company as we have deemed necessary or appropriate for the purposes of this opinion.

In all such examinations, we have assumed the legal capacity of all natural persons executing Documents, the genuineness of all signatures, the authenticity of original and certified documents and the conformity to original or certified documents of all copies submitted to us as conformed or reproduction copies.

To the extent it may be relevant to the opinions expressed herein, we have assumed that the parties to the Documents other than the Company have the power and authority to enter into and perform such documents and to consummate the transactions contemplated thereby, that the Documents have been duly authorized, executed and delivered by, and constitute legal, valid and binding obligations of such parties enforceable against such parties in accordance with their terms, and that such parties will comply with all of their obligations under the Documents and all laws applicable thereto.

Based upon the foregoing, and subject to the limitations, qualifications and assumptions set forth herein, we are of the opinion that:

(i) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware.

(ii) The Company has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus or as proposed to be conducted and to enter into and perform its obligations under the Purchase Agreement.

(iii) The Company is duly qualified as a foreign corporation to transact business and is in good standing in each state set forth on Schedule A to the opinion.

(iv) The authorized, issued and outstanding capital stock of the Company is as set forth in the Prospectuses in the column entitled "Actual" under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to the Purchase Agreement or pursuant to reservations, agreements or employee benefit plans referred to in the Prospectus or options referred to in the Prospectus); the shares of issued and outstanding capital stock have been duly authorized and validly issued and are fully paid and non-assessable; and none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive or other similar rights of any securityholder of the Company.

(v) The Securities to be purchased by the Underwriters from the Company have been duly authorized for issuance and sale to the Underwriters pursuant to the Purchase Agreement, and, when issued and delivered by the Company pursuant to the Purchase Agreement against payment of the consideration set forth in the Purchase Agreement, will be validly issued and fully paid and non-assessable and no holder of the Securities is or will be subject to personal liability by reason of being such a holder.

(vi) The issuance of the Securities is not subject to the preemptive or other similar rights of any securityholder of the Company.

(vii) Each Subsidiary has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectuses and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect; except as otherwise disclosed in the Registration Statement, all of the issued and outstanding capital stock of each Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and, to the best of our knowledge, is owned by the Company, directly or through subsidiaries, and except as described in the Prospectus, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity, and except as described in the Prospectus, none of the outstanding shares of capital stock of any Subsidiary was issued in violation of the preemptive or similar rights of any securityholder of such Subsidiary.

(viii) The Purchase Agreement has been duly authorized, executed and delivered by the Company.

(ix) The Registration Statement has been declared effective under the 1933 Act; any required filing of the Prospectus pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); and, to the best of our knowledge, no stop order suspending the effectiveness of the Registration Statement or any Rule 462(b) Registration Statement has been issued under the 1933 Act and no proceedings for that purpose have been instituted or are pending or threatened by the Commission.

(x) The Registration Statement, including any Rule 462(b) Registration Statement, the Rule 430A Information and the Rule 434 Information, as applicable, the Prospectus and each amendment or supplement to the Registration Statement and the Prospectus as of its effective or issue date (other than the financial statements and supporting schedules included therein or omitted therefrom, as to which we need express no opinion) complied as to form in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations.

(xi) If Rule 434 has been relied upon, the Prospectuses were not "materially different," as such term is used in Rule 434, from the prospectuses included in the Registration Statement at the time it became effective.

(xii) The form of certificate used to evidence the Common Stock complies in all material respects with all applicable statutory requirements, with any applicable requirements of the charter and by-laws of the Company and the requirements of the New York Stock Exchange.

(xiii) To the best of our knowledge, there is not pending or threatened any action, suit, proceeding, inquiry or investigation, to which the Company or any subsidiary is a party, or to which the property of the Company or any subsidiary is subject, before or brought by any court or governmental agency or body, domestic or foreign, which might reasonably be expected to result in a Material Adverse Effect, or which might reasonably be expected to materially and adversely affect the properties or assets thereof or the consummation of the transactions contemplated in the Purchase Agreement or the performance by the Company of its obligations thereunder.

(xiv) The information in the Prospectus under "Description of Capital Stock--Common Stock", "Business--Governmental Regulation and Environmental Matters ", "Business--Legal Proceedings and Insurance", "Description of Capital Stock--Preferred Stock", and in the Registration Statement under Item 14, to the extent that it constitutes matters of law, summaries of legal matters, the Company's charter and bylaws or legal proceedings, or legal conclusions, has been reviewed by us and is correct in all material respects.

(xv) To the best of our knowledge, there are no statutes or regulations that are required to be described in the Prospectus that are not described as required.

(xvi) All descriptions in the Prospectus of contracts and other documents to which the Company or its subsidiaries are a party are accurate in all material respects; to the best of our knowledge, there are no franchises, contracts, indentures, mortgages, loan agreements, notes, leases or other instruments required to be described or referred to in the Registration Statement or to be filed as exhibits thereto other than those described or referred to therein or filed or incorporated by reference as exhibits thereto, and the descriptions thereof or references thereto are correct in all material respects.

(xvii) To the best of our knowledge, neither the Company nor any subsidiary is in violation of its charter or by-laws and no default by the Company or any subsidiary exists in the due performance or observance of any material obligation, agreement, covenant or condition contained in any item that is listed on Exhibit B to this opinion.

(xviii) No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency, domestic or foreign (other than under the 1933 Act and the 1933 Act Regulations, which have been obtained, or as may be required under the securities or blue sky laws of the various states, as to which we need express no opinion) is necessary or required in connection with the due authorization, execution and delivery of the Purchase Agreement or for the offering, issuance, sale or delivery of the Securities.

(xix) The execution, delivery and performance of the Purchase Agreement and the consummation of the Acquisitions transactions contemplated in Purchase Agreement (including the issuance and sale of the Securities, and the use of the proceeds from the sale of the Securities as described in the Prospectuses under the caption "Use Of Proceeds") and the consummation of the Acquisitions and the financing thereof and compliance by the Company with its obligations under the Purchase Agreement do not and will not, whether with or without the giving of notice or lapse of time or both,

conflict with or constitute a breach of, or default or Repayment Event (as defined in Section 1(a)(x) of the Purchase Agreements) under or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any subsidiary pursuant to any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or any other agreement or instrument, known to us, to which the Company or any subsidiary is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any subsidiary is subject, nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any subsidiary, or any applicable law, statute, rule, regulation, judgment, order, writ or decree, known to us, of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any subsidiary or any of their respective properties, assets or operations.

(xx) To the best of our knowledge, there are no persons, except as disclosed in the Prospectus, with registration rights or other similar rights to have any securities registered pursuant to the Registration Statement or otherwise registered by the Company under the 1933 Act.

(xxi) The Company is not an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the 1940 Act.

(xxii) To the best of our knowledge, the Company contained in the Reorganization documents as set forth in Exhibit C of the Purchase Agreement have been duly authorized, executed and delivered by each of the parties thereto and constitute a legally valid and binding obligation of the Company and is enforceable against the Company in accordance with their terms.

(xxiii) To the best of our knowledge, each of the Acquisition Agreements governing the acquisitions that are contemplated to occur on or before the Closing Date has been duly authorized, executed and delivered by the Company, and constitutes a legally valid and binding obligation of the Company and is enforceable against the Company in accordance with its terms.

(xxiv) To the best of our knowledge, each franchise agreement, in each case between a Subsidiary and the applicable Manufacturer (as defined in the Prospectus) has been duly authorized by the Company and such Subsidiaries, enforceable in accordance with its terms, and the Company has obtained all consents, authorizations and approvals from the Manufacturers required to conduct the Acquisitions and the public offering of Common Stock as contemplated hereby [other than Jaguar].

(xxv) To the best of our knowledge, the Company has all necessary corporate power and authority to execute, deliver and perform its obligations under the New Credit Agreement and the NationsBank Credit Agreement; and the New Credit Agreement and the NationsBank Credit Agreement have been duly authorized, executed and delivered by the Company, are in the form heretofore delivered to you, and constitute valid and binding obligations of the Company, enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency,

reorganization or other similar laws relating to or affecting enforcement of creditors' rights generally or by general principles of equity.

Nothing has come to our attention that would lead us to believe that the Registration Statement or any amendment thereto, including the Rule 430A Information and Rule 434 Information (if applicable), (except for financial statements and schedules and other financial data included therein or omitted therefrom, as to which we need make no statement), at the time such Registration Statement or any such amendment became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectuses or any amendment or supplement thereto (except for financial statements and schedules and other financial data included therein or omitted therefrom, as to which we need make no statement), at the time the Prospectuses were issued, at the time any such amended or supplemented prospectus was issued or at the Closing Time, included or includes an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Very truly yours
PARKER, POE, ADAMS & BERNSTEIN L.L.P.

By:_________________________________

Exhibit B

October [ ], 1997

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Montgomery Securities
Wheat First Butcher Singer
as Representatives of the several Underwriters
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
North Tower
World Financial Center
New York, New York 10281-1209

Re: Proposed Public Offering by Sonic Automotive, Inc.

Dear Sirs:

The undersigned, a stockholder [and an officer and/or director] of Sonic Automotive, Inc., a Delaware corporation (the "Company"), understands that Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Montgomery Securities and Wheat First Butcher Singer propose to enter into a Purchase Agreement (the "Purchase Agreement") with the Company providing for the public offering of shares (the "Securities") of the Company's Class A common stock, par value $0.01 per share (the "Common Stock"). In recognition of the benefit that such an offering will confer upon the undersigned as a stockholder [and an officer and/or director] of the Company, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agrees with each underwriter to be named in the U.S. Purchase Agreement that, during a period of 180 days from the date of the Purchase Agreement, the undersigned will not, without the prior written consent of Merrill Lynch, directly or indirectly, (i) offer, pledge, sell, contract to sell, sell any option or

contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of the Company's Common Stock or any securities convertible into or exchangeable or exercisable for Common Stock, whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or hereafter acquires the power of disposition, or file any registration statement under the Securities Act of 1933, as amended, with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock, whether any such swap or transaction is to be settled by delivery of Common Stock or other securities, in cash or otherwise.

Very truly yours,

Signature:

Print Name:

CLASS A COMMON STOCK CLASS A COMMON STOCK

[SONIC LOGO GOES HERE]

INCORPORATED UNDER THE LAWS
OF THE STATE OF DELAWARE

THIS CERTIFICATE TRANSFERABLE IN
CHARLOTTE, NORTH CAROLINA
OR NEW YORK, NEW YORK

CUSIP 83545 G 10 2
SEE REVERSE FOR CERTAIN DEFINITIONS

SONIC AUTOMOTIVE, INC.

This Certifies that

is the owner of
FULLY PAID AND NON-ASSESSABLE SHARES OF THE CLASS A COMMON STOCK,
PAR VALUE $0.01 PER SHARE OF

SONIC AUTOMOTIVE, INC. transferable on the books of the Corporation by the holder hereof in person or by duly authorized attorney upon surrender of this Certificate properly endorsed.

This Certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

<TABLE>
<S> <C> <C>
Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated: [SONIC AUTOMOTIVE SEAL GOES HERE]

/S/ Theodore M. Wright	/S/ O. Bruton Smith
TREASURER	CHAIRMAN

</TABLE>

[SIGNATURE LANGUAGE HORIZONTALLY TURNED 90 DEGREES TO THE RIGHT, CENTER EDGE OF THE CERTIFICATE AND COPY READS AS SUCH:]

COUNTERSIGNED AND REGISTERED:
FIRST UNION NATIONAL BANK OF NORTH CAROLINA
(Charlotte, North Carolina) TRANSFER AGENT AND REGISTRAR

By

AUTHORIZED SIGNATURE

SONIC AUTOMOTIVE, INC.

Sonic Automotive, Inc. will furnish to each stockholder a statement of the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions or such preferences and rights upon request therefor.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM-	as tenants in common
TEN ENT-	as tenants by the entireties
JT TEN-	as joint tenants with right of survivorship and not as tenants in common

UNIF TRANS MIN ACT-___________Custodian________________
(Cust) (Minor)

under Uniform Transfers to Minors
Act ____
(State)

Additional abbreviations may also be used though not in the above list.

For Value received, ____hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER

IDENTIFYING NUMBER OF ASSIGNEE

- --

- --

- --

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF ASSIGNEE

- --

- --

- ---

- --- Shares

of the Class A Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint __________________________________

____, Attorney, to

transfer the said shares on the books of the within named Corporation with full power of substitution.

Dated, _______________________________

X ____

X____

NOTICE: THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME(S) AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

SIGNATURE(S) GUARANTEED:____

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION, (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

KEEP THIS CERTIFICATE IN A SAFE PLACE, IF IT IS LOST, STOLEN, OR DESTROYED, THE CORPORATION MAY REQUIRE A BOND OF INDEMNITY AS A CONDITION TO THE ISSUANCE OF A REPLACEMENT CERTIFICATE.

Exhibit 5.1

, 1997

Board of Directors
Sonic Automotive, Inc.
5401 East Independence Boulevard
Charlotte, North Carolina

Dear Sirs:

We are acting as counsel to Sonic Automotive, Inc., a Delaware corporation (the "Company"), in connection with the preparation, execution, filing and processing, with the Securities and Exchange Commission (the "Commission"), pursuant to the Securities Act of 1933, as amended (the "Act"), of a Registration Statement (No. 333-33295) on Form S-1 (as amended through the date hereof, the "Registration Statement") and the issuance and sale of the Shares referred to below. This opinion is furnished to you for filing with the Commission pursuant to Item 601(b)(5) of Regulation S-K promulgated under the Act.

The Registration Statement covers the issuance and sale of up to 5,750,000 shares (the "Shares") of Class A Common Stock, par value $.01 per share (the "Common Stock"), consisting of 5,000,000 shares to be offered by the Company, and up to 750,000 shares that the several underwriters to be party to the Purchase Agreement referred to below (the "Underwriters") will have an option to purchase from the Company solely to cover over-allotments. The Shares are proposed to be sold pursuant to a Purchase Agreement among the Company and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wheat, First Securities, Inc. and NationsBanc Montgomery Securities, Inc. as representatives of the several Underwriters, a form of which Purchase Agreement is filed as Exhibit 1.1 to the Registration Statement (the "Purchase Agreement").

In our representation of the Company, we have examined the Registration Statement, the Underwriting Agreement, the Company's Amended and Restated Certificate of Incorporation and Bylaws, as amended to date, all actions of the Company's Board of Directors recorded in the Company's minute book, the form of certificate evidencing the Shares and such other documents as we have considered necessary for purposes of rendering the opinions expressed below.

Based upon the foregoing, we are of the following opinion:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

2. The completion, execution, attestation, issuance and delivery against payment by the Company of the Shares pursuant to the terms of the Purchase Agreement have been duly authorized by all necessary corporate action on behalf of the Company.

3. When (a) the Company shall have complied with the registration and prospectus delivery requirements of the Act and with such state securities or "blue sky" laws as may be applicable, (b) the Purchase Agreement in definitive form shall have been duly completed by including therein the purchase price of the Shares and related terms, (c) the Purchase Agreement as so completed shall have been duly executed and delivered by or on behalf of the Underwriters and by or on behalf of the Company, and (d) the Shares shall have been duly completed, executed, attested, issued, delivered and paid for in accordance with the terms of the Purchase Agreement, then the Shares will be validly issued, fully paid and nonassessable.

The opinions expressed herein are limited to the laws of the State of North Carolina, the General Corporation Law of the State of Delaware and the Act.

We hereby consent to the use of this opinion letter as Exhibit 5.1 to the Registration Statement and to the use of our name under the heading "Legal Matters" in related prospectuses. In giving this consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

EXHIBIT 10.47

Ford Motor Credit Company

AUTOMOTIVE WHOLESALE PLAN
APPLICATION FOR WHOLESALE FINANCING
AND SECURITY AGREEMENT

Date June 29, 1982

To: Ford Motor Credit Company (hereinafter called "Ford Credit")

The undersigned O.K. MARKS FORD, INC. (hereinafter called "Dealer") of
(Dealer's exact business name)

814 Cleveland Street, Clearwater, Florida 33515
(Street and Number) / (City) / (State) / (Zip Code)

hereby requests Ford Credit to establish and maintain for Dealer a wholesale line of credit, and to make advances to or on behalf of Dealer thereunder, to finance new and used automobiles, trucks, truck-tractors, trailers, semi-trailers, buses, mobile homes, motor homes, other vehicles and other merchandise for Dealer under the terms of the Ford Credit Wholesale Plan as set forth in the January, 1973 edition of the Ford Credit Dealer Manual entitled "Automotive Finance Plans for Ford Motor Company Dealers" or any subsequent edition thereof (hereinafter called the "Plan"). In consideration thereof Dealer hereby agrees as follows:

1. Advances by Ford Credit

Ford Credit at all times shall have the right in its sole discretion to determine the extent to which, the terms and conditions on which, and the period for which it will make advances to or on behalf of Dealer, or extend credit to Dealer, under the Plan or otherwise. Ford Credit, at any time and from time to time, in its sole discretion, may establish, rescind or change limits or the extent to which financing accommodations under the Plan will be made available to Dealer. Ford Credit may pay to any manufacturer, distributor or other seller of merchandise the invoice amount therefor, and Ford Credit shall be fully protected in relying in good faith upon any invoice or advice from any such manufacturer, distributor or seller that the merchandise described therein has been ordered by or shipped to Dealer and that the invoice amount therefor is correctly stated. Any such payment made by Ford Credit to any such manufacturer, distributor or seller shall be an advance made by Ford Credit to or on behalf of Dealer pursuant hereto and shall be repayable by Dealer in accordance with the terms hereof. In addition, Ford Credit may make loans or other advances directly to Dealer with respect to merchandise of any type held by Dealer for sale, and any loan or other advance shall be an advance made by Ford Credit to or on behalf of Dealer pursuant hereto and shall be repayable by Dealer in accordance with the terms hereof. Ford Credit from time to time shall furnish statements to Dealer of advances made by Ford Credit to or on behalf of Dealer pursuant hereto. Promptly upon receipt by Dealer of any such statement, Dealer shall review the same and advise Ford Credit in writing of any discrepancy therein. In the event Dealer shall fail to advise Ford Credit of any discrepancy in any such statement within ten calendar days following the receipt thereof by Dealer, such statement shall be deemed to be conclusive evidence of advances made by Ford Credit to or on behalf of Dealer pursuant hereto unless Dealer or Ford Credit establishes by a preponderance of evidence that such advances were not made or were made in different amounts than as set forth in such statement.

2. Interest and Service and Insurance Flat Charges

All advances made by Ford Credit to or on behalf of Dealer pursuant hereto shall bear interest from the date of advance by Ford Credit to the date of repayment in good funds by Dealer at the rates established by Ford Credit from time to time for Dealer; provided, however, that any amount not paid when due hereunder shall bear interest at the rate of 15% per annum or the maximum contract rate permitted by the law of the state where Dealer maintains his business as indicated above, whichever is the lesser. In addition to such interest, the financing of merchandise under the Plan shall be subject to service and insurance flat charges established by Ford Credit from time to time for Dealer. Ford Credit shall advise Dealer in writing from time to time of changes in the interest rate and service and insurance flat charges applicable to Dealer. Such changed rates and flat charges shall be effective from the date stated in such notice; provided, however, that in the event any such notice advises Dealer of an increase in any such rate or flat charge, Dealer shall have the option of terminating this agreement by paying to Ford Credit the full unpaid balance outstanding under Dealer's wholesale line of credit and all other amounts due or to become due hereunder in good funds within ten calendar days after the receipt of such notice by Dealer, in which event such increased rate or flat charge shall not become effective.

3. Payments by Dealer

The aggregate amount outstanding from time to time of all advances made by Ford Credit to or on behalf of Dealer pursuant hereto shall constitute an obligation of Dealer, notwithstanding such advances are made from time to time, and such amount, or so much thereof as may be demanded, together with Ford Credit's interest and flat charges with respect thereto, shall be payable by Dealer to Ford Credit upon demand. Notwithstanding that Ford Credit shall not have demanded payment therefor, Dealer shall pay to Ford Credit, at or before the time of sale of any merchandise financed under the Plan, the full unpaid balance of any advance made by Ford Credit to or on behalf of Dealer with respect to such merchandise. Dealer also shall pay to Ford Credit, upon demand, the full amount of any rebate, refund or other credit received by Dealer with respect to any merchandise financed by Ford Credit hereunder.

4. Ford Credit's Security Interest

As security for all advances now or hereafter made by Ford Credit to or on behalf of Dealer pursuant hereto, and for the observance and performance of all other obligations of Dealer to Ford Credit in connection with the wholesale financing of merchandise for Dealer, Dealer hereby grants to Ford Credit a purchase money security interest in all such merchandise now owned or hereafter acquired by Dealer and a security interest in the proceeds, in whatever form, of any sale or other disposition thereof and Dealer hereby assigns to Ford Credit and grants to Ford Credit a security interest in all amounts that may now or hereafter be payable to Dealer by the manufacturer, distributor or seller of any such merchandise by way of rebate or refund of all or any portion of the purchase price thereof.

5. Dealer's Possession and Sale of Merchandise

Dealer's possession of the merchandise financed hereunder shall be for the sole purpose of storing and exhibiting the same for sale or lease in the ordinary course of Dealer's business. Dealer shall keep such merchandise brand new and subject to inspection by Ford Credit and free from all taxes, liens and encumbrances, and any sum of money that may be paid by Ford Credit in release or discharge of any taxes, liens or encumbrances on any such merchandise or on any documents executed in connection therewith shall be paid by Dealer to Ford Credit upon demand. Except as may be necessary to remove or transport the same from a freight depot to Dealer's place of business, Dealer shall not use or operate, or permit the use of operation of, any merchandise financed hereunder for demonstration or otherwise without the express prior written consent of Ford Credit in each case, and shall not in any event use such merchandise illegally, improperly or for hire. Dealer shall not mortgage, pledge or loan any of such merchandise, and shall not transfer or otherwise dispose of the same except by sale or lease in the ordinary course of Dealer's business. Any and all proceeds of any sale, lease or other disposition of such merchandise by Dealer shall be received and held by Dealer in trust for Ford Credit and shall be fully, faithfully and promptly accounted for and remitted by Dealer to Ford Credit to the extent of Dealer's obligation to Ford Credit with respect to such merchandise. As used in this paragraph 5, "sale in the ordinary course of Dealer's business" shall include (i) a bona fide retail sale to a purchaser for his own use at the fair market value of the merchandise sold, and (ii) an occasional sale of such merchandise to another dealer at a price not less than Dealer's cost of the merchandise sold, provided such sale is not a part of a plan or scheme to liquidate all or any portion of Dealer's business, and "lease in the ordinary course of Dealer's business" shall include only a bona fide lease to a lessee for his own use at a fair rental value of the merchandise leased.

6. Risk of Loss and Insurance Requirements

Except to the extent of any insurance proceeds actually received by Ford Credit with respect thereto under insurance obtained by Ford Credit pursuant to the Plan, all merchandise financed hereunder shall be at Dealer's sole risk of any loss or damage to the same. Dealer shall indemnify Ford Credit against all claims for injury or damage to persons or property caused by the use, operation or holding of such merchandise, and if requested to do so by Ford Credit, Dealer shall maintain at its own expense liability insurance in connection therewith in such form and amounts as Ford Credit may reasonably require from time to time. In addition, Dealer shall insure all merchandise financed hereunder that is or may be used for demonstration or operated for any other purpose against loss due to collision, subject in each case to the deductible amounts and limitations set forth in the Plan. If Dealer so elects, Ford Credit will obtain collision insurance on Wholesale Demonstrators only, as defined in the Plan, and bill Dealer therefor. Dealer hereby elects to provide collision insurance on such Wholesale Demonstrators in the following manner:

[ ] Dealer hereby requests that Ford Credit obtain collision insurance at Dealer's expense covering each motor vehicle for which Dealer requests Ford Credit's permission to use as a Wholesale Demonstrator (as defined in the Plan) subject to the deductible amounts and limitations set forth in the Plan.

[X] Dealer proposes to make its own arrangements for collision insurance on Wholesale Demonstrators and agrees to advise Ford Credit at the time any motor

vehicle is placed in use if Dealer has obtained collision insurance on such motor vehicle through its own carrier, in which event Dealer agrees to furnish to Ford Credit in connection therewith acceptable evidence of such insurance.

If Dealer fails to furnish acceptable evidence of any insurance required hereunder, Ford Credit may, but shall not be required to, obtain such insurance at Dealer's expense.

7. Credits

All funds or other property belonging to Ford Credit and received by Dealer shall be received by Dealer in trust for Ford Credit and shall be remitted to Ford Credit forthwith. Ford Credit, at all times, shall have a right to offset and apply any and all credits, monies or properties of Dealer in Ford Credit's possession or control against any obligation of Dealer to Ford Credit.

8. Information Concerning Dealer

To induce Ford Credit to extend financing accommodations hereunder, Dealer has submitted information concerning its business organization and financial condition, and certifies that the same is complete, true and correct in all respects and that the financial information contained therein and any that may be furnished to Ford Credit from time to time hereafter does and shall fairly present the financial condition of Dealer in accordance with generally accepted accounting principles applied on a consistent basis. Dealer agrees to notify Ford Credit promptly of any material change in its business organization or financial condition or in any information relating thereto previously furnished to Ford Credit. Dealer acknowledges and intends that Ford Credit shall rely, and shall have the right to rely, on such information in extending and continuing to extend financing accommodations to Dealer. Dealer hereby authorizes Ford Credit from time to time and at all reasonable times to examine, appraise and verify the existence and condition of all merchandise, documents, commercial or other paper and other property in which Ford Credit has or has had any title, title retention, lien, security or other interest, and all of Dealer's books and records in any way relating to its business.

9. Default

In the event Dealer shall fail to promptly pay any amount now or hereafter owning to Ford Credit as and when the same shall become due and payable or Dealer shall fail to duly observe or perform any other obligation secured hereby, or any representation made by Dealer to Ford Credit shall prove to have been false or misleading in any material respect as of the date on which the same was made, or a proceeding in bankruptcy, insolvency or receivership shall be instituted by or against Dealer or Dealer's property, Ford Credit may take immediate possession of all property in which it has a security interest hereunder, without demand or other notice and without legal process. For this purpose and in furtherance thereof, Dealer shall, if Ford Credit so requests, assemble such property and make it available to Ford Credit at a reasonably convenient place designated by Ford Credit, and Ford Credit shall have the right, and Dealer hereby authorizes and empowers Ford Credit, its agents or representatives, to enter upon the premises wherever such property may be and remove same. In the event Ford Credit shall acquire possession of such property or any portion thereof, as hereinbefore provided, Ford Credit may, in its sole discretion (i) sell the same, or any portion thereof, after five days' written notice at public or private sale for the account of Dealer, or (ii) declare this agreement, all wholesale transactions and Dealer's obligations in connection therewith to be terminated and cancelled and retain any sums of money that may have been paid by Dealer in connection therewith, or (iii) enforce any other remedy that Ford Credit may have under applicable law. Dealer agrees that the sale by Ford Credit of any new and unused property repossessed by Ford Credit to the manufacturer, distributor or seller thereof, or to any person designated by such manufacturer, distributor or seller thereof, or to any person designated by such manufacturer, distributor or seller, at the invoice cost thereof to Dealer less any credits granted to Dealer with respect thereto and reasonable costs of transportation and reconditioning, shall be deemed to be a commercially reasonable means of disposing of the same. Dealer further agrees that if Ford Credit shall solicit bids from three or more other dealers in the type of property repossessed by Ford Credit hereunder, any sale by Ford Credit of such property in bulk or in parcels to the bidder submitting the highest cash bid therefor also shall be deemed to be a commercially reasonable means of disposing of the same. Notwithstanding the foregoing, it is expressly understood that such means of disposal shall not be exclusive, and that Ford Credit shall have the right to dispose of any property repossessed hereunder by any commercially reasonable means. Dealer agrees to pay reasonable attorneys' fees and legal expenses incurred by Ford Credit in connection with the repossession and sale of any such property. Ford Credit's remedies hereunder are cumulative and may be enforced successively or concurrently.

10. General

Dealer waives the benefit of all homestead and exemption laws and agrees that the acceptance by Ford Credit of any payment after it may have become due or the waiver by Ford Credit of any other default shall not be deemed to alter or affect Dealer's obligations or Ford Credit's right with respect to any

subsequent payment or default.

Neither this agreement, nor any other agreement between Dealer and Ford Credit, nor any funds payable by Ford Credit to Dealer, shall be assigned by Dealer without the express prior written consent of Ford Credit in each case.

Any provision hereof prohibited by any applicable law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof. Except as herein provided, no modification hereof may be made except by a written instrument duly executed by, or pursuant to the express written authority of, an executive officer of Ford Credit.

Dealer shall execute and deliver to Ford Credit promissory notes or other evidences of Dealer's indebtedness hereunder, security agreements, trust receipts, chattel mortgages or other security instruments and any other documents which Ford Credit may reasonably request to confirm Dealer's obligations to Ford Credit and to confirm Ford Credit's security interest in any merchandise financed by Ford Credit under the Plan or in any other property as provided hereunder, and in such event the terms and conditions hereof shall be deemed to be incorporated therein. Ford Credit's security or other interest in any such merchandise shall not be impaired by the delivery to Dealer of such merchandise or of bills of lading, certificates of origin, invoices or other documents pertaining thereto or by the payment by Dealer of any curtailment, security or other deposit or portion of the amount financed. The execution by Dealer or on Dealer's behalf of any document for the amount of any credit extended shall be deemed evidence of Dealer's obligation and not payment thereof. Ford Credit may, for in the name of Dealer, endorse and assign any obligation transferred to Ford Credit by Dealer and any check or other medium of payment intended to apply upon such obligation. Ford Credit may complete any blank space and fill in omitted information on any document or paper furnished to it by Dealer.

Unless the context otherwise clearly requires, the terms used herein shall be given the same meaning as ascribed to them under the provisions of the Uniform Commercial Code. Section headings are inserted for convenience only and shall not affect any construction or interpretation of this agreement.

This agreement shall be interpreted in accordance with the laws of the state of the Dealer's place of business indicated above.

11. Acceptance and Termination

Dealer waives notice of Ford Credit's acceptance hereof, and this agreement shall be deemed accepted by Ford Credit at the time it shall first extend credit to Dealer under the Plan and shall be binding on Dealer and Ford Credit and their respective successors and assigns from the date thereof until terminated by receipt of written notice by either party from the other, provided, however, that any such termination shall not relieve either party from any obligation incurred prior to the effective date thereof.

O. K. MARKS FORD, INC.
- ------------------------------
(DEALER'S EXACT BUSINESS NAME)

Witness or Attest: By /s/ O. K. Marks Title President

/s/ Katherine M. Goreth O. K. Marks
- -----------------------

POWER OF ATTORNEY FOR WHOLESALE

KNOW ALL MEN BY THESE PRESENTS: That the undersigned dealer does hereby make, constitute and appoint S. L. Owens, C.A. Glaub and E. O. Kero, ?? of Dearborn, Michigan and each of them and any other officer or employe of Ford Motor Credit Company, a Delaware corporation of Dearborn, Michigan, its true and lawful attorneys with full power of substitution, for and in its name, stead and behalf, to prepare, make, execute, acknowledge and deliver to Ford Motor Credit Company, from time to time promissory notes or other evidences of indebtedness, bearing such rate of interest as Ford Motor Credit Company may require from time to time, and trust receipts, chattel mortgages and other title retention or security instruments necessary or appropriate in connection ?? the wholesale financing by Ford Motor Credit Company of merchandise for the undersigned dealer under the terms of the Ford Motor Credit Company including the making of affidavits and the acknowledging of instruments, as if fully done by the undersigned dealer, and each of the said attorneys hereby is further authorized and empowered in the discharge of the power hereby conferred to execute any instruments by means of either a manual, imprinted or other facsimile signature or by completing a printed from to which an imprinted or other facsimile signature is then affixed.

This Power of Attorney is executed by the undersigned dealer, to induce Ford Motor Credit Company to make advances for merchandise to be acquired by the

undersigned dealer and recognizes that such advances are made to manufacturers, distributors and other sellers of such merchandise at places other than the undersigned dealer's place of business, and that it is impractical for the undersigned dealer to execute the promissory notes, trust receipts, chattel mortgages and other title retention or security instruments necessary or appropriate in connection with such advances without unduly delaying the delivery of such merchandise to the undersigned dealer. Accordingly, this Power of Attorney may be revoked by the undersigned dealer only by notice in writing addressed to Ford Motor Credit Company, Dearborn, Michigan by registered mail, return receipt requested, stating an effective date on or after the receipt thereof by Ford Motor Credit Company.

Dated this 29th day of June 1982.

Witness or Attest: O. K. MARKS FORD, INC.
(DEALER'S EXACT BUSINESS NAME)

/s/ KATHERINE M. GORETH

By /s/ O. K. MARKS Title President
O. K. Marks

State of Florida } ss.
County of Hillsborough}

On this 29th day of June 1982, before me, the undersigned Notary Public, personally appeared O. K. Marks (PERSON SIGNING FOR DEALER) who acknowledged himself to be the President (TITLE) of O. K. MARKS FORD, INC., (DEALER'S NAME) the grantor of the foregoing Power of Attorney, and that he, being authorized so to do, executed the foregoing Power of Attorney for the purposes therein contained, by signing the name of the said grantor by himself in the capacity indicated.

WITNESS WHEREOF I have hereunto set may hand and official seal.

/s/ KATHERINE M. GORETH
NOTARY PUBLIC

My commission expires Notary Public, State of Florida at Large
My Commission Expires June 25, 1986

(NOTARY'S SEAL)

CERTIFIED COPY OF RESOLUTION OF BOARD OF DIRECTORS

The undersigned hereby certifies that he is the Secretary of O. K. MARKS FORD, INC., (DEALER'S EXACT CORPORATE NAME) of 814 Cleveland Street, Clearwater, Florida 33515, (DEALER'S ADDRESS) and that the following is a true, correct and complete copy of resolutions adopted by the board of directors of the said corporation at a meeting duly called and held on June 29, 1982 at which a quorum was present and voting, and that said resolutions are unchanged and are now in full force and effect:

RESOLVED, That the officers of this corporation be, and each hereby is, authorized and empowered to execute and deliver on behalf of this corporation an Application for Wholesale Financing to Ford Motor Credit Company of Dearborn, Michigan in such form and upon such terms and conditions as the said Ford Motor Credit Company may require, and to execute and deliver from time to time promissory notes or other evidences of indebtedness, bearing such rate of interest as the said Ford Motor Credit Company may require from time to time, and trust receipts, chattel mortgages and other title retention or security instruments as, and in such form as, the said Ford Motor Credit Company may require, evidencing any financing extended by the said Ford Motor Credit Company to this corporation under the terms of the Ford Motor Credit Company Automotive Wholesale Plan.

FURTHER RESOLVED, That S. L. Owens, C. A. Glaub and E. O. Kero, all of Dearborn, Michigan, and each of them and any other officer or employe of the said Ford Motor Credit Company be and each of them hereby is constituted and appointed an attorney-in-fact of this corporation for the purposes set forth in the Power of Attorney presented to this board of directors this date, with full power of substitution, and the officers of this corporation are, and each of them hereby is, authorized and empowered to execute a formal Power of Attorney in such form.

FURTHER RESOLVED, That the officers of this corporation be, and each hereby is, authorized and empowered to do all other things and to execute all ??? instruments and documents necessary or appropriate in the premises.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the corporate seal of the said corporation this 29th day of June, 1982.

/s/ JOHN C. VOGT, JR.
- ------------------------
John C. Vogt, Jr.
(Secretary)

(O. K. MARKS
FORD, INC.
CORPORATE SEAL
GOES HERE)

EXHIBIT 10.47

Ford Motor Credit Company

AUTOMOTIVE WHOLESALE PLAN
APPLICATION FOR WHOLESALE FINANCING
AND SECURITY AGREEMENT

Date June 29, 1982

To: Ford Motor Credit Company (hereinafter called "Ford Credit")

The undersigned O.K. MARKS FORD, INC. (hereinafter called "Dealer") of
(Dealer's exact business name)

814 Cleveland Street, Clearwater, Florida 33515
(Street and Number) / (City) / (State) / (Zip Code)

hereby requests Ford Credit to establish and maintain for Dealer a wholesale line of credit, and to make advances to or on behalf of Dealer thereunder, to finance new and used automobiles, trucks, truck-tractors, trailers, semi-trailers, buses, mobile homes, motor homes, other vehicles and other merchandise for Dealer under the terms of the Ford Credit Wholesale Plan as set forth in the January, 1973 edition of the Ford Credit Dealer Manual entitled "Automotive Finance Plans for Ford Motor Company Dealers" or any subsequent edition thereof (hereinafter called the "Plan"). In consideration thereof Dealer hereby agrees as follows:

1. Advances by Ford Credit

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2. Interest and Service and Insurance Flat Charges

All advances made by Ford Credit to or on behalf of Dealer pursuant hereto shall bear interest from the date of advance by Ford Credit to the date of repayment in good funds by Dealer at the rates established by Ford Credit from time to time for Dealer; provided, however, that any amount not paid when due hereunder shall bear interest at the rate of 15% per annum or the maximum contract rate permitted by the law of the state where Dealer maintains his business as indicated above, whichever is the lesser. In addition to such interest, the financing of merchandise under the Plan shall be subject to service and insurance flat charges established by Ford Credit from time to time for Dealer. Ford Credit shall advise Dealer in writing from time to time of changes in the interest rate and service and insurance flat charges applicable to Dealer. Such changed rates and flat charges shall be effective from the date stated in such notice; provided, however, that in the event any such notice advises Dealer of an increase in any such rate or flat charge, Dealer shall have the option of terminating this agreement by paying to Ford Credit the full unpaid balance outstanding under Dealer's wholesale line of credit and all other amounts due or to become due hereunder in good funds within ten calendar days after the receipt of such notice by Dealer, in which event such increased rate or flat charge shall not become effective.

3. Payments by Dealer

The aggregate amount outstanding from time to time of all advances made by Ford Credit to or on behalf of Dealer pursuant hereto shall constitute an obligation of Dealer, notwithstanding such advances are made from time to time, and such amount, or so much thereof as may be demanded, together with Ford Credit's interest and flat charges with respect thereto, shall be payable by Dealer to Ford Credit upon demand. Notwithstanding that Ford Credit shall not have demanded payment therefor, Dealer shall pay to Ford Credit, at or before the time of sale of any merchandise financed under the Plan, the full unpaid balance of any advance made by Ford Credit to or on behalf of Dealer with respect to such merchandise. Dealer also shall pay to Ford Credit, upon demand, the full amount of any rebate, refund or other credit received by Dealer with respect to any merchandise financed by Ford Credit hereunder.

4. Ford Credit's Security Interest

As security for all advances now or hereafter made by Ford Credit to or on behalf of Dealer pursuant hereto, and for the observance and performance of all other obligations of Dealer to Ford Credit in connection with the wholesale financing of merchandise for Dealer, Dealer hereby grants to Ford Credit a purchase money security interest in all such merchandise now owned or hereafter acquired by Dealer and a security interest in the proceeds, in whatever form, of any sale or other disposition thereof and Dealer hereby assigns to Ford Credit and grants to Ford Credit a security interest in all amounts that may now or hereafter be payable to Dealer by the manufacturer, distributor or seller of any such merchandise by way of rebate or refund of all or any portion of the purchase price thereof.

5. Dealer's Possession and Sale of Merchandise

Dealer's possession of the merchandise financed hereunder shall be for the sole purpose of storing and exhibiting the same for sale or lease in the ordinary course of Dealer's business. Dealer shall keep such merchandise brand new and subject to inspection by Ford Credit and free from all taxes, liens and encumbrances, and any sum of money that may be paid by Ford Credit in release or discharge of any taxes, liens or encumbrances on any such merchandise or on any documents executed in connection therewith shall be paid by Dealer to Ford Credit upon demand. Except as may be necessary to remove or transport the same from a freight depot to Dealer's place of business, Dealer shall not use or operate, or permit the use of operation of, any merchandise financed hereunder for demonstration or otherwise without the express prior written consent of Ford Credit in each case, and shall not in any event use such merchandise illegally, improperly or for hire. Dealer shall not mortgage, pledge or loan any of such merchandise, and shall not transfer or otherwise dispose of the same except by sale or lease in the ordinary course of Dealer's business. Any and all proceeds of any sale, lease or other disposition of such merchandise by Dealer shall be received and held by Dealer in trust for Ford Credit and shall be fully, faithfully and promptly accounted for and remitted by Dealer to Ford Credit to the extent of Dealer's obligation to Ford Credit with respect to such merchandise. As used in this paragraph 5, "sale in the ordinary course of Dealer's business" shall include (i) a bona fide retail sale to a purchaser for his own use at the fair market value of the merchandise sold, and (ii) an occasional sale of such merchandise to another dealer at a price not less than Dealer's cost of the merchandise sold, provided such sale is not a part of a plan or scheme to liquidate all or any portion of Dealer's business, and "lease in the ordinary course of Dealer's business" shall include only a bona fide lease to a lessee for his own use at a fair rental value of the merchandise leased.

6. Risk of Loss and Insurance Requirements

Except to the extent of any insurance proceeds actually received by Ford Credit with respect thereto under insurance obtained by Ford Credit pursuant to the Plan, all merchandise financed hereunder shall be at Dealer's sole risk of any loss or damage to the same. Dealer shall indemnify Ford Credit against all claims for injury or damage to persons or property caused by the use, operation or holding of such merchandise, and if requested to do so by Ford Credit, Dealer shall maintain at its own expense liability insurance in connection therewith in such form and amounts as Ford Credit may reasonably require from time to time. In addition, Dealer shall insure all merchandise financed hereunder that is or may be used for demonstration or operated for any other purpose against loss due to collision, subject in each case to the deductible amounts and limitations set forth in the Plan. If Dealer so elects, Ford Credit will obtain collision insurance on Wholesale Demonstrators only, as defined in the Plan, and bill Dealer therefor. Dealer hereby elects to provide collision insurance on such Wholesale Demonstrators in the following manner:

[ ] Dealer hereby requests that Ford Credit obtain collision insurance at Dealer's expense covering each motor vehicle for which Dealer requests Ford Credit's permission to use as a Wholesale Demonstrator (as defined in the Plan) subject to the deductible amounts and limitations set forth in the Plan.

[X] Dealer proposes to make its own arrangements for collision insurance on Wholesale Demonstrators and agrees to advise Ford Credit at the time any motor

vehicle is placed in use if Dealer has obtained collision insurance on such motor vehicle through its own carrier, in which event Dealer agrees to furnish to Ford Credit in connection therewith acceptable evidence of such insurance.

If Dealer fails to furnish acceptable evidence of any insurance required hereunder, Ford Credit may, but shall not be required to, obtain such insurance at Dealer's expense.

7. Credits

All funds or other property belonging to Ford Credit and received by Dealer shall be received by Dealer in trust for Ford Credit and shall be remitted to Ford Credit forthwith. Ford Credit, at all times, shall have a right to offset and apply any and all credits, monies or properties of Dealer in Ford Credit's possession or control against any obligation of Dealer to Ford Credit.

8. Information Concerning Dealer

To induce Ford Credit to extend financing accommodations hereunder, Dealer has submitted information concerning its business organization and financial condition, and certifies that the same is complete, true and correct in all respects and that the financial information contained therein and any that may be furnished to Ford Credit from time to time hereafter does and shall fairly present the financial condition of Dealer in accordance with generally accepted accounting principles applied on a consistent basis. Dealer agrees to notify Ford Credit promptly of any material change in its business organization or financial condition or in any information relating thereto previously furnished to Ford Credit. Dealer acknowledges and intends that Ford Credit shall rely, and shall have the right to rely, on such information in extending and continuing to extend financing accommodations to Dealer. Dealer hereby authorizes Ford Credit from time to time and at all reasonable times to examine, appraise and verify the existence and condition of all merchandise, documents, commercial or other paper and other property in which Ford Credit has or has had any title, title retention, lien, security or other interest, and all of Dealer's books and records in any way relating to its business.

9. Default

In the event Dealer shall fail to promptly pay any amount now or hereafter owning to Ford Credit as and when the same shall become due and payable or Dealer shall fail to duly observe or perform any other obligation secured hereby, or any representation made by Dealer to Ford Credit shall prove to have been false or misleading in any material respect as of the date on which the same was made, or a proceeding in bankruptcy, insolvency or receivership shall be instituted by or against Dealer or Dealer's property, Ford Credit may take immediate possession of all property in which it has a security interest hereunder, without demand or other notice and without legal process. For this purpose and in furtherance thereof, Dealer shall, if Ford Credit so requests, assemble such property and make it available to Ford Credit at a reasonably convenient place designated by Ford Credit, and Ford Credit shall have the right, and Dealer hereby authorizes and empowers Ford Credit, its agents or representatives, to enter upon the premises wherever such property may be and remove same. In the event Ford Credit shall acquire possession of such property or any portion thereof, as hereinbefore provided, Ford Credit may, in its sole discretion (i) sell the same, or any portion thereof, after five days' written notice at public or private sale for the account of Dealer, or (ii) declare this agreement, all wholesale transactions and Dealer's obligations in connection therewith to be terminated and cancelled and retain any sums of money that may have been paid by Dealer in connection therewith, or (iii) enforce any other remedy that Ford Credit may have under applicable law. Dealer agrees that the sale by Ford Credit of any new and unused property repossessed by Ford Credit to the manufacturer, distributor or seller thereof, or to any person designated by such manufacturer, distributor or seller thereof, or to any person designated by such manufacturer, distributor or seller, at the invoice cost thereof to Dealer less any credits granted to Dealer with respect thereto and reasonable costs of transportation and reconditioning, shall be deemed to be a commercially reasonable means of disposing of the same. Dealer further agrees that if Ford Credit shall solicit bids from three or more other dealers in the type of property repossessed by Ford Credit hereunder, any sale by Ford Credit of such property in bulk or in parcels to the bidder submitting the highest cash bid therefor also shall be deemed to be a commercially reasonable means of disposing of the same. Notwithstanding the foregoing, it is expressly understood that such means of disposal shall not be exclusive, and that Ford Credit shall have the right to dispose of any property repossessed hereunder by any commercially reasonable means. Dealer agrees to pay reasonable attorneys' fees and legal expenses incurred by Ford Credit in connection with the repossession and sale of any such property. Ford Credit's remedies hereunder are cumulative and may be enforced successively or concurrently.

10. General

Dealer waives the benefit of all homestead and exemption laws and agrees that the acceptance by Ford Credit of any payment after it may have become due or the waiver by Ford Credit of any other default shall not be deemed to alter or affect Dealer's obligations or Ford Credit's right with respect to any

subsequent payment or default.

Neither this agreement, nor any other agreement between Dealer and Ford Credit, nor any funds payable by Ford Credit to Dealer, shall be assigned by Dealer without the express prior written consent of Ford Credit in each case.

Any provision hereof prohibited by any applicable law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof. Except as herein provided, no modification hereof may be made except by a written instrument duly executed by, or pursuant to the express written authority of, an executive officer of Ford Credit.

Dealer shall execute and deliver to Ford Credit promissory notes or other evidences of Dealer's indebtedness hereunder, security agreements, trust receipts, chattel mortgages or other security instruments and any other documents which Ford Credit may reasonably request to confirm Dealer's obligations to Ford Credit and to confirm Ford Credit's security interest in any merchandise financed by Ford Credit under the Plan or in any other property as provided hereunder, and in such event the terms and conditions hereof shall be deemed to be incorporated therein. Ford Credit's security or other interest in any such merchandise shall not be impaired by the delivery to Dealer of such merchandise or of bills of lading, certificates of origin, invoices or other documents pertaining thereto or by the payment by Dealer of any curtailment, security or other deposit or portion of the amount financed. The execution by Dealer or on Dealer's behalf of any document for the amount of any credit extended shall be deemed evidence of Dealer's obligation and not payment thereof. Ford Credit may, for in the name of Dealer, endorse and assign any obligation transferred to Ford Credit by Dealer and any check or other medium of payment intended to apply upon such obligation. Ford Credit may complete any blank space and fill in omitted information on any document or paper furnished to it by Dealer.

Unless the context otherwise clearly requires, the terms used herein shall be given the same meaning as ascribed to them under the provisions of the Uniform Commercial Code. Section headings are inserted for convenience only and shall not affect any construction or interpretation of this agreement.

This agreement shall be interpreted in accordance with the laws of the state of the Dealer's place of business indicated above.

11. Acceptance and Termination

Dealer waives notice of Ford Credit's acceptance hereof, and this agreement shall be deemed accepted by Ford Credit at the time it shall first extend credit to Dealer under the Plan and shall be binding on Dealer and Ford Credit and their respective successors and assigns from the date thereof until terminated by receipt of written notice by either party from the other, provided, however, that any such termination shall not relieve either party from any obligation incurred prior to the effective date thereof.

O. K. MARKS FORD, INC.
\- ------------------------------
(DEALER'S EXACT BUSINESS NAME)

Witness or Attest: By /s/ O. K. Marks Title President
O. K. Marks

/s/ Katherine M. Goreth
\- -----------------------

POWER OF ATTORNEY FOR WHOLESALE

KNOW ALL MEN BY THESE PRESENTS: That the undersigned dealer does hereby make, constitute and appoint S. L. Owens, C.A. Glaub and E. O. Kero, ?? of Dearborn, Michigan and each of them and any other officer or employe of Ford Motor Credit Company, a Delaware corporation of Dearborn, Michigan, its true and lawful attorneys with full power of substitution, for and in its name, stead and behalf, to prepare, make, execute, acknowledge and deliver to Ford Motor Credit Company, from time to time promissory notes or other evidences of indebtedness, bearing such rate of interest as Ford Motor Credit Company may require from time to time, and trust receipts, chattel mortgages and other title retention or security instruments necessary or appropriate in connection ?? the wholesale financing by Ford Motor Credit Company of merchandise for the undersigned dealer under the terms of the Ford Motor Credit Company including the making of affidavits and the acknowledging of instruments, as if fully done by the undersigned dealer, and each of the said attorneys hereby is further authorized and empowered in the discharge of the power hereby conferred to execute any instruments by means of either a manual, imprinted or other facsimile signature or by completing a printed from to which an imprinted or other facsimile signature is then affixed.

This Power of Attorney is executed by the undersigned dealer, to induce Ford Motor Credit Company to make advances for merchandise to be acquired by the

undersigned dealer and recognizes that such advances are made to manufacturers, distributors and other sellers of such merchandise at places other than the undersigned dealer's place of business, and that it is impractical for the undersigned dealer to execute the promissory notes, trust receipts, chattel mortgages and other title retention or security instruments necessary or appropriate in connection with such advances without unduly delaying the delivery of such merchandise to the undersigned dealer. Accordingly, this Power of Attorney may be revoked by the undersigned dealer only by notice in writing addressed to Ford Motor Credit Company, Dearborn, Michigan by registered mail, return receipt requested, stating an effective date on or after the receipt thereof by Ford Motor Credit Company.

Dated this 29th day of June 1982.

Witness or Attest: O. K. MARKS FORD, INC.
(DEALER'S EXACT BUSINESS NAME)

/s/ KATHERINE M. GORETH By /s/ O. K. MARKS Title President
O. K. Marks

State of Florida } ss.
County of Hillsborough}

On this 29th day of June 1982, before me, the undersigned Notary Public, personally appeared O. K. Marks (PERSON SIGNING FOR DEALER) who acknowledged himself to be the President (TITLE) of O. K. MARKS FORD, INC. (DEALER'S NAME), the grantor of the foregoing Power of Attorney, and that he, being authorized so to do, executed the foregoing Power of Attorney for the purposes therein contained, by signing the name of the said grantor by himself in the capacity indicated.

WITNESS WHEREOF I have hereunto set may hand and official seal.

/s/ KATHERINE M. GORETH
NOTARY PUBLIC

My commission expires Notary Public, State of Florida at Large
My Commission Expires June 25, 1986
(NOTARY'S SEAL)

CERTIFIED COPY OF RESOLUTION OF BOARD OF DIRECTORS

The undersigned hereby certifies that he is the Secretary of O. K. MARKS FORD, INC. (DEALER'S EXACT CORPORATE NAME), of 814 Cleveland Street, Clearwater, Florida 33515 (DEALER'S ADDRESS),

and that the following is a true, correct and complete copy of resolutions adopted by the board of directors of the said corporation at a meeting duly called and held on June 29, 1982 at which a quorum was present and voting, and that said resolutions are unchanged and are now in full force and effect:

RESOLVED, That the officers of this corporation be, and each hereby is, authorized and empowered to execute and deliver on behalf of this corporation an Application for Wholesale Financing to Ford Motor Credit Company of Dearborn, Michigan in such form and upon such terms and conditions as the said Ford Motor Credit Company may require, and to execute and deliver from time to time promissory notes or other evidences of indebtedness, bearing such rate of interest as the said Ford Motor Credit Company may require from time to time, and trust receipts, chattel mortgages and other title retention or security instruments as, and in such form as, the said Ford Motor Credit Company may require, evidencing any financing extended by the said Ford Motor Credit Company to this corporation under the terms of the Ford Motor Credit Company Automotive Wholesale Plan.

FURTHER RESOLVED, That S. L. Owens, C. A. Glaub and E. O. Kero, all of Dearborn, Michigan, and each of them and any other officer or employe of the said Ford Motor Credit Company be and each of them hereby is constituted and appointed an attorney-in-fact of this corporation for the purposes set forth in the Power of Attorney presented to this board of directors this date, with full power of substitution, and the officers of this corporation are, and each of them hereby is, authorized and empowered to execute a formal Power of Attorney in such form.

FURTHER RESOLVED, That the officers of this corporation be, and each hereby is, authorized and empowered to do all other things and to execute all ??? instruments and documents necessary or appropriate in the premises.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the corporate seal of the said corporation this 29th day of June, 1982.

/s/ JOHN C. VOGT, JR.
- ------------------------
John C. Vogt, Jr.
(Secretary)

(O. K. MARKS
FORD, INC.
CORPORATE SEAL
GOES HERE)

EXHIBIT 10.47

Ford Motor Credit Company

AUTOMOTIVE WHOLESALE PLAN
APPLICATION FOR WHOLESALE FINANCING
AND SECURITY AGREEMENT

Date June 29, 1982

To: Ford Motor Credit Company (hereinafter called "Ford Credit")

The undersigned O.K. MARKS FORD, INC. (hereinafter called "Dealer") of
(Dealer's exact business name)

814 Cleveland Street, Clearwater, Florida 33515
(Street and Number) / (City) / (State) / (Zip Code)

hereby requests Ford Credit to establish and maintain for Dealer a wholesale line of credit, and to make advances to or on behalf of Dealer thereunder, to finance new and used automobiles, trucks, truck-tractors, trailers, semi-trailers, buses, mobile homes, motor homes, other vehicles and other merchandise for Dealer under the terms of the Ford Credit Wholesale Plan as set forth in the January, 1973 edition of the Ford Credit Dealer Manual entitled "Automotive Finance Plans for Ford Motor Company Dealers" or any subsequent edition thereof (hereinafter called the "Plan"). In consideration thereof Dealer hereby agrees as follows:

1. Advances by Ford Credit

Ford Credit at all times shall have the right in its sole discretion to determine the extent to which, the terms and conditions on which, and the period for which it will make advances to or on behalf of Dealer, or extend credit to Dealer, under the Plan or otherwise. Ford Credit, at any time and from time to time, in its sole discretion, may establish, rescind or change limits or the extent to which financing accommodations under the Plan will be made available to Dealer. Ford Credit may pay to any manufacturer, distributor or other seller of merchandise the invoice amount therefor, and Ford Credit shall be fully protected in relying in good faith upon any invoice or advice from any such manufacturer, distributor or seller that the merchandise described therein has been ordered by or shipped to Dealer and that the invoice amount therefor is correctly stated. Any such payment made by Ford Credit to any such manufacturer, distributor or seller shall be an advance made by Ford Credit to or on behalf of Dealer pursuant hereto and shall be repayable by Dealer in accordance with the terms hereof. In addition, Ford Credit may make loans or other advances directly to Dealer with respect to merchandise of any type held by Dealer for sale, and any loan or other advance shall be an advance made by Ford Credit to or on behalf of Dealer pursuant hereto and shall be repayable by Dealer in accordance with the terms hereof. Ford Credit from time to time shall furnish statements to Dealer of advances made by Ford Credit to or on behalf of Dealer pursuant hereto. Promptly upon receipt by Dealer of any such statement, Dealer shall review the same and advise Ford Credit in writing of any discrepancy therein. In the event Dealer shall fail to advise Ford Credit of any discrepancy in any such statement within ten calendar days following the receipt thereof by Dealer, such statement shall be deemed to be conclusive evidence of advances made by Ford Credit to or on behalf of Dealer pursuant hereto unless Dealer or Ford Credit establishes by a preponderance of evidence that such advances were not made or were made in different amounts than as set forth in such statement.

2. Interest and Service and Insurance Flat Charges

All advances made by Ford Credit to or on behalf of Dealer pursuant hereto shall bear interest from the date of advance by Ford Credit to the date of repayment in good funds by Dealer at the rates established by Ford Credit from time to time for Dealer; provided, however, that any amount not paid when due hereunder shall bear interest at the rate of 15% per annum or the maximum contract rate permitted by the law of the state where Dealer maintains his business as indicated above, whichever is the lesser. In addition to such interest, the financing of merchandise under the Plan shall be subject to service and insurance flat charges established by Ford Credit from time to time for Dealer. Ford Credit shall advise Dealer in writing from time to time of changes in the interest rate and service and insurance flat charges applicable to Dealer. Such changed rates and flat charges shall be effective from the date stated in such notice; provided, however, that in the event any such notice advises Dealer of an increase in any such rate or flat charge, Dealer shall have the option of terminating this agreement by paying to Ford Credit the full unpaid balance outstanding under Dealer's wholesale line of credit and all other amounts due or to become due hereunder in good funds within ten calendar days after the receipt of such notice by Dealer, in which event such increased rate or flat charge shall not become effective.

3. Payments by Dealer

The aggregate amount outstanding from time to time of all advances made by Ford Credit to or on behalf of Dealer pursuant hereto shall constitute an obligation of Dealer, notwithstanding such advances are made from time to time, and such amount, or so much thereof as may be demanded, together with Ford Credit's interest and flat charges with respect thereto, shall be payable by Dealer to Ford Credit upon demand. Notwithstanding that Ford Credit shall not have demanded payment therefor, Dealer shall pay to Ford Credit, at or before the time of sale of any merchandise financed under the Plan, the full unpaid balance of any advance made by Ford Credit to or on behalf of Dealer with respect to such merchandise. Dealer also shall pay to Ford Credit, upon demand, the full amount of any rebate, refund or other credit received by Dealer with respect to any merchandise financed by Ford Credit hereunder.

4. Ford Credit's Security Interest

As security for all advances now or hereafter made by Ford Credit to or on behalf of Dealer pursuant hereto, and for the observance and performance of all other obligations of Dealer to Ford Credit in connection with the wholesale financing of merchandise for Dealer, Dealer hereby grants to Ford Credit a purchase money security interest in all such merchandise now owned or hereafter acquired by Dealer and a security interest in the proceeds, in whatever form, of any sale or other disposition thereof and Dealer hereby assigns to Ford Credit and grants to Ford Credit a security interest in all amounts that may now or hereafter be payable to Dealer by the manufacturer, distributor or seller of any such merchandise by way of rebate or refund of all or any portion of the purchase price thereof.

5. Dealer's Possession and Sale of Merchandise

Dealer's possession of the merchandise financed hereunder shall be for the sole purpose of storing and exhibiting the same for sale or lease in the ordinary course of Dealer's business. Dealer shall keep such merchandise brand new and subject to inspection by Ford Credit and free from all taxes, liens and encumbrances, and any sum of money that may be paid by Ford Credit in release or discharge of any taxes, liens or encumbrances on any such merchandise or on any documents executed in connection therewith shall be paid by Dealer to Ford Credit upon demand. Except as may be necessary to remove or transport the same from a freight depot to Dealer's place of business, Dealer shall not use or operate, or permit the use of operation of, any merchandise financed hereunder for demonstration or otherwise without the express prior written consent of Ford Credit in each case, and shall not in any event use such merchandise illegally, improperly or for hire. Dealer shall not mortgage, pledge or loan any of such merchandise, and shall not transfer or otherwise dispose of the same except by sale or lease in the ordinary course of Dealer's business. Any and all proceeds of any sale, lease or other disposition of such merchandise by Dealer shall be received and held by Dealer in trust for Ford Credit and shall be fully, faithfully and promptly accounted for and remitted by Dealer to Ford Credit to the extent of Dealer's obligation to Ford Credit with respect to such merchandise. As used in this paragraph 5, "sale in the ordinary course of Dealer's business" shall include (i) a bona fide retail sale to a purchaser for his own use at the fair market value of the merchandise sold, and (ii) an occasional sale of such merchandise to another dealer at a price not less than Dealer's cost of the merchandise sold, provided such sale is not a part of a plan or scheme to liquidate all or any portion of Dealer's business, and "lease in the ordinary course of Dealer's business" shall include only a bona fide lease to a lessee for his own use at a fair rental value of the merchandise leased.

6. Risk of Loss and Insurance Requirements

Except to the extent of any insurance proceeds actually received by Ford Credit with respect thereto under insurance obtained by Ford Credit pursuant to the Plan, all merchandise financed hereunder shall be at Dealer's sole risk of any loss or damage to the same. Dealer shall indemnify Ford Credit against all claims for injury or damage to persons or property caused by the use, operation or holding of such merchandise, and if requested to do so by Ford Credit, Dealer shall maintain at its own expense liability insurance in connection therewith in such form and amounts as Ford Credit may reasonably require from time to time. In addition, Dealer shall insure all merchandise financed hereunder that is or may be used for demonstration or operated for any other purpose against loss due to collision, subject in each case to the deductible amounts and limitations set forth in the Plan. If Dealer so elects, Ford Credit will obtain collision insurance on Wholesale Demonstrators only, as defined in the Plan, and bill Dealer therefor. Dealer hereby elects to provide collision insurance on such Wholesale Demonstrators in the following manner:

[ ] Dealer hereby requests that Ford Credit obtain collision insurance at Dealer's expense covering each motor vehicle for which Dealer requests Ford Credit's permission to use as a Wholesale Demonstrator (as defined in the Plan) subject to the deductible amounts and limitations set forth in the Plan.

[X] Dealer proposes to make its own arrangements for collision insurance on Wholesale Demonstrators and agrees to advise Ford Credit at the time any motor

vehicle is placed in use if Dealer has obtained collision insurance on such motor vehicle through its own carrier, in which event Dealer agrees to furnish to Ford Credit in connection therewith acceptable evidence of such insurance.

If Dealer fails to furnish acceptable evidence of any insurance required hereunder, Ford Credit may, but shall not be required to, obtain such insurance at Dealer's expense.

7. Credits

All funds or other property belonging to Ford Credit and received by Dealer shall be received by Dealer in trust for Ford Credit and shall be remitted to Ford Credit forthwith. Ford Credit, at all times, shall have a right to offset and apply any and all credits, monies or properties of Dealer in Ford Credit's possession or control against any obligation of Dealer to Ford Credit.

8. Information Concerning Dealer

To induce Ford Credit to extend financing accommodations hereunder, Dealer has submitted information concerning its business organization and financial condition, and certifies that the same is complete, true and correct in all respects and that the financial information contained therein and any that may be furnished to Ford Credit from time to time hereafter does and shall fairly present the financial condition of Dealer in accordance with generally accepted accounting principles applied on a consistent basis. Dealer agrees to notify Ford Credit promptly of any material change in its business organization or financial condition or in any information relating thereto previously furnished to Ford Credit. Dealer acknowledges and intends that Ford Credit shall rely, and shall have the right to rely, on such information in extending and continuing to extend financing accommodations to Dealer. Dealer hereby authorizes Ford Credit from time to time and at all reasonable times to examine, appraise and verify the existence and condition of all merchandise, documents, commercial or other paper and other property in which Ford Credit has or has had any title, title retention, lien, security or other interest, and all of Dealer's books and records in any way relating to its business.

9. Default

In the event Dealer shall fail to promptly pay any amount now or hereafter owning to Ford Credit as and when the same shall become due and payable or Dealer shall fail to duly observe or perform any other obligation secured hereby, or any representation made by Dealer to Ford Credit shall prove to have been false or misleading in any material respect as of the date on which the same was made, or a proceeding in bankruptcy, insolvency or receivership shall be instituted by or against Dealer or Dealer's property, Ford Credit may take immediate possession of all property in which it has a security interest hereunder, without demand or other notice and without legal process. For this purpose and in furtherance thereof, Dealer shall, if Ford Credit so requests, assemble such property and make it available to Ford Credit at a reasonably convenient place designated by Ford Credit, and Ford Credit shall have the right, and Dealer hereby authorizes and empowers Ford Credit, its agents or representatives, to enter upon the premises wherever such property may be and remove same. In the event Ford Credit shall acquire possession of such property or any portion thereof, as hereinbefore provided, Ford Credit may, in its sole discretion (i) sell the same, or any portion thereof, after five days' written notice at public or private sale for the account of Dealer, or (ii) declare this agreement, all wholesale transactions and Dealer's obligations in connection therewith to be terminated and cancelled and retain any sums of money that may have been paid by Dealer in connection therewith, or (iii) enforce any other remedy that Ford Credit may have under applicable law. Dealer agrees that the sale by Ford Credit of any new and unused property repossessed by Ford Credit to the manufacturer, distributor or seller thereof, or to any person designated by such manufacturer, distributor or seller thereof, or to any person designated by such manufacturer, distributor or seller, at the invoice cost thereof to Dealer less any credits granted to Dealer with respect thereto and reasonable costs of transportation and reconditioning, shall be deemed to be a commercially reasonable means of disposing of the same. Dealer further agrees that if Ford Credit shall solicit bids from three or more other dealers in the type of property repossessed by Ford Credit hereunder, any sale by Ford Credit of such property in bulk or in parcels to the bidder submitting the highest cash bid therefor also shall be deemed to be a commercially reasonable means of disposing of the same. Notwithstanding the foregoing, it is expressly understood that such means of disposal shall not be exclusive, and that Ford Credit shall have the right to dispose of any property repossessed hereunder by any commercially reasonable means. Dealer agrees to pay reasonable attorneys' fees and legal expenses incurred by Ford Credit in connection with the repossession and sale of any such property. Ford Credit's remedies hereunder are cumulative and may be enforced successively or concurrently.

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Dealer waives the benefit of all homestead and exemption laws and agrees that the acceptance by Ford Credit of any payment after it may have become due or the waiver by Ford Credit of any other default shall not be deemed to alter or affect Dealer's obligations or Ford Credit's right with respect to any

subsequent payment or default.

Neither this agreement, nor any other agreement between Dealer and Ford Credit, nor any funds payable by Ford Credit to Dealer, shall be assigned by Dealer without the express prior written consent of Ford Credit in each case.

Any provision hereof prohibited by any applicable law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof. Except as herein provided, no modification hereof may be made except by a written instrument duly executed by, or pursuant to the express written authority of, an executive officer of Ford Credit.

Dealer shall execute and deliver to Ford Credit promissory notes or other evidences of Dealer's indebtedness hereunder, security agreements, trust receipts, chattel mortgages or other security instruments and any other documents which Ford Credit may reasonably request to confirm Dealer's obligations to Ford Credit and to confirm Ford Credit's security interest in any merchandise financed by Ford Credit under the Plan or in any other property as provided hereunder, and in such event the terms and conditions hereof shall be deemed to be incorporated therein. Ford Credit's security or other interest in any such merchandise shall not be impaired by the delivery to Dealer of such merchandise or of bills of lading, certificates of origin, invoices or other documents pertaining thereto or by the payment by Dealer of any curtailment, security or other deposit or portion of the amount financed. The execution by Dealer or on Dealer's behalf of any document for the amount of any credit extended shall be deemed evidence of Dealer's obligation and not payment thereof. Ford Credit may, for in the name of Dealer, endorse and assign any obligation transferred to Ford Credit by Dealer and any check or other medium of payment intended to apply upon such obligation. Ford Credit may complete any blank space and fill in omitted information on any document or paper furnished to it by Dealer.

Unless the context otherwise clearly requires, the terms used herein shall be given the same meaning as ascribed to them under the provisions of the Uniform Commercial Code. Section headings are inserted for convenience only and shall not affect any construction or interpretation of this agreement.

This agreement shall be interpreted in accordance with the laws of the state of the Dealer's place of business indicated above.

11. Acceptance and Termination

Dealer waives notice of Ford Credit's acceptance hereof, and this agreement shall be deemed accepted by Ford Credit at the time it shall first extend credit to Dealer under the Plan and shall be binding on Dealer and Ford Credit and their respective successors and assigns from the date thereof until terminated by receipt of written notice by either party from the other, provided, however, that any such termination shall not relieve either party from any obligation incurred prior to the effective date thereof.

O. K. MARKS FORD, INC.
- ------------------------------
(DEALER'S EXACT BUSINESS NAME)

Witness or Attest: By /s/ O. K. Marks Title President
O. K. Marks

/s/ Katherine M. Goreth
- -----------------------

POWER OF ATTORNEY FOR WHOLESALE

KNOW ALL MEN BY THESE PRESENTS: That the undersigned dealer does hereby make, constitute and appoint S. L. Owens, C.A. Glaub and E. O. Kero, ?? of Dearborn, Michigan and each of them and any other officer or employe of Ford Motor Credit Company, a Delaware corporation of Dearborn, Michigan, its true and lawful attorneys with full power of substitution, for and in its name, stead and behalf, to prepare, make, execute, acknowledge and deliver to Ford Motor Credit Company, from time to time promissory notes or other evidences of indebtedness, bearing such rate of interest as Ford Motor Credit Company may require from time to time, and trust receipts, chattel mortgages and other title retention or security instruments necessary or appropriate in connection ?? the wholesale financing by Ford Motor Credit Company of merchandise for the undersigned dealer under the terms of the Ford Motor Credit Company including the making of affidavits and the acknowledging of instruments, as if fully done by the undersigned dealer, and each of the said attorneys hereby is further authorized and empowered in the discharge of the power hereby conferred to execute any instruments by means of either a manual, imprinted or other facsimile signature or by completing a printed from to which an imprinted or other facsimile signature is then affixed.

This Power of Attorney is executed by the undersigned dealer, to induce Ford Motor Credit Company to make advances for merchandise to be acquired by the

undersigned dealer and recognizes that such advances are made to manufacturers, distributors and other sellers of such merchandise at places other than the undersigned dealer's place of business, and that it is impractical for the undersigned dealer to execute the promissory notes, trust receipts, chattel mortgages and other title retention or security instruments necessary or appropriate in connection with such advances without unduly delaying the delivery of such merchandise to the undersigned dealer. Accordingly, this Power of Attorney may be revoked by the undersigned dealer only by notice in writing addressed to Ford Motor Credit Company, Dearborn, Michigan by registered mail, return receipt requested, stating an effective date on or after the receipt thereof by Ford Motor Credit Company.

Dated this 29th day of June 1982.

Witness or Attest: O. K. MARKS FORD, INC.
(DEALER'S EXACT BUSINESS NAME)

/s/ KATHERINE M. GORETH

By /s/ O. K. MARKS Title President
O. K. Marks

State of Florida } ss.
County of Hillsborough}

On this 29th day of June 1982, before me, the undersigned Notary Public, personally appeared O. K. Marks who acknowledged himself to
(PERSON SIGNING FOR DEALER)

be the President of O. K. MARKS FORD, INC., the grantor of the foregoing
(TITLE) (DEALER'S NAME)

Power of Attorney, and that he, being authorized so to do, executed the foregoing Power of Attorney for the purposes therein contained, by signing the name of the said grantor by himself in the capacity indicated.

WITNESS WHEREOF I have hereunto set may hand and official seal.

/s/ KATHERINE M. GORETH
NOTARY PUBLIC

My commission expires Notary Public, State of Florida at Large (NOTARY'S SEAL)
My Commission Expires June 25, 1986

CERTIFIED COPY OF RESOLUTION OF BOARD OF DIRECTORS

The undersigned hereby certifies that he is the Secretary of O. K. MARKS FORD, INC., of 814 Cleveland Street, Clearwater, Florida 33515,
(DEALER'S EXACT CORPORATE NAME) (DEALER'S ADDRESS)

and that the following is a true, correct and complete copy of resolutions adopted by the board of directors of the said corporation at a meeting duly called and held on June 29, 1982 at which a quorum was present and voting, and that said resolutions are unchanged and are now in full force and effect:

RESOLVED, That the officers of this corporation be, and each hereby is, authorized and empowered to execute and deliver on behalf of this corporation an Application for Wholesale Financing to Ford Motor Credit Company of Dearborn, Michigan in such form and upon such terms and conditions as the said Ford Motor Credit Company may require, and to execute and deliver from time to time promissory notes or other evidences of indebtedness, bearing such rate of interest as the said Ford Motor Credit Company may require from time to time, and trust receipts, chattel mortgages and other title retention or security instruments as, and in such form as, the said Ford Motor Credit Company may require, evidencing any financing extended by the said Ford Motor Credit Company to this corporation under the terms of the Ford Motor Credit Company Automotive Wholesale Plan.

FURTHER RESOLVED, That S. L. Owens, C. A. Glaub and E. O. Kero, all of Dearborn, Michigan, and each of them and any other officer or employe of the said Ford Motor Credit Company be and each of them hereby is constituted and appointed an attorney-in-fact of this corporation for the purposes set forth in the Power of Attorney presented to this board of directors this date, with full power of substitution, and the officers of this corporation are, and each of them hereby is, authorized and empowered to execute a formal Power of Attorney in such form.

FURTHER RESOLVED, That the officers of this corporation be, and each hereby is, authorized and empowered to do all other things and to execute all ??? instruments and documents necessary or appropriate in the premises.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the corporate seal of the said corporation this 29th day of June, 1982.

/s/ JOHN C. VOGT, JR.

John C. Vogt, Jr.
(Secretary)

(O. K. MARKS
FORD, INC.
CORPORATE SEAL
GOES HERE)

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

To the Board of Directors and Stockholders
Sonic Automotive, Inc.

We consent to the use in this Amendment No. 3 to the Registration Statement relating to shares of Class A Common Stock of Sonic Automotive, Inc. on Form S-1 of (i) our report dated September 29, 1997 (October 16, 1997 as to Notes 1 and 2) on the combined financial statements of Sonic Automotive, Inc. and Affiliated Companies as of December 31, 1995 and 1996 and for each of the three years in the period ended December 31, 1996; (ii) our report dated August 7, 1997 on the financial statements of Dyer & Dyer, Inc. as of December 31, 1995 and 1996 and for each of the three years in the period ended December 31, 1996; (iii) our report dated August 7, 1997 (October 16, 1997 as to Note 1) on the combined financial statements of Bowers Dealerships and Affiliated Companies as of December 31, 1995 and 1996 and for the years then ended; (iv) our report dated August 7, 1997 (September 29, 1997 as to Note 1) on the combined financial statements of Lake Norman Dodge, Inc. and Affiliated Companies as of and for the year ended December 31, 1996; and (v) our report dated August 26, 1997 (October 15 as to Note 1) on the financial statements of Ken Marks Ford, Inc. as of and for the year ended April 30, 1997 appearing in the Prospectus, which is a part of this Amendment No. 3 to the Registration Statement, and to the reference to us under the heading "Experts" in such Prospectus.

DELOITTE & TOUCHE LLP

Charlotte, North Carolina
October 17, 1997