As filed with the Securities and Exchange Commission on July 9, 1999

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SONIC AUTOMOTIVE, INC.
(Exact Name of Registrant as Specified in Its Charter)

<TABLE>
<CAPTION>

Delaware	5511	56-2010790
<S>	<C>	<C>
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

</TABLE>

5401 East Independence Boulevard
P.O. Box 18747
Charlotte, North Carolina 28212
Telephone (704) 532-3320
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Mr. O. Bruton Smith
Chairman and Chief Executive Officer
5401 East Independence Boulevard
P.O. Box 18747
Charlotte, North Carolina 28212
Telephone (704) 532-3320
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:
Peter J. Shea, Esq.
Parker, Poe, Adams & Bernstein L.L.P.
2500 Charlotte Plaza
Charlotte, North Carolina 28244
Telephone (704) 372-9000

Approximate date of commencement of proposed sale to the public:
From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. [ ]

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, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

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. [ ]

CALCULATION OF REGISTRATION FEE

<TABLE>
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Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Unit(2)	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
<S>	<C>	<C>	<C>	<C>
Class A Common Stock, par value $0.01 per share.....	1,056,839	$ 14.25	$ 15,059,955.75	$ 4,200.00

</TABLE>

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(1) Includes the registration for resale of the following securities of the Registrant issued in certain transactions not involving a public offering: (i) all shares of Class A Common Stock issuable upon conversion of 3,750 shares of the Registrant's Class A Convertible Preferred Stock, Series II, and (ii) 807,463 shares of Class A Common Stock. Estimated solely for purposes of calculating the registration fee in connection with this Registration Statement; assumes that the 3,750 shares of the Registrant's Class A Convertible Preferred Stock are converted into shares of Class A Common Stock based on a market price of $13.6625 per share of Class A Common Stock (the average of the daily closing prices of the Class A Common Stock on the New York Stock Exchange for the 20 consecutive trading days ending one trading day prior to July 8, 1999).
(2) Estimated pursuant to Rule 457(c) solely for the purpose of calculating the amount of the registration fee. The average of the high and low prices reported on the New York Stock Exchange was $14.25 on July 8, 1999.

The Registrant hereby amends this Registration Statement on such dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this 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 in this prospectus is not complete and may be changed. The selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS DATED JULY 9, 1999

PROSPECTUS

1,056,839 Shares*

[GRAPHIC OMITTED]

Class A Common Stock

The selling stockholders who are identified in this prospectus may offer and sell all of the shares of Class A common stock of Sonic Automotive, Inc. offered hereby from time to time. We previously issued the shares either in connection with our recent acquisition of the selling stockholders' businesses or have or will have issued the shares upon the selling stockholders' conversion of our preferred stock previously issued in connection with our business acquisitions.

We are registering the offer and sale of the shares to satisfy our contractual obligations to provide the selling stockholders with freely tradable shares. Sonic will not receive any of the proceeds from the sale of the shares offered hereby. We do not know when the proposed sale of the shares by the selling stockholders will occur.

The Class A common stock is traded on the New York Stock Exchange under the symbol "SAH." The last sale price of the Class A common stock on the New York Stock Exchange on July 8, 1999 was $14 1/8 per share. You are urged to obtain current market data.

Investing in the Class A common stock involves risks which are described in the "Risk Factors" section beginning on page 4 of this prospectus.
- ---
* The shares offered hereby include the resale of 807,463 shares of Class A common stock and a presently indeterminate number of shares of Class A common stock issuable upon the conversion of 3,750 shares of Sonic's Class A convertible preferred stock, Series II. The total number of shares of Class A common stock indicated to be offered for resale by the selling stockholders is an estimate based upon July 8, 1999 being the date of conversion of the 3,750 shares of preferred stock into shares of Class A common stock. This estimate is subject to adjustment and could be materially less or more than this estimated amount depending upon factors we cannot now predict, including

the future market price of the Class A common stock and the decision by the holder of the preferred stock as to when to convert these shares. If the date of July 8, 1999 was used as the date of conversion for the 3,750 shares of preferred stock, then Sonic would be obligated to issue a total of approximately 249,376 shares of Class A common stock to the holder of this preferred stock.

You should not use the foregoing discussion as a prediction of the future market price of the Class A common stock or the date when holders will elect to convert preferred stock into shares of Class A common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 1999

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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, its supplements and documents incorporated by reference into it contain statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Litigation Securities Reform Act of 1995, and we are including this statement for purposes of complying with these safe harbor provisions. These statements appear in a number of places in this prospectus and include statements regarding our intent, belief or current expectations, or of our directors or officers, with respect to, among other things:

(1) our potential acquisitions;

(2) our financing plans;

(3) trends affecting our financial condition or results of operations; and

(4) our business and growth strategies.

You are cautioned that these forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ materially from those projected in the forward-looking statements as a result of various factors, including:

- local and regional economic conditions in the areas we serve;
- the level of consumer spending;
- our relationships with manufacturers;

- high competition;
- site selection and related traffic and demographic patterns;
- inventory management and turnover levels;
- realization of cost savings; and
- our success in integrating recent and potential future acquisitions.

Additional factors that could negatively affect our future financial condition and operations are discussed under the heading "Risk Factors" and in other parts of this prospectus. We urge you to consider these factors carefully before investing in our Class A common stock.

All forward-looking statements made by us in this prospectus, its supplements and documents incorporated by reference into it are qualified by the cautionary statement above.

You should rely only on the information contained or incorporated by reference in this prospectus. We have not, and the selling stockholders have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the selling stockholders are not, making an offer to sell these securities (1) in any jurisdiction where the offer or sale is not permitted, (2) where the person making the offer is not qualified to do so, or (3) to any person who can not legally be offered the securities. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

SUMMARY

Sonic is one of the top ten automotive retailers in the United States, as measured by total revenue, operating dealerships and collision repair centers in several metropolitan areas of the southeastern, midwestern and southwestern United States. We sell new and used cars, light trucks and replacement parts and provide vehicle maintenance, warranty, paint and repair services. We also arrange related financing and insurance for our automotive customers.

Sonic has implemented a "hub and spoke" acquisition strategy. Generally, when we enter a new geographic market, we first seek to acquire a well performing dealership with an excellent management team. We then capitalize on management's operating experience and knowledge of the surrounding markets to identify and acquire additional dealerships. In addition to indentifying, consummating and integrating attractive acquisitions, we continually focus on improving our existing dealership operations.

The Class A common stock is traded on the New York Stock Exchange under the trading symbol "SAH." Our principal executive offices are located at 5401 East Independence Blvd., Charlotte, North Carolina 28212, Telephone (704) 532-3320.

RISK FACTORS

You should carefully consider and evaluate all of the information in this prospectus, including the risk factors set forth below, before investing in the shares being offered.

Automobile Manufacturers Exercise Significant Control Over Sonic's Operations and Sonic Is Dependent on Them to Operate its Business

Each of Sonic's dealerships operates pursuant to a franchise agreement with the applicable automobile manufacturer or manufacturer authorized distributor. Sonic is dependent to a significant extent on its relationships with such manufacturer. Without a franchise agreement, we cannot obtain new vehicles from a manufacturer.

Vehicles manufactured by the following manufacturers accounted for the indicated approximate percentage of our 1998 new vehicle revenue:

<TABLE>
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Percentage of Our

Manufacturer	1998 New Vehicle Revenues
<S>	<C>
Ford Motor Company	44.0%
Daimler-Chrysler Corporation	19.0%
Toyota Motor Sales (U.S.A.)	10.7%
General Motors Corporation	6.2%
BMW	5.3%

</TABLE>

No other manufacturer accounted for more than 5% of our new vehicle sales during 1998. A significant decline in the sale of Ford, Daimler-Chrysler, Toyota, GM or BMW new vehicles could have a material adverse effect on our revenues and profitability.

Manufacturers exercise a great degree of control over the operations of Sonic's dealerships. Each of our 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. Manufacturers may also have a right of first refusal if we seek to sell our dealerships. We believe that we will be able to renew all of our existing franchise agreements upon expiration.

- We cannot assure you that any of our franchise agreements will be renewed or that the terms and conditions of such renewals will be favorable to us.

- If a manufacturer is allowed under state franchise laws to terminate or decline to renew one or more of Sonic's significant franchise agreements, this action could have a material adverse effect on our results of operations.

- Actions taken by manufacturers to exploit their superior bargaining position in negotiating the terms of renewals of our franchise agreements or otherwise could also have a material adverse effect on our results of operations.

Manufacturers allocate their vehicles among dealerships generally based on the sales history of each dealership. Consequently, we also depend on the manufacturers to provide us with a desirable mix of popular new vehicles. These popular vehicles produce the highest profit margins and tend to be the most difficult to obtain from the manufacturers.

- Sonic's dealerships depend on the manufacturers for certain sales incentives, warranties and other programs that are intended to promote and support dealership new vehicle sales. 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 our profitability.

Adverse Conditions Affecting One or More Manufacturers May Negatively Impact Sonic's Profitability

The success of each of Sonic's dealerships depends to a great extent on the manufacturers':

- financial condition;

- marketing;

- vehicle design;

- production capabilities; and

- management.

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 our results of operations. Similarly, the delivery of vehicles from manufacturers later than scheduled, which may occur particularly during periods when new products are being introduced, can reduce our sales. Although, we have attempted to lessen our dependence on any one manufacturer by establishing dealer relationships with a number of different domestic and foreign automobile manufacturers, adverse conditions affecting manufacturers, Ford, Daimler-Chrysler, Toyota or GM in particular, could have a material adverse effect on our results of operations. 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 Sonic due to Chrysler's inability to provide us with a sufficient supply of new vehicles and parts during the

strike. In addition, in June 1998, the United Auto Workers went on strike at two GM facilities in Flint, Michigan. The strike lasted 53 days, causing 27 GM manufacturing facilities to shut down during the strike and severely affecting production of GM vehicles during the strike. In the event of another strike, Sonic may need to purchase inventory from other automobile dealers at prices higher than it would be required to pay to the affected manufacturer in order to carry an adequate level and mix of inventory. Consequently, strikes or other adverse labor actions could materially adversely affect our profitability.

Manufacturer Stock Ownership/Issuance Limits Limit Sonic's Ability to Issue Additional Equity to Meet Its Financing Needs

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. Our manufacturers have agreed to permit trading in the Class A common stock. A number of manufacturers impose restrictions upon the transferability of the Class A common stock.

- Ford may cause us to sell or resign from one or more of our Ford franchises if any person or entity (other than the current holders of our Class B common stock, and their lineal descendants and affiliates (collectively, the "Smith Group")) acquires 15% or more of our voting securities.

- 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 our voting securities are similarly acquired.

- American Honda Co., Inc. may force the sale of our 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. requires prior approval of any change in voting or managerial control of Sonic that would affect Sonic's control or management of its Volkswagen franchise subsidiaries.

- Chrysler requires prior approval of any future sales that would result in a change in voting or managerial control of Sonic.

- Mercedes requires 60 days notice to approve the acquisition of securities representing 20% or more of the voting rights of Sonic.

In addition, other manufacturers may seek to impose other similar restrictions.

In a similar manner, Sonic's lending arrangements require that the Smith Group maintain voting control over Sonic. Any transfer of shares of common stock, including a transfer by members of the Smith Group, will be outside our control. If such transfer results in a change in control of Sonic, it could result in the termination or non-renewal of one or more of our franchise agreements and a default under our credit arrangements. Moreover, these issuance limitations may impede Sonic's ability to raise capital through additional equity offerings or to issue Sonic stock as consideration for future acquisitions. The restrictions under Sonic's franchise agreements or lending arrangements also may prevent or deter prospective acquirors from acquiring control of Sonic and adversely impact the price of Sonic's Class A common stock.

Manufacturers' Restrictions on Acquisitions Could Limit Sonic's Future Growth

We are required to obtain the consent of the applicable manufacturer before the acquisition of any additional dealership franchises. We cannot assure you that manufacturers will grant such approvals, although the denial of such approval may be subject to certain state franchise laws. In the course of acquiring Jaguar franchises associated with dealerships in Chattanooga, Tennessee and Greenville, South Carolina, Jaguar declined to consent to Sonic's proposed 1997 acquisitions of those franchises.

Obtaining manufacturer consent for acquisitions could also take a significant amount of time. Obtaining manufacturer approval for our 1997 and 1998 acquisitions, other than Jaguar, which was not obtained, took approximately five months. We believe that manufacturer approvals of subsequent acquisitions from manufacturers with which Sonic has previously completed applications and agreements may take less time, although we cannot provide you with assurances to that effect.

If we experience delays in obtaining, or fail to obtain, manufacturer approvals for dealership acquisitions, our 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 customer satisfaction index scores ("CSI scores") of Sonic 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 we seek to acquire a dealership franchise.

In addition, a manufacturer may seek to limit the number of its dealerships that may be owned by Sonic, Sonic's national market share of that manufacturer's products or the number of dealerships Sonic may own in a particular geographic area. These restrictions may not be enforceable under state franchise laws.

- Ford currently limits us to no more than the lesser of (1) 15 Ford and 15 Lincoln Mercury dealerships or (2) 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. Ford also limits us to owning only one Ford dealership in any Ford-defined market area having three or fewer Ford dealerships in it and no more than 25% of the Ford dealerships in a market area having four or more Ford dealerships.
- Toyota currently restricts the number of dealerships that 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 (1) the greater of one dealership, or 20% of the Toyota dealer count in a Toyota-defined "Metro" market, (2) the lesser of five dealerships or 5% of the Toyota dealerships in any Toyota region (currently 12 geographic regions), and (3) two Lexus dealerships in any one of the four Lexus geographic areas. Toyota further requires that at least nine months elapse between acquisitions.
- In late 1998, Honda announced its revised policy that it will enter into a "framework agreement" with any publicly-owned Honda dealer entity. The purpose of this agreement is primarily to set specific limitations on the number of Honda and Acura dealerships nationally, in each Honda- and Acura-defined geographic zones and in each Honda- and Acura-defined "Metro" market. Honda has not yet provided us with such a framework agreement. Presently, Honda restricts us from holding more than seven Honda or more than three Acura franchises nationally and restricts the number of franchises to (1) one Honda dealership in a Honda-defined "Metro" market with two to 10 Honda dealerships, (2) two Honda dealerships in a Metro market with 11 to 20 Honda dealerships, (3) three Honda dealerships in a Metro market with 21 or more Honda dealerships, (4) no more than 4% of the Honda dealerships in any one of 10 Honda-defined geographic zones, (5) one Acura dealership in a Metro market, and (6) two Acura dealerships in any one of the six Acura-defined geographic zones.

- Mercedes restricts any company from owning that number of Mercedes dealerships with sales of more than 3% of total sales of Mercedes vehicles in the U.S. during the previous calendar year. In addition, Mercedes has limited Sonic from acquiring more than four additional Mercedes dealerships until November 1999. During this period,

Mercedes will evaluate the performance of our acquired Mercedes dealerships before permitting us to acquire additional Mercedes dealerships.

- GM limited the number of GM dealerships that we may acquire during the period from September 15, 1997 to June 10, 2000 to 15 additional GM dealership locations. We currently own and have agreements to acquire a total of 15 GM dealerships. GM currently limits the maximum number of GM dealerships that we may acquire to 50% of the GM dealerships, by franchise line, in a GM-defined geographic market area having multiple GM dealers.

- Toyota and Honda also prohibit ownership of contiguous dealerships.

- Subaru limits us to no more than two Subaru dealerships within certain designated market areas, four Subaru dealerships within the Mid-America region and twelve dealerships within Subaru's entire area of distribution.

- Toyota, Honda and Mercedes also prohibit the coupling of a franchise with any other brand without their consent.

As a condition to granting their consent to our 1997 acquisitions, a number of manufacturers forced Sonic to agree to additional restrictions. These agreements principally restrict (1) material changes in Sonic 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 Sonic that could have a material adverse effect on the manufacturer's image or reputation or could be materially incompatible with the manufacturer's interests; (2) the removal of a dealership general manager without the consent of the manufacturer; and (3) the use of dealership facilities to sell or service new vehicles of other manufacturers. If we are unable to comply with these restrictions, we generally must (1) sell the assets of the dealerships to the manufacturer or to a third

party acceptable to the manufacturer, or (2) terminate the dealership agreements with the manufacturer. Other manufacturers may impose other and more stringent restrictions in connection with future acquisitions.

We own the following number of franchises for the following manufacturers:

<TABLE>
<CAPTION>

Manufacturer	Number of Franchises	Manufacturer	Number of Franchises
<S>	<C>	<C>	<C>
BMW	7	Volkswagon	3
Ford	7	Volvo	3
Chevrolet	7	GMC	2
Cadillac	6	Hyundai	2
Chrysler	6	Infiniti	2
Oldsmobile	6	Lincoln	2
Plymouth	6	Nissan	2
Dodge	4	Acura	1
Jeep	4	Audi	1
Isuzu	3	Buick	1
KIA	3	Honda	1
Mercedes	3	Lexus	1
Mercury	3	Pontiac	1
Mitsubishi	3	Porsche	1
Toyota	3	Range Rover	1
		Subaru	1

</TABLE>

Jaguar Has Not Consented to Two Acquisitions

In the course of seeking to acquire Jaguar franchises in Chattanooga, Tennessee and Greenville, South Carolina, Jaguar declined to consent to Sonic's proposed acquisitions of these franchises. In settling legal actions brought against Jaguar by the seller of the Chattanooga Jaguar franchise, Sonic agreed with Jaguar not to acquire any Jaguar franchise until August 3, 2001.

Sonic's Failure to Meet A Manufacturer's Consumer Satisfaction Requirements May Adversely Affect Our Ability to Acquire New Dealerships

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. The components of CSI have been modified by various manufacturers from time to time in the past, and we cannot assure you that these components will not be further modified or replaced by different systems in the future. To

date, we have not been materially adversely affected by these standards and have not been denied approval of any acquisition based on low CSI scores, except for Jaguar's refusal to approve our acquisition of a Chattanooga Jaguar franchise in 1997. See " -- Jaguar Has Not Consented to Two Acquisitions." However, we cannot assure you that Sonic will be able to comply with these standards in the future. A manufacturer may refuse to consent to an acquisition of one of its franchises if it determines our dealerships do not comply with the manufacturer's CSI standards. This could adversely affect our acquisition strategy.

Limitations on Sonic's Financial Resources Available for Acquisitions

We intend to finance our acquisitions with cash on hand, through issuances of our stock or debt securities and through borrowings under credit arrangements.

- We cannot assure you that we will be able to obtain additional financing by issuing our stock or debt securities.

- Using issuances of our stock to complete acquisitions could significantly dilute our existing stockholders.

- Using cash to complete acquisitions could substantially limit our operating or financial flexibility.

- If we are unable to obtain financing on acceptable terms, we may be required to reduce the scope of our presently anticipated expansion, which could materially adversely affect our growth strategy.

In addition, Sonic is dependent to a significant extent on its ability to finance its inventory. Automotive retail inventory financing involves significant sums of money in the form of "floor plan financing." Floor plan financing is how a dealership finances its purchase of new vehicles from a manufacturer. The dealership borrows money to buy a particular vehicle from the manufacturer and pays off the loan when it sells that particular vehicle, paying interest during this period. As of March 31, 1999, Sonic had approximately $264.8 million of floor plan indebtedness outstanding, all of which is under Sonic's floor plan credit facility (the "Floor Plan Facility") with Ford Motor Credit. Substantially all the assets of our dealerships are pledged to secure such indebtedness, which may impede our ability to borrow from other sources. Ford Motor Credit is associated with Ford. Consequently, any deterioration of our relationship with Ford could adversely affect our relationship with Ford Motor Credit and vice-versa. In addition, Sonic must obtain new floor plan financing or obtain consents to assume such financing in connection with its acquisition of dealerships.

O. Bruton Smith, our Chief Executive Officer and Chairman of the Board, initially guaranteed the obligations of Sonic under Sonic's unsecured acquisition line of credit (the "Revolving Facility") with Ford Motor Credit. Such obligations were further secured with a pledge of shares of common stock of Speedway Motorsports, Inc. owned by Sonic Financial Corporation, a corporation controlled by Mr. Smith, having an estimated value at the time of pledge of approximately $50.0 million (the "Revolving Pledge"). When the Revolving Facility's borrowing limit was increased to $75.0 million in 1997, Mr. Smith's personal guarantee of Sonic's obligations under the Revolving Facility was released, although the Revolving Pledge remained in place. Mr. Smith was also required by Ford Motor Credit to lend $5.5 million (the "Subordinated Smith Loan") to Sonic to increase Sonic's capitalization because the net proceeds from Sonic's November 1997 initial public offering were significantly less than expected by Sonic and Ford Motor Credit. In August 1998, Ford Motor Credit released the Revolving Pledge. In December 1998, Ford Motor Credit agreed to increase the borrowing limit under the Revolving Facility to $100.0 million, and in June 1999, Ford Motor Credit agreed to further increase the borrowing limit under the Revolving Facility to $150.0 million. Mr. Smith may be unwilling to make any such commitments in the future if such commitments are needed.

Leverage

As of March 31, 1999, Sonic's long-term debt was 51.5% of its total capitalization. As of March 31, 1999, Sonic's total consolidated long-term indebtedness (including certain affiliated payables) was $189.4 million, its total consolidated short-term indebtedness (including floor plan notes payable) was $266.0 million and its total stockholders' equity was $178.6 million. In addition, the indenture relating to our senior subordinated notes and other debt instruments of Sonic and its subsidiaries allow Sonic and its subsidiaries to incur additional indebtedness, including secured indebtedness.

The degree to which Sonic is leveraged could have important consequences to the holders of our securities, including the following:

- our ability to obtain additional financing for acquisitions, capital expenditures, working capital or general corporate purposes may be impaired in the future;

- a substantial portion of our cash flow from operations must be dedicated to the payment of principal and interest on our senior subordinated notes, borrowings under the revolving facility, a standardized floor plan credit facility with Ford Motor Credit for each of our dealership subsidiaries and other indebtedness, thereby reducing the funds available to us for our operations and other purposes;

- certain of our borrowings are and will continue to be at variable rates of interest, which exposes us to the risk of increased interest rates;

- the indebtedness outstanding under our credit facilities is secured by a pledge of substantially all the assets of our dealerships; and

- we may be substantially more leveraged than certain of our competitors, which may place us at a relative competitive disadvantage and make us more vulnerable to changing market conditions and regulations.

In addition, our debt agreements contain numerous covenants that will limit the discretion of Sonic's and its subsidaries' management with respect to business matters, including mergers or acquisitions, paying dividends, incurring additional debt, making capital expenditures or disposing assets.

Automobile Retailing Is A Mature Industry With Limited Growth Potential in New

Vehicle Sales and Sonic's Acquisition Strategy Will Affect Its Revenues and Earnings

The United States automobile dealership industry is considered a mature industry in which minimal growth is expected in unit sales of new vehicles. As a consequence, growth in our revenues and earnings is likely to be significantly affected by our success in acquiring and integrating dealerships and the pace and size of such acquisitions.

High Competition in Automobile Retailing Reduces Sonic's Profit Margins on Vehicle Sales

Automobile retailing is a highly competitive business with over 22,000 franchised automobile dealerships in the United States at the beginning of 1998. Our competition includes:

- Franchised automobile dealerships selling the same or similar makes of new and used vehicles we offer in our markets and sometimes at lower prices than us. Some of these dealer competitors may be larger and have greater financial and marketing resources than Sonic;
- Other franchised dealers;
- Private market buyers and sellers of used vehicles;
- Used vehicle dealers;
- Service center chain stores; and
- Independent service and repair shops.

Gross profit margins on sales of new vehicles have been declining since 1986. The used car market faces increasing competition from untraditional outlets such as used-vehicle "superstores." Many used-vehicle superstores use sales techniques, such as one price shopping, that are untraditional and appealing to certain consumers. Presently, only one of Sonic's dealerships uses one price shopping techniques. Several groups have begun to establish nationwide networks of used-vehicle superstores. Used-vehicle superstores compete with us in many of the markets where we have significant operations. "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 of our competitors may be capable of operating on smaller gross margins than us, and may have greater financial, marketing and personnel resources than us.

The Internet is becoming a significant part of the sales process in our industry. Customers are using the Internet to compare pricing for cars and related finance and insurance services which may further reduce margins for new cars and profits for related finance and insurance services.

In addition, Ford and GM have announced that they are entering into joint ventures to acquire dealerships in various cities in the United States and Saturn has announced its intention to acquire its dealerships. In addition, other manufacturers may directly enter the retail market in the future. Our revenues and profitability could be materially adversely affected by manufacturers' direct retailing efforts.

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 new vehicle margins. As Sonic

seeks to acquire dealerships in new markets, it may face increasingly significant competition as it strives to gain market share through acquisitions or otherwise. This competition includes other large dealer groups and dealer groups that have publicly-traded equity.

Our franchise agreements do not grant us the exclusive right to sell a manufacturer's product within a given geographic area. Our revenues or profitability could be materially adversely affected if any of our manufacturers award franchises to others in the same markets where we operate, although certain state franchise laws may limit such activities by the manufacturers. A similar adverse affect could occur if existing competing franchised dealers increase their market share in our markets. Our gross margins may decline over time as we expand into markets where we do not have a leading position. These and other competitive pressures could materially adversely affect Sonic's results of operations.

The Cyclical and Local Nature of Automobile Sales May Adversely Affect Sonic's Profitability

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 year ended December 31, 1998, industry retail unit sales increased 2.9% as a result of retail car unit sales declines of 1.1% offset by retail truck unit sales gains of 7.7% from the same period in 1997. Future recessions may have a material adverse effect on our business.

Local economic, competitive and other conditions also affect the performance of dealerships. Sonic's dealerships currently are located in the Atlanta, Birmingham, Charlotte, Chattanooga, Columbus, Dallas, Daytona Beach, Greenville/Spartanburg, Houston, Montgomery, Nashville and Tampa/Clearwater markets. We intend to pursue acquisitions outside of these markets, but our operational focus is on our current markets. As a result, Sonic's results of operations depend substantially on general economic conditions and consumer spending habits in the Southeast and, to a lesser extent, in the Houston and Columbus markets. Sonic's results of operations also depend on other factors, such as tax rates and state and local regulations specific to Alabama, Florida, Georgia, North Carolina, Ohio, South Carolina, Tennessee and Texas. Sonic may not be able to expand geographically and any such expansion may not adequately insulate it from the adverse effects of local or regional economic conditions.

Risks of Consolidating Operations as a Result of Recent Acquisitions May Adversely Affect Sonic's Future Operating Results

We acquired 19 dealerships in 1998. These dealerships were operated and managed independently from Sonic until we acquired them. Sonic's future operating results will depend on our ability to integrate the operations of these businesses and manage the combined enterprise. We cannot assure you that we will be able to effectively and profitably integrate in a timely manner any of the dealerships included in our 1998 acquisitions or any future acquisitions, or to manage the combined entity without substantial costs, delays or other operational or financial problems. Our inability to do so could have a material adverse effect on Sonic's business, financial condition and results of operations.

Risks Associated with Acquisitions May Hinder Sonic's Ability to Increase Revenues and Earnings

The retail automobile industry is considered a mature industry in which minimal growth is expected in industry unit sales. Accordingly, our future growth depends in large part on our ability to acquire additional dealerships as well as on our ability to manage expansion, control costs in our operations and consolidate dealership acquisitions, including our 1998 and completed 1999 acquisitions, into existing operations. In pursuing a strategy of acquiring other dealerships, we face 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 Sonic's ongoing business;
- diverting Sonic'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;
- causing increased expenses for accounting and computer systems, as well as integration difficulties; and
- failure to obtain a manufacturer's consent to one of its dealership franchises.

Failure to retain qualified management personnel at any acquired dealership may increase the risk associated with integrating the acquired dealership. Installing new computer systems has in the past disrupted existing operations as management and salespersons adjust to new technologies. We cannot assure you that we will be successful in overcoming these risks or any other problems encountered with our acquisitions, including our 1998 and completed 1999 acquisitions.

Although there are many potential acquisition candidates that fit our acquisition criteria, we cannot assure you that we 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 us and higher acquisition prices. The magnitude, timing and nature of future acquisitions will depend upon various factors, including:

- o the availability of suitable acquisition candidates;
- o competition with other dealer groups for suitable acquisitions;
- o the negotiation of acceptable terms;
- o Sonic's financial capabilities;
- o the availability of skilled employees to manage the acquired companies; and
- o general economic and business conditions.

In addition, Sonic's future growth as a result of our acquisition of automobile dealerships will depend on our ability to obtain the requisite manufacturer approvals. We cannot assure you that we will be able to obtain such consents in the future.

We may be required to file applications and obtain clearances under applicable federal antitrust laws before completing an acquisition. These regulatory requirements may restrict or delay our acquisitions, and may increase the cost of completing acquisitions.

The Operating Condition of Acquired Businesses Cannot Be Determined Accurately Until Sonic Assumes Control

Although we have conducted what we believe to be a prudent level of investigation regarding the operating condition of the businesses we purchase in light of the circumstances of each transaction, certain unavoidable levels of risk remain regarding the actual operating condition of these businesses. Until we actually assume operating control of such assets, we may not be able to ascertain the actual value of the acquired entity.

Potential Adverse Market Price Effect of Additional Shares Eligible for Future Sale

The market price of our Class A common stock could be adversely affected by the availability for public sale of up to 20,077,396 shares held or issuable on July 8, 1999, including:

<TABLE>
<CAPTION>

Number of Shares of Class A Common Stock	Manner of Holding and/or Issuance
<S>	<C>
12,300,000(1)	Issuable on conversion of 12,300,000 shares of our Class B common stock owned by existing stockholders of Sonic. These shares of Class A common stock are subject to certain piggyback registration rights.
242,782(1)	Issuable on exercise of warrants issued in our business acquisitions.
2,200,076(1)(2)	Issued or issuable on conversion of outstanding shares of our Class A convertible preferred stock that were issued in our business acquisitions.
1,440,022	Issued in our business acquisitions and currently registered for sale under the Securities Act pursuant to a shelf registration.
3,427,798	Issuable on exercise of options granted under our 1997 Stock Option Plan. All such shares are registered for sale under the Securities Act.
396,718	Issuable on exercise of options granted under our employee stock purchase plans. All such shares are registered for sale under the Securities Act.
70,000	Issuable on exercise of options granted under our Directors Formula Stock Option Plan. All such shares are registered for sale under the Securities Act.

</TABLE>

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(1) All such shares are "restricted securities" as defined in Rule 144 under the Securities Act and may be resold in compliance with Rule 144.

(2) The number of shares of Class A common stock issuable upon conversion of outstanding shares of our preferred stock is an estimate based on the assumption that the average of the daily closing prices for the Class A common stock on the NYSE for the 20 consecutive trading days ending one trading day before such conversion was $13.6625 per share. This number is subject to adjustment based on the common stock price on the date of conversion and could be materially more or less than this estimated amount depending on factors that we cannot presently determine. These factors include the future market price of the Class A common stock and the decisions of the holders of the preferred stock as to when to convert their shares of preferred stock. Generally, such issuances of Class A common stock will vary inversely with the market price of the Class A common stock.

In connection with pending acquisitions, Sonic has agreed to issue approximately $24.0 million in Class A common stock. All of these shares have registration rights. Sonic intends in its business acquisitions to issue additional shares of equity securities that may have registration rights as well as be eligible for resale under Rule 144. The resale of substantial amounts of Class A common stock, or the perception that such resales may occur, could materially and adversely affect the prevailing market prices for the Class A common stock and the ability of Sonic to raise equity capital in the future.

Sonic also has registration rights agreements with holders of:

- 500,833 shares of Class A common stock, and
- 4,750 shares of preferred stock, which are convertible into 318,430 shares of Class A common stock if such conversion was based on $13.6625 being the 20-day average closing price of our Class A common stock.

Potential Conflicts of Interest Between Sonic and Its Officers Could Adversely Affect Our Future Performance

Bruton Smith serves as the chairman and chief executive officer of Speedway Motorsports, Inc. and as the chairman of Mar Mar Realty Trust, a real estate investment trust that is specializing in the acquisition and leasing of the real estate of automobile dealerships and automotive related businesses. Accordingly, Sonic competes with Speedway Motorsports and Mar Mar for the management time of Mr. Smith. Under his employment agreement with Sonic, Mr. Smith is required to devote approximately 50% of his business time to our business. The remainder of his business time may be devoted to other entities including Speedway Motorsports and Mar Mar.

We have in the past and will likely in the future enter into transactions with entities controlled by Mr. Smith or other affiliates of Sonic. Sonic has entered into certain property transactions with Mar Mar or its affiliates. We believe that all of our existing arrangements with affiliates, including those with Mar Mar, are favorable to us and are as if the arrangements were negotiated between unaffiliated parties. Since no independent appraisals were obtained, we cannot assure you that our transactions with Mar Mar are on terms no less favorable than could have been obtained from unaffiliated third parties. Potential conflicts of interest could also arise in the future between Sonic and these affiliated parties in connection with the enforcement, amendment or termination of these arrangements.

On June 30, 1999, Mr. Smith and other affiliates of Mar Mar signed an agreement to sell the ownership of MMR Holdings to an affiliate of Capital Automotive REIT, which is unaffiliated with Sonic, Mar Mar or Mr. Smith. MMR Holdings, which is owned directly or indirectly by Mr. Smith, owns or will own after the closing of our previously announced acquisitions, 52 properties leased or to be leased to us. We anticipate that the sale of MMR Holdings will close in the third quarter of 1999. In a separate transaction, Sonic entered into an agreement with Capital Automotive whereby Capital Automotive agreed to provide Sonic with up to $75,000,000 in real estate financing through December 31, 1999. When the agreement for the sale of MMR Holdings was signed, we, Mar Mar and MMR Holdings terminated our strategic alliance agreement whereby Mar Mar had provided Sonic with real estate financing, acquisition referral and related services. After MMR Holdings is sold, Mar Mar and its affiliates will cease their present operations. See "Material Changes."

Under Delaware law generally, a corporate insider is precluded from acting on a business opportunity in his individual capacity if that opportunity is (a) one which the corporation is financially able to undertake, (b) is in the line of the corporation's business, (c) is of practical advantage to the corporation and (d) is one in which the corporation has an interest or reasonable expectancy. Accordingly, our corporate insiders are generally prohibited from engaging in new business opportunities outside of Sonic unless a majority of our disinterested directors decide that such opportunities are not in our best interest.

Our charter contains provisions providing that transactions between Sonic and its affiliates must be no less favorable to Sonic than would be available in similar transactions with an unrelated third party. Moreover, any such transactions involving aggregate payments in excess of $500,000 must be approved by a majority of our directors and a majority of our independent directors. Otherwise, Sonic 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. In addition, the terms of the Revolving Facility and our senior subordinated notes restrict transactions with affiliates in a manner similar to our charter restrictions.

Lack of Majority of Independent Directors Could Result in Conflicts with Management and Majority Stockholders That May Reduce Sonic's Future Performance

Independent directors do not constitute a majority of the Board, and our Board may not have a majority of independent directors in the future. Without a majority of independent directors, our executive officers, principal stockholders and directors could establish policies and enter into transactions without independent review and approval, subject to certain restrictions under our charter. These policies and transactions could present the potential for a conflict of interest between Sonic and its minority stockholders and the controlling officers, stockholders or directors.

The Loss of Key Personnel and the Limited Management and Personnel Resources of Sonic Could Adversely Affect Sonic's Operations and Growth

Our success depends to a significant degree upon the continued contributions of our 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 Richard Dyer maintain a 20% interest in, and be the general manager of, Sonic's Volvo dealerships formerly owned by him. In addition, Mercedes requires that the individual dealer operator of our Mercedes dealerships own at least a 20% interest in our Mercedes dealerships. We do not have employment agreements with many of our dealership managers and other key dealership personnel. Consequently, the loss of the services of one or more of these key employees could have a material adverse effect on our results of operations.

In addition, as we expand we 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 Sonic operates, particularly for general managers and sales and service personnel, is highly competitive and may subject Sonic to increased labor costs during 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 our results of operations. In addition, the lack of qualified management or employees employed by our potential acquisition candidates may limit our ability to consummate future acquisitions.

Seasonality of the Automotive Retail Business Adversely Affects First Quarter Revenues

Our business is seasonal, with a disproportionate amount of revenues received in the second, third and fourth fiscal quarters.

Imported Product Restrictions and Foreign Trade Risks May Impair Sonic's Ability to Sell Foreign Vehicles Profitably

Some of the vehicles and major components of vehicles we sell are manufactured in foreign countries. Accordingly, we are subject to the import and export restrictions of various jurisdictions and are dependent to some extent upon general economic conditions in, and political relations with, a number of foreign countries, particularly Germany, Japan and Sweden. Fluctuations in currency exchange rates may also adversely affect our 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.

Governmental Regulation and Environmental Regulation Compliance Costs May Adversely Affect Sonic's Profitability

We are 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 against us or in a cease and desist order against our

operations if we are not in compliance. Our future acquisitions may also be subject to regulation, including antitrust reviews. We believe that we comply in all material respects with all laws and regulations applicable to our business, but future regulations may be more stringent and require us to incur significant additional costs.

Our 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 and aboveground storage tanks, the use, storage, treatment, transportation, release and disposal of solid and hazardous materials and wastes and the clean up of contaminated property or water. We may be required by these laws to pay the full amount of the costs of investigation and/or remediation of contaminated properties, even if we are not at fault for the materials disposed or if such disposal was legal at the time. People who may be found liable under these laws and regulations 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.

Our past and present business operations are subject to environmental laws and regulations governing the use, storage, handling and disposal of hazardous or toxic substances such as new and waste motor oil, oil filters, transmission fluid, antifreeze, freon, new and waste paint and lacquer thinner, batteries, solvents, lubricants, degreasing agents, gasoline and diesel fuels. We are also subject to laws and regulations because of underground storage tanks that exist or used to exist at many of our properties. Sonic, 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 exists at certain of our properties. We cannot assure you that our other properties have not been or will not become similarly contaminated. In addition, we could become subject to new or unforeseen environmental costs or liabilities because of our acquisitions.

Environmental laws and regulations, including those governing air emissions and underground storage tanks, require compliance with new or more stringent standards that are imposed in the future. We 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. Consequently, we may be required to make substantial expenditures in the future.

Concentration of Voting Power and Antitakeover Provisions of Our Charter May Reduce Stockholder Value in Any Potential Change of Control of Sonic

Our common stock is divided into two classes with different voting rights. This dual class stock ownership allows the present holders of the Class B common stock to control Sonic. Holders of Class A common stock have one vote per share on all matters. Holders of Class B common stock have ten votes per share on all matters, except that they have only one vote per share on any transaction proposed by the Board of Directors or a Class B common stock holder or otherwise benefitting the Class B common stock holders constituting a:

(a) "going private" transaction;

(b) disposition of substantially all of Sonic's assets;

(c) transfer resulting in a change in the nature of Sonic'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 holders of Class B common stock currently hold less than a majority of Sonic's outstanding common stock, but a majority of Sonic's voting power. This may prevent or discourage a change of control of Sonic even if such action were favored by holders of Class A common stock.

Our charter and bylaws make it more difficult for our stockholders to take certain corporate actions. See "Description of Capital Stock -- Delaware Law, Certain Charter and Bylaw Provisions and Certain Franchise Agreement Provisions." Options under our 1997 Stock Option Plan become immediately exercisable on a change in control of Sonic. These agreements, corporate documents and laws, as well as provisions of our franchise agreements permitting manufacturers to terminate such agreements upon a change of control and provisions of our lending arrangements creating an event of default on a change in control, may have the effect of delaying or preventing a change in control of Sonic or preventing stockholders from realizing a premium on the sale of their shares upon an acquisition of Sonic.

Year 2000 Computer Problems May Create Costs and Problems Adversely Affecting Sonic's Profitability

We recognize the need to ensure that our operations will not be adversely impacted by Year 2000 computer software failures. We have completed an assessment of our operations in this regard and have determined that our systems are either currently Year 2000 compliant or that the costs associated with making our systems Year 2000 compliant are immaterial. However, many of our lenders, suppliers, including manufacturers and suppliers of finance and insurance products, and other third parties with whom our dealerships regularly conduct business may be significantly impacted by Year 2000 complications.

Approximately half of our dealerships have received written verification from their respective manufacturer that their Dealer Communication System ("DCS"), which provides on-line communication with manufacturers necessary for ordering vehicles and parts inventory, submitting warranty claims, submitting dealership financial statements, receiving delivery reports and receiving technical reports used in service departments, is Year 2000 compliant. We have asked the remaining manufacturers to inform us of their DCS Year 2000 compliance status.

Other than automobile manufacturers, we are primarily concerned with Year 2000 failures with banks and other financial service providers, companies providing financing and insurance to our customers and utilities providing electricity and water to our dealerships. We have received verification from our primary banks and lenders that their systems are Year 2000 compliant and that service is not expected to be interrupted by Year 2000 problems. We have contacted other key vendors and suppliers and are awaiting their responses concerning their Year 2000 remediation efforts.

While we believe that we are taking appropriate steps to ensure we are adequately prepared to deal with Year 2000 problems as they arise, we cannot assure you that Year 2000 problems will not have a material adverse effect on our results of operations or financial condition. In a most reasonably likely worst case scenario, Year 2000 problems may delay our ability to sell vehicles, provide financing and insurance to our customers, provide parts and repair service to our customers, complete acquisitions or meet third-party obligations until Year 2000 problems can be resolved in the affected systems.

Amortization of Goodwill From Acquisitions Could Change, Resulting in Significant Reduction in Earnings for Future Periods

Goodwill represented approximately 31.3% of our total assets and 126.4% of our stockholders' equity as of December 31, 1998, and 33.3% of our total assets and 129.7% of our stockholders' equity as of March 31, 1999. Goodwill arises when an acquiror pays more for a business than the fair value of the tangible and separately measurable intangible net assets. Generally accepted accounting principles require that this and all other intangible assets be amortized over the period benefited. We determined that the period benefited by all of the goodwill will be no less than 40 years. Accordingly, we amortize goodwill over a 40 year period. Earnings reported in periods immediately following the acquisition would be overstated if Sonic attributed a 40 year benefit period to an intangible asset that should have had a shorter benefit period. In later years, we would be burdened by a continuing charge against earnings without the associated benefit to income valued by management in arriving at the price paid for the businesses. Earnings in later years also could be significantly affected if management determined then that the remaining balance of goodwill was impaired. We periodically compare the carrying value of goodwill with anticipated undiscounted future cash flows from operations of the businesses we have acquired to evaluate the recoverability of goodwill. We have concluded that the anticipated future cash flows associated with intangible assets recognized in the acquisitions will continue indefinitely, and there is no persuasive evidence that any material portion will dissipate over a period shorter than 40 years. Sonic will incur additional goodwill in its future acquisitions.

WHERE YOU CAN FIND MORE INFORMATION ABOUT SONIC

Sonic files annual, quarterly and special reports, proxy statements and other information with the SEC. These reports and information relate to Sonic's business, financial condition and other matters. You may read and copy these reports, proxy statements and other information at the SEC's Public Reference Room at 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 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. You may obtain information on the operation of the SEC's Public Reference Room in Washington, D.C. by calling the SEC at 1-800-SEC-0330. Copies may be obtained from the SEC by paying the required fees. The SEC maintains an

internet web site that contains reports, proxy and information statements and other information regarding Sonic and other registrants that file electronically with the SEC. The SEC's web site is located at http://www.sec.gov. This information may also be read and copied at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

The SEC allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring to documents we have previously filed with the SEC. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supercede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act, until the selling stockholders sell all the shares offered by this prospectus or we decide or terminate this offering earlier:

(1) Sonic's Annual Report on Form 10-K for its fiscal year ended December 31, 1998 (File No. 1-13395);

(2) Sonic's Quarterly Report on Form 10-Q for its fiscal quarter ended March 31, 1999;

(3) Sonic's Definitive Proxy Materials dated May 19, 1999;

(4) The unaudited pro forma consolidated financial data of Sonic Automotive, Inc., the combined financial statements of Williams Automotive Group, the financial statements of Economy Cars, Inc., the financial statements of Global Imports, Inc., the combined financial statements of Newsome Automotive Group, the combined financial statements of Lloyd Automotive Group and the financial statements of Lute Riley Motors, Inc., included in Sonic's Registration Statement on Form S-3 (Registration No. 333-71803);

(5) The combined financial statements of Hatfield Automotive Group, the financial statements of Casa Ford of Houston, Inc. and the combined financial statements of Higginbotham Automotive Group, included in Sonic's Registration Statement on Form S-4 (Registration Nos. 333-64397 and 333-64397-001 through 333-64397-044); and

(6) The description of Sonic's Class A common stock contained in Sonic's Registration Statement on Form 8-A, as amended, filed with the SEC pursuant to the Securities Exchange Act.

We will provide upon request a free copy of any or all of the documents incorporated by reference in this prospectus (excluding exhibits to such documents unless such exhibits are specifically incorporated by reference) to anyone who receives this prospectus. Written or telephone requests should be directed to Mr. Todd Atenhan, Director of Investor Relations, P.O. Box 18747, Charlotte, North Carolina, 28218, Telephone (888) 766-4218.

This prospectus is a part of a registration statement on Form S-3 filed with the SEC by Sonic. This prospectus does not contain all of the information set forth in the registration statement and the exhibits to the registration statement. Statements about the contents of contracts or other documents contained in this prospectus or in any other filing to which we refer you are not necessarily complete. You should review the actual copy of these documents filed as an exhibit to the registration statement or such other filing. You may obtain a copy of the registration statement and the exhibits filed with it from the SEC at any of the locations listed above.

USE OF PROCEEDS

Sonic will not receive any proceeds from the sale by the selling stockholders of the shares offered hereby. The proceeds from the sales of shares offered hereby shall be retained solely for the account of the selling stockholders.

SELLING STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of the shares to be offered hereby as of July 8, 1999, and as adjusted to reflect the sale of the securities offered hereby by the selling stockholders. Except as otherwise indicated, to the knowledge of Sonic, all persons listed below have sole voting and investment power with respect to their securities, except to the extent that authority is shared by spouses under applicable law or as otherwise noted below. The information in the table concerning the selling stockholders who may offer Class A common stock hereunder from time to time is based on information provided to Sonic by such stockholders, except for the assumed conversion ratio of shares of preferred

stock into Class A common stock, which is based solely on the assumptions discussed or referenced in footnote (2) to the table. Information concerning such selling stockholders may change from time to time and any changes of which Sonic is advised will be set forth in a prospectus supplement to the extent required. See "Plan of Distribution." To the knowledge of Sonic, none of the selling stockholders has had within the past three years any material relationship with Sonic or any of its predecessors or affiliates, except as set forth in the footnotes to the following table.

<TABLE>
<CAPTION>

	Shares Beneficially Owned Prior to the Offering	Shares to be Sold in the Offering	Shares Beneficially Owned After the Offering	
Name of Selling Stockholder	Number	Number	Number	Percent
<S>	<C>	<C>	<C>	<C>
John H. Newsome, Jr.(1)	425,406(2)	425,406(2)	0	*
Aldo B. Paret(3)	306,630	306,630	0	*
Thomas P. Williams, Sr.(4)	267,619	267,619	0	*
Charles Clark Williams(4)	25,018	25,018	0	*
Thomas P. Williams, Jr.(4)	25,018	25,018	0	*
Catherine D. Ward	7,148	7,148	0	*

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*Represents less than 1% of the outstanding Class A common stock.

(1) Mr. Newsome is currently employed by Sonic pursuant to an employment agreement entered into in May 1999. Prior to joining Sonic, Mr. Newsome owned a controlling interest in, and served as the president of, Newsome Chevrolet World, Inc., Newsome Autoworld, Inc., JN Management Co., Imports of Florence, L.L.C. and Newsome Automotive, L.L.C., each of which was acquired by Sonic in May, 1999.

(2) Mr. Newsome currently beneficially owns 176,030 shares of Class A common stock and 3,750 shares of Class A convertible preferred stock, Series II. The total number of shares of Class A common stock shown above as being beneficially owned by Mr. Newsome represents an estimate of the number of shares of Class A common stock issuable upon conversion of his 3,750 shares of preferred stock assuming July 8, 1999 is the conversion date for his preferred

stock. The average of the daily closing prices of the Class A common stock on the New York Stock Exchange for the 20 consecutive trading days ending on the trading day immediately before such date was used to determine the number of shares of Class A common stock issuable upon conversion of his preferred stock. The actual number of shares of Class A common stock offered hereby is subject to adjustment and could be materially less or more than the estimated amount indicated depending upon factors which cannot be predicted by Sonic at this time, including, among others, application of the conversion provisions based on market prices prevailing at the actual date of conversion. You should not use the foregoing information as a prediction of the future market price of the Class A common stock or the date when Mr. Newsome will elect to convert his shares of preferred stock into shares of Class A common stock. These shares of preferred stock were issued to Mr. Newsome in a private placement transaction that was exempt from the registration requirements of the Securities Act.

(3) Mr. Paret is currently employed by Sonic's subsidiary, Casa Ford of Houston, Inc., pursuant to an employment agreement entered into in July 1998. Prior to joining Sonic, Mr. Paret owned a controlling interest in, and served as the president of, Casa Ford of Houston, Inc., which was acquired by Sonic in July, 1998.

(4) Each of Messrs. Thomas P. Williams, Sr., Charles Clark Williams and Thomas P. Williams, Jr. is currently employed by Sonic pursuant to employment agreements entered into in March 1999. Prior to joining Sonic, each of these individuals were stockholders and officers of Tom Williams Buick, Inc., Williams Cadillac, Inc., Tom Williams Imports, Inc., Tom Williams Motors, Inc. and Williams Cadillac Company, Inc., each of which was acquired by Sonic in March, 1999.

PLAN OF DISTRIBUTION

The selling stockholders may sell or distribute some or all of the shares from time to time through dealers or brokers or other agents or directly to one or more purchasers, including pledgees, in a variety of ways, including:

- transactions (which may involve crosses and block transactions) on the New York Stock Exchange or other exchanges on which the Class A common stock may be listed for trading;

- privately negotiated transactions (including sales pursuant to pledges);

o in the over-the-counter market;

o in brokerage transactions; or

o in a combination of these types of transactions.

These transactions may be effected by the selling stockholders at market prices prevailing at the time of sale, at prices related to such prevailing market prices, at negotiated prices, or at fixed prices, which may be changed. Brokers, dealers, or other agents participating in these transactions as agent may receive compensation in the form of discounts, concessions or commissions from the selling stockholders (and, if they act as agent for the purchaser of such shares, from such purchaser). These discounts, concessions or commissions as to a particular broker, dealer, or other agent might be in excess of those customary in the type of transaction involved. This prospectus also may be used, with Sonic's consent, by donees of the selling stockholders, or by other persons, including pledgees, acquiring the shares and who wish to offer and sell their shares under circumstances requiring or making desirable its use. To the extent required, Sonic will file, during any period in which offers or sales are being made, one or more supplements to this prospectus to set forth the names of donees or pledgees of selling stockholders and any other material information with respect to the plan of distribution not previously disclosed.

The selling stockholders and any such brokers, dealers or other agents that participate in such distribution may be deemed to be "underwriters" within the meaning of the Securities Act, and any discounts, commissions or concessions received by any such brokers, dealers or other agents might be deemed to be underwriting discounts and commissions under the Securities Act. Neither Sonic nor the selling stockholders can presently estimate the amount of such compensation. Sonic knows of no existing arrangements between any selling stockholder and any other selling stockholder, broker, dealer or other agent relating to the sale or distribution of the shares.

Under applicable rules and regulations under the Securities Exchange Act, any person engaged in a distribution of any of the shares may not simultaneously engage in market activities with respect to the Class A common stock for the applicable period under Regulation M prior to the commencement of such distribution. In addition and without limiting the foregoing, the selling stockholders will be subject to applicable provisions of the Securities Exchange Act and the rules and regulations thereunder, including without limitation Rule 10b-5 and Regulation M, which provisions may limit

the timing of purchases and sales of any of the shares by the selling stockholders. All of the foregoing may affect the marketability of the Class A common stock.

Sonic will pay substantially all of the expenses incident to this offering of the shares by the selling stockholders to the public other than commissions, concessions and discounts of brokers, dealers or other agents. Each selling stockholder may indemnify any broker, dealer, or other agent that participates in transactions involving sales of the shares against certain liabilities, including liabilities arising under the Securities Act. Sonic may agree to indemnify the selling stockholders and any such statutory "underwriters" and controlling persons of such "underwriters" against certain liabilities, including certain liabilities under the Securities Act.

In order to comply with certain states' securities laws, if applicable, the shares will be sold in such jurisdictions only through registered or licensed brokers or dealers.

MATERIAL CHANGES

Jeffrey C. Rachor, Sonic's Vice President of Retail Operations, was elected as a director of Sonic effective May 31, 1999. Pursuant to authority granted to Sonic's Board of Directors under Sonic's bylaws, the Board of Directors increased the number of directors of Sonic from seven to eight and appointed Mr. Rachor to fill the vacancy created by this increase.

On June 8, 1999, the stockholders of Sonic a
pproved an amendment to
Sonic's charter increasing the number of shares of Class A common stock authorized for issuance from 50,000,000 to 100,000,000 and the number of shares of Class B common stock authorized for issuance from 15,000,000 to 30,000,000. This charter amendment was filed with the Delaware Secretary of State on June 17, 1999.

On June 30, 1999, Sonic entered into an agreement with Capital Automotive REIT whereby Capital Automotive agreed to provide Sonic with up to $75,000,000 in real estate financing through December 31, 1999. In a separate transaction, Capital Automotive agreed to purchase all of the ownership interests of MMR

Holdings, LLC, which owns or will own after the closing of Sonic's previously announced acquisitions, 52 properties leased or to be leased by Sonic. MMR Holdings currently is owned directly or indirectly by Bruton Smith, Sonic's Chairman and Chief Executive Officer. It is anticipated that Capital Automotive's acquisition of MMR Holdings will be completed in the third quarter of 1999. In addition, when the agreement for the sale of MMR Holdings was signed, Sonic, Mar Mar Realty Trust and MMR Holdings terminated the strategic alliance agreement whereby Mar Mar had provided Sonic with real estate financing, acquisition referral and related services.

The historical audited financial statements of certain businesses acquired by Sonic since December 31, 1998 and the pro forma financial statements of Sonic for these acquisitions are hereby incorporated by reference to the Unaudited Pro Forma Consolidated Financial Data of Sonic, the Combined Financial Statements of Williams Automotive Group, the Financial Statements of Economy Cars, Inc., the Financial Statements of Global Imports, Inc., the Combined Financial Statements of Newsome Automobile Group, the Combined Financial Statements of Lloyd Automotive Group and the Financial Statements of Lute Riley Motors, Inc., included in our final prospectus dated April 29, 1999 that was filed with the SEC pursuant to Rule 424(b) under the Securities Act and that was a part of Sonic's Registration Statement on Form S-3 (No. 333-71803), which was declared effective by the SEC on April 29, 1999. The historical audited financial statements of certain businesses acquired by Sonic since December 31, 1997 are hereby incorporated by reference to the Combined Financial Statements of Hatfield Automotive Group, the Financial Statements of Casa Ford of Houston, Inc., and the Combined Financial Statements of Higginbotham Automotive Group, included in our Registration Statement on Form S-4 (Nos. 333-64397 and 333-64397-001 through 333-64397-044) dated November 3, 1998.

Except as described above, there have been no material changes in Sonic's affairs which have occurred since the end of the latest fiscal year for which certified financial statements were included in the latest annual report to security holders and which have not been described in a report on Form 10-Q or Form 8-K under the Securities Exchange Act.

DESCRIPTION OF CAPITAL STOCK

Sonic's authorized capital stock consists of (a) 100,000,000 shares of Class A common stock, $.01 par value, (b) 30,000,000 shares of Class B common stock, $.01 par value, and (c) 3,000,000 shares of preferred stock, $.10 par value (of which 300,000 shares have been designated as Class A convertible preferred stock). As of July 8, 1999, Sonic had 21,872,215 outstanding shares of Class A common stock, 12,300,000 outstanding shares of Class B common stock

and 30,458 outstanding shares of Class A convertible preferred stock. In connection with pending acquisitions, Sonic has agreed to issue approximately $24.0 million in Class A common stock.

The following summary description of Sonic's capital stock does not purport to be complete and is qualified in its entirety by reference to Sonic's Amended and Restated Certificate of Incorporation (which was filed as an exhibit to Sonic's Registration Statement on Form S-1 (File No. 333-33295)), Sonic's amendment to its Amended and Restated Certificate of Incorporation (which is filed as an exhibit to the registration statement on Form S-3 of which this prospectus forms a part), Sonic's Certificate of Designations relating to the Class A convertible preferred stock (the "Designation") (which was filed as an exhibit to Sonic's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998), and to Delaware law. Reference is made to such exhibits and to Delaware law for a detailed description of the provisions thereof summarized below.

Common Stock

Sonic'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 Sonic. 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 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 Sonic 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 Sonic constituting a

- "going private" transaction,
- sale or other disposition of all or substantially all of Sonic's assets,
- sale or transfer which would cause the nature of Sonic's business to be no longer primarily oriented toward automobile dealership operations and related activities, or
- merger or consolidation of Sonic 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 (a) 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, (b) any corporation or organization (other than Sonic or a majority-owned subsidiary of Sonic) 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, (c) 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, (d) 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 (e) 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:

- Mr. Smith and his guardian, conservator, committee, or attorney-in-fact;
- William S. Egan and his guardian, conservator, committee, or attorney-in-fact;
- each lineal descendant of Messrs. Smith and Egan (a "Descendant") and their respective guardians, conservators, committees or attorneys-in-fact; and
- each "Family Controlled Entity."

The term "Family Controlled Entity" means (a) any not-for-profit corporation if at least 80% of its board of directors is composed of Mr. Smith, Mr. Egan and/or Descendants; (b) any other corporation if at least 80% of the value of its outstanding equity is owned by members of the Smith Group; (c) any partnership if at least 80% of the value of the partnership interests are owned by members of the Smith Group; and (d) 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 of our Charter May Reduce Stockholder Value in Any Potential Change of Control of Sonic."

Under Sonic's charter 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 Sonic'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 our Board of Directors out of funds legally available for that purpose. An additional requirement is that dividends paid in shares of Class A common stock shall be paid only to holders of Class A common stock, and dividends paid in shares of Class B common stock shall be paid only to holders of Class B common stock. Sonic's charter 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 must be made at the same time.

Other Rights

Stockholders of Sonic have no preemptive or other rights to subscribe for additional shares. In the event of the liquidation, dissolution or winding up of Sonic, 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.

Transfer Agent and Registrar

First Union National Bank is the transfer agent and registrar for the common stock.

Preferred Stock

Dividends. The preferred stock has no preferential dividends. Rather, holders of preferred stock are entitled to participate in dividends payable on the Class A common stock on an "as-if-converted" basis.

Voting Rights. Each share of preferred stock entitles its holder to a number of votes equal to that number of shares of Class A Common Stock into which it could be converted as of the record date for the vote.

Liquidation Rights. The preferred stock has a liquidation preference of $1,000 per share.

Conversion Rights. Each share of preferred stock is convertible into shares of Class A common stock at the holder's option at specified conversion rates. After the second anniversary of the date of issuance, any shares of preferred stock which have not been converted are subject to mandatory conversion to Class A common stock at the option of Sonic. No

fractional shares of Class A common stock will be issued upon conversion of any shares of preferred stock. Instead, Sonic will pay cash equal to the value of such fractional share.

Generally, each share of preferred stock is convertible into that number of shares of Class A common stock that has an aggregate Market Price at the time of conversion equal to $1,000 (with certain adjustments for the Series II and Series III preferred stock). Conversion of Series II preferred stock is subject to certain adjustments which have the effect of limiting increases and decreases in the value of the Class A common stock receivable upon conversion by 10% of the original value of the shares of Series II preferred stock. Conversion of Series III preferred stock is subject to certain adjustments which have the effect of limiting increases in the value of Class A common stock receivable upon conversion by 10% of the original value of the shares of Series III preferred stock. "Market Price" is defined as the average closing price per share of Class A common stock on the New York Stock Exchange for the twenty trading days immediately preceding the date of conversion. If the Class A common stock is no longer listed on the New York Stock Exchange, then the Market Price will be determined on the basis of prices reported on the principal exchange on which the Class A common stock is listed, or if not so listed, prices furnished by NASDAQ. If the Class A common stock is not listed on an exchange or reported on by NASDAQ, then the Market Price will be determined by Sonic's Board of Directors.

Before the first anniversary of the date of issuance of preferred stock, each holder of preferred stock is unable to convert without first giving Sonic

ten business days' notice and an opportunity to redeem such preferred stock at the then applicable redemption price.

Redemption. The preferred stock is redeemable at Sonic's option at any time after the date of issuance. The redemption price for the Series I preferred stock is $1,000 per share. The redemption price for the Series II preferred stock and the Series III preferred stock is as follows: (a) prior to the second anniversary of the date of issuance, the redemption price is the greater of $1,000 per share or the aggregate Market Price of the Class A common stock into which it could be converted at the time of redemption, and (b) after the second anniversary of the date of issuance, the redemption price is the aggregate Market Price of the Class A common stock into which it could be converted at the time of redemption. There is no restriction on Sonic's ability to redeem the preferred stock while there is an arrearage in payment of dividends on such preferred stock.

Delaware Law, Certain Charter and Bylaw Provisions and Certain Franchise Agreement Provisions

Certain provisions of Delaware Law and of Sonic's Charter 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. Sonic 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: (a) 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 (b) upon becoming an interested stockholder, the stockholder then owned at least 85% of the voting stock, as defined in Section 203; or (c) 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, Sonic to date has not made this election.

Classified Board of Directors. Sonic'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 Sonic. 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 Sonic from removing incumbent directors without cause, simultaneously gaining control of the Board of Directors by filing the vacancies with their own nominees.

Special Meetings of Stockholders. Sonic'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 Sonic's Board of

Directors. Sonic'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. Sonic'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 Sonic, (a) 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, (b) 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. Sonic's charter contains provisions providing that transactions between Sonic and its affiliates must be no less favorable to Sonic 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 Sonic's directors and a majority of Sonic's independent directors. Otherwise, Sonic 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. Sonic'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 Sonic. For instance, Ford may cause Sonic to sell or resign from its Ford franchises if any person or entity acquires 15% or more of Sonic's voting securities. Likewise, GM, Toyota and Infiniti may force the sale of their respective franchises if 20% or more of Sonic's voting securities are so acquired. Honda may force the sale of Sonic'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 requires prior approval of any change in voting or managerial control of Sonic that would affect Sonic's voting or managerial control of its Volkswagen franchisee subsidiaries. Chrysler also requires prior approval of any future sales that would result in a change in voting or managerial control of Sonic. Such restrictions may prevent or deter prospective acquirers from obtaining control of Sonic. See "Risk Factors -- Manufacturer Stock Ownership/Issuance Limits Limit Sonic's Ability to Issue Additional Equity to Meet Its Financing Needs."

CERTAIN MANUFACTURER RESTRICTIONS

Under agreements between Sonic and certain manufacturers, Sonic has agreed to provide the statements provided below.

Sonic's agreements with Honda and Mercedes require that it provide the following statement in this prospectus:

> No automobile manufacturer has been involved, directly or indirectly, in the preparation of this prospectus or in the offering being made hereby. No automobile manufacturer has made any statements or representations in connection with the offering or has provided any information or materials that were used in connection with the offering, and no automobile manufacturer has any responsibility for the accuracy or completeness of this prospectus.

Under Sonic's Dealer Agreement with GM, Sonic 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.

LEGAL MATTERS

The validity of the shares of Class A common stock offered hereby has been passed upon for Sonic by Parker, Poe, Adams & Bernstein, L.L.P., Charlotte, North Carolina.

EXPERTS

The consolidated financial statements of Sonic Automotive, Inc. and Subsidiaries, the combined financial statements of Hatfield Automotive Group, the combined financial statements of Higginbotham Automotive Group, the financial statements of Casa Ford of Houston, Inc., the combined financial statements of Williams Automotive Group, the financial statements of Economy Cars, Inc., the financial statements of Global Imports, Inc., the combined financial statements of Newsome Automotive Group, the combined financial statements of Lloyd Automotive Group, and the financial statements of Lute Riley Motors, Inc. incorporated by reference in this prospectus and elsewhere in the Registration Statement, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports, which are incorporated by reference herein, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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[GRAPHIC OMITTED]
Class A Common Stock

P R O S P E C T U S

, 1999

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PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

The following table sets forth the fees and expenses in connection with the issuance and distribution of the securities being registered hereunder. All of the costs identified below will be paid by the Company. Except for the SEC registration fee, all amounts are estimates.

<TABLE>
<S>   <C>
  SEC Registration Fee $4,200
  NYSE Listing Fee   3,699
  Printing and Engraving Expenses ....   *
  Legal Fees and Expenses ....   *
  Accounting Fees and Expenses ....   *
  Miscellaneous Expenses ....   *

  Total .... $ *
                                       =========
</TABLE>

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* To be furnished by amendment.

Item 15. Indemnification of Directors and Officers

Sonic's Bylaws effectively provide that Sonic 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, Sonic's 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 actions, 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 a 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 indemnity 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 breach 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 provision shall eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provision becomes effective. Sonic maintains insurance against liabilities under the Securities Act for the benefit of its officers and directors.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officer or persons controlling the registrant pursuant to the foregoing provisions, the registrant has been informed that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 16. Exhibits and Financial Statement Schedules.

<TABLE>
<CAPTION>
 Exhibit No.   Description
- ------------ --
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<S>   <C>
     3.1   Amendment to Sonic's Amended and Restated Certificate of Incorporation filed with the
             Delaware Secretary of State on June 17, 1999.
    4.1*   Form of Certificate for Sonic's Class A Common Stock (incorporated by reference to

	Exhibit 4.1 to Sonic's Registration Statement on Form S-1 (File No. 333-33295)).
4.2*	Form of Certificate for Sonic's Class A Convertible Preferred Stock, Series I (incorporated by reference to Exhibit 4.2 to Sonic's Registration Statement on Form S-3 (File No. 333-68183) (the "December 1998 Form S-3")).
4.3*	Form of Certificate for Sonic's Class A Convertible Preferred Stock, Series II (incorporated by reference to Exhibit 4.3 to the December 1998 Form S-3).
4.4*	Form of Certificate for Sonic's Class A Convertible Preferred Stock, Series III (incorporated by reference to Exhibit 4.4 to the December 1998 Form S-3).
4.5*	Certificate of Designations for Sonic's Class A Convertible Preferred Stock (incorporated by reference to Exhibit 4.1 to Sonic's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998).
4.6*	Stock Purchase Agreement dated as of April 30, 1998 by and among Sonic, Aldo B. Paret and Casa Ford of Houston, Inc. (incorporated by reference to Exhibit 99.13 to Sonic's Current Report on Form 8-K filed July 9, 1998).
4.7*	Agreement and Plan of Merger dated as of March 16, 1999 by and among Sonic, Williams Cadillac Company, Inc., Thomas P. Williams, Sr., Charles Clark Williams, Thomas P. Williams, Jr. and Catherine D. Ward (incorporated by reference to Exhibit 10.35a to Sonic's Annual Report on Form 10-K for the fiscal year ended December 31, 1998).
4.8	Agreement and Plan of Merger dated as of December 15, 1998 by and among Sonic, JN Management Co., Newsome Autoworld, Inc., Newsome Chevrolet World, Inc. and John H. Newsome, Jr. (the "Newsome Merger Agreement").
4.9	Amendment No. 1 and Supplement to the Newsome Merger Agreement dated as of May 17, 1999.
5.1**	Opinion of Parker, Poe, Adams & Bernstein, L.L.P. regarding the legality of the securities being registered.
23.1**	Consent of Parker, Poe, Adams & Bernstein, L.L.P. (included in Exhibit 5.1).
23.2	Consent of Deloitte & Touche LLP.
24.1	Powers of Attorney (included on Signature Page of Registration Statement).
27*	Financial Data Schedule (incorporated by reference to Exhibit 27 to Sonic's Quarterly Report on Form 10-Q for its fiscal quarter ended March 31, 1999).

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* Filed previously.

** To be filed by amendment.

Item 17. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to the registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) above do not apply if the registration statement is on Form S-3, Form S-8 or Form F-3, and information required to be included in a post-effective amendment by these paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Exchange Act that are incorporated by reference in this registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment 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.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act) that is incorporated by reference in the registration statement 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.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities 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 whether such indemnification by it is against public policy as expressed in the Securities 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 certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Charlotte, State of North Carolina, on this 9th day of July, 1999.

SONIC AUTOMOTIVE, INC.

By: /S/ THEODORE M. WRIGHT

Theodore M. Wright

Chief Financial Officer,
Vice President-Finance,
Treasurer and Secretary

We the undersigned directors and officers of Sonic Automotive, Inc. do hereby constitute and appoint each of Messrs. O. Bruton Smith, Bryan Scott Smith, and Theodore M. Wright, each with full power of substitution, our true and lawful attorney-in-fact and agent to do any and all acts and things in our names and in our behalf in our capacities stated below, which acts and things any of them may deem necessary or advisable to enable Sonic Automotive, Inc. to comply with the Securities Act of 1933, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with this Registration Statement, including specifically, but not limited to, power and authority to sign for any or all of us in our names, in the capacities stated below, any and all amendements (including post-effective amendments) hereto and any subsequent registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission; and we do hereby ratify and confirm all that they shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

<TABLE>

<CAPTION>

Signature	Title	Date
<S>	<C>	<C>
/S/ O. BRUTON SMITH O. Bruton Smith	Chief Executive Officer (principal executive officer) and Chairman	July 9, 1999
/S/ B. SCOTT SMITH B. Scott Smith	President, Chief Operating Officer and Director	July 9, 1999
/S/ THEODORE M. WRIGHT Theodore M. Wright	Chief Financial Officer, Vice President- Finance, Treasurer, Secretary (principal financial and accounting officer) and Director	July 9, 1999
/S/ DENNIS D. HIGGINBOTHAM Dennis D. Higginbotham	President of Retail Operations and Director	July 9, 1999
/S/ JEFFREY C. RACHOR Jeffrey C. Rachor	Vice President of Retail Operations and Director	July 9, 1999
/S/ WILLIAM R. BROOKS William R. Brooks	Director	July 9, 1999
/S/ WILLIAM P. BENTON William P. Benton	Director	July 9, 1999
/S/ WILLIAM I. BELK William I. Belk	Director	July 9, 1999

</TABLE>

EXHIBIT INDEX

<TABLE>
<CAPTION>

Exhibit No.	Description
<S>	<C>
3.1	Amendment to Sonic's Amended and Restated Certificate of Incorporation filed with the Delaware Secretary of State on June 17, 1999.
4.1*	Form of Certificate for Sonic's Class A Common Stock (incorporated by reference to Exhibit 4.1 to Sonic's Registration Statement on Form S-1 (File No. 333-33295)).
4.2*	Form of Certificate for Sonic's Class A Convertible Preferred Stock, Series I (incorporated by reference to Exhibit 4.2 to Sonic's Registration Statement on Form S-3 (File No. 333-68183) (the "December 1998 Form S-3")).
4.3*	Form of Certificate for Sonic's Class A Convertible Preferred Stock, Series II (incorporated by reference to Exhibit 4.3 to the December 1998 Form S-3).
4.4*	Form of Certificate for Sonic's Class A Convertible Preferred Stock, Series III (incorporated by reference to Exhibit 4.4 to the December 1998 Form S-3).
4.5*	Certificate of Designations for Sonic's Class A Convertible Preferred Stock (incorporated by reference to Exhibit 4.1 to Sonic's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998).
4.6*	Stock Purchase Agreement dated as of April 30, 1998 by and among Sonic, Aldo B. Paret and Casa Ford of Houston, Inc. (incorporated by reference to Exhibit 99.13 to Sonic's Current Report on Form 8-K filed July 9, 1998).
4.7*	Agreement and Plan of Merger dated as of March 16, 1999 by and among Sonic, Williams Cadillac Company, Inc., Thomas P. Williams, Sr., Charles Clark Williams, Thomas P. Williams, Jr. and Catherine D. Ward (incorporated by reference to Exhibit 10.35a to Sonic's Annual Report on Form 10-K for the fiscal year ended December 31, 1998).
4.8	Agreement and Plan of Merger dated as of December 15, 1998 by and among Sonic, JN Management Co., Newsome Autoworld, Inc., Newsome Chevrolet World, Inc. and John H. Newsome, Jr. (the "Newsome Merger Agreement").
4.9	Amendment No. 1 and Supplement to the Newsome Merger Agreement dated as of May 17, 1999.
5.1**	Opinion of Parker, Poe, Adams & Bernstein, L.L.P. regarding the legality of the securities being registered.
23.1**	Consent of Parker, Poe, Adams & Bernstein, L.L.P. (included in Exhibit 5.1).
23.2	Consent of Deloitte & Touche LLP.
24.1	Powers of Attorney (included on Signature Page of Registration Statement).
27*	Financial Data Schedule (incorporated by reference to Exhibit 27 to Sonic's Quarterly Report on Form 10-Q for its fiscal quarter ended March 31, 1999).

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* Filed previously.

** To be filed by amendment.

EXHIBIT 3.1

CERTIFICATE OF AMENDMENT
TO
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
SONIC AUTOMOTIVE, INC.

* * * * * * * * * * * * * * * *

Adopted in accordance with the
provisions of Section 242 of the General
Corporation Law of the State of Delaware

* * * * * * * * * * * * * * * *

SONIC AUTOMOTIVE, INC., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY as follows:

FIRST: The Board of Directors of the Corporation adopted the resolution set forth below proposing the amendment to the Amended and Restated Certificate of Incorporation (the "Amendment") and directed that the Amendment be submitted to the holders of the issued and outstanding shares of capital stock of the Corporation entitled to vote thereon for their consideration and approval:

RESOLVED, that the Board of Directors hereby deems that Section 4.01 of the Corporation's Charter is proposed to be amended by deleting Section 4.01 in its entirety and inserting the following in lieu thereof:

SECTION 4.01. AUTHORIZED CAPITAL STOCK. The aggregate number of shares of capital stock which the Corporation shall have authority to issue is one hundred thirty-three million (133,000,000) shares divided into the following classes:

(a) One hundred million (100,000,000) shares of Class A Common Stock with a par value of one cent ($.01) per share (the "Class A Common Stock");

(b) Thirty million (30,000,000) shares of Class B Common Stock with a par value of one cent ($.01) per share (the "Class B Common Stock"); and

(c) Three million (3,000,000) shares of Preferred Stock with a par value of ten cents ($.10) per share (the "Preferred Stock").

Each share of Class A Common Stock and each share of Class B Common Stock (collectively, the "Common Stock") shall be identical in all respects and shall have equal voting powers, preferences and relative rights, except as otherwise provided in this Article IV.

SECOND: The Amendment was duly adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware at the annual meeting of the stockholders of the Corporation held June 8, 1999, by the holders of a majority of the issued and outstanding shares of the Class A Common Stock, by the holders of a majority of the issued and outstanding shares of the Class B Common Stock, and by the holders of a majority of the votes entitled to be voted with respect to the Amendment.

* * * * * * * * * * * * * * * *

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by one of its duly authorized officers this 16th day of June, 1999.

SONIC AUTOMOTIVE, INC.

By: /s/ Theodore M. Wright

Theodore M. Wright
Vice President - Finance and Chief Financial Officer

EXHIBIT 4.9

AMENDMENT NO. 1
AND
SUPPLEMENT
TO
AGREEMENT AND PLAN OF MERGER

THIS AMENDMENT NO. 1 AND SUPPLEMENT TO AGREEMENT AND PLAN OF MERGER (this "AMENDMENT") is made and entered into as of this 17th day of May, 1999, by and among SONIC AUTOMOTIVE, INC., a Delaware corporation (the "BUYER"), JN MANAGEMENT CO., a South Carolina corporation ("JN"), NEWSOME CHEVROLET WORLD, INC., a South Carolina corporation ("CHEVROLET" and, together with JN, collectively, the "COMPANIES"), and JOHN H. NEWSOME, JR. (the "SELLER").

W I T N E S S E T H:

WHEREAS, the parties hereto and Newsome Autoworld, Inc., a South Carolina corporation ("AUTOWORLD"), have entered into that certain Agreement and Plan of Merger dated as of December 15, 1998 (the "MERGER AGREEMENT") (capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Merger Agreement); and

WHEREAS, Autoworld was merged into JN on February 19, 1999 (the "AUTOWORLD MERGER");

WHEREAS, the parties hereto wish to amend and supplement the Merger Agreement as hereinafter provided;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, including the cross-indemnification of John H. Newsome, III and Patricia M. Newsome set forth below, and intending to be legally bound, the parties hereto hereby agree as follows:

1. SCHEDULES. The following Schedules to the Merger Agreement have been agreed to by the parties and are attached to this Amendment:

Schedule	Description
Schedule 3.2(b)	Consents and Approvals for the Seller
Schedule 3.5	Interest in other Entities
Schedule 3.7	Qualification
Schedule 3.8	Capitalization
Schedule 3.10	No Violation; Conflicts
Schedule 3.11	Encumbrances
Schedule 3.13	Financial Statements
Schedule 3.16(b)	Leased Premises
Schedule 3.16(f)	Zoning, Etc.
Schedule 3.16(g)	Owned Equipment
Schedule 3.16(h)	Leased Equipment
Schedule 3.17	Intellectual Property
Schedule 3.18	Certain Liabilities
Schedule 3.19	No Undisclosed Liabilities
Schedule 3.20	Absence of Changes
Schedule 3.21	Tax Matters
Schedule 3.22	Compliance with Laws
Schedule 3.23	Litigation Regarding the Companies
Schedule 3.24	Permits, Etc.
Schedule 3.25	Employees
Schedule 3.26	Compensation
Schedule 3.27	Employee Benefits
Schedule 3.29(a)	Material Agreements
Schedule 3.29(b)	Required Consents for Transfers of Material Agreements
Schedule 3.31	Bank Accounts, Credit Cards and Safe Deposit Boxes
Schedule 3.32(a)	Insurance Policies
Schedule 3.32(b)	Property Damage and Personal Injury Claims
Schedule 3.33	Warranties
Schedule 3.34	Directors and Officers
Schedule 3.36	Environmental Matters
Schedule 3.37	Year 2000 Plan and Timetable
Schedule 3.38	Business Generally
Schedule 4.2(b)	Consents and Approvals for the Buyer
Schedule 10.1(f)	Due Diligence Materials

2. AMENDMENTS.

(a) Section 1.1 of the Merger Agreement is hereby amended to read in its entirety as follows:

"1.1 THE MERGER

(a) Immediately prior to the Effective Time (as defined in Section 1.1(b) below), the Seller will cause the following transactions to occur:

(i) Chevrolet will be merged into JN (the "CHEVROLET MERGER") in accordance with the Merger Law (as defined below) and in a manner satisfactory to the Buyer in its sole discretion;

(ii) all of the issued and outstanding stock or other securities held by JN in each of Isuzu of Florence, Inc., Action Ford Mercury, Inc., and John Newsome Buick Oldsmobile Pontiac, Inc. will be distributed by JN to the Seller (such distributions being hereinafter collectively called the "SPIN-OFFS"; the Spin-Offs and the Autoworld Merger and the Chevrolet Merger being hereinafter collectively called the "REORGANIZATION").

(b) Subject to the provisions of this Agreement and the Articles of Merger substantially in the form of Exhibit A attached hereto (the "ARTICLES OF MERGER") and immediately subsequent to the Chevrolet Merger and the Spin-Offs, JN shall be merged, in a transaction intended by the parties to be a tax free reorganization under Section 368(A) of the Internal Revenue Code of 1986, as amended, with and into Sonic-Newsome Chevrolet World, Inc., a wholly-owned South Carolina subsidiary of the Buyer (the "SUB"), in accordance with the provisions of the South Carolina Business Corporation Act (the "MERGER LAW"), whereupon the existence of JN shall cease and the Sub shall be the surviving corporation (the Sub and JN are sometimes herein referred to as the "MERGING COMPANIES" and the Sub after the Merger is sometimes herein referred to as the "SURVIVING COMPANY"). As soon as practicable after satisfaction of or, to the extent permitted hereunder, waiver of all conditions to the Merger, the Merging Companies shall execute and file the Articles of Merger with the Secretary of State of the State of South Carolina in accordance with the Merger Law, and shall otherwise make all other filings or recordings required by the Merger Law in connection with the Merger. The Merger shall become effective at such date and time as the Articles of Merger are duly filed with, and accepted by, the Secretary of State of the State of South Carolina (the "EFFECTIVE TIME").

(c) At the Effective Time, the separate existence of JN shall cease and JN shall be merged with and into the Sub and the Sub shall be the Surviving Company, whose name thereafter shall be as specified in the Articles of Merger.

(d) From and after the Effective Time: (i) the Articles of Incorporation and the Bylaws of the Sub, both as in effect immediately prior to the Effective Time, shall be the Articles of Incorporation and the Bylaws of the Surviving Company, until thereafter amended in accordance with the applicable law; (ii) the directors of the Sub at the Effective Time shall become the directors of the Surviving Company, until their respective successors are duly elected or appointed and qualified in accordance with applicable law; and (iii) the officers of the Sub at the Effective Time shall become the initial officers of the Surviving Company, to serve at the pleasure of the board of directors of the Surviving Company.

(e) At the Effective Time, by virtue of the Merger and the applicable provisions of the Merger Law and without any further action on the part of the Merging Companies or on the part of JN's shareholders:

(1) Each share of common stock of the Sub outstanding immediately prior to the Effective Time shall, automatically and without any action on the part of the holder thereof, be converted into one share of common stock of the Surviving Company; and

(2) all of the Shares shall, automatically and without any action on the part of the Seller, cease to be outstanding and shall be converted into the right to receive the Merger Consideration (as defined in Section 1.2 below) in accordance with the provisions of said Section 1.2. All Shares, when so converted, shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and the Seller shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration in accordance with provisions of said Section 1.2."

(b) All references in the Merger Agreement to the "Subs" and the "Surviving Companies" shall be deemed to be references to the "Sub" and the "Surviving Company", as defined in amended Section 1.1 above, and all references in the Merger Agreement to the "Shares" shall be deemed to be references to all of the issued and outstanding shares of JN.

(c) Sections 1.2(a) and (b) of the Merger Agreement are hereby amended to read in their entirety as follows:

"1.2 THE MERGER CONSIDERATION.

(a) THE MERGER CONSIDERATION. The consideration to be paid by the Buyer for the Shares pursuant to the Merger (the "MERGER CONSIDERATION") shall consist of the sum of (i) $4,000,000, plus (ii) the Net Book Value (as defined in Section 1.2(c)(1) below).

(b) PAYMENT OF THE MERGER CONSIDERATION. The Merger Consideration shall be paid as follows:

(1) (A) At the Closing, the sum of $5,081,000 shall be payable by the Buyer to the Seller by wire transfer of immediately available funds to the account of the Seller, which shall be designated by the Seller in writing at least one full Business Day prior to the Closing Date (as defined in Article 2 hereof). The sum of $500,000 (the "ESCROW AMOUNT") shall be placed in escrow with First Union National Bank or another escrow agent mutually acceptable to the parties hereto (the "ESCROW AGENT") by the Buyer in accordance with the escrow agreement in the form of Exhibit B hereto, with such other changes thereto as the Escrow Agent shall reasonably request (the "ESCROW AGREEMENT"). For purposes of this Agreement, a "BUSINESS DAY" is a day other than a Saturday, a Sunday or a day on which banks are required to be closed in the State of North Carolina.

(B) The term of the Escrow Agreement shall be for a period of ninety (90) days from the Closing Date (or such longer period of time as shall be necessary to complete the determination of Net Book Value pursuant to Section 1.2(c) below). If, as of the date which is ninety (90) days from the Closing Date (or such later date as shall be necessary to complete the determination of the Net Book Value pursuant to Section 1.2(c) below), the Buyer shall have made no claims in respect of any Net Book Value Shortfall (as defined in Section 1.2(c) below), the Buyer will execute a joint instruction with the Seller pursuant to the Escrow Agreement to instruct the Escrow Agent to pay all of the Escrow Amount to the Seller pursuant to the terms of the Escrow Agreement.

(2) (A) At the Closing, the Buyer shall issue to the Seller 3,750 shares of the Buyer's Class A Convertible Preferred Stock, Series II (the "PREFERRED STOCK"). The Preferred Stock will be convertible into shares of the Buyer's Class A Common Stock, par value $.01 per share (the "COMMON STOCK"), as provided in the Certificate of Designation, Preferences and Rights with respect to the Preferred Stock, a copy of which is attached as Exhibit C-1 hereto. At the Closing, the Seller will execute and deliver to the Buyer a Certificate Regarding Restricted Securities in substantially the form of Exhibit C-2 hereto.

(B) At the Closing, the Buyer shall also issue to the Seller that number of unregistered shares of Common Stock obtained by dividing $2,250,000 by an amount equal to eighty-five percent (85%) of the Market Price (as defined in the Certificate of Designation, Preferences and Rights with respect to the Preferred Stock) determined as of the Closing Date (such unregistered shares of Common Stock being hereinafter called the "LOCK-UP COMMON SHARES"). The Seller hereby agrees that, notwithstanding the effectiveness of the Shelf Registration Statement (as defined in Subsection 1.2(b)(3) below), he will not offer, sell, contract to sell, pledge, or otherwise dispose of in any way, directly or indirectly, any of the Lock-up Common Shares for a period of one hundred eighty (180)

days from the Closing Date. The Lock-up Common Shares will be registered by the Buyer in the Shelf Registration Statement referred to and defined in Subsection 1.2(b)(3) below.

(3) As promptly as possible after the Closing, but in no event later than July 31, 1999, the Buyer shall cause all of the Lock-up Common Shares and all of shares of Common Stock issuable upon conversion of the Preferred Stock (the "CONVERSION COMMON SHARES") to be registered for resale by the Seller under a "shelf" registration statement (the "SHELF REGISTRATION STATEMENT") filed with the Securities and Exchange Commission (the "SEC")under the Securities Act of 1933, as amended (the "SECURITIES ACT"). Upon the effectiveness of the Shelf Registration Statement, the Seller will convert all shares of the Preferred Stock then held by it into the Conversion Common Shares not later than September 1, 1999. Notwithstanding the effectiveness of the Shelf Registration Statement, the Seller hereby agrees that he will not offer, sell, contract to sell, pledge or otherwise dispose

of in any way, directly or indirectly, any of the Conversion Common Shares until August 1, 1999. All Lock-up Common Shares and Conversion Common Shares registered pursuant to this Subsection (3) are hereinafter called the "REGISTERED COMMON SHARES."

(4) The Seller also agrees and acknowledges, with regard to the offer or resale by him of any of the Registered Common Shares, that:

(A) all resales by him of Registered Common Shares shall be effected only pursuant to a current prospectus or supplements thereto which are a part of the Shelf Registration Statement (the "RESALE PROSPECTUS");

(B) any offering of any of the Registered Common Shares under the Resale Prospectus by the Seller will be effected in an orderly manner through a securities dealer, acting as broker or dealer, selected by the Buyer in its sole discretion (the "DESIGNATED BROKER");

(C) if requested by the Buyer, the Seller will enter into one or more custody agreements with one or more banks with respect to the Registered Common Shares so that all such Shares are held in the custody of such bank or banks until offered pursuant to clause (B) above;

(D) the Seller will make resales of Registered Common Shares only by one or more methods described in the Resale Prospectus, as appropriately supplemented or amended when required;

(E) since the Registered Common Shares are "restricted securities" within the meaning of Rule 145 promulgated by the SEC under the Securities Act ("RULE 145"), the certificates representing the Registered Common Shares will be issued by the Buyer to the Seller with such legends as the Buyer may reasonably require until such shares are offered pursuant to the foregoing terms under the Resale Prospectus, at which time such certificates shall be tendered to the Buyer by the Seller and a new certificate or certificates without legends shall be issued by the Buyer to the Designated Broker in order to settle any resales by the Seller;

(F) the Seller shall provide the Buyer with all information concerning the Seller and his resale of the Registered Common Shares as may then be required by the Securities Act and shall indemnify the Buyer for any liabilities arising under the Securities Act, the Securities Exchange Act of 1934 or any state securities laws resulting from any material misstatements in, or omissions of material information from, such information provided by the Seller to the Buyer pursuant to this clause (F);

(G) the Seller shall pay any and all expenses directly related to the resale of the Registered Common Shares, including, but not limited to, the commissions or fees of the Designated Broker, but excluding the fees and expenses of the custodial

bank or banks holding the Registered Common Shares, if applicable, which shall be borne by the Buyer;

(H) the Buyer shall have no obligation to maintain the currency of any prospectus, permit the use of any prospectus or maintain the effectiveness of the Shelf Registration Statement for the resale of the Registered Common Shares once all of the Registered Common Shares that remain unsold may be sold by the Seller without restriction pursuant to Rule 145; and

(I) the Seller has received a copy of the Buyer's most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q and proxy statement as well as all its Current Reports on Form 8-K since the end of the Buyer's last fiscal year.

(5) The Buyer also agrees that, in connection with Subsection (3) above:

(A) the Buyer shall pay all expenses, including legal and accounting fees, in connection with the preparation, filing and maintenance of the Shelf Registration Statement, including amendments thereto, the Resale Prospectus, including supplements thereto, the issuance of certificates representing the Registered Common Shares, and other expenses incurred by the Buyer in meeting its obligations as set forth in Subsection (3) above;

(B) the Buyer shall indemnify the Seller for any liabilities arising under the Securities Act, the Securities Exchange Act of 1934 or any state securities laws resulting from any material misstatements in, or omissions of material information from, the Resale Prospectus or the Shelf Registration Statement, including the information incorporated by reference therein, except for liabilities required to be indemnified by Seller under Subsection (4)(F) above;

(C) The Buyer shall also list the Registered Common Shares for trading on the New York Stock Exchange; and

(D) Subject to the provisions of Subsection (4) (H) above, the Buyer shall maintain the currency of the Shelf Registration Statement and the prospectus related thereto.

(6) Notwithstanding any provision of this Agreement to the contrary, the Seller shall not have any right to take any action (and the Seller hereby agrees that he shall not take any action) to restrain, enjoin or otherwise delay any

registration as a result of any controversy that might arise with respect to the interpretation or implementation of this Agreement. Nothing contained in this subsection (6) shall prevent Seller from making a claim for monetary relief.

(d) Section 3.20 of the Merger Agreement is hereby amended to delete the date of "December 31, 1997" as it appears on the first line thereof and to insert in its place the date of "December 31, 1998."

3. CONCERNING THE CLOSING BALANCE SHEET ADJUSTMENT PROCEDURES.

(a) Notwithstanding the provisions of Section 1.2 (c)(1) of the Merger Agreement, the Closing Balance Sheet shall give effect to the Reorganization. Accordingly, (i) references to the "Companies" shall be deemed references only to JN, after the Autoworld Merger, the Chevrolet Merger and the Spin-Offs, and (ii) the tax liabilities of the Companies reflected in the Closing Balance sheet shall include any and all tax liabilities associated with the Spin-Offs as well as with the Autoworld Merger and the Chevrolet Merger. Except as herein provided, the Closing Balance Sheet shall be determined as provided in Section 1.2 (c)(1) of the Merger Agreement.

(b) The reserve in the Closing Balance Sheet for liabilities in connection with the issuance of extended warranties, as referred to in clause (F) of Section 1.2(c)(1) of the Merger Agreement, shall include reserves with respect to the Hartsville operations and shall not exceed an aggregate total of $540,000, and the reserve in the Closing Balance Sheet for finance and insurance chargebacks shall not exceed $25,000. The parties also agree that the Closing Balance Sheet shall reflect a used vehicle valuation of $1,654,903.

(c) Section 1.2 (c)(3) of the Merger Agreement is hereby amended to read in its entirety as follows:

(3) (A) To the extent that the Net Book Value, as deemed mutually agreed by the parties or as determined by the Accountants, as aforesaid, is greater than $7,581,000 (the "NET BOOK VALUE EXCESS"), the Buyer shall be obligated to pay the amount of the Net Book Value Excess promptly to the Seller. Payment of fifty-one percent (51%) of the Net Book Value Excess shall, subject to the provisions of Subparagraphs (B), (C), and (D) below, be by the issuance of additional shares of Preferred Stock at the rate of one whole share of Preferred Stock for each $1,000 of such Net Book Value Excess (no fractional shares of Preferred Stock are to be issued; any such fractional shares are to be paid in cash). Such additional shares of Preferred Stock are hereinafter called the "ADDITIONAL PREFERRED SHARES." Payment of forty-nine percent (49%) of the Net Book Value Excess shall be made in cash in the same manner as the payment of the cash portion of the Merger Consideration at the Closing. Payment of the Net Book Value Excess (whether the same be paid in shares of the Buyer's stock or in cash) shall be made together with interest, payable in cash, on the amount of the Net Book Value Excess at the Buyer's floor plan financing rate from time to time in effect (the "INTEREST RATE") from the

Closing Date to the date of such payment. Notwithstanding the foregoing agreement of the parties regarding the payment of the cash portion of any Net Book Value Excess, the Seller may request a larger number of Additional Preferred Shares (and/or Additional Common Shares or Additional Lock-up Common Shares pursuant to Subparagraphs (B), (C) and (D) below), and a corresponding smaller amount of cash, if the Seller believes that the reimbursement by the Buyer of the Seller's capital gains tax liability on such cash portion pursuant to Section 1.2(c)(4) below will cause more than forty-nine percent (49%) of the Merger Consideration to be paid in cash. Such request shall be made in writing by the Seller to the Buyer prior to the payment of the Net Book Value Excess and shall specify the larger number of Additional Preferred Shares and/or Additional Common Shares or Additional Lock-up Common Shares pursuant to Subparagraphs (B), (C) and (D) below) and the corresponding reduction of such cash. In the event that such request shall be made, the Buyer will pay the Net Book Value Excess in the respective portions of Additional Preferred Shares (and/or Additional Common Shares or Additional Lock-up Common Shares pursuant to Subparagraphs (B), (C) and (D) below) and cash specified in such request, and the Buyer's obligation to reimburse the Seller for capital gains taxes pursuant to Section 1.2(c)(4) below will be calculated based upon such reduced cash portion specified in such request by the Seller. To the extent that the Net Book Value, as deemed mutually agreed by the parties or as determined by the Accountants, as aforesaid, is less than $7,581,000 (the "NET BOOK VALUE SHORTFALL"), the Seller shall be obligated to pay the amount of the Net Book Value Shortfall promptly to the Buyer. In furtherance of such obligation of the Seller, the parties shall execute and deliver to the Escrow Agent a joint instruction to deliver up to all of the Escrow Amount to the Buyer. To the extent that the Net Book Value Shortfall exceeds the Escrow Amount, the Seller shall be obligated to pay the amount of such excess promptly to the Buyer, together with interest, payable in cash, on the amount of such excess at the Interest Rate from the Closing Date to the date of such payment. Any interest earned on the Escrow Amount shall be paid to the Buyer and/or the Seller in proportion to their respective shares of the Escrow Amount paid to them.

(B) The Seller may, by written request delivered to the Buyer at any time on or prior to the twentieth (20th) day after the Closing, request the Buyer to provide the Seller with a prospectus (the "PROSPECTUS") with respect to the Buyer's offer and sale to the Seller of registered shares of Common Stock in lieu of up to all of the Additional Preferred Shares. In the event that the Seller shall deliver such request to the Buyer, the Buyer shall use its best reasonable efforts to deliver the Prospectus to the Seller within fifty (50) days after the Closing. At the option of the Seller, exercisable by written notice to the Buyer (the "SELLER'S NOTICE") not sooner than twenty (20) days after the receipt by the Seller from the Buyer of the Prospectus, the Buyer shall be obligated to issue to the Seller, not later than ten (10) days after receipt of the Seller's Notice, in lieu of up to all of the Additional Preferred Shares, that number of registered shares of Common Stock (the "ADDITIONAL COMMON SHARES") which would be issued on conversion of the number

of such Additional Preferred Shares specified in the Seller's Notice if such number of Additional Preferred Shares specified in the Seller's Notice were converted on the date of delivery to the Buyer of the Seller's Notice; provided, however, as to any and all of the Additional Preferred Shares, the Seller may, in the Seller's Notice, elect to take the value of up to all of the Additional Preferred Shares (valued at $1,000 per share) in that number of whole shares of registered Common Stock (the "ADDITIONAL LOCK-UP COMMON SHARES") which would be issuable upon conversion of the number of Additional Preferred Shares specified in the Seller's Notice if such Additional Preferred Shares specified in the Seller's Notice were converted on the date of delivery to the Buyer of the Seller's Notice utilizing a Market Price equal to eighty-five percent (85%) of the Market Price which would otherwise be applicable to such conversion on such date.

(C) The offer and sale of the Additional Conversion Common Shares and/or the Additional Lock-up Common Shares by the Buyer shall be registered under an effective registration statement filed by the Buyer with the SEC. Such Additional Common Shares and/or Additional Lock-up Common Shares shall be deemed to be "Registered Common Shares" and the provisions of Sections 1.2(b)(4) and (5) above shall be applicable thereto. To the extent required by law, the Buyer shall prepare as soon as reasonably practicable after the issuance of the Additional Conversion Common Shares and/or the Additional Lock-up Common Shares a prospectus supplement or post-effective amendment to such registration statement that would permit the offer and resale of such Registered Common Shares from time to time by the Seller. The Buyer shall also use its best reasonable efforts to list such Registered Common Shares for trading on the New York Stock Exchange.

(D) The Seller hereby agrees not to offer, sell, contract to sell, pledge, or otherwise dispose of in any way, directly or indirectly, any of the Additional Lock-up Common Shares for a period of one hundred eighty (180) days from their date of issuance. Provided that the Additional Conversion Common Shares are issued prior to August 1, 1999, the Seller also agrees not to offer, sell, contract to sell, pledge, or otherwise dispose of in any way, directly or indirectly, any of the Additional Conversion Common Shares until August 1, 1999.

(E) In the event that the Seller shall fail to give the Seller's Notice, the Buyer's sole obligation with respect to the Additional Preferred Shares shall be to make available "current public information" within the meaning of subsection (c)(1) of Rule 144 promulgated by the SEC under the Securities Act ("RULE 144"), and to remove stock transfer instructions and restrictive legends from certificates representing the shares of Common Stock issuable upon conversion of the Additional Preferred Shares when such shares of Common Stock issuable upon conversion of the Additional Preferred Shares may be sold without restriction under Rule 144.

4. DARRELL HUDSON ASSIGNMENT AND AGREEMENT TO INDEMNIFY.

Immediately prior to the Chevrolet Merger, the Seller shall cause Chevrolet to assign, sell and transfer unto the Seller, his heirs and assigns, all rights, title and interest of Chevrolet in and to the following (all of the following being the "HUDSON ASSETS"):

(a) All claims to the return of Chevrolet funds expended at the premises located at 4779 Sunset Boulevard, Lexington, South Carolina;

(b) All Personal property located (or previously located) at, and the lease in connection with, 4779 Sunset Boulevard, Lexington, South Carolina;

(c) All claims for overpayment of compensation to Darrell Hudson;

(d) Equipment and personal property owned by Chevrolet and in the possession of Darrell Hudson or Bob Hudson;

(e) Ricon Lift franchise; and

(f) Any other restitution due to Chevrolet from Darrell Hudson.

The Seller does hereby agree to assume and become responsible for the payment or

performance of any and all liabilities and obligations, of any kind, character and description, fixed or contingent, if any, of the Companies to Darrell and/or Bob Hudson (the "HUDSON LIABILITIES").

5. INDEMNIFICATION BY THE SELLER. The Seller hereby agrees to indemnify and hold all Buyer Indemnitees harmless, in accordance with he provisions of Article 9 of the Merger Agreement, for any and all Buyer's Damages arising out of, based upon, in connection with, or as a result of any and all of the following:

(a) TERRY W. FORDAROY, ET. AL. V. NEWSOME AUTO WORLD AND ALLSTATE INSURANCE COMPANY, Civil Action No. 97-CP-21-94, and all other claims, suits or causes of action arising out of or based upon the occurrence which gave rise to such litigation;

(b) all claims, suits or causes of action by Mt. Hope Cemetery Association;

(c) the Reorganization; and

(d) the Hudson Liabilities and all claims, suits or causes of action by Darrell Hudson and/or Bob Hudson arising out of or based upon the Lexington, South Carolina operations between the Seller and/or more of his Affiliates and Darrell Hudson including, without limitation, the matters set forth in Section 4 above and the transfer of the Hudson Assets.

6. MERGER AGREEMENT CONFIRMED. Except as provided in this Amendment, the Merger Agreement is hereby confirmed, as amended hereby, and shall continue in full force and effect.

7. CONCERNING WACHOVIA. The Buyer will cause the Seller to be released from his personal guaranty to Wachovia Bank N.A., with respect to the floor plan indebtedness of Newsome Automotive, LLC and Imports of Florence, LLC, within 30 days after the Closing. Pending such release, the Buyer will indemnify the Seller to the fullest extent contemplated by Section 9.3 of the Merger Agreement, for any amounts paid by him under such guaranty.

[REMAINDER OF PAGE INTENTIONALLY BLANK - SIGNATURES FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day, month and year first above written.

BUYER: SONIC AUTOMOTIVE, INC.

By: /s/ B. Scott Smith

Name: B. Scott Smith
Title: President

SELLER: JOHN H. NEWSOME, JR.

/s/ John H. Newsome, Jr.

THE COMPANIES: JN MANAGEMENT CO.

By: /s/ John H. Newsome, Jr.

Name: John H. Newsome, Jr.
Title: President

NEWSOME CHEVROLET WORLD, INC.

By: /s/ John H. Newsome, Jr.

Name: John H. Newsome, Jr.
Title: President

CROSS-INDEMNIFICATION BY MEMBERS. The undersigned, being the "Members" under the Asset Purchase Agreement, as an inducement for the execution and delivery by the Buyer of the foregoing Amendment No. 1 and Supplement to the Merger Agreement, do hereby, jointly and severally among themselves and with the Seller, agree to indemnify all Buyer Indemnitees for all Buyer's Damages for the matters specified in Section 9.2 of the Merger Agreement, as well as for the matters specified in Section 5 above, to the fullest extent provided in Article 9 of the Merger Agreement.

/s/ John H. Newsome, III

John H. Newsome, III

/s/ Patricia M. Newsome

Patricia M. Newsome

EXHIBIT 4.9

AMENDMENT NO. 1
AND
SUPPLEMENT
TO
AGREEMENT AND PLAN OF MERGER

THIS AMENDMENT NO. 1 AND SUPPLEMENT TO AGREEMENT AND PLAN OF MERGER (this "AMENDMENT") is made and entered into as of this 17th day of May, 1999, by and among SONIC AUTOMOTIVE, INC., a Delaware corporation (the "BUYER"), JN MANAGEMENT CO., a South Carolina corporation ("JN"), NEWSOME CHEVROLET WORLD, INC., a South Carolina corporation ("CHEVROLET" and, together with JN, collectively, the "COMPANIES"), and JOHN H. NEWSOME, JR. (the "SELLER").

W I T N E S S E T H:

WHEREAS, the parties hereto and Newsome Autoworld, Inc., a South Carolina corporation ("AUTOWORLD"), have entered into that certain Agreement and Plan of Merger dated as of December 15, 1998 (the "MERGER AGREEMENT") (capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Merger Agreement); and

WHEREAS, Autoworld was merged into JN on February 19, 1999 (the "AUTOWORLD MERGER");

WHEREAS, the parties hereto wish to amend and supplement the Merger Agreement as hereinafter provided;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, including the cross-indemnification of John H. Newsome, III and Patricia M. Newsome set forth below, and intending to be legally bound, the parties hereto hereby agree as follows:

1. SCHEDULES. The following Schedules to the Merger Agreement have been agreed to by the parties and are attached to this Amendment:

Schedule	Description
Schedule 3.2(b)	Consents and Approvals for the Seller
Schedule 3.5	Interest in other Entities
Schedule 3.7	Qualification
Schedule 3.8	Capitalization
Schedule 3.10	No Violation; Conflicts
Schedule 3.11	Encumbrances
Schedule 3.13	Financial Statements
Schedule 3.16(b)	Leased Premises
Schedule 3.16(f)	Zoning, Etc.
Schedule 3.16(g)	Owned Equipment
Schedule 3.16(h)	Leased Equipment
Schedule 3.17	Intellectual Property
Schedule 3.18	Certain Liabilities
Schedule 3.19	No Undisclosed Liabilities
Schedule 3.20	Absence of Changes
Schedule 3.21	Tax Matters
Schedule 3.22	Compliance with Laws
Schedule 3.23	Litigation Regarding the Companies
Schedule 3.24	Permits, Etc.
Schedule 3.25	Employees
Schedule 3.26	Compensation
Schedule 3.27	Employee Benefits
Schedule 3.29(a)	Material Agreements
Schedule 3.29(b)	Required Consents for Transfers of Material Agreements
Schedule 3.31	Bank Accounts, Credit Cards and Safe Deposit Boxes
Schedule 3.32(a)	Insurance Policies
Schedule 3.32(b)	Property Damage and Personal Injury Claims
Schedule 3.33	Warranties
Schedule 3.34	Directors and Officers
Schedule 3.36	Environmental Matters
Schedule 3.37	Year 2000 Plan and Timetable
Schedule 3.38	Business Generally
Schedule 4.2(b)	Consents and Approvals for the Buyer
Schedule 10.1(f)	Due Diligence Materials

2. AMENDMENTS.

(a) Section 1.1 of the Merger Agreement is hereby amended to read in its entirety as follows:

"1.1 THE MERGER

(a) Immediately prior to the Effective Time (as defined in Section 1.1(b) below), the Seller will cause the following transactions to occur:

(i) Chevrolet will be merged into JN (the "CHEVROLET MERGER") in accordance with the Merger Law (as defined below) and in a manner satisfactory to the Buyer in its sole discretion;

(ii) all of the issued and outstanding stock or other securities held by JN in each of Isuzu of Florence, Inc., Action Ford Mercury, Inc., and John Newsome Buick Oldsmobile Pontiac, Inc. will be distributed by JN to the Seller (such distributions being hereinafter collectively called the "SPIN-OFFS"; the Spin-Offs and the Autoworld Merger and the Chevrolet Merger being hereinafter collectively called the "REORGANIZATION").

(b) Subject to the provisions of this Agreement and the Articles of Merger substantially in the form of Exhibit A attached hereto (the "ARTICLES OF MERGER") and immediately subsequent to the Chevrolet Merger and the Spin-Offs, JN shall be merged, in a transaction intended by the parties to be a tax free reorganization under Section 368(A) of the Internal Revenue Code of 1986, as amended, with and into Sonic-Newsome Chevrolet World, Inc., a wholly-owned South Carolina subsidiary of the Buyer (the "SUB"), in accordance with the provisions of the South Carolina Business Corporation Act (the "MERGER LAW"), whereupon the existence of JN shall cease and the Sub shall be the surviving corporation (the Sub and JN are sometimes herein referred to as the "MERGING COMPANIES" and the Sub after the Merger is sometimes herein referred to as the "SURVIVING COMPANY"). As soon as practicable after satisfaction of or, to the extent permitted hereunder, waiver of all conditions to the Merger, the Merging Companies shall execute and file the Articles of Merger with the Secretary of State of the State of South Carolina in accordance with the Merger Law, and shall otherwise make all other filings or recordings required by the Merger Law in connection with the Merger. The Merger shall become effective at such date and time as the Articles of Merger are duly filed with, and accepted by, the Secretary of State of the State of South Carolina (the "EFFECTIVE TIME").

(c) At the Effective Time, the separate existence of JN shall cease and JN shall be merged with and into the Sub and the Sub shall be the Surviving Company, whose name thereafter shall be as specified in the Articles of Merger.

(d) From and after the Effective Time: (i) the Articles of Incorporation and the Bylaws of the Sub, both as in effect immediately prior to the Effective Time, shall be the Articles of Incorporation and the Bylaws of the Surviving Company, until thereafter amended in accordance with the applicable law; (ii) the directors of the Sub at the Effective Time shall become the directors of the Surviving Company, until their respective successors are duly elected or appointed and qualified in accordance with applicable law; and (iii) the officers of the Sub at the Effective Time shall become the initial officers of the Surviving Company, to serve at the pleasure of the board of directors of the Surviving Company.

(e) At the Effective Time, by virtue of the Merger and the applicable provisions of the Merger Law and without any further action on the part of the Merging Companies or on the part of JN's shareholders:

(1) Each share of common stock of the Sub outstanding immediately prior to the Effective Time shall, automatically and without any action on the part of the holder thereof, be converted into one share of common stock of the Surviving Company; and

(2) all of the Shares shall, automatically and without any action on the part of the Seller, cease to be outstanding and shall be converted into the right to receive the Merger Consideration (as defined in Section 1.2 below) in accordance with the provisions of said Section 1.2. All Shares, when so converted, shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and the Seller shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration in accordance with provisions of said Section 1.2."

(b) All references in the Merger Agreement to the "Subs" and the "Surviving Companies" shall be deemed to be references to the "Sub" and the "Surviving Company", as defined in amended Section 1.1 above, and all references in the Merger Agreement to the "Shares" shall be deemed to be references to all of the issued and outstanding shares of JN.

(c) Sections 1.2(a) and (b) of the Merger Agreement are hereby amended to read in their entirety as follows:

"1.2 THE MERGER CONSIDERATION.

(a) THE MERGER CONSIDERATION. The consideration to be paid by the Buyer for the Shares pursuant to the Merger (the "MERGER CONSIDERATION") shall consist of the sum of (i) $4,000,000, plus (ii) the Net Book Value (as defined in Section 1.2(c)(1) below).

(b) PAYMENT OF THE MERGER CONSIDERATION. The Merger Consideration shall be paid as follows:

(1) (A) At the Closing, the sum of $5,081,000 shall be payable by the Buyer to the Seller by wire transfer of immediately available funds to the account of the Seller, which shall be designated by the Seller in writing at least one full Business Day prior to the Closing Date (as defined in Article 2 hereof). The sum of $500,000 (the "ESCROW AMOUNT") shall be placed in escrow with First Union National Bank or another escrow agent mutually acceptable to the parties hereto (the "ESCROW AGENT") by the Buyer in accordance with the escrow agreement in the form of Exhibit B hereto, with such other changes thereto as the Escrow Agent shall reasonably request (the "ESCROW AGREEMENT"). For purposes of this Agreement, a "BUSINESS DAY" is a day other than a Saturday, a Sunday or a day on which banks are required to be closed in the State of North Carolina.

(B) The term of the Escrow Agreement shall be for a period of ninety (90) days from the Closing Date (or such longer period of time as shall be necessary to complete the determination of Net Book Value pursuant to Section 1.2(c) below). If, as of the date which is ninety (90) days from the Closing Date (or such later date as shall be necessary to complete the determination of the Net Book Value pursuant to Section 1.2(c) below), the Buyer shall have made no claims in respect of any Net Book Value Shortfall (as defined in Section 1.2(c) below), the Buyer will execute a joint instruction with the Seller pursuant to the Escrow Agreement to instruct the Escrow Agent to pay all of the Escrow Amount to the Seller pursuant to the terms of the Escrow Agreement.

(2) (A) At the Closing, the Buyer shall issue to the Seller 3,750 shares of the Buyer's Class A Convertible Preferred Stock, Series II (the "PREFERRED STOCK"). The Preferred Stock will be convertible into shares of the Buyer's Class A Common Stock, par value $.01 per share (the "COMMON STOCK"), as provided in the Certificate of Designation, Preferences and Rights with respect to the Preferred Stock, a copy of which is attached as Exhibit C-1 hereto. At the Closing, the Seller will execute and deliver to the Buyer a Certificate Regarding Restricted Securities in substantially the form of Exhibit C-2 hereto.

(B) At the Closing, the Buyer shall also issue to the Seller that number of unregistered shares of Common Stock obtained by dividing $2,250,000 by an amount equal to eighty-five percent (85%) of the Market Price (as defined in the Certificate of Designation, Preferences and Rights with respect to the Preferred Stock) determined as of the Closing Date (such unregistered shares of Common Stock being hereinafter called the "LOCK-UP COMMON SHARES"). The Seller hereby agrees that, notwithstanding the effectiveness of the Shelf Registration Statement (as defined in Subsection 1.2(b)(3) below), he will not offer, sell, contract to sell, pledge, or otherwise dispose of in any way, directly or indirectly, any of the Lock-up Common Shares for a period of one hundred eighty (180)

days from the Closing Date. The Lock-up Common Shares will be registered by the Buyer in the Shelf Registration Statement referred to and defined in Subsection 1.2(b)(3) below.

(3) As promptly as possible after the Closing, but in no event later than July 31, 1999, the Buyer shall cause all of the Lock-up Common Shares and all of shares of Common Stock issuable upon conversion of the Preferred Stock (the "CONVERSION COMMON SHARES") to be registered for resale by the Seller under a "shelf" registration statement (the "SHELF REGISTRATION STATEMENT") filed with the Securities and Exchange Commission (the "SEC")under the Securities Act of 1933, as amended (the "SECURITIES ACT"). Upon the effectiveness of the Shelf Registration Statement, the Seller will convert all shares of the Preferred Stock then held by it into the Conversion Common Shares not later than September 1, 1999. Notwithstanding the effectiveness of the Shelf Registration Statement, the Seller hereby agrees that he will not offer, sell, contract to sell, pledge or otherwise dispose

of in any way, directly or indirectly, any of the Conversion Common Shares until August 1, 1999. All Lock-up Common Shares and Conversion Common Shares registered pursuant to this Subsection (3) are hereinafter called the "REGISTERED COMMON SHARES."

(4) The Seller also agrees and acknowledges, with regard to the offer or resale by him of any of the Registered Common Shares, that:

(A) all resales by him of Registered Common Shares shall be effected only pursuant to a current prospectus or supplements thereto which are a part of the Shelf Registration Statement (the "RESALE PROSPECTUS");

(B) any offering of any of the Registered Common Shares under the Resale Prospectus by the Seller will be effected in an orderly manner through a securities dealer, acting as broker or dealer, selected by the Buyer in its sole discretion (the "DESIGNATED BROKER");

(C) if requested by the Buyer, the Seller will enter into one or more custody agreements with one or more banks with respect to the Registered Common Shares so that all such Shares are held in the custody of such bank or banks until offered pursuant to clause (B) above;

(D) the Seller will make resales of Registered Common Shares only by one or more methods described in the Resale Prospectus, as appropriately supplemented or amended when required;

(E) since the Registered Common Shares are "restricted securities" within the meaning of Rule 145 promulgated by the SEC under the Securities Act ("RULE 145"), the certificates representing the Registered Common Shares will be issued by the Buyer to the Seller with such legends as the Buyer may reasonably require until such shares are offered pursuant to the foregoing terms under the Resale Prospectus, at which time such certificates shall be tendered to the Buyer by the Seller and a new certificate or certificates without legends shall be issued by the Buyer to the Designated Broker in order to settle any resales by the Seller;

(F) the Seller shall provide the Buyer with all information concerning the Seller and his resale of the Registered Common Shares as may then be required by the Securities Act and shall indemnify the Buyer for any liabilities arising under the Securities Act, the Securities Exchange Act of 1934 or any state securities laws resulting from any material misstatements in, or omissions of material information from, such information provided by the Seller to the Buyer pursuant to this clause (F);

(G) the Seller shall pay any and all expenses directly related to the resale of the Registered Common Shares, including, but not limited to, the commissions or fees of the Designated Broker, but excluding the fees and expenses of the custodial

bank or banks holding the Registered Common Shares, if applicable, which shall be borne by the Buyer;

(H) the Buyer shall have no obligation to maintain the currency of any prospectus, permit the use of any prospectus or maintain the effectiveness of the Shelf Registration Statement for the resale of the Registered Common Shares once all of the Registered Common Shares that remain unsold may be sold by the Seller without restriction pursuant to Rule 145; and

(I) the Seller has received a copy of the Buyer's most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q and proxy statement as well as all its Current Reports on Form 8-K since the end of the Buyer's last fiscal year.

(5) The Buyer also agrees that, in connection with Subsection (3) above:

(A) the Buyer shall pay all expenses, including legal and accounting fees, in connection with the preparation, filing and maintenance of the Shelf Registration Statement, including amendments thereto, the Resale Prospectus, including supplements thereto, the issuance of certificates representing the Registered Common Shares, and other expenses incurred by the Buyer in meeting its obligations as set forth in Subsection (3) above;

(B) the Buyer shall indemnify the Seller for any liabilities arising under the Securities Act, the Securities Exchange Act of 1934 or any state securities laws resulting from any material misstatements in, or omissions of material information from, the Resale Prospectus or the Shelf Registration Statement, including the information incorporated by reference therein, except for liabilities required to be indemnified by Seller under Subsection (4)(F) above;

(C) The Buyer shall also list the Registered Common Shares for trading on the New York Stock Exchange; and

(D) Subject to the provisions of Subsection (4) (H) above, the Buyer shall maintain the currency of the Shelf Registration Statement and the prospectus related thereto.

(6) Notwithstanding any provision of this Agreement to the contrary, the Seller shall not have any right to take any action (and the Seller hereby agrees that he shall not take any action) to restrain, enjoin or otherwise delay any

registration as a result of any controversy that might arise with respect to the interpretation or implementation of this Agreement. Nothing contained in this subsection (6) shall prevent Seller from making a claim for monetary relief.

(d) Section 3.20 of the Merger Agreement is hereby amended to delete the date of "December 31, 1997" as it appears on the first line thereof and to insert in its place the date of "December 31, 1998."

3. CONCERNING THE CLOSING BALANCE SHEET ADJUSTMENT PROCEDURES.

(a) Notwithstanding the provisions of Section 1.2 (c)(1) of the Merger Agreement, the Closing Balance Sheet shall give effect to the Reorganization. Accordingly, (i) references to the "Companies" shall be deemed references only to JN, after the Autoworld Merger, the Chevrolet Merger and the Spin-Offs, and (ii) the tax liabilities of the Companies reflected in the Closing Balance sheet shall include any and all tax liabilities associated with the Spin-Offs as well as with the Autoworld Merger and the Chevrolet Merger. Except as herein provided, the Closing Balance Sheet shall be determined as provided in Section 1.2 (c)(1) of the Merger Agreement.

(b) The reserve in the Closing Balance Sheet for liabilities in connection with the issuance of extended warranties, as referred to in clause (F) of Section 1.2(c)(1) of the Merger Agreement, shall include reserves with respect to the Hartsville operations and shall not exceed an aggregate total of $540,000, and the reserve in the Closing Balance Sheet for finance and insurance chargebacks shall not exceed $25,000. The parties also agree that the Closing Balance Sheet shall reflect a used vehicle valuation of $1,654,903.

(c) Section 1.2 (c)(3) of the Merger Agreement is hereby amended to read in its entirety as follows:

(3) (A) To the extent that the Net Book Value, as deemed mutually agreed by the parties or as determined by the Accountants, as aforesaid, is greater than $7,581,000 (the "NET BOOK VALUE EXCESS"), the Buyer shall be obligated to pay the amount of the Net Book Value Excess promptly to the Seller. Payment of fifty-one percent (51%) of the Net Book Value Excess shall, subject to the provisions of Subparagraphs (B), (C), and (D) below, be by the issuance of additional shares of Preferred Stock at the rate of one whole share of Preferred Stock for each $1,000 of such Net Book Value Excess (no fractional shares of Preferred Stock are to be issued; any such fractional shares are to be paid in cash). Such additional shares of Preferred Stock are hereinafter called the "ADDITIONAL PREFERRED SHARES." Payment of forty-nine percent (49%) of the Net Book Value Excess shall be made in cash in the same manner as the payment of the cash portion of the Merger Consideration at the Closing. Payment of the Net Book Value Excess (whether the same be paid in shares of the Buyer's stock or in cash) shall be made together with interest, payable in cash, on the amount of the Net Book Value Excess at the Buyer's floor plan financing rate from time to time in effect (the "INTEREST RATE") from the

Closing Date to the date of such payment. Notwithstanding the foregoing agreement of the parties regarding the payment of the cash portion of any Net Book Value Excess, the Seller may request a larger number of Additional Preferred Shares (and/or Additional Common Shares or Additional Lock-up Common Shares pursuant to Subparagraphs (B), (C) and (D) below), and a corresponding smaller amount of cash, if the Seller believes that the reimbursement by the Buyer of the Seller's capital gains tax liability on such cash portion pursuant to Section 1.2(c)(4) below will cause more than forty-nine percent (49%) of the Merger Consideration to be paid in cash. Such request shall be made in writing by the Seller to the Buyer prior to the payment of the Net Book Value Excess and shall specify the larger number of Additional Preferred Shares and/or Additional Common Shares or Additional Lock-up Common Shares pursuant to Subparagraphs (B), (C) and (D) below) and the corresponding reduction of such cash. In the event that such request shall be made, the Buyer will pay the Net Book Value Excess in the respective portions of Additional Preferred Shares (and/or Additional Common Shares or Additional Lock-up Common Shares pursuant to Subparagraphs (B), (C) and (D) below) and cash specified in such request, and the Buyer's obligation to reimburse the Seller for capital gains taxes pursuant to Section 1.2(c)(4) below will be calculated based upon such reduced cash portion specified in such request by the Seller. To the extent that the Net Book Value, as deemed mutually agreed by the parties or as determined by the Accountants, as aforesaid, is less than $7,581,000 (the "NET BOOK VALUE SHORTFALL"), the Seller shall be obligated to pay the amount of the Net Book Value Shortfall promptly to the Buyer. In furtherance of such obligation of the Seller, the parties shall execute and deliver to the Escrow Agent a joint instruction to deliver up to all of the Escrow Amount to the Buyer. To the extent that the Net Book Value Shortfall exceeds the Escrow Amount, the Seller shall be obligated to pay the amount of such excess promptly to the Buyer, together with interest, payable in cash, on the amount of such excess at the Interest Rate from the Closing Date to the date of such payment. Any interest earned on the Escrow Amount shall be paid to the Buyer and/or the Seller in proportion to their respective shares of the Escrow Amount paid to them.

(B) The Seller may, by written request delivered to the Buyer at any time on or prior to the twentieth (20th) day after the Closing, request the Buyer to provide the Seller with a prospectus (the "PROSPECTUS") with respect to the Buyer's offer and sale to the Seller of registered shares of Common Stock in lieu of up to all of the Additional Preferred Shares. In the event that the Seller shall deliver such request to the Buyer, the Buyer shall use its best reasonable efforts to deliver the Prospectus to the Seller within fifty (50) days after the Closing. At the option of the Seller, exercisable by written notice to the Buyer (the "SELLER'S NOTICE") not sooner than twenty (20) days after the receipt by the Seller from the Buyer of the Prospectus, the Buyer shall be obligated to issue to the Seller, not later than ten (10) days after receipt of the Seller's Notice, in lieu of up to all of the Additional Preferred Shares, that number of registered shares of Common Stock (the "ADDITIONAL COMMON SHARES") which would be issued on conversion of the number

of such Additional Preferred Shares specified in the Seller's Notice if such number of Additional Preferred Shares specified in the Seller's Notice were converted on the date of delivery to the Buyer of the Seller's Notice; provided, however, as to any and all of the Additional Preferred Shares, the Seller may, in the Seller's Notice, elect to take the value of up to all of the Additional Preferred Shares (valued at $1,000 per share) in that number of whole shares of registered Common Stock (the "ADDITIONAL LOCK-UP COMMON SHARES") which would be issuable upon conversion of the number of Additional Preferred Shares specified in the Seller's Notice if such Additional Preferred Shares specified in the Seller's Notice were converted on the date of delivery to the Buyer of the Seller's Notice utilizing a Market Price equal to eighty-five percent (85%) of the Market Price which would otherwise be applicable to such conversion on such date.

(C) The offer and sale of the Additional Conversion Common Shares and/or the Additional Lock-up Common Shares by the Buyer shall be registered under an effective registration statement filed by the Buyer with the SEC. Such Additional Common Shares and/or Additional Lock-up Common Shares shall be deemed to be "Registered Common Shares" and the provisions of Sections 1.2(b)(4) and (5) above shall be applicable thereto. To the extent required by law, the Buyer shall prepare as soon as reasonably practicable after the issuance of the Additional Conversion Common Shares and/or the Additional Lock-up Common Shares a prospectus supplement or post-effective amendment to such registration statement that would permit the offer and resale of such Registered Common Shares from time to time by the Seller. The Buyer shall also use its best reasonable efforts to list such Registered Common Shares for trading on the New York Stock Exchange.

(D) The Seller hereby agrees not to offer, sell, contract to sell, pledge, or otherwise dispose of in any way, directly or indirectly, any of the Additional Lock-up Common Shares for a period of one hundred eighty (180) days from their date of issuance. Provided that the Additional Conversion Common Shares are issued prior to August 1, 1999, the Seller also agrees not to offer, sell, contract to sell, pledge, or otherwise dispose of in any way, directly or indirectly, any of the Additional Conversion Common Shares until August 1, 1999.

(E) In the event that the Seller shall fail to give the Seller's Notice, the Buyer's sole obligation with respect to the Additional Preferred Shares shall be to make available "current public information" within the meaning of subsection (c)(1) of Rule 144 promulgated by the SEC under the Securities Act ("RULE 144"), and to remove stock transfer instructions and restrictive legends from certificates representing the shares of Common Stock issuable upon conversion of the Additional Preferred Shares when such shares of Common Stock issuable upon conversion of the Additional Preferred Shares may be sold without restriction under Rule 144.

4. DARRELL HUDSON ASSIGNMENT AND AGREEMENT TO INDEMNIFY.

Immediately prior to the Chevrolet Merger, the Seller shall cause Chevrolet to assign, sell and transfer unto the Seller, his heirs and assigns, all rights, title and interest of Chevrolet in and to the following (all of the following being the "HUDSON ASSETS"):

(a) All claims to the return of Chevrolet funds expended at the premises located at 4779 Sunset Boulevard, Lexington, South Carolina;

(b) All Personal property located (or previously located) at, and the lease in connection with, 4779 Sunset Boulevard, Lexington, South Carolina;

(c) All claims for overpayment of compensation to Darrell Hudson;

(d) Equipment and personal property owned by Chevrolet and in the possession of Darrell Hudson or Bob Hudson;

(e) Ricon Lift franchise; and

(f) Any other restitution due to Chevrolet from Darrell Hudson.

The Seller does hereby agree to assume and become responsible for the payment or

performance of any and all liabilities and obligations, of any kind, character and description, fixed or contingent, if any, of the Companies to Darrell and/or Bob Hudson (the "HUDSON LIABILITIES").

5. INDEMNIFICATION BY THE SELLER. The Seller hereby agrees to indemnify and hold all Buyer Indemnitees harmless, in accordance with he provisions of Article 9 of the Merger Agreement, for any and all Buyer's Damages arising out of, based upon, in connection with, or as a result of any and all of the following:

(a) TERRY W. FORDAROY, ET. AL. V. NEWSOME AUTO WORLD AND ALLSTATE INSURANCE COMPANY, Civil Action No. 97-CP-21-94, and all other claims, suits or causes of action arising out of or based upon the occurrence which gave rise to such litigation;

(b) all claims, suits or causes of action by Mt. Hope Cemetery Association;

(c) the Reorganization; and

(d) the Hudson Liabilities and all claims, suits or causes of action by Darrell Hudson and/or Bob Hudson arising out of or based upon the Lexington, South Carolina operations between the Seller and/or more of his Affiliates and Darrell Hudson including, without limitation, the matters set forth in Section 4 above and the transfer of the Hudson Assets.

6. MERGER AGREEMENT CONFIRMED. Except as provided in this Amendment, the Merger Agreement is hereby confirmed, as amended hereby, and shall continue in full force and effect.

7. CONCERNING WACHOVIA. The Buyer will cause the Seller to be released from his personal guaranty to Wachovia Bank N.A., with respect to the floor plan indebtedness of Newsome Automotive, LLC and Imports of Florence, LLC, within 30 days after the Closing. Pending such release, the Buyer will indemnify the Seller to the fullest extent contemplated by Section 9.3 of the Merger Agreement, for any amounts paid by him under such guaranty.

[REMAINDER OF PAGE INTENTIONALLY BLANK - SIGNATURES FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day, month and year first above written.

BUYER: SONIC AUTOMOTIVE, INC.

By: /s/ B. Scott Smith

Name: B. Scott Smith
Title: President

SELLER: JOHN H. NEWSOME, JR.

/s/ John H. Newsome, Jr.

THE COMPANIES: JN MANAGEMENT CO.

By: /s/ John H. Newsome, Jr.

Name: John H. Newsome, Jr.
Title: President

NEWSOME CHEVROLET WORLD, INC.

By: /s/ John H. Newsome, Jr.

Name: John H. Newsome, Jr.
Title: President

CROSS-INDEMNIFICATION BY MEMBERS. The undersigned, being the "Members" under the Asset Purchase Agreement, as an inducement for the execution and delivery by the Buyer of the foregoing Amendment No. 1 and Supplement to the Merger Agreement, do hereby, jointly and severally among themselves and with the Seller, agree to indemnify all Buyer Indemnitees for all Buyer's Damages for the matters specified in Section 9.2 of the Merger Agreement, as well as for the matters specified in Section 5 above, to the fullest extent provided in Article 9 of the Merger Agreement.

/s/ John H. Newsome, III

John H. Newsome, III

/s/ Patricia M. Newsome

Patricia M. Newsome

INDEPENDENT AUDITORS' CONSENT

To the Board of Directors and Stockholders of
Sonic Automotive, Inc.:

We consent to the incorporation by reference in this Registration Statement of Sonic Automotive, Inc. on Form S-3 of (i) our report dated February 16, 1999 on the consolidated financial statements of Sonic Automotive, Inc. and Subsidiaries as of December 31, 1997 and 1998 and for each of the three years in the period ended December 31, 1998; (ii) our report dated March 26, 1999 on the combined financial statements of Williams Automotive Group as of and for the year ended December 31, 1998; (iii) our report dated March 16, 1999 on the financial statements of Economy Cars, Inc. as of and for the year ended December 31, 1998; (iv) our report dated March 26, 1999 on the financial statements of Global Imports, Inc. as of and for the year ended December 31, 1998; (v) our report dated March 12, 1999 on the combined financial statements of Newsome Automotive Group as of and for the year ended December 31, 1998; (vi) our report dated March 15, 1999 on the combined financial statements of Lloyd Automotive Group as of and for the year ended December 31, 1998; and (vii) our report dated March 24, 1999 on the financial statements of Lute Riley Motors, Inc. as of and for the year ended December 31, 1998, all appearing in the Prospectus dated April 29, 1999 that was included in Sonic Automotive, Inc.'s Registration Statement on Form S-3 (Registration No. 333-71803). We also consent to the incorporation by reference in this Registration Statement of Sonic Automotive, Inc. on Form S-3 of our report dated May 22, 1998 on the combined financial statements of Hatfield Automotive Group as of December 31, 1996 and 1997 and for each of the three years in the period ended December 31, 1997, our report dated June 4, 1998 on the financial statements of Casa Ford of Houston, Inc. as of and for the year ended December 31, 1997 and our report dated August 21, 1998 on the financial statements of Higginbotham Automotive Group as of and for the year ended December 31, 1997, all appearing in the Prospectus dated November 5, 1998 that was included in Sonic Automotive, Inc.'s Registration Statement on Form S-4 (Registration Nos. 333-64397 and 333-64397-001 through 333-64397-044).

We also consent to the reference to us under the heading "Experts" in the Prospectus, which is part of this S-3 Registration Statement.

/s/ Deloitte & Touche LLP

Charlotte, North Carolina

July 9, 1999