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

FORM 8-K

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

Date of Report (Date of earliest event reported): December 27, 2004

SONIC AUTOMOTIVE, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

1-13395
(Commission File Number)

56-201079
(IRS Employer Identification No.)

5401 E. Independence Boulevard,
Charlotte, North Carolina
(Address of principal executive offices)

28212
(Zip Code)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

On December 27, 2004, Sonic Automotive, Inc. (“Sonic”) entered into an employment agreement (the “Employment Agreement”) with Mark J. Iuppenlatz, Sonic’s Executive Vice President of Corporate Development.

Under the terms of the Employment Agreement, Sonic will employ Mr. Iuppenlatz through September 1, 2007, subject to automatic extension for successive one-year periods. The Employment Agreement sets forth the basic terms of employment for Mr. Iuppenlatz, including the initial base salary of \$500,000. The Employment Agreement also provides for an annual performance-based cash bonus and participation in Sonic’s benefit programs. The Employment Agreement provides for initial grants of shares of restricted stock and nonstatutory stock options, and eligibility for future grants at the sole discretion of the Compensation Committee of Sonic’s Board of Directors. Mr. Iuppenlatz was granted 30,000 shares of restricted stock and nonstatutory stock options to acquire 25,000 shares. These grants, which are subject to forfeiture and termination of vesting under certain circumstances, were reported on a Form 4 filed by Mr. Iuppenlatz on September 7, 2004.

The Employment Agreement contains restrictive covenants that prohibit, during periods defined in the Employment Agreement and subject to certain limited exceptions, (i) competing with Sonic, (ii) employing or soliciting Sonic’s employees, (iii) interfering with Sonic’s relationships with its customers or vendors and (iv) disclosing or using in an unauthorized manner any of Sonic’s confidential or proprietary information. The Employment Agreement also provides for severance arrangements in the event Mr. Iuppenlatz’s employment is terminated by Sonic other than for cause. Sonic will not be obligated to pay severance if Mr. Iuppenlatz violates the restrictive covenants of his Employment Agreement. These restrictive covenants generally apply for a period of two years following the later of the expiration or termination of employment under the Employment Agreement. However, in the event that Mr. Iuppenlatz elects to terminate his employment or he elects not to renew his Employment Agreement, the restrictive covenants will expire one year following the date of termination. In either case, the restrictive covenants limit Mr. Iuppenlatz’s competitive activities within any Standard Metropolitan Statistical Area or county in which Sonic has a place of business on the date of expiration or termination of the Employment Agreement.

SIGNATURES

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

SONIC AUTOMOTIVE, INC.

By: /s/ Stephen K. Coss

Stephen K. Coss
Senior Vice President and General Counsel

Dated: December 30, 2004