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

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**FORM 8-K**

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**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported): August 2, 2006**

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**SONIC AUTOMOTIVE, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction of incorporation)

**1-13395**  
(Commission File Number)

**56-201079**  
(IRS Employer Identification No.)

**6415 Idlewild Road, Suite 109**  
**Charlotte, North Carolina**  
(Address of principal executive offices)

**28212**  
(Zip Code)

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

**N/A**

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

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

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

On August 2, 2006, we issued a press release announcing results for our fiscal quarter and six month period ended June 30, 2006.

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

**Item 7.01. Regulation FD Disclosure.**

On August 2, 2006, we issued a press release announcing the approval of a quarterly cash dividend.

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

**Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits.*

99.1 Press release of Sonic Automotive, Inc. dated August 2, 2006

99.2 Earnings call presentation materials

99.3 Press release of Sonic Automotive, Inc. dated August 2, 2006

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**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: August 2, 2006

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**INDEX TO EXHIBITS**

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<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release of Sonic Automotive, Inc. dated August 2, 2006
99.2	Earnings call presentation materials
99.3	Press release of Sonic Automotive, Inc. dated August 2, 2006

*Sonic Automotive, Inc. Reports Strong Operating Performance for the Second Quarter*

**CHARLOTTE, N.C.** – August 2, 2006 – Sonic Automotive, Inc. (NYSE: SAH), a leader in automotive retailing, today announced that revenue for the second quarter 2006 increased \$181 million or 9.8% from second quarter 2005. This was driven by strong same store sales performance (up 3.7%) and the impact of acquisitions. Sales of used vehicles were very strong, with a total revenue increase of 20.9%. Same store used vehicle revenue was up 15%.

Second quarter 2006 earnings from continuing operations were \$18.6 million, or \$0.42 per diluted share, compared to \$28.3 million, or \$0.65 per diluted share, in the prior year period. During the second quarter of 2006, the Company recorded charges of \$27.6 million, or \$0.27 per diluted share from continuing operations and \$0.11 per diluted share from discontinued operations. As discussed on the Company's conference call on July 19, 2006, these charges resulted primarily from the Company's decision to exit certain facility leases and cancel various facility improvement projects. The results for the quarter ended June 30, 2006 also include \$0.01 per diluted share of stock option expense related to the Company's adoption of SFAS 123R.

Selling, general and administrative expenses as a percentage of gross profit was 78.7% for the quarter compared with 75.4% a year ago. Absent the charges noted above, it was 74.1%, an improvement of 130 basis points, and the Company's operating margin would have been the highest since 2002.

"We continue to be excited by the results of our key operating initiatives. During the quarter, we were able to increase our same store revenue while maintaining margin," said President and Chief Operating Officer Jeffrey C. Rachor. "In an increasingly competitive new vehicle environment, our used vehicle sales initiative and fixed operation performance continues to drive our overall profitability. All segments of our business showed strong growth and we are particularly pleased that, for the first time in the Company's history, we exceeded a 50% gross margin in our fixed operations business. This is a testament to the strength of our brand mix and the effectiveness of our core operating strategies."

Presentation materials for the Company's August 2, 2006 earnings conference call can be accessed on the Company's website at [www.sonicautomotive.com](http://www.sonicautomotive.com) by clicking on the "For Investors" tab and choosing "Webcasts & Presentations" on the left side of the screen.

About Sonic Automotive

Sonic Automotive, Inc., a Fortune 300 company based in Charlotte, N.C., is one of the largest automotive retailers in the United States operating 173 franchises and 38 collision repair centers. Sonic can be reached on the Web at [www.sonicautomotive.com](http://www.sonicautomotive.com).

Included herein are forward-looking statements. There are many factors that affect management's views about future events and trends of the Company's business. These factors involve risk and uncertainties that could cause actual results or trends to differ materially from management's view, including without limitation, economic conditions, risks associated with acquisitions and the risk factors described in the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2006. The Company does not undertake any obligation to update forward-looking information.

**Sonic Automotive, Inc.**

**Results of Operations (unaudited)**

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

	Three Months Ended		Six Months Ended	
	6/30/2006	6/30/2005	6/30/2006	6/30/2005
<b>Revenues</b>				
Retail new vehicles	\$ 1,153,155	\$ 1,067,403	\$ 2,172,729	\$ 1,953,941
Fleet vehicles	96,207	90,411	181,318	169,579
New vehicles	1,249,362	1,157,814	2,354,047	2,123,520
Used vehicles	336,726	278,580	637,352	539,876
Wholesale vehicles	128,451	129,558	257,721	239,143
Total vehicles	1,714,539	1,565,952	3,249,120	2,902,539
Parts, service and collision repair	273,446	240,844	540,394	466,641
Finance, insurance and other	45,755	46,153	91,724	87,619
Total revenues	2,033,740	1,852,949	3,881,238	3,456,799
Total gross profit	307,994	279,023	600,026	530,026
SG&A expenses	242,537	210,429	469,996	408,672
Depreciation	6,870	3,622	11,637	7,025
Operating income	58,587	64,972	118,393	114,329
Interest expense, floor plan	15,610	8,777	27,742	16,167
Interest expense, other	11,022	11,054	22,785	21,672
Other (expense) / income	(1)	12	(667)	24
Income from continuing operations before taxes	31,954	45,153	67,199	76,514
Income taxes	13,380	16,873	26,880	28,578
Income from continuing operations	18,574	28,280	40,319	47,936
<b>Discontinued operations:</b>				
Loss from operations and the sale of discontinued franchises	(10,299)	(1,945)	(17,827)	(5,927)
Income tax benefit	3,913	669	6,778	2,107
Loss from discontinued operations	(6,386)	(1,276)	(11,049)	(3,820)
<b>Net income</b>	<b>\$ 12,188</b>	<b>\$ 27,004</b>	<b>\$ 29,270</b>	<b>\$ 44,116</b>
<b>Diluted:</b>				
Weighted average common shares outstanding	46,270	45,421	46,238	45,440
Earnings per share from continuing operations	\$ 0.42	\$ 0.65	\$ 0.92	\$ 1.10
Loss per share from discontinued operations	(\$ 0.13)	(\$ 0.03)	(\$ 0.24)	(\$ 0.08)
Earnings per share	\$ 0.29	\$ 0.62	\$ 0.68	\$ 1.02

**Gross Margin Data (Continuing Operations):**

Retail new vehicles	7.7%	7.7%	7.6%	7.6%
Fleet vehicles	2.5%	2.8%	2.9%	2.9%
Total new vehicles	7.3%	7.3%	7.3%	7.2%
Used vehicles retail	10.4%	10.3%	10.6%	10.5%
Total vehicles retail	8.0%	7.9%	8.0%	7.9%
Parts, service and collision repair	50.2%	49.6%	49.9%	49.5%
Finance, insurance and other	100.0%	100.0%	100.0%	100.0%
Overall gross margin	15.1%	15.1%	15.5%	15.3%

**SG&A Expenses (Continuing Operations):**

Personnel	\$ 139,194	\$ 124,638	\$ 273,425	\$ 241,217
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Advertising	16,434	15,075	30,686	28,407
Facility rent	24,526	19,418	47,422	38,111
Other	62,383	51,298	118,463	100,937
Total	<u>\$ 242,537</u>	<u>\$ 210,429</u>	<u>\$ 469,996</u>	<u>\$ 408,672</u>

**Unit Data (Continuing Operations):**

New retail units	36,673	34,376	67,908	63,177
Fleet units	4,436	4,232	8,336	7,807
New units	41,109	38,608	76,244	70,984
Used units	17,460	15,052	33,170	29,626
Total units retailed	58,569	53,660	109,414	100,610
Wholesale units	13,582	14,425	26,593	26,536
Average price per unit:				
New retail vehicles	31,444	31,051	31,995	30,928
Fleet vehicles	21,688	21,364	21,751	21,721
Total new vehicles	30,391	29,989	30,875	29,915
Used vehicles	19,286	18,508	19,215	18,223
Wholesale vehicles	9,457	8,981	9,691	9,012

**Other Data:**

Same store revenue percentage changes:				
New retail	1.8%		3.6%	
Fleet	4.8%		5.4%	
New total	2.0%		3.8%	
Used	15.0%		11.7%	
Parts, service and collision repair	5.5%		6.5%	
Finance, insurance and other	-2.5%		1.7%	
Total	<u>3.7%</u>		<u>5.1%</u>	

<b>Balance Sheet Data:</b>	<u>6/30/2006</u>	<u>12/31/2005</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 18,342	\$ 7,566
Receivables, net	340,437	396,225
Inventories	1,051,815	1,016,457
Assets held for sale	219,358	73,837
Construction in progress expected to be sold in sale-leaseback transactions	70,500	95,131
Other current assets	28,293	27,484
Total current assets	1,728,745	1,616,700
Property and Equipment, Net	174,487	148,267
Goodwill, Net	1,153,168	1,122,538
Other Intangibles, Net	80,200	88,696
Other Assets	58,380	49,300
<b>TOTAL ASSETS</b>	<u><b>\$3,194,980</b></u>	<u><b>\$3,025,501</b></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Floor plan notes payable—trade	\$ 450,602	\$ 579,022
Floor plan notes payable—non-trade	649,370	410,296
Trade accounts payable	80,583	91,101
Accrued interest	18,687	17,378
Other accrued liabilities	172,172	167,060
Liabilities associated with assets held for sale—trade	93,334	45,953
Liabilities associated with assets held for sale—non-trade	57,323	6,937
Current maturities of long-term debt	2,727	2,747
Total current liabilities	1,524,798	1,320,494
LONG-TERM DEBT	644,863	712,311
OTHER LONG-TERM LIABILITIES	37,532	29,479
DEFERRED INCOME TAXES	131,140	132,419
STOCKHOLDERS' EQUITY	856,647	830,798
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u><b>\$3,194,980</b></u>	<u><b>\$3,025,501</b></u>
<b>Balance Sheet Ratios:</b>		
Current Ratio	1.13	1.22
Debt to Total Capital, Net of Cash	42.3%	46.0%



Exhibit 99.2





# Cautionary Notice Regarding Forward-Looking Statements

- This presentation contains statements that constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.
- These forward-looking statements are not historical facts, but only predictions by our company and/or our company’s management.
- These statements generally can be identified by lead-in words such as “believe,” “expect” “anticipate,” “intend,” “plan,” “foresee” and other similar words. Similarly, statements that describe our company’s objectives, plans or goals are also forward-looking statements.
- You are cautioned that these forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors. Among others, factors that could materially adversely affect actual results and performance include those risk factors that are listed in Sonic Automotive’s Form 10-Q for the quarter ended March 31, 2006.



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Sonic Automotive

Second Quarter 2006

Earnings Review

August 2, 2006



# The Quarter in Review

- Total revenue increased \$181 million, or 9.8%, for the quarter. Total same store revenue increased 3.7% driven by used vehicles increase of 15% and fixed operations growth of 5.5%
- Brand mix continues to drive results
  - Luxury was 49.4% of total revenues
  - Combined luxury and import brands were 81.7%
  - Operating profit before Q2 charges was 3.8%
- SG&A as a percent of gross profit improved 130 basis points before considering Q2 charges
- Debt to cap declined 210 basis points to end the quarter at 42.3%

# Financial Performance

(amounts in millions, except per share data)	Q2		YTD	
	2006	Better/(Worse) Than 2005	2006	Better/(Worse) Than 2005
<b>Revenue</b>	\$2,034	\$181	\$3,881	\$424
<b>Gross Profit</b>	\$308	\$29	\$600	\$70
<b>Operating Profit</b>	\$59	\$(6)	\$118	4
<b>Net Income</b>				
– Continuing Operations	\$18.6	\$(9.7)	\$40.3	\$(7.6)
– Total Operations	12.2	(14.8)	29.3	(14.8)
<b>EPS</b>				
– Continuing Operations	\$0.42 *	\$(0.22)	\$0.92 *	\$(0.19)
– Total Operations	0.29	(0.33)	0.68	(0.34)

\* Includes stock option expense of \$0.01 for the quarter and \$0.03 YTD

Note: Q2 2006 results include \$27.6 million (\$0.27 per share continuing operations and \$0.11 per share discontinued operations) of charges related primarily to the Company's decision to exit various facility leases and cancel certain facility improvement projects.

# Same Store Results

Second Quarter 2006  
vs Prior Year

	<u>Revenue</u>	<u>Gross Profit</u>
New	2.0%	3.3%
Used	15.0%	13.6%
Fixed Operations	5.5%	6.6%
F&I	(2.5)%	(2.5)%
Total	3.7%	4.3%

- Solid results overall driven by strong used vehicle and fixed operations performance
- Sonic's new vehicle same store results continue to outperform the industry
- F&I same store revenue and gross profit growth without the Q2 reserve adjustment was 10.1%

# Used Vehicles

	<u>Overall</u>	<u>Same Store</u>
Revenue Growth (vs Q2 2005)	20.9%	15.0%
% of total revenue	16.6%	16.8%
Gross Profit Growth (vs Q2 2005)	21.4%	13.6%
Gross Margin	10.4%	10.4%

- Growth at our Champion stores continues to outperform our other stores
- Certified pre-owned sales were 34.7% of our overall unit sales

# Fixed Operations

Q2 2006

## Revenue Growth

Overall	13.5%
Same Store	5.5%

## Gross Profit Growth

Overall	14.8%
Same Store	6.6%

Dealership level fixed absorption	88.2%
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## Portfolio Enrichment

	<u>Q2 2006</u>	<u>Q2 2005</u>
<i>% of Total Revenues</i>		
<b>Luxury and Import</b>	<b>74%</b>	<b>69%</b>
<b>Cadillac</b>	<b>8%</b>	<b>11%</b>
<b>Subtotal</b>	<b>82%</b>	<b>80%</b>
<b>Other Domestic</b>	<b>17%</b>	<b>19%</b>
<b>Non-Franchised</b>	<b>1%</b>	<b>1%</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>
<b>Memo: Luxury Including Cadillac</b>	<b>49%</b>	<b>48%</b>

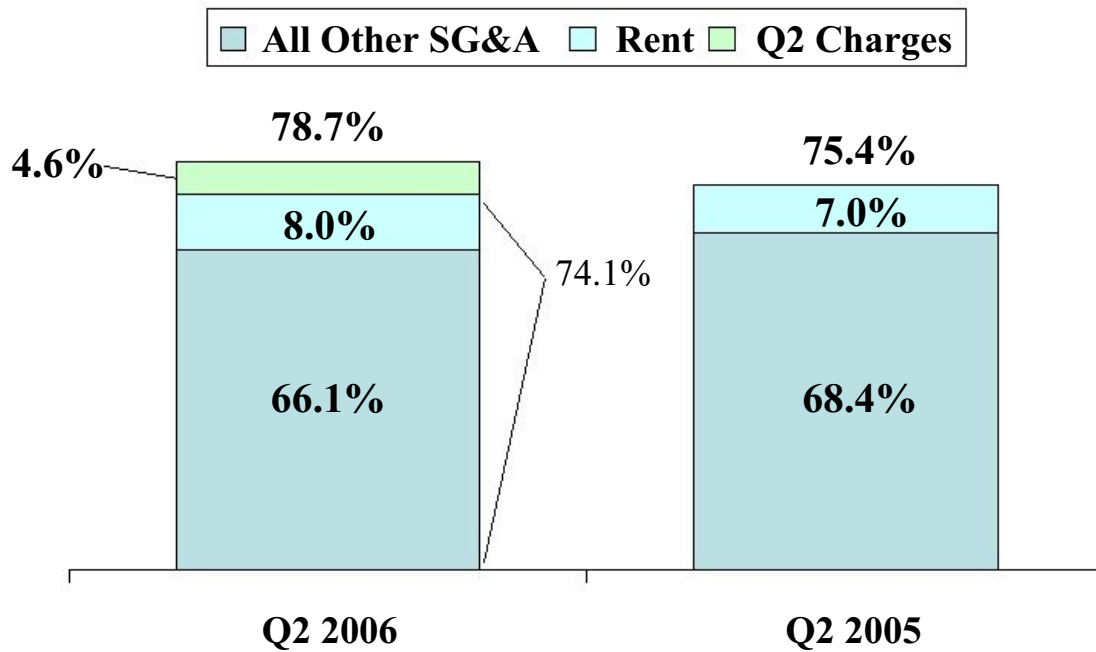
- Portfolio enrichment continues, driven by our acquisition strategy and strong growth in luxury and import sales.



# Large Adjustments

	<u>EPS Impact</u>				
	<u>F&amp;I</u>	<u>Gross</u>	<u>SG&amp;A to</u>	<u>Continuing</u>	<u>Discontinued</u>
	<u>Per Unit</u>	<u>Margin</u>	<u>Gross</u>	<u>Operations</u>	<u>Operations</u>
	<u>\$ Impact</u>	<u>BP Impact</u>	<u>BP Impact</u>		
<b>Real estate and other asset impairments/writeoffs and lease exit accruals</b>	-	-	280	\$ 0.14	\$ 0.10
<b>Finance chargeback reserves</b>	\$ 121	30	160	0.08	-
<b>Legal accruals</b>	-	-	20	0.03	0.01
<b>Effective income tax rate adjustment</b>	-	-	-	0.02	-
<b>Total</b>	<u>\$ 121</u>	<u>30</u>	<u>460</u>	<u>\$ 0.27</u>	<u>\$ 0.11</u>

# SG&A Expenses as % of Gross Profit



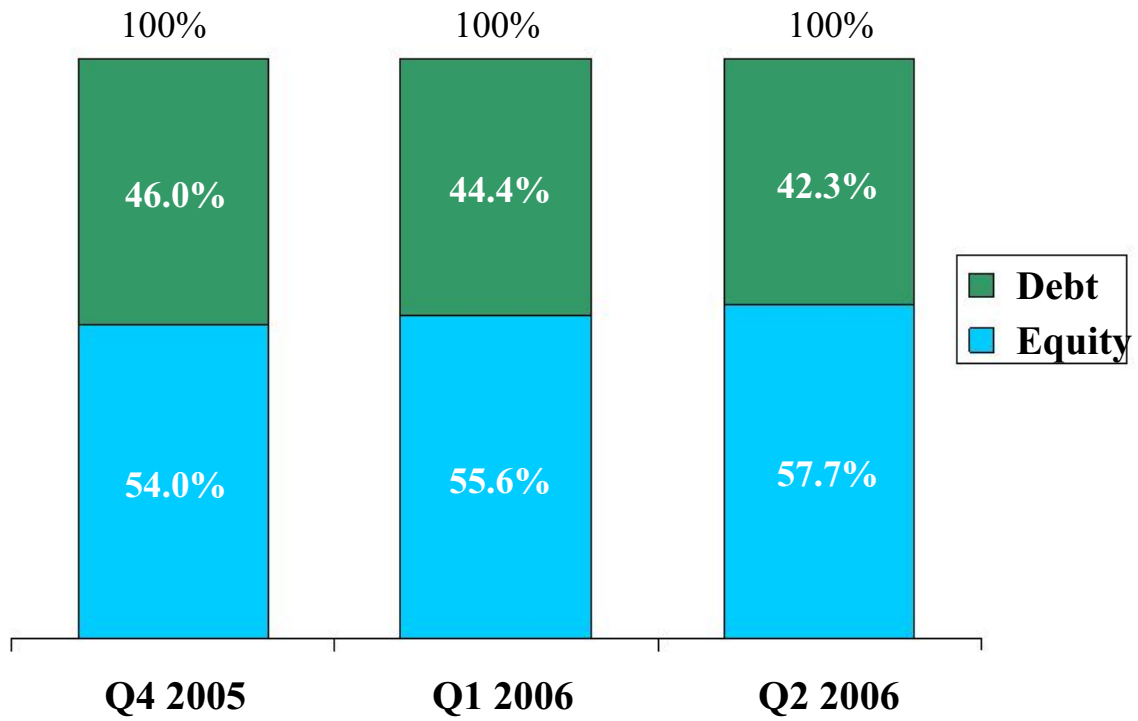
- Continued improvements in variable compensation and other operating expenses
- Favorable brand mix should continue to improve this metric

# Inventory Management

## Days Supply

	<u>Jun-05</u>	<u>Dec-05</u>	<u>Jun-06</u>	<u>Jun-06 Industry</u>
<b>New Vehicles</b>				
<b>Domestic (excluding Cadillac)</b>	54	58	58	80
<b>Luxury (including Cadillac)</b>	43	41	49	51
<b>Import</b>	41	38	43	47
<b>Overall</b>	47	48	50	65
<b>Used Vehicles</b>	40	40	37	
<b>Parts</b>	36	36	35	

# Capitalization



# Summary

- Core operating trends remain strong
  - Continue our used vehicle sales initiative
  - Stall capacity and best practices should drive fixed operations growth
- Brand mix continues to drive improvements, especially in the higher margin segments of the business
- Expense reduction trends continue, driven by brand mix and process improvement
- Continued progress on leverage goals



***SONIC AUTOMOTIVE, INC. DECLARES QUARTERLY CASH DIVIDEND***

**CHARLOTTE, N.C.** – August 2, 2006 – Sonic Automotive, Inc. (NYSE: SAH), a leader in automotive retailing, today announced that its Board of Directors approved a quarterly dividend of \$0.12 per share payable in cash for shareholders of record on September 15, 2006. The dividend will be payable October 15, 2006.

Sonic Automotive, Inc., a Fortune 300 company based in Charlotte, N.C., is one of the largest automotive retailers in the United States operating 173 franchises and 38 collision repair centers. Sonic can be reached on the Web at [www.sonicautomotive.com](http://www.sonicautomotive.com).

Included herein is a forward-looking statement pertaining to an anticipated cash dividend to shareholders. There are many factors that affect management's views about future events and trends of the Company's business. These factors involve risk and uncertainties that could cause actual results or trends to differ materially from management's view, including without limitation, economic conditions, risks associated with acquisitions and the risk factors described in the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2006. The Company does not undertake any obligation to update forward-looking information.