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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): October 31, 2006

SONIC AUTOMOTIVE, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

1-13395
(Commission File Number)

56-201079
(IRS Employer Identification No.)

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

28212
(Zip Code)

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

N/A

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

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

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

On October 31, 2006, we issued a press release announcing results for our fiscal quarter and nine month period ended September 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 October 31, 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 October 31, 2006

99.2 Earnings call presentation materials

99.3 Press release of Sonic Automotive, Inc. dated October 31, 2006

SIGNATURES

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

SONIC AUTOMOTIVE, INC.

By: /s/ Stephen K. Coss

Stephen K. Coss

Senior Vice President and General Counsel

Dated: October 31, 2006

INDEX TO EXHIBITS

Exhibit No.	Description
99.1	Press release of Sonic Automotive, Inc. dated October 31, 2006
99.2	Earnings call presentation materials
99.3	Press release of Sonic Automotive, Inc. dated October 31, 2006

***Sonic Automotive, Inc. Reports Strong Operating Performance and Earnings Growth; Hits
Leverage Target***

CHARLOTTE, N.C. – October 31, 2006 – Sonic Automotive, Inc. (NYSE: SAH), a leader in automotive retailing, today announced that its 2006 third quarter earnings from continuing operations were \$29.1 million, or \$0.66 per diluted share, compared to \$28.6 million, or \$0.65 per diluted share, in the prior year period. The results for the quarter ended September 30, 2006 include \$0.01 per diluted share of stock option expense related to the Company's adoption of SFAS 123R.

Total revenue for the third quarter of 2006 increased 7.5% with same store revenue up 2.8%. Selling, general and administrative expenses as a percentage of gross profit improved to 74.7% for the quarter compared to 75.6% a year ago. The Company's debt-to-capital ratio was 40% at September 30, 2006, compared to 46.0% at December 31, 2005.

"We continued our consistent trend of improved operating performance and increased profits in a challenging market environment as a result of our favorable brand mix and the ongoing implementation of our operating initiatives," said President and COO Jeffrey C. Rachor. "Our used vehicle sales outperformed the industry and our fixed operations growth and margin reflect successful execution of our strategy. I am particularly pleased that we achieved our debt-to-capital target of 40%."

Presentation materials for the Company's October 31, 2006 earnings conference call at 11:00 A.M. (Eastern) can be accessed on the Company's website at www.sonicautomotive.com by clicking on the "For Investors" tab and choosing "Webcasts & Presentations" on the left side of the screen.

To access the live broadcast of the conference call over the Internet go to: www.ccbn.com or www.sonicautomotive.com

A Live audio of the conference call will be accessible to the public at 11:00 A.M. (Eastern) by calling (877) 791-3416. International callers dial (706) 643-0958. Callers should dial in approximately 10 minutes before the call begins.

A conference call replay will be available one hour following the call for seven days and can be accessed by calling: (800) 642-1687 (domestic) or (706) 645-9291 (international), conference call ID # 8080861.

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 37 collision repair centers. Sonic can be reached on the Web at www.sonicautomotive.com.

Sonic Automotive, Inc.**Results of Operations (unaudited)**

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

	Three Months Ended		Nine Months Ended	
	9/30/2006	9/30/2005	9/30/2006	9/30/2005
Revenues				
Retail new vehicles	\$ 1,194,944	\$ 1,123,393	\$ 3,401,632	\$ 3,107,640
Fleet vehicles	87,405	71,569	268,723	241,148
New vehicles	1,282,349	1,194,962	3,670,355	3,348,788
Used vehicles	324,482	296,073	977,487	847,542
Wholesale vehicles	126,438	131,409	388,759	375,266
Total vehicles	1,733,269	1,622,444	5,036,601	4,571,596
Parts, service and collision repair	281,328	251,654	829,891	727,694
Finance, insurance and other	53,064	49,570	146,228	138,434
Total revenues	2,067,661	1,923,668	6,012,720	5,437,724
Total gross profit	316,966	290,954	926,776	830,866
SG&A expenses	236,766	220,039	714,979	636,750
Depreciation	5,688	4,243	17,399	11,455
Operating income	74,512	66,672	194,398	182,661
Interest expense, floor plan	15,523	8,600	43,709	25,119
Interest expense, other	10,481	11,787	33,415	33,593
Other (expense) / income	19	(10)	(647)	15
Income from continuing operations before taxes	48,527	46,275	116,627	123,964
Income taxes	19,420	17,676	46,642	46,731
Income from continuing operations	29,107	28,599	69,985	77,233
Discontinued operations:				
Loss from operations and the sale of discontinued franchises	(806)	(2,842)	(19,534)	(9,945)
Income tax benefit	307	1,047	7,427	3,632
Loss from discontinued operations	(499)	(1,795)	(12,107)	(6,313)
Net income	\$ 28,608	\$ 26,804	\$ 57,878	\$ 70,920
Diluted:				
Weighted average common shares outstanding	45,682	45,671	46,051	45,518
Earnings per share from continuing operations	\$ 0.66	\$ 0.65	\$ 1.59	\$ 1.77
Loss per share from discontinued operations	(\$ 0.01)	(\$ 0.04)	(\$ 0.26)	(\$ 0.14)
Earnings per share	\$ 0.65	\$ 0.61	\$ 1.33	\$ 1.63

Gross Margin Data (Continuing Operations):

Retail new vehicles	7.6%	7.4%	7.6%	7.6%
Fleet vehicles	2.4%	3.0%	2.7%	2.9%
Total new vehicles	7.2%	7.1%	7.3%	7.2%
Used vehicles retail	9.8%	10.8%	10.3%	10.6%
Total vehicles retail	7.8%	7.9%	7.9%	7.9%
Parts, service and collision repair	50.0%	49.7%	49.9%	49.5%
Finance, insurance and other	100.0%	100.0%	100.0%	100.0%
Overall gross margin	15.3%	15.1%	15.4%	15.3%

SG&A Expenses (Continuing Operations):

Personnel	\$ 136,902	\$ 129,591	\$ 414,291	\$ 374,759
Advertising	17,019	15,367	48,122	44,235
Facility rent	25,153	20,346	73,864	59,472
Other	57,692	54,735	178,702	158,284
Total	\$ 236,766	\$ 220,039	\$ 714,979	\$ 636,750

Unit Data (Continuing Operations):

New retail units	37,967	36,736	106,945	100,846
Fleet units	3,931	3,127	12,267	10,934
New units	41,898	39,863	119,212	111,780
Used units	17,439	16,409	51,491	46,678
Total units retailed	59,337	56,272	170,703	158,458
Wholesale units	14,396	15,239	41,621	42,382
Average price per unit:				
New retail vehicles	31,473	30,580	31,807	30,816
Fleet vehicles	22,235	22,887	21,906	22,055
Total new vehicles	30,606	29,977	30,788	29,959
Used vehicles	18,607	18,043	18,984	18,157
Wholesale vehicles	8,783	8,623	9,340	8,854

Other Data:

Same store revenue percentage changes:				
New retail	1.8%		3.0%	
Fleet	20.2%		9.8%	
New total	2.9%		3.5%	
Used	4.7%		9.6%	
Parts, service and collision repair	5.1%		5.7%	
Finance, insurance and other	4.4%		2.8%	
Total	2.8%		4.3%	

Balance Sheet Data:

	9/30/2006	12/31/2005
ASSETS		
Current Assets:		

Cash and cash equivalents	\$ 22,664	\$ 7,566
Receivables, net	323,212	396,225
Inventories	921,299	1,016,457
Assets held for sale	145,706	73,837
Construction in progress and land expected to be sold in sale-leaseback transactions	48,039	95,131
Other current assets	27,170	27,484
Total current assets	1,488,090	1,616,700
Property and Equipment, Net	217,224	148,267
Goodwill, Net	1,154,653	1,122,538
Other Intangibles, Net	95,791	88,696
Other Assets	40,006	49,300
TOTAL ASSETS	<u>\$ 2,995,764</u>	<u>\$ 3,025,501</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Floor plan notes payable - trade	\$ 426,005	\$ 579,022
Floor plan notes payable - non-trade	533,433	410,296
Trade accounts payable	69,978	91,101
Accrued interest	15,321	17,378
Other accrued liabilities	197,329	167,060
Liabilities associated with assets held for sale - trade	56,582	45,953
Liabilities associated with assets held for sale - non-trade	37,522	6,937
Current maturities of long-term debt	3,013	2,747
Total current liabilities	1,339,183	1,320,494
LONG-TERM DEBT	607,427	712,311
OTHER LONG-TERM LIABILITIES	35,549	29,479
DEFERRED INCOME TAXES	130,600	132,419
STOCKHOLDERS' EQUITY	883,005	830,798
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 2,995,764</u>	<u>\$ 3,025,501</u>
Balance Sheet Ratios:		
Current Ratio	1.11	1.22
Debt to Total Capital, Net of Cash	40.0%	46.0%



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 June 30, 2006.



Sonic Automotive

Third Quarter 2006

Earnings Review

October 31, 2006



The Quarter in Review

- Total revenue increased \$144 million, or 7.5%. Same store revenue increased 2.8% driven by a used vehicle sales increase of 4.7% and fixed operations growth of 5.1%
- Brand mix continues to drive results
 - Luxury near 50% of total revenues
 - Combined luxury and import brands were 82%
 - Operating profit margin was 3.6%
- SG&A as a percent of gross profit improved 90 basis points to 74.7%
- Debt-to-capital ratio declined 600 basis points from year end 2005 to end the quarter at 40.0%

Financial Performance

(amounts in millions, except per share data)	Q3	
	2006	Better/(Worse) Than 2005
Revenue	\$2,068	\$144
Gross Profit	\$317	\$26
Operating Profit	\$75	\$8
Net Income		
– Continuing Operations	\$29.1	\$0.5
– Total Operations	28.6	1.8
EPS		
– Continuing Operations	\$0.66 *	\$0.01
– Total Operations	0.65	0.04

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

Financial Performance

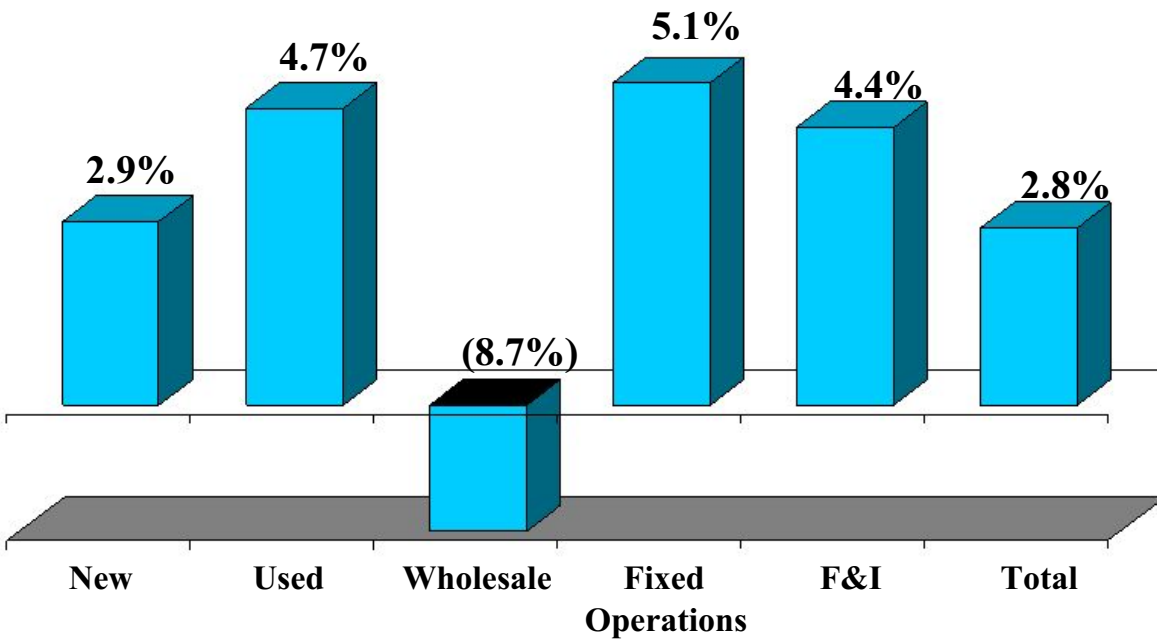
(amounts in millions)	Q3	
	2006	Better/(Worse) Than 2005
Revenue	\$2,068	7.5%
Gross Profit	\$317	8.9%
- Margin	15.3%	20 bps
Operating Profit	\$75	11.8%
- Margin	3.6%	10 bps
Interest Expense	\$26	(27.6%)
Net Income - Continuing Operations	\$29	1.8%

Up
\$7.8M

Up
\$5.6M

- Operating performance is very strong
 - Revenue up nearly 8%
 - Gross profit and operating profit up even more; margins improved
 - Fixed operations and cost control are big drivers
- Higher interest cost driven by rates
- Net income up nearly 2%

Same Store Revenue Growth

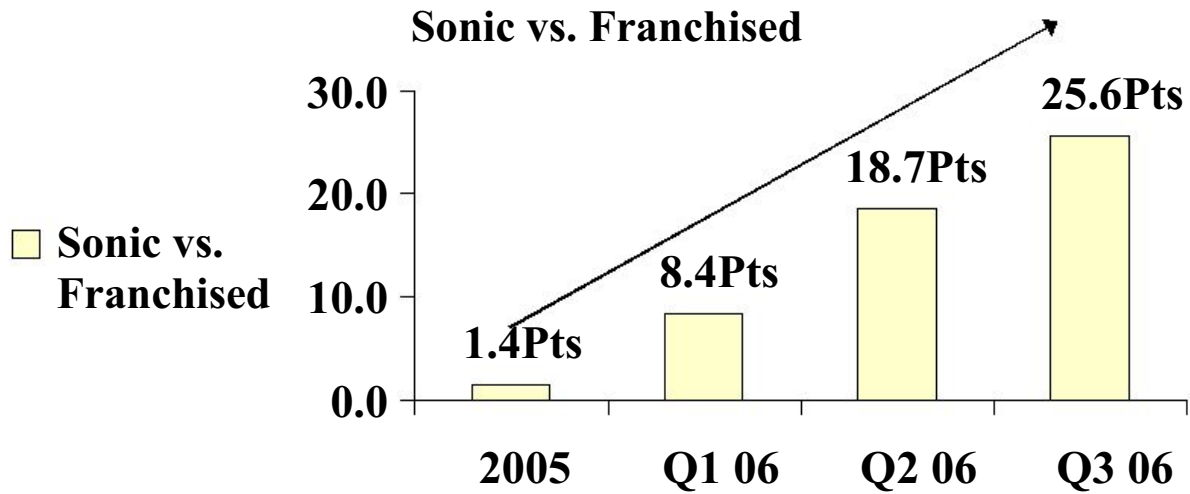


- Solid results overall driven by strong used vehicle and fixed operations performance
- Sonic's new vehicle same store results continue to outperform the industry

Used Vehicles

Year over Year Retail Volume Change

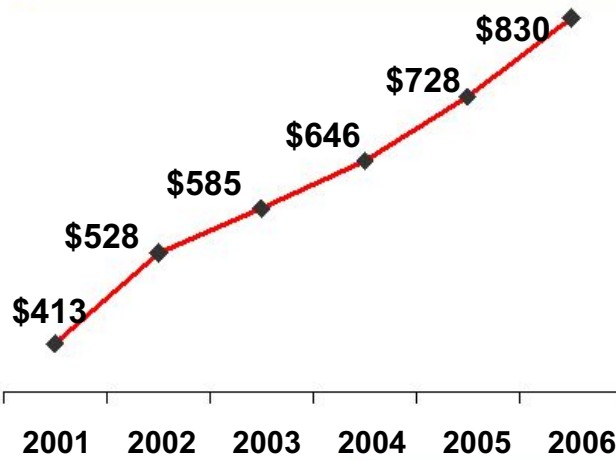
	2005	Q1	Q2	Q3
Same Store - Program	n/a	22.7%	25.2%	6.0%
Total Same Store	4.5%	3.8%	12.2%	2.2%
Nat'l Franchised Dealers	3.1%	-4.6%	-6.5%	-23.4%
Sonic vs. Franchised	1.4Pts	8.4Pts	18.7Pts	25.6Pts



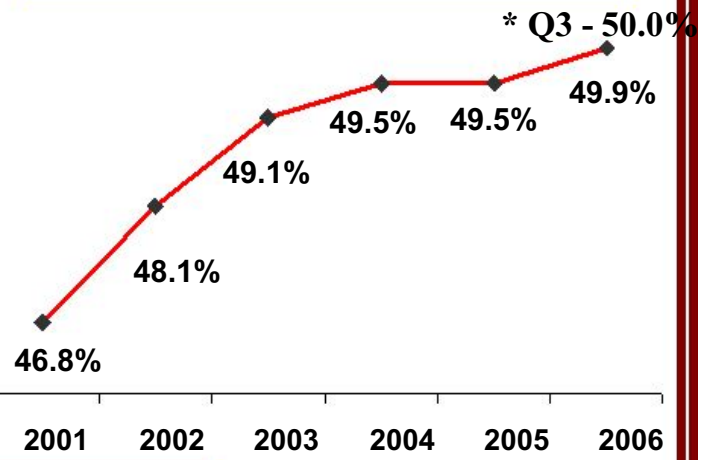
Industry data provided by CNW Market Research

Parts, Service and Collision Repair

REVENUE (\$ in millions)
9 Months Ended Each Year



GROSS MARGIN RATE
9 Months Ended Each Year

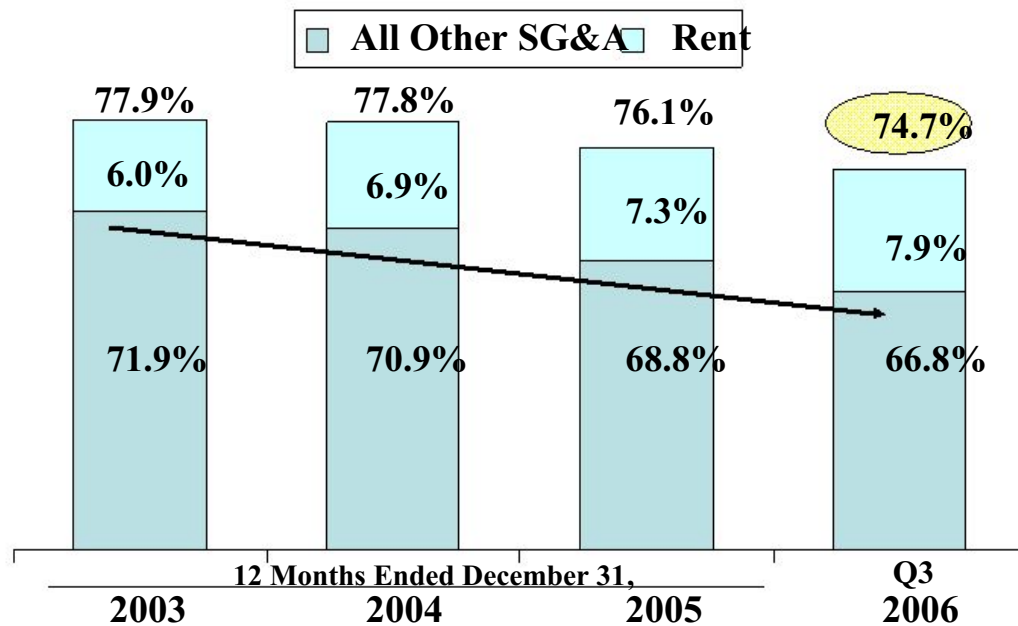


Operating Initiatives

- Consistent and improving performance
- Grow service capacity in high margin brands
- Continue to expand service stall capacity
- Fixed Absorption was 89.6% in the third quarter



SG&A Expenses as % of Gross Profit



Fixed Absorption - 82.1% → 83.8% → 86.2% → 89.6%

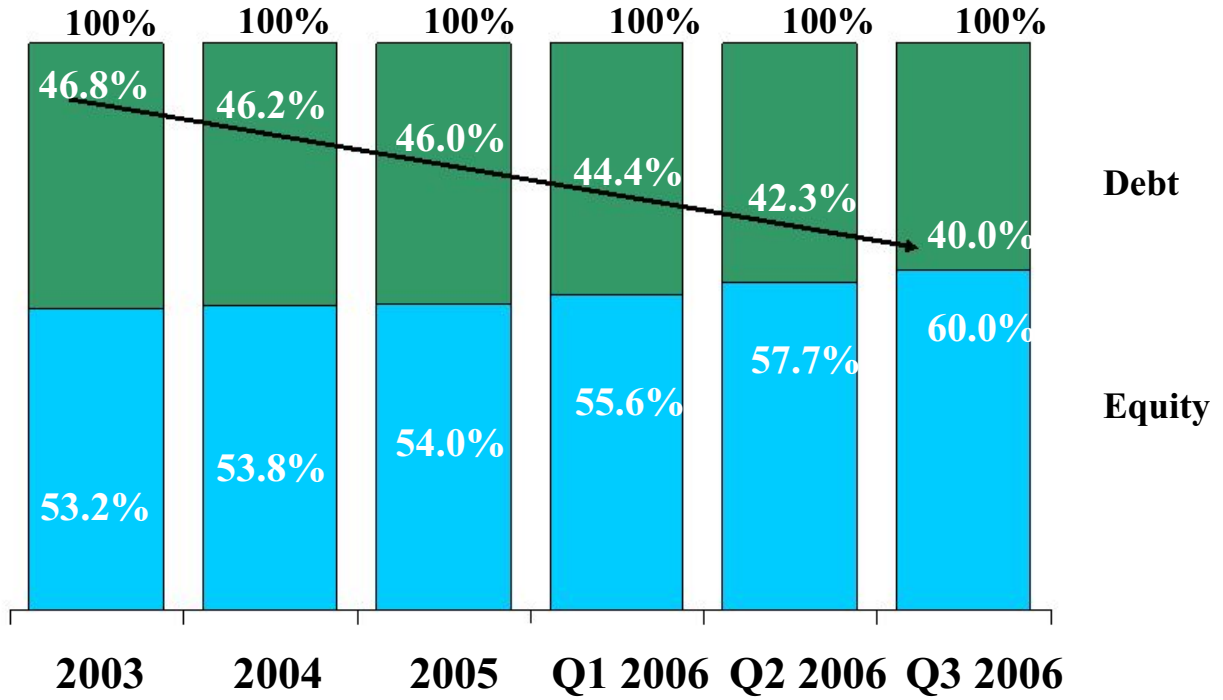
- Continued improvements in compensation and other operating expenses
- Favorable brand mix should continue to improve this metric
- Continue to reduce our controllable expense – Operating improvements are gaining traction

Inventory Management

Days Supply

	<u>Sep-05</u>	<u>Dec-05</u>	<u>Sep-06</u>	<u>Sep-06</u> <u>Industry</u>
New Vehicles				
Domestic (excluding Cadillac)	50	59	55	77
Luxury (including Cadillac)	37	41	46	47
Import	31	38	37	43
Overall	39	48	44	61
Used Vehicles	37	40	33	
Parts	35	36	34	

Capitalization



***** Achieved 40% Target For Debt-To-Capital *****

Portfolio Enrichment

	<u>YTD Sept 2005</u>	<u>YTD Sept 2006</u>
<i>% of Total Revenues</i>		
Luxury and Import	69%	72%
Cadillac	10%	10%
Subtotal	79%	82%
Other Domestic	20%	17%
Non-Franchised	1%	1%
Total	100%	100%
 Memo: Luxury Including Cadillac	 48%	 50%

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

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 process improvement and brand mix
- Continued progress on strengthening our balance sheet



SONIC AUTOMOTIVE, INC. DECLARES QUARTERLY CASH DIVIDEND

CHARLOTTE, N.C. – October 31, 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 December 15, 2006. The dividend will be payable January 15, 2007.

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 37 collision repair centers. Sonic can be reached on the Web at www.sonicautomotive.com.

Included herein is a forward-looking statement pertaining to an anticipated cash dividend to shareholders. There are many factors that affect management's views about future events and trends of the Company's business. These factors involve risk and uncertainties that could cause actual results or trends to differ materially from management's view, including without limitation, economic conditions, risks associated with acquisitions and the risk factors described in the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2006. The Company does not undertake any obligation to update forward-looking information.