

**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): February 28, 2012

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.)

4401 Colwick Road
Charlotte, North Carolina
(Address of principal executive offices)

28211
(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))

Item 2.02. Results of Operations and Financial Condition.

On February 28, 2012, we issued a press release announcing results for our fiscal quarter and fiscal year ended December 31, 2011.

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 February 28, 2012, 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 February 28, 2012

99.2 Earnings call presentation materials

99.3 Press release of Sonic Automotive, Inc. dated February 28, 2012

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: February 28, 2012

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release of Sonic Automotive, Inc. dated February 28, 2012
99.2	Earnings call presentation materials
99.3	Press release of Sonic Automotive, Inc. dated February 28, 2012

Sonic Automotive, Inc. Profits up 46%
Record Revenues Exceed Industry Growth; SG&A at 4 Year Low

CHARLOTTE, N.C. – February 28, 2012 – Sonic Automotive, Inc. (NYSE: SAH), one of the nation’s largest automotive retailers, today reported 2011 fourth quarter adjusted earnings from continuing operations of \$25.4 million for a 46% increase over the prior year adjusted results. Adjusted earnings per diluted share increased 43% to \$0.43 compared to \$0.30 in the prior year quarter. The adjustments for both periods, which include primarily impairment and legal settlement charges in 2011 and income tax benefits and impairment charges in 2010, are detailed further in the attached tables.

For the full year 2011, the Company reported adjusted earnings from continuing operations of \$1.39 per diluted share compared to \$0.99 per diluted share in the prior year. The adjustments for both periods are detailed further in the attached tables.

2011 Highlights – New retail volume outpaces industry; Record Used Vehicle Growth; Expense leverage continues

- Total Q4 revenues up 12% over prior year quarter; Up 14% for full year
- New vehicle retail volume up 15% in Q4; Exceeds industry growth of 10%
- Used vehicle volume up 11% for the quarter; Up 14% for full year; Record annual sales volume
- Parts and Service revenue up 3% in Q4; Up 5% for full year; Record sales volume
- Adjusted SG&A to gross profit down 220 bps to 76.6% for the quarter

Commenting on the overall results, Jeff Dyke, the Company’s EVP of Operations noted, “Our new and used volume growth continues to exceed industry averages as our team implements our operating playbook strategy. Our team’s focus on used car processes has produced double-digit volume growth for 11 consecutive quarters. This translates into a 15% compound annual growth rate over the last 4 years. We continue to believe there are significant future growth opportunities throughout the business as we continue the implementation of our strategic initiatives. The top line growth continued to drive incremental gross profit dollars which allowed us to further leverage our expense structure with fourth quarter adjusted SG&A to gross profit coming in at 76.6% which is the lowest level in several years.”

2012 Outlook

Commenting on the fourth quarter and the 2012 outlook, B. Scott Smith, the Company’s President, said, “Sonic Automotive wrapped up one of the strongest years in our Company’s history. We have proven that our single-minded focus on delivering predictable, repeatable and sustainable processes through our Playbooks, coupled with our culture and plain, old-fashioned teamwork can produce superior results without the integration risk of acquisitions. We expect to see continued steady growth in the automotive retailing sector and are targeting 2012 new vehicle industry volume of 13.5 million units. We currently expect earnings per share from continuing operations of between \$1.55 and \$1.65 for the full year 2012. We will have further comments on our 2012 outlook on our earnings call later today.”

Fourth Quarter Earnings Conference Call

Senior management will host a conference call today at 11:00 A.M. (Eastern) to discuss the quarter's results. To access the live broadcast of the call over the Internet go to: www.sonicautomotive.com, then click on "Our Company", then "Investor Relations", then "Earnings Conference Calls".

Presentation materials for the conference call can be accessed on the Company's website at www.sonicautomotive.com by clicking on the "Investor Relations" tab under "Our Company" and choosing "Webcasts & Presentations".

A live audio of the call will be accessible to the public 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: 800-585-8367, Conference ID: 14200, International callers dial (404) 537-3406.

About Sonic Automotive

Sonic Automotive, Inc., a Fortune 500 company based in Charlotte, N.C., is one of the nation's largest automotive retailers. Sonic can be reached on the web at www.sonicautomotive.com.

Included herein are forward-looking statements, including statements with respect to growth in new and used vehicle sales, future success and impacts from the implementation of our strategic initiatives, future new vehicle industry volume and expected earnings per share. 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 in the markets in which we operate, new and used vehicle sales volume, the success of our operational strategies, the rate and timing of overall economic recovery or decline and the risk factors described in the Company's annual report on Form 10-K for the year ending December 31, 2010 and the quarterly report on Form 10-Q for the quarter ending September 30, 2011. 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)

This release contains certain non-GAAP financial measures as defined under SEC rules, such as, but not limited to, adjusted income from continuing operations, related earnings per share data and adjusted EBITDA. The Company has reconciled these measures to the most directly comparable GAAP measures in the release. The Company believes that these non-GAAP financial measures improve the transparency of the Company's disclosure by providing period-to-period comparability of the Company's results from operations.

	Three Months Ended December 31,			Three Months Ended December 31,		
	2011 As Reported	2011 Adjustments	2011 As Adjusted	2010 As Reported	2010 Adjustments	2010 As Adjusted
Revenues						
New retail vehicles	\$1,134,337	\$ —	\$1,134,337	\$ 975,849	\$ —	\$ 975,849
Fleet vehicles	51,335	—	51,335	58,363	—	58,363
Total new vehicles	1,185,672	—	1,185,672	1,034,212	—	1,034,212
Used vehicles	488,152	—	488,152	437,258	—	437,258
Wholesale vehicles	48,141	—	48,141	40,705	—	40,705
Total vehicles	1,721,965	—	1,721,965	1,512,175	—	1,512,175
Parts, service and collision repair	292,400	—	292,400	285,357	—	285,357
Finance, insurance and other	56,433	—	56,433	47,361	—	47,361
Total revenues	2,070,798	—	2,070,798	1,844,893	—	1,844,893
Total gross profit	305,295	—	305,295	284,525	—	284,525
Selling, general and administrative expenses	(240,779)	6,816	(233,963)	(224,155)	—	(224,155)
Impairment charges	(991)	991	—	(117)	117	—
Depreciation and amortization	(10,586)	—	(10,586)	(9,381)	—	(9,381)
Operating income (loss)	52,939	7,807	60,746	50,872	117	50,989
Interest expense, floor plan	(4,871)	—	(4,871)	(5,921)	—	(5,921)
Interest expense, other, net	(14,697)	—	(14,697)	(15,319)	—	(15,319)
Interest expense, non-cash, convertible debt	(1,574)	—	(1,574)	(1,739)	—	(1,739)
Interest expense / amortization, non-cash, cash flow swaps	(161)	—	(161)	519	(519)	—
Other income (expense), net	(277)	—	(277)	(3)	—	(3)
Income (loss) from continuing operations before taxes	31,359	7,807	39,166	28,409	(402)	28,007
Provision for income taxes - benefit (expense)	(10,988)	(2,733)	(13,721)	37,409	(48,006)	(10,597)
Income (loss) from continuing operations	20,371	5,074	25,445	65,818	(48,408)	17,410
Income (loss) from discontinued operations	167	284	451	(1,464)	602	(862)
Net income (loss)	\$ 20,538	\$ 5,358	\$ 25,896	\$ 64,354	\$ (47,806)	\$ 16,548
Diluted:						
Weighted average common shares outstanding	64,467	—	64,467	66,042	—	66,042
Earnings (loss) per share from continuing operations	\$ 0.35	\$ 0.08	\$ 0.43	\$ 1.02	\$ (0.72)	\$ 0.30
Earnings (loss) per share from discontinued operations	—	—	—	(0.02)	—	(0.02)
Earnings (loss) per share	\$ 0.35	\$ 0.08	\$ 0.43	\$ 1.00	\$ (0.72)	\$ 0.28
Gross Margin Data (Continuing Operations):						
New retail vehicles	6.2%		6.2%	6.5%		6.5%
Fleet vehicles	3.3%		3.3%	3.5%		3.5%
Total new vehicles	6.1%		6.1%	6.3%		6.3%
Used vehicles	7.1%		7.1%	7.3%		7.3%
Wholesale vehicles	(2.2%)		(2.2%)	(2.7%)		(2.7%)
Parts, service and collision repair	49.1%		49.1%	49.4%		49.4%
Finance, insurance and other	100.0%		100.0%	100.0%		100.0%
Overall gross margin	14.7%		14.7%	15.4%		15.4%
SG&A Expenses (Continuing Operations):						
Personnel	\$ 139,217			\$ 130,467		
Advertising	12,114			10,463		
Rent and rent related	30,648			32,204		
Other	58,800			51,021		
Total	\$ 240,779	\$ (6,816)	\$ 233,963	\$ 224,155	\$ —	\$ 224,155
SG&A Expenses as % of Gross Profit	78.9%		76.6%	78.8%		78.8%
Operating Margin %	2.6%		2.9%	2.8%		2.8%
Unit Data (Continuing Operations):						
New retail units	30,928			27,011		
Fleet units	1,940			2,289		
Total new units	32,868			29,300		
Used units	23,880			21,429		
Wholesale units	7,304			6,501		
Other Data:						
Continuing Operations revenue percentage changes:						
New retail vehicles	16.2%			20.2%		
Fleet vehicles	(12.0%)			14.9%		
Total new vehicles	14.6%			19.9%		
Used vehicles	11.6%			18.2%		
Parts, service and collision repair	2.5%			8.0%		
Finance, insurance and other	19.2%			24.2%		
Total revenues	12.2%			17.0%		

Description of Adjustments:

	2011	2010
Continuing Operations:		
Lease exit adjustments and legal settlement charges	\$ 6,816	\$ —
Property impairment charges	991	117
Cash-flow swap ineffectiveness and amortization	—	(519)

Total pre-tax adjustments	\$ 7,807	(402)
Tax effect of above items	(2,733)	152
Valuation allowance recovery	—	(48,158)
Total adjustments	<u>\$ 5,074</u>	<u>\$ (48,408)</u>
Discontinued Operations:		
Lease exit adjustments	\$ (798)	\$ 859
Total pre-tax adjustments	(798)	859
Tax effect of above items	1,082	(257)
Total adjustments	<u>\$ 284</u>	<u>\$ 602</u>

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

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

This release contains certain non-GAAP financial measures as defined under SEC rules, such as, but not limited to, adjusted income from continuing operations, related earnings per share data and adjusted EBITDA. The Company has reconciled these measures to the most directly comparable GAAP measures in the release. The Company believes that these non-GAAP financial measures improve the transparency of the Company's disclosure by providing period-to-period comparability of the Company's results from operations.

	Year Ended December 31,			Year Ended December 31,		
	2011 As Reported	2011 Adjustments	2011 As Adjusted	2010 As Reported	2010 Adjustments	2010 As Adjusted
Revenues						
New retail vehicles	\$4,037,066	\$ —	\$4,037,066	\$3,438,988	\$ —	\$3,438,988
Fleet vehicles	223,204	—	223,204	207,212	—	207,212
Total new vehicles	4,260,270	—	4,260,270	3,646,200	—	3,646,200
Used vehicles	2,037,348	—	2,037,348	1,776,581	—	1,776,581
Wholesale vehicles	173,569	—	173,569	149,041	—	149,041
Total vehicles	6,471,187	—	6,471,187	5,571,822	—	5,571,822
Parts, service and collision repair	1,181,643	—	1,181,643	1,128,054	—	1,128,054
Finance, insurance and other	218,444	—	218,444	180,968	—	180,968
Total revenues	7,871,274	—	7,871,274	6,880,844	—	6,880,844
Total gross profit	1,209,119	—	1,209,119	1,114,678	—	1,114,678
Selling, general and administrative expenses	(952,436)	6,816	(945,620)	(896,697)	647	(896,050)
Impairment charges	(1,151)	1,151	—	(249)	249	—
Depreciation and amortization	(40,684)	—	(40,684)	(35,110)	—	(35,110)
Operating income (loss)	214,848	7,967	222,815	182,622	896	183,518
Interest expense, floor plan	(19,639)	—	(19,639)	(21,536)	—	(21,536)
Interest expense, other, net	(60,682)	—	(60,682)	(63,343)	1,464	(61,879)
Interest expense, non-cash, convertible debt	(6,724)	—	(6,724)	(6,914)	—	(6,914)
Interest expense / amortization, non-cash, cash flow swaps	(760)	—	(760)	(4,883)	4,883	—
Other income (expense), net	(1,014)	—	(1,014)	(7,525)	7,665	140
Income (loss) from continuing operations before taxes	126,029	7,967	133,996	78,421	14,908	93,329
Provision for income taxes - benefit (expense)	(48,382)	(3,059)	(51,441)	17,504	(53,985)	(36,481)
Income (loss) from continuing operations	77,647	4,908	82,555	95,925	(39,077)	56,848
Income (loss) from discontinued operations	(1,393)	(387)	(1,780)	(5,996)	625	(5,371)
Net income (loss)	\$ 76,254	\$ 4,521	\$ 80,775	\$ 89,929	\$ (38,452)	\$ 51,477
Diluted:						
Weighted average common shares outstanding	65,464	—	65,464	65,794	—	65,794
Earnings (loss) per share from continuing operations	\$ 1.31	\$ 0.08	\$ 1.39	\$ 1.58	\$ (0.59)	\$ 0.99
Earnings (loss) per share from discontinued operations	(0.02)	(0.01)	(0.03)	(0.09)	0.01	(0.08)
Earnings (loss) per share	\$ 1.29	\$ 0.07	\$ 1.36	\$ 1.49	\$ (0.58)	\$ 0.91
Gross Margin Data (Continuing Operations):						
New retail vehicles	6.5%		6.5%	6.7%		6.7%
Fleet vehicles	3.2%		3.2%	3.0%		3.0%
Total new vehicles	6.3%		6.3%	6.5%		6.5%
Used vehicles	7.2%		7.2%	7.9%		7.9%
Wholesale vehicles	(3.3%)		(3.3%)	(3.4%)		(3.4%)
Parts, service and collision repair	49.1%		49.1%	49.8%		49.8%
Finance, insurance and other	100.0%		100.0%	100.0%		100.0%
Overall gross margin	15.4%		15.4%	16.2%		16.2%
SG&A Expenses (Continuing Operations):						
Personnel	\$ 554,378			\$ 524,972		
Advertising	53,311			46,908		
Rent and rent related	124,917			129,354		
Other	219,830			195,463		
Total	\$ 952,436	\$ (6,816)	\$ 945,620	\$ 896,697	\$ (647)	\$ 896,050
SG&A Expenses as % of Gross Profit	78.8%		78.2%	80.4%		80.4%
Operating Margin %	2.7%		2.8%	2.7%		2.7%
Unit Data (Continuing Operations):						
New retail units	114,132			98,820		
Fleet units	8,626			8,331		
Total new units	122,758			107,151		
Used units	102,874			90,290		
Wholesale units	26,630			24,128		
Other Data:						
Continuing Operations revenue percentage changes:						
New retail vehicles	17.4%			14.1%		
Fleet vehicles	7.7%			(3.6%)		
Total new vehicles	16.8%			12.9%		
Used vehicles	14.7%			22.4%		
Parts, service and collision repair	4.8%			5.2%		
Finance, insurance and other	20.7%			17.0%		
Total revenues	14.4%			13.6%		

Description of Adjustments:	2011	2010
Continuing Operations:		
Hail storm related expenses	\$ —	\$ 647
Lease exit adjustments and legal settlement charges	6,816	—
Property impairment charges	1,151	249

Cash-flow swap ineffectiveness and amortization	—	4,883
Debt restructuring charges	—	1,464
Loss on debt extinguishment	—	7,665
Total pre-tax adjustments	\$ 7,967	\$ 14,908
Tax effect of above items	(3,059)	(5,827)
Valuation allowance recovery	—	(48,158)
Total adjustments	\$ 4,908	\$ (39,077)
Discontinued Operations:		
Lease exit adjustments	\$ (798)	\$ 859
Total pre-tax adjustments	\$ (798)	\$ 859
Tax effect of above items	411	(234)
Total adjustments	\$ (387)	\$ 625

Sonic Automotive, Inc.
Earnings Per Share Reconciliation (Unaudited)
(In thousands, except per share data)

	Three Months Ended December 31, 2011						
	Weighted Average Shares	Income		Loss		Net Income	
		From Continuing Operations		From Discontinued Operations			
		Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
As Reported:							
Earnings (loss) and shares	52,194	\$ 20,371		\$ 167		\$ 20,538	
Effect of participating securities:							
Non-vested restricted stock and stock units	—	(266)		—		(266)	
Basic earnings (loss) and shares	52,194	\$ 20,105	\$ 0.39	\$ 167	\$ —	\$ 20,272	\$ 0.39
Effect of dilutive securities:							
Contingently convertible debt (5.0% Convertible Notes)	11,713	2,330		—		2,330	
Stock compensation plans	560						
Diluted earnings (loss) and shares	<u>64,467</u>	<u>\$ 22,435</u>	<u>\$ 0.35</u>	<u>\$ 167</u>	<u>\$ —</u>	<u>\$ 22,602</u>	<u>\$ 0.35</u>
Adjustments (net of tax):							
Lease exit adjustments and legal settlement charges		\$ 4,430	\$ 0.07	\$ 284	\$ —	\$ 4,714	\$ 0.07
Property impairment charges		644	0.01	—	—	644	0.01
Total adjustments		\$ 5,074	\$ 0.08	\$ 284	\$ —	\$ 5,358	\$ 0.08
Adjusted:							
Diluted earnings (loss) per share			<u>\$ 0.43</u>		<u>\$ —</u>		<u>\$ 0.43</u>

	Three Months Ended December 31, 2010						
	Weighted Average Shares	Income		Loss		Net Income	
		From Continuing Operations		From Discontinued Operations			
		Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
As Reported:							
Earnings (loss) and shares	52,401	\$ 65,818		\$(1,464)		\$ 64,354	
Effect of participating securities:							
Non-vested restricted stock and stock units	—	(630)		—		(630)	
Basic earnings (loss) and shares	52,401	\$ 65,188	\$ 1.24	\$(1,464)	\$(0.02)	\$ 63,724	\$ 1.22
Effect of dilutive securities:							
Contingently convertible debt (5.0% Convertible Notes)	12,890	2,313		3		2,316	
Stock compensation plans	751						
Diluted earnings (loss) and shares	<u>66,042</u>	<u>\$ 67,501</u>	<u>\$ 1.02</u>	<u>\$(1,461)</u>	<u>\$(0.02)</u>	<u>\$ 66,040</u>	<u>\$ 1.00</u>
Adjustments (net of tax):							
Property impairment charges		\$ 73	\$ —	\$ —	\$ —	\$ 73	\$ —
Cash-flow swap ineffectiveness and amortization		(323)	—	—	—	(323)	—
Lease exit adjustments		—	—	602	—	602	—
Valuation allowance recovery		(48,158)	(0.72)	—	—	(48,158)	(0.72)
Total adjustments		\$(48,408)	\$(0.72)	\$ 602	\$ —	\$(47,806)	\$(0.72)
Adjusted:							
Diluted earnings (loss) per share			<u>\$ 0.30</u>		<u>\$(0.02)</u>		<u>\$ 0.28</u>

Sonic Automotive, Inc.
Earnings Per Share Reconciliation (Unaudited)
(In thousands, except per share data)

	Year Ended December 31, 2011						
	Weighted Average Shares	Income		Loss		Net Income	
		From Continuing Operations		From Discontinued Operations			
		Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
As Reported:							
Earnings (loss) and shares	52,358	\$ 77,647		\$ (1,393)		\$ 76,254	
Effect of participating securities:							
Non-vested restricted stock and stock units	—	(958)		—		(958)	
Basic earnings (loss) and shares	52,358	\$ 76,689	\$ 1.46	\$ (1,393)	\$ (0.02)	\$ 75,296	\$ 1.44
Effect of dilutive securities:							
Contingently convertible debt (5.0% Convertible Notes)	12,517	9,300		—		9,300	
Stock compensation plans	589						
Diluted earnings (loss) and shares	65,464	\$ 85,989	\$ 1.31	\$ (1,393)	\$ (0.02)	\$ 84,596	\$ 1.29
Adjustments (net of tax):							
Lease exit adjustments and legal settlement charges		\$ 4,199	\$ 0.07	\$ (387)	\$ (0.01)	\$ 3,812	\$ 0.06
Property impairment charges		709	0.01	—	—	709	0.01
Total adjustments		\$ 4,908	\$ 0.08	\$ (387)	\$ (0.01)	\$ 4,521	\$ 0.07
Adjusted:							
Diluted earnings (loss) per share			\$ 1.39		\$ (0.03)		\$ 1.36

	Year Ended December 31, 2010						
	Weighted Average Shares	Income		Loss		Net Income	
		From Continuing Operations		From Discontinued Operations			
		Amount	Per Share Amount	Amount	Per Share Amount	Amount	Per Share Amount
As Reported:							
Earnings (loss) and shares	52,214	\$ 95,925		\$ (5,996)		\$ 89,929	
Effect of participating securities:							
Non-vested restricted stock and stock units	—	(921)		—		(921)	
Basic earnings (loss) and shares	52,214	\$ 95,004	\$ 1.82	\$ (5,996)	\$ (0.12)	\$ 89,008	\$ 1.70
Effect of dilutive securities:							
Contingently convertible debt (5.0% Convertible Notes)	12,890	9,022		31		9,053	
Stock compensation plans	690						
Diluted earnings (loss) and shares	65,794	\$ 104,026	\$ 1.58	\$ (5,965)	\$ (0.09)	\$ 98,061	\$ 1.49
Adjustments (net of tax):							
Hail storm related expenses		\$ 394	\$ —	\$ —	\$ —	\$ 394	\$ —
Property impairment charges		152	—	—	—	152	—
Cash-flow swap ineffectiveness and amortization		2,974	0.05	—	—	2,974	0.05
Debt restructuring charges		892	0.01	—	—	892	0.01
Loss on debt extinguishment		4,669	0.07	—	—	4,669	0.07
Lease exit adjustments		—	—	625	0.01	625	0.01
Valuation allowance recovery		(48,158)	(0.72)	—	—	(48,158)	(0.72)
Total adjustments		\$ (39,077)	\$ (0.59)	\$ 625	\$ 0.01	\$ (38,452)	\$ (0.58)
Adjusted:							
Diluted earnings (loss) per share			\$ 0.99		\$ (0.08)		\$ 0.91



Q4 Earnings Review

February 28, 2012

Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to future events, are not historical facts and are based on our current expectations and assumptions regarding our business, the economy and other future conditions. These statements can generally be identified by lead-in words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “foresee”, “may”, “will” and other similar words. Statements that describe our Company’s objectives, plans or goals are also forward-looking statements. Examples of such forward-looking information we may be discussing in this presentation include, without limitation, further implementation of our operational strategies and playbooks, future debt retirement, capital expenditures, operating margins and revenues, inventory levels and new vehicle industry sales volume.

You are cautioned that these forward-looking statements are not guarantees of future performance, involve risks and uncertainties and actual results may differ materially from those projected in the forward-looking statements as a result of various factors. These risks and uncertainties include, among other things, (a) economic conditions in the markets in which we operate, (b) the success of our operational strategies, (c) our relationships with the automobile manufacturers and (d) new and pre-owned vehicle sales volume. These risks and uncertainties, as well as additional factors that could affect our forward-looking statements, are described in our Form 10-K for the year ending December 31, 2010 and our Form 10-Q for period ended September 30, 2011.

These forward-looking statements, risks, uncertainties and additional factors speak only as of the date of this presentation. We undertake no obligation to update any such statements.

Sonic Automotive Q4 2011

- **Quarter in Review**
- **Financial Results**
- **Operations Recap**
- **Summary and Outlook**

Overall Results

- ❑ **Strong revenue growth – up 12%**
 - ❖ **New vehicle revenue up 15% - volume up 12% - exceeds industry growth**
 - ❖ **Pre-owned revenue up 12%**
 - ❖ **F&I revenue up 19%**
 - ❖ **Fixed Operations revenue up 2%**
- ❑ **Adjusted SG&A to gross declined to 76.6% ⁽¹⁾**
- ❑ **Adjusted income from continuing operations up \$8M or 46% ⁽¹⁾**
- ❑ **Adjusted Q4 2011 diluted EPS from continuing operations was \$0.43 per share vs \$0.30 in prior year period ⁽¹⁾**

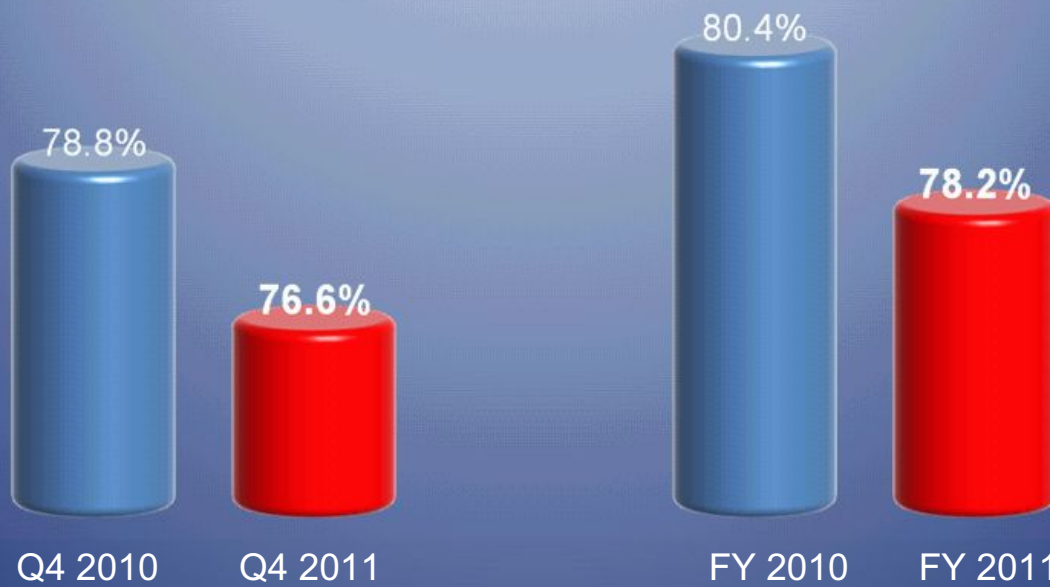
(1) – See appendix for reconciliation to GAAP amounts.

Adjusted Q4 and Full Year Results (1)

	<u>Q4</u> <u>2011</u>	B/(W) than Q4 2010			B/(W) than FY 2010	
		\$	%		\$	%
<i>(amounts in millions, except per share data)</i>						
Revenue	\$ 2,071	\$ 226	12%		\$ 7,871	\$ 990 14%
Gross Profit	\$ 305	\$ 21	7%		\$ 1,209	\$ 94 9%
Operating Profit (1)	\$ 61	\$ 10	19%		\$ 223	\$ 39 21%
Continuing Ops:						
Profit (after tax) (1)	\$ 25	\$ 8	46%		\$ 83	\$ 26 45%
Diluted EPS (1)	\$ 0.43	\$ 0.13	43%		\$ 1.39	\$ 0.40 40%

(1) – See appendix for reconciliation to GAAP amounts.
Sonic Automotive, Inc.

SG&A to Gross ⁽¹⁾



220 bps improvement in both periods

(1) – See appendix for reconciliation to GAAP amounts.
Sonic Automotive, Inc.

Capital Spending

<i>(amounts in millions)</i>	YTD Q4 2011	Estimated 2012
Real Estate Acquisitions	\$ 91.4	\$ 14.5
All Other Cap Ex	<u>67.3</u>	<u>118.9</u>
Subtotal	\$ 158.7	\$ 133.4
Less: Mortgage Funding	<u>(54.4)</u>	<u>(33.5)</u>
Total Cash Used – Cap Ex	<u>\$ 104.3</u>	<u>\$ 99.9</u>

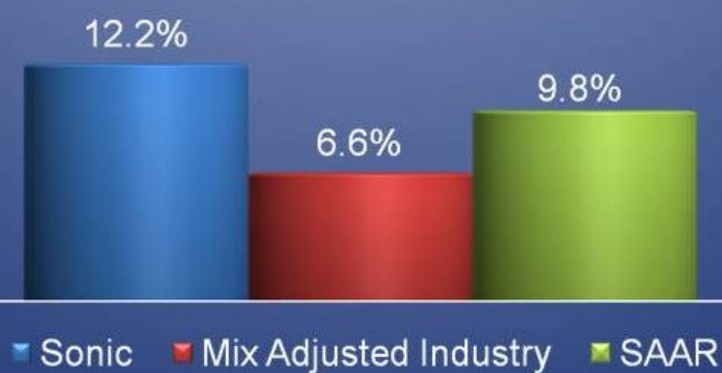
Debt Covenants

	Covenant	Actual Q4 2011	Memo: March 2012 Covenant
Liquidity Ratio	≥ 1.05	1.13	≥ 1.10
Fixed Charge Coverage Ratio	≥ 1.15	1.65	≥ 1.20
Total Lease Adjusted Leverage Ratio	≤ 5.50	4.02	≤ 5.50

Compliant with all Covenants

New Vehicles

	Q4 2011	Q4 2010	B/(W)
Retail Volume	30,928	27,011	14.5%
Total Volume <i>(including fleet)</i>	32,868	29,300	12.2%
Selling Price	\$ 36,074	\$ 35,297	2.2%
Gross Margin %	6.1%	6.3%	(20 bps)
GPU	\$ 2,189	\$ 2,225	(\$ 35)
Gross Profit	\$ 72 million	\$ 65 million	10.4%



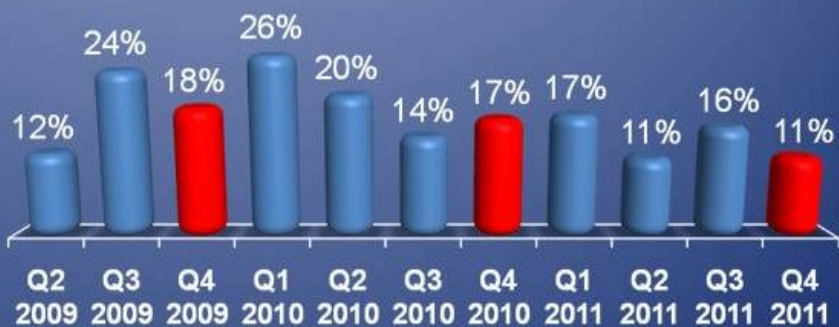
Pre-Owned Retail Vehicles

	Q4 2011	Q4 2010	B/(W)
Retail Volume	23,880	21,429	11.4%
Pre-Owned Related Gross*	\$ 73 million	\$ 66 million	\$ 7 million
Pre-Owned to New Ratio	.77 to 1	.79 to 1	

* - Includes: pre-owned gross + pre-owned reconditioning gross + pre-owned F&I gross

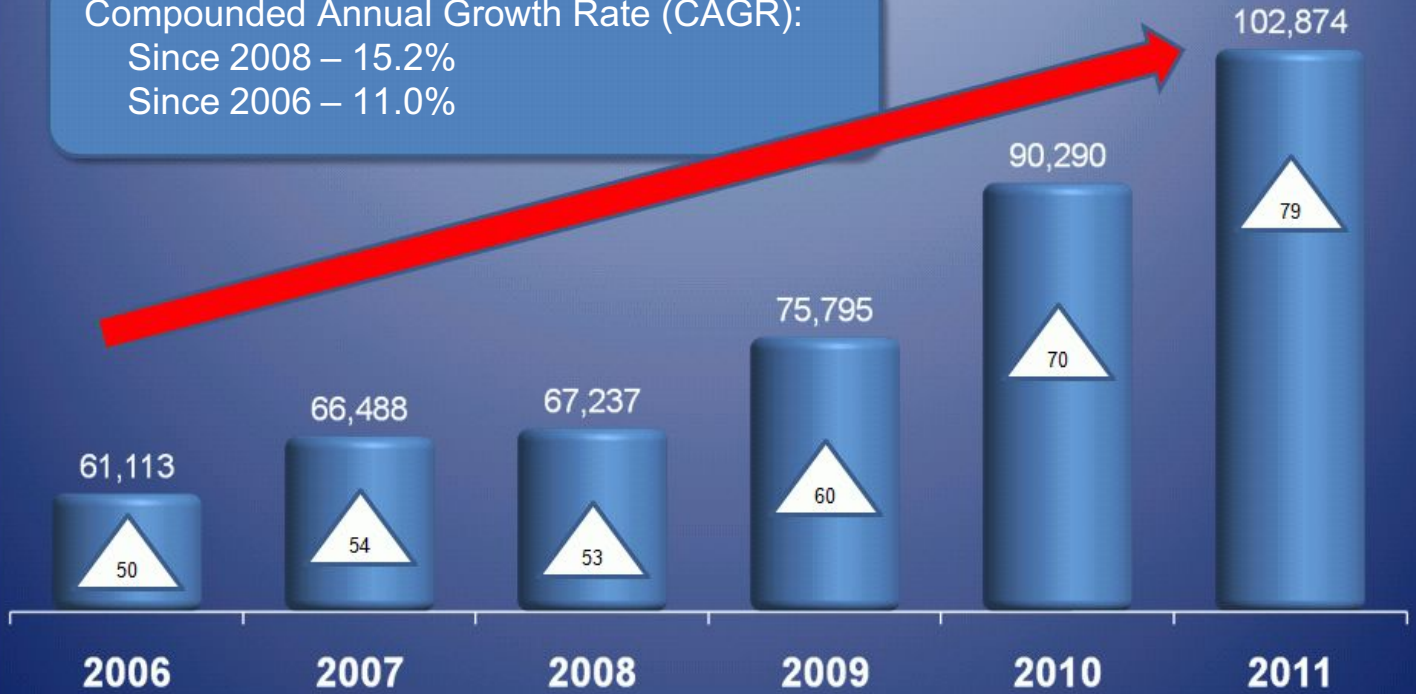
**11 Consecutive
Quarters of
Double-Digit
Volume Growth**

YOY Pre-Owned Volume Change



Pre-Owned Retail Vehicle Units

Compounded Annual Growth Rate (CAGR):
Since 2008 – 15.2%
Since 2006 – 11.0%



Fixed Operations

- ❑ Customer Pay gross up 4%
- ❑ Overall gross profit up 2% despite lower warranty activity



Fixed Operations Revenue

- Revenue grew \$34 million on average each year over the last five years
- Revenue growth in four of the last five years

(Amounts in millions)



Summary

- ❑ **Automotive retail industry continues its recovery**
 - **SAAR rose steadily throughout 2011**
- ❑ **Base business continues to grow**
 - **New vehicle market share continues to increase**
 - **Pre-Owned retail vehicle volume continues to grow at double-digit rate**
 - **F&I and fixed operations are benefiting from higher levels of retail activity**
- ❑ **Investment in technology will continue**

2012 Outlook

- Expect New Vehicle SAAR of 13.5 Million
- Pre-Owned Vehicle Growth in High Single Digits
- Property Purchases to Continue
- Expect SG&A to be Below 78%
- Targeting 2012 Diluted EPS from Continuing Operations of \$1.55 - \$1.65

APPENDIX

APPENDIX

Reconciliation of Non-GAAP Financial Information

(\$ in millions, shares in thousands, except per share data)	Three Months Ended December 31,						Adjusted 2011 B/(W) than Adjusted 2010	
	2011			2010			\$	%
	As Reported	Adjustments	As Adjusted	As Reported	Adjustments	As Adjusted		
Revenues	\$ 2,070.8	\$ -	\$ 2,070.8	\$ 1,844.9	\$ -	\$ 1,844.9	\$ 225.9	12.2%
Gross profit	305.3	-	305.3	284.5	-	284.5	20.8	7.3%
Gross margin	14.7%		14.7%	15.4%		15.4%		(70) bps
SG&A	(240.8)	6.8	(234.0)	(224.2)	-	(224.2)	(9.8)	4.4%
SG&A as % of gross profit	78.9%		76.6%	78.8%		78.8%		220 bps
Impairment charges	(1.0)	1.0	-	(0.1)	0.1	-	-	-
Depreciation and amortization	(10.6)	-	(10.6)	(9.3)	-	(9.3)	(1.3)	14.0%
Operating income	52.9	7.8	60.7	50.9	0.1	51.0	9.7	19.0%
Operating margin	2.6%		2.9%	2.8%		2.8%		(10) bps
Interest expense, floor plan	(4.9)	-	(4.9)	(5.9)	-	(5.9)	1.0	(16.9%)
Interest expense, other, net	(14.7)	-	(14.7)	(15.3)	-	(15.3)	0.6	(3.9%)
Interest expense, non-cash	(1.7)	-	(1.7)	(1.2)	(0.5)	(1.7)	-	-
Other income (expense), net	(0.3)	-	(0.3)	-	-	-	(0.3)	-
Income (loss) from continuing operations	20.4	5.0 (1)	25.4	65.8	(48.4) (2)	17.4	8.0	46.0%
Income (loss) from discontinued operations	0.1	0.4 (1)	0.5	(1.4)	0.5 (2)	(0.9)	1.4	(155.6%)
Net income (loss)	<u>\$ 20.5</u>	<u>\$ 5.4</u>	<u>\$ 25.9</u>	<u>\$ 64.4</u>	<u>\$ (47.9)</u>	<u>\$ 16.5</u>	<u>\$ 9.4</u>	<u>57.0%</u>
Diluted earnings (loss) per common share:								
Earnings (loss) per share								
from continuing operations	\$ 0.35	\$ 0.08	\$ 0.43	\$ 1.02	\$ (0.72)	\$ 0.30	\$ 0.13	43.3%
Earnings (loss) per share from discontinued operations	-	-	-	(0.02)	-	(0.02)	0.02	(100.0%)
Earnings (loss) per common share	<u>\$ 0.35</u>	<u>\$ 0.08</u>	<u>\$ 0.43</u>	<u>\$ 1.00</u>	<u>\$ (0.72)</u>	<u>\$ 0.28</u>	<u>\$ 0.15</u>	<u>53.6%</u>
Weighted average shares outstanding	<u>64,467</u>		<u>64,467</u>	<u>66,042</u>		<u>66,042</u>		

(1) Represents tax-effected amounts related to lease exit adjustments, legal settlement charges, and property impairment charges.

(2) Represents tax-effected amounts related to lease exit adjustments, property impairment charges, interest rate swaps and tax items.

Reconciliation of Non-GAAP Financial Information

(\$ in millions, shares in thousands, except per share data)	Year Ended December 31,						Adjusted 2011 B/(W) than Adjusted 2010	
	2011		2010					
	As Reported	Adjustments	As Adjusted	As Reported	Adjustments	As Adjusted	\$	%
Revenues	\$ 7,871.3	\$ -	\$ 7,871.3	\$ 6,880.8	\$ -	\$ 6,880.8	\$ 990.5	14.4%
Gross profit	1,209.1	-	1,209.1	1,114.7	-	1,114.7	94.4	8.5%
Gross margin	15.4%		15.4%	16.2%		16.2%		(80) bps
SG&A	(952.4)	6.8	(945.6)	(896.7)	0.7	(896.0)	(49.6)	5.5%
SG&A as % of gross profit	78.8%		78.2%	80.4%		80.4%		220 bps
Impairment charges	(1.2)	1.2	-	(0.2)	0.2	-	-	-
Depreciation and amortization	(40.7)	-	(40.7)	(35.2)	-	(35.2)	(5.5)	15.6%
Operating income	214.8	8.0	222.8	182.6	0.9	183.5	39.3	21.4%
Operating margin	2.7%		2.8%	2.7%		2.7%		(10) bps
Interest expense, floor plan	(19.6)	-	(19.6)	(21.5)	-	(21.5)	1.9	(8.8%)
Interest expense, other, net	(60.7)	-	(60.7)	(63.3)	1.5	(61.8)	1.1	(1.8%)
Interest expense, non-cash	(7.5)	-	(7.5)	(11.8)	4.9	(6.9)	(0.6)	8.7%
Other income (expense), net	(1.0)	-	(1.0)	(7.5)	7.7	0.2	(1.2)	(600.0%)
Income (loss) from continuing operations	77.6	5.0 (1)	82.6	95.9	(39.1) (2)	56.8	25.8	45.4%
Income (loss) from discontinued operations	(1.3)	(0.5) (1)	(1.8)	(6.0)	0.7 (2)	(5.3)	3.5	(66.0%)
Net income (loss)	<u>\$ 76.3</u>	<u>\$ 4.5</u>	<u>\$ 80.8</u>	<u>\$ 89.9</u>	<u>\$ (38.4)</u>	<u>\$ 51.5</u>	<u>\$ 29.3</u>	<u>56.9%</u>
Diluted earnings (loss) per common share:								
Earnings (loss) per share from continuing operations	\$ 1.31	\$ 0.08	\$ 1.39	\$ 1.58	\$ (0.59)	\$ 0.99	\$ 0.40	40.4%
Earnings (loss) per share from discontinued operations	(0.02)	(0.01)	(0.03)	(0.09)	0.01	(0.08)	0.05	(62.5%)
Earnings (loss) per common share	<u>\$ 1.29</u>	<u>\$ 0.07</u>	<u>\$ 1.36</u>	<u>\$ 1.49</u>	<u>\$ (0.58)</u>	<u>\$ 0.91</u>	<u>\$ 0.45</u>	<u>49.5%</u>
Weighted average shares outstanding	<u>65,464</u>		<u>65,464</u>	<u>65,794</u>		<u>65,794</u>		

(1) Represents tax-effected amounts related to lease exit adjustments, legal settlement charges, and property impairment charges.

(2) Represents tax-effected amounts related to hail damage, lease exit adjustments, property impairment charges, interest rate swaps, debt restructuring and tax items.

Reconciliation of Non-GAAP Financial Information

(S in millions, shares in thousands, except per share data)	Three Months Ended December 31, 2011								
	Continuing Operations			Discontinued Operations			Total Operations		
	Net Income (Loss): Numerator	Share Count: Denominator	Diluted EPS	Net Income (Loss): Numerator	Share Count: Denominator	Diluted EPS	Net Income (Loss): Numerator	Share Count: Denominator	Diluted EPS
Reported basic	\$ 20.4	52,194		\$ 0.1	52,194		\$ 20.5	52,194	
Effect of dilutive securities:									
Two class method	(0.3)	-		-	-		(0.3)	-	
Contingently convertible debt	2.3	11,713		-	11,713		2.3	11,713	
Stock compensation plans	-	560		-	560		-	560	
Reported diluted	22.4	64,467	\$ 0.35	0.1	64,467	\$ -	22.5	64,467	\$ 0.35
Adjustments (tax-effected):									
Lease exit adjustments and legal settlement charges	4.4	-		0.3	-		4.7	-	
Property impairment charges	0.6	-		-	-		0.6	-	
Subtotal	27.4	64,467	\$ 0.43	0.4	64,467	\$ -	27.8	64,467	\$ 0.43
Effect of dilutive securities:									
Two class method	-	-		-	-		-	-	
Adjusted diluted	\$ 27.4	64,467	\$ 0.43	\$ 0.4	64,467	\$ -	\$ 27.8	64,467	\$ 0.43

Reconciliation of Non-GAAP Financial Information

(\$ in millions, shares in thousands, except per share data)	Three Months Ended December 31, 2010								
	Continuing Operations			Discontinued Operations			Total Operations		
	Net Income (Loss); Numerator	Share Count; Denominator	Diluted EPS	Net Income (Loss); Numerator	Share Count; Denominator	Diluted EPS	Net Income (Loss); Numerator	Share Count; Denominator	Diluted EPS
Reported basic	\$ 65.8	52,401		\$ (1.4)	52,401		\$ 64.4	52,401	
Effect of dilutive securities:									
Two class method	(0.6)	-		-	-		(0.6)	-	
Contingently convertible debt	2.3	12,890		-	12,890		2.3	12,890	
Stock compensation plans	-	751		-	751		-	751	
Reported diluted	67.5	66,042	\$ 1.02	(1.4)	66,042	\$ (0.02)	66.1	66,042	\$ 1.00
Adjustments (tax-effected):									
Property impairment charges	0.1	-		-	-		0.1	-	
Interest rate swaps	(0.3)	-		-	-		(0.3)	-	
Lease exit adjustments	-	-		0.6	-		0.6	-	
Tax items	(48.2)	-		-	-		(48.2)	-	
Subtotal	19.1	66,042	\$ 0.29	(0.8)	66,042	\$ (0.01)	18.3	66,042	\$ 0.28
Effect of dilutive securities:									
Two class method	0.5	-		(0.5)	-		-	-	
Adjusted diluted	\$ 19.6	66,042	\$ 0.30	\$ (1.3)	66,042	\$ (0.02)	\$ 18.3	66,042	\$ 0.28

Reconciliation of Non-GAAP Financial Information

(S in millions, shares in thousands, except per share data)	Year Ended December 31, 2011								
	Continuing Operations			Discontinued Operations			Total Operations		
	Net Income (Loss): Numerator	Share Count: Denominator	Diluted EPS	Net Income (Loss): Numerator	Share Count: Denominator	Diluted EPS	Net Income (Loss): Numerator	Share Count: Denominator	Diluted EPS
Reported basic	\$ 77.6	52,358		\$ (1.3)	52,358		\$ 76.3	52,358	
Effect of dilutive securities:									
Two class method	(0.9)	-		-	-		(0.9)	-	
Contingently convertible debt	9.3	12,517		-	12,517		9.3	12,517	
Stock compensation plans	-	589		-	589		-	589	
Reported diluted	86.0	65,464	\$ 1.31	(1.3)	65,464	\$ (0.02)	84.7	65,464	\$ 1.29
Adjustments (tax-effected):									
Lease exit adjustments and legal settlement charges	4.2	-		(0.4)	-		3.8	-	
Property impairment charges	0.7	-		-	-		0.7	-	
Subtotal	90.9	65,464	\$ 1.39	(1.7)	65,464	\$ (0.03)	89.2	65,464	\$ 1.36
Effect of dilutive securities:									
Two class method	(0.1)	-		-	-		(0.1)	-	
Adjusted diluted	\$ 90.8	65,464	\$ 1.39	\$ (1.7)	65,464	\$ (0.03)	\$ 89.1	65,464	\$ 1.36

Reconciliation of Non-GAAP Financial Information

	Year Ended December 31, 2010								
	Continuing Operations			Discontinued Operations			Total Operations		
	Net Income (Loss): Numerator	Share Count: Denominator	Diluted EPS	Net Income (Loss): Numerator	Share Count: Denominator	Diluted EPS	Net Income (Loss): Numerator	Share Count: Denominator	Diluted EPS
(S in millions, shares in thousands, except per share data)									
Reported basic	\$ 95.9	52,214		\$ (6.0)	52,214		\$ 89.9	52,214	
Effect of dilutive securities:									
Two class method	(0.9)	-		-	-		(0.9)	-	
Contingently convertible debt	9.0	12,890		0.1	12,890		9.1	12,890	
Stock compensation plans	-	690		-	690		-	690	
Reported diluted	104.0	65,794	\$ 1.58	(5.9)	65,794	\$ (0.09)	98.1	65,794	\$ 1.49
Adjustments (tax-effected):									
Hail damage	0.4	-		-	-		0.4	-	
Property impairment charges	0.2	-		-	-		0.2	-	
Interest rate swaps	3.0	-		-	-		3.0	-	
Debt restructuring	5.6	-		-	-		5.6	-	
Lease exit adjustments	-	-		0.6	-		0.6	-	
Tax items	(48.2)	-		-	-		(48.2)	-	
Subtotal	65.0	65,794	\$ 0.99	(5.3)	65,794	\$ (0.08)	59.7	65,794	\$ 0.91
Effect of dilutive securities:									
Two class method	0.3	-		-	-		0.3	-	
Adjusted diluted	\$ 65.3	65,794	\$ 0.99	\$ (5.3)	65,794	\$ (0.08)	\$ 60.0	65,794	\$ 0.91

SONIC AUTOMOTIVE, INC. DECLARES QUARTERLY CASH DIVIDEND

CHARLOTTE, N.C. – February 28, 2012 – Sonic Automotive, Inc. (NYSE: SAH), a leader in automotive retailing, today announced that its Board of Directors approved a quarterly dividend of \$0.025 per share payable in cash for shareholders of record on March 15, 2012. The dividend will be payable April 15, 2012.

Sonic Automotive, Inc., a Fortune 500 company based in Charlotte, N.C., is one of the nation's largest automotive retailers. 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 in the markets in which we operate, new and used vehicle sales volume, the success of our operational strategies, the rate and timing of overall economic recovery and the risk factors described in the Company's annual report on Form 10-K for the year ending December 31, 2010 and quarterly report on Form 10-Q for the quarter ending September 30, 2011. The Company does not undertake any obligation to update forward-looking information.