SONIC AUTOMOTIVE INC Form 10-Q July 25, 2012 Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2012

OR

" TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission files number 1-13395

SONIC AUTOMOTIVE, INC.

(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of

incorporation or organization)

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

(704) 566-2400

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No "

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such file). Yes x No "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (check one).

 Large Accelerated Filer
 "
 Accelerated Filer
 x

 Non-Accelerated Filer
 " (Do not check if a smaller reporting company)
 Smaller Reporting Company
 "

 Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
 Yes " No x
 No x

As of July 18, 2012, there were 41,129,794 shares of Class A Common Stock and 12,029,375 shares of Class B Common Stock outstanding.

Identification No.)

28211 (Zip Code)

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PART I FINANCIAL INFORMATION

Item 1: Unaudited Condensed Consolidated Financial Statements.

SONIC AUTOMOTIVE, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Dollars and shares in thousands, except per share amounts)

Wholesale vehicles (45,418) (43,000) (90,544) (78,491) Total vehicles (1,708,677) (1,490,504) (3,229,959) (2,875,973) Parts, service and collision repair (155,780) (149,545) (310,472) (295,134) Total cost of sales (1,864,457) (1,640,049) (3,540,431) (3,171,107) Gross profit 320,772 305,934 632,641 593,173 Selling, general and administrative expenses (249,525) (237,092) (497,005) (466,109) Impairment charges (33) (41) (34) (58) Depreciation and amortization (11,390) (9,699) (22,461) (19,595) Operating income (loss) 59,824 59,102 113,141 107,411 Other income (expense):		Second Quarter 2012	Ended June 30, 2011	Six Months Ended June 30, 2012 2011			
Used vehicles 550,040 529,107 1,067,092 1,003,662 Wholesale vehicles 43,984 41,136 89,325 76,182 Total vehicles 1,815,321 1,595,520 3,442,167 3,077,614 Parts, service and collision repair 304,570 295,094 606,318 582,195 Total revenues 2,185,229 1,945,983 4,173,072 3,764,280 Cost of Sales: (1,109,946) (957,432) (2,149,579) (1,870,428) Used vehicles (1,199,946) (957,432) (2,149,579) (1,870,428) Used vehicles (1,51,313) (490,072) (298,956) (227,054) Wholesale vehicles (1,51,870) (149,545) (310,472) (298,75,973) Parts, service and collision repair (155,780) (149,545) (310,472) (295,134) Total vehicles (1,64,457) (1,640,049) (3,540,431) (3,171,107) Greenal and administrative expenses (249,525) (237,092) (497,005) (466,6109) Impariment charges (33)	Revenues:						
Wholesale vehicles 43,984 41,136 89,325 76,182 Total vehicles 1,815,321 1,595,520 3,442,167 3,077,614 Parts, service and collision repair 304,570 295,094 606,318 582,195 Finance, insurance and other 65,338 55,369 124,587 104,471 Total revenues 2,185,229 1,945,983 4,173,072 3,764,280 Cost of Sales: 0 (2,149,579) (1,870,428) (2,149,579) (1,870,428) Used vehicles (513,313) (490,072) (99,836) (927,054) Wholesale vehicles (1,708,677) (1,490,504) (3,229,959) (2,875,973) Parts, service and collision repair (155,780) (149,545) (310,472) (295,134) Total cost of sales (1,864,457) (1,40,049) (3,240,431) (3,171,107) Total cost of sales (1,864,457) (1,40,049) (3,240,431) (3,171,107) Total cost of sales (1,864,457) (1,40,049) (3,2540,431) (3,171,107) Total cost	New vehicles	\$ 1,221,297	\$ 1,025,277	\$ 2,285,750	\$ 1,997,770		
Total vehicles 1,815,321 1,595,520 3,442,167 3,077,61 Parts, service and collision repair 304,570 295,094 606,318 582,195 Finance, insurance and other 65,338 55,369 124,587 104,471 Total revenues 2,185,229 1,945,983 4,173,072 3,764,280 Cost of Sales: 0 0 957,432) (2,149,579) (1,870,428) Used vehicles (1,149,946) (957,432) (2,149,579) (1,870,428) Wholesale vehicles (1513,313) (490,072) (989,836) (927,054) Wholesale vehicles (153,780) (149,545) (310,472) (28,75,973) Parts, service and collision repair (155,780) (149,545) (310,472) (295,134) Total vehicles (1,364,457) (1,640,049) (3,540,431) (3,171,107) (30,973) Selling, general and administrative expenses (249,525) (237,092) (497,005) (466,109) Impariment charges (33) (41) (34) (58)	Used vehicles	550,040	529,107	1,067,092	1,003,662		
Parts, service and collision repair 304,570 295,094 606,318 582,195 Finance, insurance and other 65,338 55,369 124,587 104,471 Total revenues 2,185,229 1,945,983 4,173,072 3,764,280 Cost of Sales:	Wholesale vehicles	43,984	41,136	89,325	76,182		
Finance, insurance and other 65,338 55,369 124,587 104,471 Total revenues 2,185,229 1,945,983 4,173,072 3,764,280 Cost of Sales: (1,149,946) (957,432) (2,149,579) (1,870,428) New vehicles (1,133,13) (490,072) (498,836) (927,054) Wholesale vehicles (153,313) (490,072) (498,836) (927,054) Total vehicles (1,708,677) (1,490,504) (3,229,959) (2,875,973) Parts, service and collision repair (155,780) (149,545) (310,472) (295,134) Total cost of sales (1,864,457) (1.640,049) (3,540,431) (3,171,107) Gross profit 320,772 305,934 632,641 593,173 Selling, general and administrative expenses (249,525) (237,092) (497,005) (466,109) Impairment charges (33) (41) (34) (58) Operating income (loss) 59,824 59,102 113,141 107,411 Other income (expense) (1,2712) (15,339) (27,791) (30,698) Interest expense		, ,		/ /			
Total revenues 2,185,229 1,945,983 4,173,072 3,764,280 New vehicles (1,149,946) (957,432) (2,149,579) (1,870,428) Used vehicles (513,313) (490,072) (989,836) (927,054) Wholesale vehicles (45,418) (43,000) (90,544) (78,491) Total vehicles (1,708,677) (1,400,504) (32,229,959) (2,875,973) Parts, service and collision repair (155,780) (149,545) (310,472) (295,134) Total cost of sales (1,864,457) (1,640,049) (3,540,431) (3,171,107) Gross profit 320,772 305,934 632,641 593,173 Selling, general and administrative expenses (249,525) (237,092) (497,005) (466,09) Impairment charges (33) (41) (34) (58) 0 (11,390) (9,699) (22,461) (19,595) Operating income (loss) 59,824 59,102 113,141 107,411 0 (141,413) (1,715) (3,409) (3,409) (4			295,094				
Cost of Sales:	Finance, insurance and other	65,338	55,369	124,587	104,471		
New vehicles $(1,149,946)$ $(957,432)$ $(2,149,579)$ $(1,870,428)$ Used vehicles $(513,313)$ $(490,072)$ $(989,836)$ $(927,054)$ Wholesale vehicles $(45,418)$ $(43,000)$ $(90,544)$ $(78,491)$ Total vehicles $(1,708,677)$ $(1,490,504)$ $(3,229,959)$ $(2,875,973)$ Parts, service and collision repair $(155,780)$ $(149,545)$ $(310,472)$ $(225,134)$ Total cost of sales $(1,864,457)$ $(1,640,049)$ $(3,540,431)$ $(3,171,107)$ Gross profit $320,772$ $305,934$ $632,641$ $593,173$ Selling, general and administrative expenses $(249,225)$ $(237,092)$ $(497,005)$ $(466,109)$ Impairment charges (23) (33) (41) (34) (58) Depreciation and amortization $(11,390)$ $(9,699)$ $(22,461)$ $(19,595)$ Operating income (loss) $59,824$ $59,102$ $113,141$ $107,411$ Other income (expense): $(1,413)$ $(1,715)$ $(3,043)$ $(3,409)$ Interest expense, non-cash, convertible debt $(1,413)$ $(1,715)$ $(3,043)$ $(3,409)$ Interest income (expense) amortization), non-cash, cash flow swaps 83 (464) 105 (286) Other income (expense) $(21,645)$ $(22,417)$ $(42,786)$ $(44,585)$ Income (loss) from continuing operations before taxes $38,179$ $36,685$ $70,355$ $62,826$ Provision for income taxes - benefit (expense) $(10,646)$ $(13,$	Total revenues	2,185,229	1,945,983	4,173,072	3,764,280		
Used vehicles (513,313) (490,072) (989,836) (927,054) Wholesale vehicles (45,418) (43,000) (90,544) (78,491) Total vehicles (1,708,677) (1,490,504) (3,229,959) (2,875,973) Parts, service and collision repair (155,780) (149,545) (310,472) (295,134) Total cost of sales (1,864,457) (1,640,049) (3,540,431) (3,171,107) Gross profit 320,772 305,934 632,641 593,173 Selling, general and administrative expenses (249,525) (237,092) (497,005) (466,109) Impairment charges (33) (41) (34) (58) Depreciation and amortization (11,390) (9,699) (22,461) (19,595) Operating income (loss) 59,824 59,102 113,141 107,411 Other income (expense):	Cost of Sales:						
Wholesale vehicles (45,418) (43,000) (90,544) (78,491) Total vehicles (1,708,677) (1,490,504) (3,229,959) (2,875,973) Parts, service and collision repair (155,780) (149,545) (310,472) (295,134) Total cost of sales (1,864,457) (1,640,049) (3,540,431) (3,171,107) Gross profit 320,772 305,934 632,641 593,173 Selling, general and administrative expenses (249,525) (237,092) (497,005) (466,109) Inpairment charges (33) (41) (34) (58) Depreciation and amortization (11,390) (9,699) (22,461) (19,595) Operating income (loss) 59,824 59,102 113,141 107,411 Other income (expense):	New vehicles	(1,149,946)	(957,432)	(2,149,579)	(1,870,428)		
Total vehicles (1,708,677) (1,490,504) (3,229,959) (2,875,973) Parts, service and collision repair (155,780) (149,545) (310,472) (295,134) Total cost of sales (1,864,457) (1,640,049) (3,540,431) (3,171,107) Gross profit 320,772 305,934 632,641 593,173 Selling, general and administrative expenses (249,525) (237,092) (497,005) (466,109) Impairment charges (33) (41) (34) (58) Depreciation and amortization (11,390) (9,699) (22,461) (19,595) Operating income (loss) 59,824 59,102 113,141 107,411 Other income (expense): Interest expense, non-cash, convertible debt (12,712) (15,339) (27,791) (30,698) Interest expense, onon-cash, convertible debt (14,113) (1,715) (3,043) (3,409) Interest expense, non-cash, convertible debt (1,413) (1,715) (3,043) (3,409) Interest expense, non-cash, convertible debt (1,413) (1,715) (3,043) (3,409) Interest expense), net (Used vehicles	(513,313)	(490,072)	(989,836)	(927,054)		
Parts, service and collision repair (155,780) (149,545) (310,472) (295,134) Total cost of sales (1,864,457) (1,640,049) (3,540,431) (3,171,107) Gross profit 320,772 305,934 632,641 593,173 Selling, general and administrative expenses (249,525) (237,092) (497,005) (466,109) Impairment charges (33) (41) (34) (58) Depreciation and amortization (11,390) (9,699) (22,461) (19,595) Operating income (loss) 59,824 59,102 113,141 107,411 Other income (expense): Interest expense, floor plan (5,053) (4,914) (9,527) (10,280) Interest expense, other, net (12,712) (15,339) (27,791) (30,698) Interest expense, one-cash, convertible debt (1,413) (1,715) (3,043) (3,409) Interest income (expense) (21,645) (22,417) (42,786) (44,585) Other income (expense), net (21,645) (22,417) (42,786) (44,585) Income (loss) from continuing operations before taxes 38,179	Wholesale vehicles	(45,418)	(43,000)	(90,544)	(78,491)		
Parts, service and collision repair (155,780) (149,545) (310,472) (295,134) Total cost of sales (1,864,457) (1,640,049) (3,540,431) (3,171,107) Gross profit 320,772 305,934 632,641 593,173 Selling, general and administrative expenses (249,525) (237,092) (497,005) (466,109) Impairment charges (33) (41) (34) (58) Depreciation and amortization (11,390) (9,699) (22,461) (19,595) Operating income (loss) 59,824 59,102 113,141 107,411 Other income (expense): Interest expense, floor plan (5,053) (4,914) (9,527) (10,280) Interest expense, other, net (12,712) (15,339) (27,791) (30,698) Interest expense, one-cash, convertible debt (1,413) (1,715) (3,043) (3,409) Interest income (expense) (21,645) (22,417) (42,786) (44,585) Other income (expense), net (21,645) (22,417) (42,786) (44,585) Income (loss) from continuing operations before taxes 38,179	Total vehicles	(1.708.677)	(1.490.504)	(3,229,959)	(2.875.973)		
Gross profit 320,772 305,934 632,641 593,173 Selling, general and administrative expenses (249,525) (237,092) (497,005) (466,109) Impairment charges (33) (41) (34) (58) Depreciation and amortization (11,390) (9,699) (22,461) (19,595) Operating income (loss) 59,824 59,102 113,141 107,411 Other income (expense):					(295,134)		
Selling, general and administrative expenses $(249,525)$ $(237,092)$ $(497,005)$ $(466,109)$ Impairment charges (33) (41) (34) (58) Depreciation and amortization $(11,390)$ $(9,699)$ $(22,461)$ $(19,595)$ Operating income (loss) $59,824$ $59,102$ $113,141$ $107,411$ Other income (expense): $$	Total cost of sales	(1,864,457)	(1,640,049)	(3,540,431)	(3,171,107)		
Impairment charges (3) (41) (34) (58) Depreciation and amortization (11,390) (9,699) (22,461) (19,595) Operating income (loss) 59,824 59,102 113,141 107,411 Other income (expense): (5,053) (4,914) (9,527) (10,280) Interest expense, floor plan (5,053) (4,914) (9,527) (10,280) Interest expense, other, net (12,712) (15,339) (27,791) (30,698) Interest expense, ono-cash, convertible debt (1,413) (1,715) (3,043) (3,409) Interest income (expense), net (2,550) 15 (2,530) 88 Total other income (expense), net (21,645) (22,417) (42,786) (44,585) Income (loss) from continuing operations before taxes 38,179 36,685 70,355 62,826 Provision for income taxes - benefit (expense) (10,646) (13,691) (23,354) (24,147) Income (loss) from continuing operations 27,533 22,994 47,001 38,679 Discontinued operations: Income (loss) from operations and the sale of dealerships <td< td=""><td></td><td></td><td>305,934</td><td>632,641</td><td></td></td<>			305,934	632,641			
Depreciation and amortization (11,390) (9,699) (22,461) (19,595) Operating income (loss) 59,824 59,102 113,141 107,411 Other income (expense):	Selling, general and administrative expenses	(249,525)	(237,092)	(497,005)	(466,109)		
Operating income (loss) 59,824 59,102 113,141 107,411 Other income (expense): (5,053) (4,914) (9,527) (10,280) Interest expense, floor plan (12,712) (15,339) (27,791) (30,698) Interest expense, other, net (12,712) (15,339) (27,791) (30,698) Interest expense, non-cash, convertible debt (1,413) (1,715) (3,043) (3,409) Interest income (expense / amortization), non-cash, cash flow swaps 83 (464) 105 (286) Other income (expense), net (21,645) (22,417) (42,786) (44,585) Total other income (expense) (21,645) (22,417) (42,786) (44,585) Income (loss) from continuing operations before taxes 38,179 36,685 70,355 62,826 Provision for income taxes - benefit (expense) (10,646) (13,691) (23,354) (24,147) Income (loss) from continuing operations 27,533 22,994 47,001 38,679 Discontinued operations: Income (loss) from operations and the sale of dealerships 1,345 (997) 3,049 (2,092) <td>Impairment charges</td> <td>(33)</td> <td>(41)</td> <td>(34)</td> <td>(58)</td>	Impairment charges	(33)	(41)	(34)	(58)		
Other income (expense):Interest expense, floor plan $(5,053)$ $(4,914)$ $(9,527)$ $(10,280)$ Interest expense, other, net $(12,712)$ $(15,339)$ $(27,791)$ $(30,698)$ Interest expense, non-cash, convertible debt $(1,413)$ $(1,715)$ $(3,043)$ $(3,409)$ Interest income (expense / amortization), non-cash, cash flow swaps 83 (464) 105 (286) Other income (expense), net $(2,550)$ 15 $(2,530)$ 88 Total other income (expense) $(21,645)$ $(22,417)$ $(42,786)$ $(44,585)$ Income (loss) from continuing operations before taxes $38,179$ $36,685$ $70,355$ $62,826$ Provision for income taxes - benefit (expense) $(10,646)$ $(13,691)$ $(23,354)$ $(24,147)$ Income (loss) from continuing operations $27,533$ $22,994$ $47,001$ $38,679$ Discontinued operations: $1,345$ (997) $3,049$ $(2,092)$	Depreciation and amortization	(11,390)	(9,699)	(22,461)	(19,595)		
Interest expense, floor plan (5,053) (4,914) (9,527) (10,280) Interest expense, other, net (12,712) (15,339) (27,791) (30,698) Interest expense, non-cash, convertible debt (1,413) (1,715) (3,043) (3,409) Interest income (expense / amortization), non-cash, cash flow swaps 83 (464) 105 (286) Other income (expense), net (2,550) 15 (2,530) 88 Total other income (expense) (21,645) (22,417) (42,786) (44,585) Income (loss) from continuing operations before taxes 38,179 36,685 70,355 62,826 Provision for income taxes - benefit (expense) (10,646) (13,691) (23,354) (24,147) Income (loss) from continuing operations 27,533 22,994 47,001 38,679 Discontinued operations: Income (loss) from operations and the sale of dealerships 1,345 (997) 3,049 (2,092)	Operating income (loss)	59,824	59,102	113,141	107,411		
Interest expense, other, net (12,712) (15,339) (27,791) (30,698) Interest expense, non-cash, convertible debt (1,413) (1,715) (3,043) (3,409) Interest income (expense / amortization), non-cash, cash flow swaps 83 (464) 105 (286) Other income (expense), net (21,645) (22,417) (42,786) (44,585) Total other income (expense) (21,645) (22,417) (42,786) (44,585) Income (loss) from continuing operations before taxes 38,179 36,685 70,355 62,826 Provision for income taxes - benefit (expense) (10,646) (13,691) (23,354) (24,147) Income (loss) from continuing operations 27,533 22,994 47,001 38,679 Discontinued operations: Income (loss) from operations and the sale of dealerships 1,345 (997) 3,049 (2,092)							
Interest expense, non-cash, convertible debt (1,413) (1,715) (3,043) (3,409) Interest income (expense / amortization), non-cash, cash flow swaps 83 (464) 105 (286) Other income (expense), net (2,550) 15 (2,530) 88 Total other income (expense) (21,645) (22,417) (42,786) (44,585) Income (loss) from continuing operations before taxes 38,179 36,685 70,355 62,826 Provision for income taxes - benefit (expense) (10,646) (13,691) (23,354) (24,147) Income (loss) from continuing operations 27,533 22,994 47,001 38,679 Discontinued operations: 1,345 (997) 3,049 (2,092)							
Interest income (expense / amortization), non-cash, cash flow swaps83(464)105(286)Other income (expense), net(2,550)15(2,530)88Total other income (expense)(21,645)(22,417)(42,786)(44,585)Income (loss) from continuing operations before taxes38,17936,68570,35562,826Provision for income taxes - benefit (expense)(10,646)(13,691)(23,354)(24,147)Income (loss) from continuing operations27,53322,99447,00138,679Discontinued operations:1,345(997)3,049(2,092)			(15,339)				
Other income (expense), net (2,550) 15 (2,530) 88 Total other income (expense) (21,645) (22,417) (42,786) (44,585) Income (loss) from continuing operations before taxes 38,179 36,685 70,355 62,826 Provision for income taxes - benefit (expense) (10,646) (13,691) (23,354) (24,147) Income (loss) from continuing operations 27,533 22,994 47,001 38,679 Discontinued operations: 1,345 (997) 3,049 (2,092)		(1,413)	())	(3,043)			
Total other income (expense)(21,645)(22,417)(42,786)(44,585)Income (loss) from continuing operations before taxes38,17936,68570,35562,826Provision for income taxes - benefit (expense)(10,646)(13,691)(23,354)(24,147)Income (loss) from continuing operations27,53322,99447,00138,679Discontinued operations:1,345(997)3,049(2,092)	Interest income (expense / amortization), non-cash, cash flow swaps	83	(464)	105	(286)		
Income (loss) from continuing operations before taxes38,17936,68570,35562,826Provision for income taxes - benefit (expense)(10,646)(13,691)(23,354)(24,147)Income (loss) from continuing operations27,53322,99447,00138,679Discontinued operations:1,345(997)3,049(2,092)	Other income (expense), net	(2,550)	15	(2,530)	88		
Provision for income taxes - benefit (expense)(10,646)(13,691)(23,354)(24,147)Income (loss) from continuing operations27,53322,99447,00138,679Discontinued operations:1,345(997)3,049(2,092)	Total other income (expense)	(21,645)	(22,417)	(42,786)	(44,585)		
Provision for income taxes - benefit (expense)(10,646)(13,691)(23,354)(24,147)Income (loss) from continuing operations27,53322,99447,00138,679Discontinued operations:1,345(997)3,049(2,092)	Income (loss) from continuing operations before taxes	38,179	36,685	70,355	62,826		
Discontinued operations:Income (loss) from operations and the sale of dealerships1,345(997)3,049(2,092)		(10,646)	(13,691)	(23,354)	(24,147)		
Income (loss) from operations and the sale of dealerships 1,345 (997) 3,049 (2,092)	Income (loss) from continuing operations	27,533	22,994	47,001	38,679		
Income (loss) from operations and the sale of dealerships 1,345 (997) 3,049 (2,092)	Discontinued operations:						
Income tax benefit (expense) (699) (646) (1,373) (272)		1,345	(997)	3,049	(2,092)		
	Income tax benefit (expense)	(699)	(646)	(1,373)	(272)		

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Income (loss) from discontinued operations		646		(1,643)		1,676		(2,364)
Net income (loss)	\$	28,179	\$	21,351	\$	48,677	\$	36,315
Basic earnings (loss) per common share:								
Earnings (loss) per share from continuing operations	\$	0.52	\$	0.43	\$	0.88	\$	0.73
Earnings (loss) per share from discontinued operations		0.01		(0.03)		0.03		(0.05)
Earnings (loss) per common share	\$	0.53	\$	0.40	\$	0.91	\$	0.68
Weighted average common shares outstanding		52,593		52,461		52,409		52,438
Diluted earnings (loss) per common share:								
Earnings (loss) per share from continuing operations	\$	0.46	\$	0.38	\$	0.79	\$	0.65
Earnings (loss) per share from discontinued operations		0.01		(0.03)		0.02		(0.04)
Earnings (loss) per common share	\$	0.47	\$	0.35	\$	0.81	\$	0.61
Weighted average common shares outstanding		63,506		65,936		63,963		65,943
Dividends declared per common share See notes to Unaudited Condensed C	\$ Consoli	0.025 dated Finan	\$ ncial St	0.025 tatements.	\$	0.05	\$	0.05

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SONIC AUTOMOTIVE, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands)

	Seco	ond Quarter 2012	Ended June 30, 2011		Six Months En 2012		June 30, 2011
Net income (loss)	\$	28,179	\$	21,351	\$	48,677	\$ 36,315
Other comprehensive income (loss) before taxes:							
Change in fair value of interest rate swap agreements		(2,746)		(4,944)		61	(1,663)
Total other comprehensive income (loss) before taxes		(2,746)		(4,944)		61	(1,663)
Provision for income tax benefit (expense) related to components of other							
comprehensive income (loss)		1,044		1,879		(22)	632
Other comprehensive income (loss)		(1,702)					