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SONIC AUTOMOTIVE INC Form 10-Q April 27, 2012 Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 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)

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DELAWARE (State or other jurisdiction of

56-2010790 (I.R.S. Employer

incorporation or organization)

Identification No.)

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

28211 (Zip Code)

(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 ý

Non-Accelerated Filer "

Smaller Reporting Company "

(Do not check if a 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

As of April 19, 2012, there were 41,115,331 shares of Class A Common Stock and 12,029,375 shares of Class B Common Stock outstanding.

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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)

		First Quarter Ended March 31,		
	2012	2011		
Revenues:				
New vehicles	\$ 1,064,453	\$ 972,493		
Used vehicles	517,052	474,555		
Wholesale vehicles	45,341	35,046		
Total vehicles	1,626,846	1,482,094		
Parts, service and collision repair	301,748	287,100		
Finance, insurance and other	59,248	49,102		
Total revenues	1,987,842	1,818,296		
Cost of Sales:				
New vehicles	(999,633)	(912,996)		
Used vehicles	(476,523)	(436,982)		
Wholesale vehicles	(45,125)	(35,492)		
Total vehicles	(1,521,281)	(1,385,470)		
Parts, service and collision repair	(154,692)	(145,588)		
Total cost of sales	(1,675,973)	(1,531,058)		
Gross profit	311,869	287,238		
Selling, general and administrative expenses	(247,480)	(229,016)		
Impairment charges	(1)	(17)		
Depreciation and amortization	(11,071)	(9,895)		
Operating income (loss)	53,317	48,310		
Other income (expense):				
Interest expense, floor plan	(4,473)	(5,365)		
Interest expense, other, net	(15,080)	(15,359)		
Interest expense, non-cash, convertible debt	(1,630)	(1,694)		
Interest income (expense / amortization), non-cash, cash flow swaps	22	178		
Other income (expense), net	19	71		
Total other income (expense)	(21,142)	(22,169)		
Income (loss) from continuing operations before taxes	32,175	26,141		
Provision for income taxes - benefit (expense)	(12,709)	(10,457)		
	(12,70)	(10, .57)		
Income (loss) from continuing operations	19,466	15,684		
Discontinued operations:	17,700	15,007		
Income (loss) from operations and the sale of dealerships	1,706	(1,094)		

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Income tax benefit (expense)		(674)		374
Income (loss) from discontinued operations		1,032		(720)
Net income (loss)	\$	20,498	\$	14,964
Basic earnings (loss) per common share:				
Earnings (loss) per share from continuing operations	\$	0.37	\$	0.30
Earnings (loss) per share from discontinued operations		0.02		(0.02)
Earnings (loss) per common share	\$	0.39	\$	0.28
Weighted average common shares outstanding		52,224		52,416
Diluted earnings (loss) per common share:				
Earnings (loss) per share from continuing operations	\$	0.33	\$	0.27
Earnings (loss) per share from discontinued operations		0.02		(0.01)
Earnings (loss) per common share	\$	0.35	\$	0.26
Weighted average common shares outstanding		64,420		65,950
Dividends declared per common share	\$	0.025	\$	0.025
See notes to Unaudited Condensed Consolidated Financial Statements.	Ψ	0.025	Ψ	0.020

SONIC AUTOMOTIVE, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

$(Dollars\ in\ thousands)$

	First Quarter Ended March 31,		
	2012	2011	
Net income (loss)	\$ 20,498	\$ 14,964	
Other comprehensive income (loss) before taxes:			
Change in fair value of interest rate swap agreements	2,807	3,281	
Total other comprehensive income (loss) before taxes	2,807	3,281	
Provision for income tax benefit (expense) related to components of other comprehensive income (loss)	(1,066)	(1,247)	
Other comprehensive income (loss)	1,741	2,034	
Comprehensive income (loss)	\$ 22,239	\$ 16,998	

See notes to Unaudited Condensed Consolidated Financial Statements.

SONIC AUTOMOTIVE, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

$(Dollars\ in\ thousands)$

March 31,

December 31,

Current Assets S		2012	2011
Cash and cash equivalents \$ 2,300 \$ 1,913 Receivables, net 255,001 303,279 Inventories 986,095 863,133 Other current assets 1,263,336 1,180,729 Property and Equipment, net 554,081 552,037 Goodwill 464,488 468,465 Other Intangible Assets, net 75,888 76,276 Other Assets \$ 2,415,578 \$ 2,339,629 LIABILITIES AND STOCKHOLDERS EQUITY Current Liabilities: Notes payable floor plan trade \$ 489,579 \$ 469,027 Notes payable floor plan non-trade \$ 422,404 399,314 Trade accounts payable floor plan non-trade \$ 2,339,629 Accrued interest 9,294 12,117 Other accrued liabilities 17,707 17,707 Current muturities of long-term debt 12,052 11,66675 Long-Term Debt 545,028 536,011 10,066,75 Long-Term Liabilities 1,205,2 1,205,2 11,66675 Long-Term Liabilities 1,205,2 11,66	ASSETS		
Receivables, net inventories 255,001 303,279 inventories 986,095 863,133 Other current assets 19,880 12,404 Total current assets 1,263,336 1,180,729 Property and Equipment, net 554,081 552,037 Goodwill 464,488 468,465 Other Intangible Assets, net 75,888 76,276 Other Assets 57,785 62,122 Total Assets \$ 2,415,578 \$ 2,339,629 LIABILITIES AND STOCKHOLDERS EQUITY Current Liabilities \$ 489,579 \$ 469,027 Notes payable floor plan trade \$ 489,579 \$ 469,027 Notes payable floor plan non-trade \$ 422,404 399,314 Trade accounts payable 9,294 12,117 Other accrued liabilities 178,550 177,707 Current maturities of long-term debt 12,022 11,608 Total current liabilities 12,022,64 1,156,675 Long-Term Debt 545,028 536,011 Other Long-Term Liabilities 12,022,64 1,	Current Assets:		
Inventories	Cash and cash equivalents	\$ 2,360	\$ 1,913
Other current assets 1,263,336 1,180,729 Property and Equipment, net 554,081 552,037 Goodwill 464,488 488,465 Other Intangible Assets, net 75,888 76,276 Other Assets 57,785 62,122 Total Assets \$2,415,578 \$2,339,629 LIABILITIES AND STOCKHOLDERS EQUITY Current Liabilities \$489,579 \$469,027 Notes payable floor plan trade 449,579 \$469,027 Notes payable floor plan non-trade 422,404 399,314 Trade accounts payable 90,385 86,902 Accrued interest 90,385 86,902 Accrued interest 19,294 12,117 Other accrued liabilities 112,052 11,608 Total current liabilities 12,002,264 1,156,675 Long-Term Debt 545,028 536,011 Other Long-Term Liabilities 12,022,64 1,156,675 Long-Term Debt 545,028 536,011 Other Long-Term Liabilities 15,002	Receivables, net	255,001	303,279
Total current assets 1.263,336 1.180,729 Property and Equipment, net 554,081 552,037 Goodwill 464,488 468,465 Other Intangible Assets, net 75,888 76,276 Other Intangible Assets 57,785 62,122 Total Assets 57,785 62,122 Total Assets 57,785 62,122 Total Assets 52,415,578 52,339,629 Total Assets 52,415,578 52,415,578 Total Carrent Liabilities 52,415,578 Total Carrent Liabilities 72,224 72,244 72,	Inventories	986,095	863,133
Property and Equipment, net 554,081 552,037 Goodwill 464,488 468,465 Other Intangible Assets, net 57,888 76,276 Other Assets 57,785 62,122 Total Assets \$ 2,415,578 \$ 2,339,629 LIABILITIES AND STOCKHOLDERS EQUITY Current Liabilities: Notes payable floor plan trade \$ 489,579 \$ 469,027 Notes payable floor plan non-trade 422,404 399,314 Trade accounts payable 90,385 86,902 Accrued interest 90,385 86,902 Accrued interest 92,94 12,117 Other accrued liabilities 11,855 177,707 Current maturities of long-term debt 12,052 11,608 Total current liabilities 12,02,264 1,156,675 Total current liabilities 122,036 124,201 Class A convertible preferred stock, none issued 122,063 124,201 Class A convertible preferred stock, none issued 5 5 Class A common stock; S0,01 par value; 100,000,000 shares author	Other current assets	19,880	12,404
Property and Equipment, net 554,081 552,037 Goodwill 464,488 468,465 Other Intangible Assets, net 57,888 76,276 Other Assets 57,785 62,122 Total Assets \$ 2,415,578 \$ 2,339,629 LIABILITIES AND STOCKHOLDERS EQUITY Current Liabilities: Notes payable floor plan trade \$ 489,579 \$ 469,027 Notes payable floor plan non-trade 422,404 399,314 Trade accounts payable 90,385 86,902 Accrued interest 90,385 86,902 Accrued interest 92,94 12,117 Other accrued liabilities 11,855 177,707 Current maturities of long-term debt 12,052 11,608 Total current liabilities 12,02,264 1,156,675 Total current liabilities 122,036 124,201 Class A convertible preferred stock, none issued 122,063 124,201 Class A convertible preferred stock, none issued 5 5 Class A common stock; S0,01 par value; 100,000,000 shares author			
Goodwill 464.488 468.465 Other Intangible Assets, net 75,388 76,276 Other Assets \$7,788 62,122 Total Assets \$ 2,415,578 \$ 2,339,629 LIABILITIES AND STOCKHOLDERS EQUITY Current Liabilities: Notes payable floor plan trade \$ 489,579 \$ 469,027 Notes payable floor plan non-trade 422,404 399,314 Trade accounts payable 90,938 86,902 Accrued interest 9,294 12,117 Other accrued liabilities 178,550 177,707 Current maturities of long-term debt 12,022,64 1,156,675 Long-Term Debt 545,028 536,011 Other Long-Term Liabilities 120,264 1,156,675 Long-Term Liabilities 122,963 124,201 Commitments and Contingencies 545,028 536,011 Other Long-Term Liabilities 122,963 124,201 Class A common stock, 8001 par value; 100,000,000 shares authorized; 56,951,393 shares issued and 41,069,815 shares outstanding at March 31, 2012; 56,377,778 shares issued and 40,600,031 shares outstanding at March	Total current assets	1,263,336	1,180,729
Other Intangible Assets 75,888 76,276 Other Assets 57,785 62,122 Total Assets \$ 2,415,578 \$ 2,339,629 LIABILITIES AND STOCKHOLDERS EQUITY Current Liabilities: Stable floor plan trade \$ 489,579 \$ 469,027 Notes payable floor plan non-trade 422,404 399,314 Trade accounts payable accounts payable 90,385 86,902 Accrued interest 9,294 12,117 Other accrued liabilities 178,550 177,707 Current maturities of long-term debt 12,052 11,608 Total current liabilities 12,022,64 1,156,675 Long-Term Debt 545,028 536,011 Other Long-Term Liabilities 122,963 124,201 Class A common stock, S0.01 par value; 100,000,000 shares authorized; 56,951,393 shares issued and 41,069,815 shares outstanding at March 31, 2012; 56,377,778 shares issued and 40,600,031 shares outstanding at March 31, 2012 and December 31, 2011 570 564 Class A common stock; S0.01 par value; 30,000,000 shares authorized; 12,029,375 shares issued and outstanding	Property and Equipment, net	554,081	552,037
Other Assets \$ 2,415,578 \$ 2,339,629 LIABILITIES AND STOCKHOLDERS EQUITY Current Liabilities: Notes payable floor plan non-trade \$ 489,579 \$ 469,027 Notes payable floor plan non-trade 422,404 399,314 Trade accounts payable 90,385 86,902 Accrued interest 9,294 12,117 Other accrued liabilities 177,072 Current maturities of long-term debt 12,052 11,566,675 Current liabilities 1,202,264 1,156,675 Long-Term Liabilities 1,202,264 1,202,264 1,202,264 <th< td=""><td>Goodwill</td><td>464,488</td><td>468,465</td></th<>	Goodwill	464,488	468,465
Current Liabilities	Other Intangible Assets, net	75,888	76,276
Current Liabilities: Notes payable floor plan trade 122,404 399,314 177 178,550 177,707 178,550 177,707 178,550 177,707 178,550 178,550 177,707 178,550 178,550 177,707 178,550	Other Assets	57,785	62,122
Current Liabilities: Notes payable floor plan trade 12,404 399,314			
Current Liabilities - Notes payable floor plan rade floor plan non-trade floor plan floor plan non-trade floor plan non-trade floor plan floor plan non-trade floor plan non-trade floor plan	Total Assets	\$ 2,415,578	\$ 2,339,629
Current Liabilities - Notes payable floor plan rade 489,579 469,027 501,000 500 plan non-trade 422,404 399,314 71 rade accounts payable 90,385 86,902 60,000 71,700			
Current Liabilities - Notes payable floor plan rade 489,579 469,027 Notes payable floor plan non-trade 422,404 399,314 17 ade accounts payable 90,385 86,902 40,000 17,000			
Notes payable floor plan trade \$489,579 \$469,027 Notes payable floor plan non-trade 422,404 399,314 Trade accounts payable 90,385 86,902 Accrued interest 9,294 12,117 Other accrued liabilities 178,550 177,707 Current maturities of long-term debt 12,052 11,608 Total current liabilities 1,202,264 1,156,675 Long-Term Debt 545,028 536,011 Other Long-Term Liabilities 122,963 124,201 Commitments and Contingencies Stockholders Equity: Class A common stock, \$0.01 par value; 100,000,000 shares authorized; 56,951,393 shares issued and - - - Class A common stock, \$0.01 par value; 100,000,000 shares authorized; 12,029,375 shares issued and 570 564 Class B common stock; \$0.01 par value; 30,000,000 shares authorized; 12,029,375 shares issued and outstanding at March 31, 2012 and December 31, 2011 570 564 Class B common stock; \$0.01 par value; 30,000,000 shares authorized; 12,029,375 shares issued and outstanding at March 31, 2012 and December 31, 2011 671,304	LIABILITIES AND STOCKHOLDERS EQUITY		
Notes payable floor plan non-trade 422,404 399,314 Trade accounts payable 90,385 86,902 Accrued interest 9,294 12,117 Other accrued liabilities 178,550 177,707 Current maturities of long-term debt 12,052 11,608 Total current liabilities 1,202,264 1,156,675 Long-Term Debt 545,028 536,011 Other Long-Term Liabilities 122,963 124,201 Commitments and Contingencies 122,963 124,201 Stockholders Equity: - Class A common stock, \$0.01 par value; 100,000,000 shares authorized; 56,951,393 shares issued and 41,069,815 shares outstanding at March 31, 2012; 56,377,778 shares issued and 40,600,031 shares outstanding at December 31, 2011 570 564 Class B common stock; \$0.01 par value; 30,000,000 shares authorized; 12,029,375 shares issued and outstanding at March 31, 2012 and December 31, 2011 570 564 Class B common stock; \$0.01 par value; 30,000,000 shares authorized; 12,029,375 shares issued and 40,600,031 shares 671,304 667,839 Retained earnings 671,304 667,839 Accumulated other comprehensive income (loss) (19,749)	Current Liabilities:		
Notes payable floor plan non-trade 422,404 399,314 Trade accounts payable 90,385 86,902 Accrued interest 9,294 12,117 Other accrued liabilities 178,550 177,707 Current maturities of long-term debt 12,052 11,608 Total current liabilities 1,202,264 1,156,675 Long-Term Debt 545,028 536,011 Other Long-Term Liabilities 122,963 124,201 Commitments and Contingencies 122,963 124,201 Stockholders Equity: - Class A common stock, \$0.01 par value; 100,000,000 shares authorized; 56,951,393 shares issued and 41,069,815 shares outstanding at March 31, 2012; 56,377,778 shares issued and 40,600,031 shares outstanding at December 31, 2011 570 564 Class B common stock; \$0.01 par value; 30,000,000 shares authorized; 12,029,375 shares issued and outstanding at March 31, 2012 and December 31, 2011 570 564 Class B common stock; \$0.01 par value; 30,000,000 shares authorized; 12,029,375 shares issued and outstanding at March 31, 2012 and December 31, 2011 671,304 667,839 Retained earnings 671,304 667,839 143,551 124,383	Notes payable floor plan trade	\$ 489,579	\$ 469,027
Trade accounts payable 90,385 86,902 Accrued interest 9,294 12,117 Other accrued liabilities 178,550 177,707 Current maturities of long-term debt 12,052 11,608 Total current liabilities 1,202,264 1,156,675 Long-Term Debt 545,028 536,011 Other Long-Term Liabilities 122,963 124,201 Commitments and Contingencies 122,963 124,201 Class A convertible preferred stock, none issued - - - Class A common stock, \$0.01 par value; 100,000,000 shares authorized; 56,951,393 shares issued and 41,069,815 shares outstanding at March 31, 2012; 56,377,778 shares issued and 40,600,031 shares 570 564 Class B common stock; \$0.01 par value; 30,000,000 shares authorized; 12,029,375 shares issued and outstanding at March 31, 2012 and December 31, 2011 121 121 Paid-in capital 671,304 667,839 Retained earnings 143,551 124,383 Accumulated other comprehensive income (loss) (19,749) (21,490) Treasury stock, at cost (15,881,578 Class A shares held at March 31, 2012 and 15,777,747 Class A shares held at December 31, 2011)		422,404	399,314
Accrued interest 9,294 12,117 Other accrued liabilities 178,550 177,707 Current maturities of long-term debt 12,052 11,608 Total current liabilities 1,202,264 1,156,675 Long-Term Debt 545,028 536,011 Other Long-Term Liabilities 122,963 124,201 Commitments and Contingencies Stockholders Equity: Class A convertible preferred stock, none issued Class A common stock, \$0.01 par value; 100,000,000 shares authorized; 56,951,393 shares issued and 41,069,815 shares outstanding at March 31, 2012; 56,377,778 shares issued and 40,600,031 shares outstanding at December 31, 2011 570 564 Class B common stock; \$0.01 par value; 30,000,000 shares authorized; 12,029,375 shares issued and outstanding at March 31, 2012 and December 31, 2011 121 Paid-in capital 671,304 667,839 Retained earnings 143,551 124,383 Accumulated other comprehensive income (loss) 143,551 124,383 Accumulated other comprehensive income (loss) (250,474) (248,675) Total stockholders equity 545,323 522,742		90,385	86,902
Other accrued liabilities 178,550 177,707 Current maturities of long-term debt 12,052 11,608 Total current liabilities 1,202,264 1,156,675 Long-Term Debt 545,028 536,011 Other Long-Term Liabilities 122,963 124,201 Commitments and Contingencies 5 500,011 Stockholders Equity: - - Class A convertible preferred stock, none issued - - Class A convertible preferred stock, s0.01 par value; 100,000,000 shares authorized; 56,951,393 shares issued and 41,069,815 shares outstanding at March 31, 2012; 56,377,778 shares issued and 40,600,031 shares 570 564 Class B common stock; \$0.01 par value; 30,000,000 shares authorized; 12,029,375 shares issued and outstanding at March 31, 2012 and December 31, 2011 121 121 Paid-in capital 671,304 667,839 Retained earnings 143,551 124,383 Accumulated other comprehensive income (loss) (19,749) (21,490) Treasury stock, at cost (15,881,578 Class A shares held at March 31, 2012 and 15,777,747 Class A shares held at December 31, 2011) (250,474) (248,675) Total stockholders equity	Accrued interest	9,294	12,117
Total current liabilities 1,202,264 1,156,675 Long-Term Debt 545,028 536,011 Other Long-Term Liabilities 122,963 124,201 Commitments and Contingencies Stockholders Equity: Class A convertible preferred stock, none issued Class A common stock, \$0.01 par value; 100,000,000 shares authorized; 56,951,393 shares issued and 41,069,815 shares outstanding at March 31, 2012; 56,377,778 shares issued and 40,600,031 shares outstanding at December 31, 2011 570 564 Class B common stock; \$0.01 par value; 30,000,000 shares authorized; 12,029,375 shares issued and outstanding at March 31, 2012 and December 31, 2011 121 121 Paid-in capital 671,304 667,839 Retained earnings 143,551 124,383 Accumulated other comprehensive income (loss) (19,749) (21,490) Treasury stock, at cost (15,881,578 Class A shares held at March 31, 2012 and 15,777,747 Class A shares held at December 31, 2011) (248,675)			177,707
Total current liabilities 1,202,264 1,156,675 Long-Term Debt 545,028 536,011 Other Long-Term Liabilities 122,963 124,201 Commitments and Contingencies 122,963 124,201 Stockholders Equity: - - Class A convertible preferred stock, none issued - - Class A common stock, \$0.01 par value; 100,000,000 shares authorized; 56,951,393 shares issued and 41,069,815 shares outstanding at March 31, 2012; 56,377,778 shares issued and 40,600,031 shares outstanding at December 31, 2011 570 564 Class B common stock; \$0.01 par value; 30,000,000 shares authorized; 12,029,375 shares issued and outstanding at March 31, 2012 and December 31, 2011 121 121 Paid-in capital 671,304 667,839 Retained earnings 143,551 124,383 Accumulated other comprehensive income (loss) (19,749) (21,490) Treasury stock, at cost (15,881,578 Class A shares held at March 31, 2012 and 15,777,747 Class A shares held at December 31, 2011) (250,474) (248,675) Total stockholders equity 545,323 522,742	Current maturities of long-term debt	12,052	11,608
Long-Term Debt 545,028 536,011 Other Long-Term Liabilities 122,963 124,201 Commitments and Contingencies 122,963 124,201 Stockholders Equity: Class A convertible preferred stock, none issued - - Class A common stock, \$0.01 par value; 100,000,000 shares authorized; 56,951,393 shares issued and 41,069,815 shares outstanding at March 31, 2012; 56,377,778 shares issued and 40,600,031 shares outstanding at December 31, 2011 570 564 Class B common stock; \$0.01 par value; 30,000,000 shares authorized; 12,029,375 shares issued and outstanding at March 31, 2012 and December 31, 2011 121 121 Paid-in capital 671,304 667,839 Retained earnings 143,551 124,383 Accumulated other comprehensive income (loss) (19,749) (21,490) Treasury stock, at cost (15,881,578 Class A shares held at March 31, 2012 and 15,777,747 Class A shares held at December 31, 2011) (250,474) (248,675) Total stockholders equity 545,323 522,742			
Other Long-Term Liabilities 122,963 124,201 Commitments and Contingencies 122,963 124,201 Stockholders Equity: 122,963 124,201 Class A convertible preferred stock, none issued - - Class A common stock, \$0.01 par value; 100,000,000 shares authorized; 56,951,393 shares issued and 41,069,815 shares outstanding at March 31, 2012; 56,377,778 shares issued and 40,600,031 shares outstanding at December 31, 2011 570 564 Class B common stock; \$0.01 par value; 30,000,000 shares authorized; 12,029,375 shares issued and outstanding at March 31, 2012 and December 31, 2011 121 121 Paid-in capital 671,304 667,839 Retained earnings 143,551 124,383 Accumulated other comprehensive income (loss) (19,749) (21,490) Treasury stock, at cost (15,881,578 Class A shares held at March 31, 2012 and 15,777,747 Class A shares held at December 31, 2011) (250,474) (248,675) Total stockholders equity 545,323 522,742	Total current liabilities	1,202,264	1,156,675
Other Long-Term Liabilities 122,963 124,201 Commitments and Contingencies Stockholders Equity: - - Class A convertible preferred stock, none issued - - - Class A common stock, \$0.01 par value; 100,000,000 shares authorized; 56,951,393 shares issued and 41,069,815 shares outstanding at March 31, 2012; 56,377,778 shares issued and 40,600,031 shares outstanding at December 31, 2011 570 564 Class B common stock; \$0.01 par value; 30,000,000 shares authorized; 12,029,375 shares issued and outstanding at March 31, 2012 and December 31, 2011 121 121 Paid-in capital 671,304 667,839 Retained earnings 143,551 124,383 Accumulated other comprehensive income (loss) (19,749) (21,490) Treasury stock, at cost (15,881,578 Class A shares held at March 31, 2012 and 15,777,747 Class A shares held at December 31, 2011) (250,474) (248,675) Total stockholders equity 545,323 522,742	Long-Term Debt	545,028	536,011
Commitments and Contingencies Stockholders Equity: Class A convertible preferred stock, none issued Class A common stock, \$0.01 par value; 100,000,000 shares authorized; 56,951,393 shares issued and 41,069,815 shares outstanding at March 31, 2012; 56,377,778 shares issued and 40,600,031 shares outstanding at December 31, 2011 Class B common stock; \$0.01 par value; 30,000,000 shares authorized; 12,029,375 shares issued and outstanding at March 31, 2012 and December 31, 2011 Paid-in capital 671,304 667,839 Retained earnings Accumulated other comprehensive income (loss) Treasury stock, at cost (15,881,578 Class A shares held at March 31, 2012 and 15,777,747 Class A shares held at December 31, 2011) (250,474) (248,675) Total stockholders equity			124,201
Stockholders Equity: Class A convertible preferred stock, none issued - - Class A common stock, \$0.01 par value; 100,000,000 shares authorized; 56,951,393 shares issued and 41,069,815 shares outstanding at March 31, 2012; 56,377,778 shares issued and 40,600,031 shares 570 564 Class B common stock; \$0.01 par value; 30,000,000 shares authorized; 12,029,375 shares issued and outstanding at March 31, 2012 and December 31, 2011 121 121 Paid-in capital 671,304 667,839 Retained earnings 143,551 124,383 Accumulated other comprehensive income (loss) (19,749) (21,490) Treasury stock, at cost (15,881,578 Class A shares held at March 31, 2012 and 15,777,747 Class A shares held at December 31, 2011) (250,474) (248,675) Total stockholders equity 545,323 522,742	·		
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Class B common stock; \$0.01 par value; 30,000,000 shares authorized; 12,029,375 shares issued and outstanding at March 31, 2012 and December 31, 2011 121 121 Paid-in capital 671,304 667,839 Retained earnings 143,551 124,383 Accumulated other comprehensive income (loss) (19,749) (21,490) Treasury stock, at cost (15,881,578 Class A shares held at March 31, 2012 and 15,777,747 Class A shares held at December 31, 2011) (250,474) (248,675) Total stockholders equity 545,323 522,742		570	564
outstanding at March 31, 2012 and December 31, 2011 Paid-in capital Retained earnings Accumulated other comprehensive income (loss) Treasury stock, at cost (15,881,578 Class A shares held at March 31, 2012 and 15,777,747 Class A shares held at December 31, 2011) (248,675) Total stockholders equity 121 121 121 121 121 121 121 121 121 1	-		
Retained earnings 143,551 124,383 Accumulated other comprehensive income (loss) (19,749) (21,490) Treasury stock, at cost (15,881,578 Class A shares held at March 31, 2012 and 15,777,747 Class A shares held at December 31, 2011) (250,474) (248,675) Total stockholders equity 545,323 522,742	•	121	121
Retained earnings 143,551 124,383 Accumulated other comprehensive income (loss) (19,749) (21,490) Treasury stock, at cost (15,881,578 Class A shares held at March 31, 2012 and 15,777,747 Class A shares held at December 31, 2011) (250,474) (248,675) Total stockholders equity 545,323 522,742	Paid-in capital	671,304	667,839
Accumulated other comprehensive income (loss) Treasury stock, at cost (15,881,578 Class A shares held at March 31, 2012 and 15,777,747 Class A shares held at December 31, 2011) (21,490) (21,490) (248,675) Total stockholders equity 545,323 522,742	-	143,551	124,383
Treasury stock, at cost (15,881,578 Class A shares held at March 31, 2012 and 15,777,747 Class A shares held at December 31, 2011) (250,474) (248,675) Total stockholders equity 545,323 522,742			
held at December 31, 2011) (250,474) (248,675) Total stockholders equity 545,323 522,742	Treasury stock, at cost (15,881,578 Class A shares held at March 31, 2012 and 15,777,747 Class A shares	, ,	
		(250,474)	(248,675)
Total Liabilities and Stockholders Equity \$ 2,415,578 \$ 2,339,629	Total stockholders equity	545,323	522,742
Total Liabilities and Stockholders Equity \$ 2,415,578 \$ 2,339,629			
	Total Liabilities and Stockholders Equity	\$ 2,415,578	\$ 2,339,629

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See notes to Unaudited Condensed Consolidated Financial Statements.

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SONIC AUTOMOTIVE, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY

(Dollars and shares in thousands)

	Clad	ss A	Clad	ec R		Retained Earnings /		Ac	cumulated Other	Total
		n Stock	Class B Common Stock		Paid-In	9		Comprehensive Stockholders		
									Income	
	Shares	Amount	Shares	Amount	Capital	Deficit)	Stock		(Loss)	Equity
BALANCE AT DECEMBER 31,										
2011	56,378	\$ 564	12,029	\$ 121	\$ 667,839	\$ 124,383	\$ (248,675)	\$	(21,490)	\$ 522,742