Facebook Inc
Form 4
March 09, 2017

# FORM 4

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

| | |
|---|---|
| OMB Number: | 3235-0287 |
| Expires: | January 31, 2005 |
| Estimated average burden hours per response... | 0.5 |

(Print or Type Responses)

1. Name and Address of Reporting Person *
Stretch Colin

(Last) (First) (Middle)

C/O FACEBOOK, INC., 1601 WILLOW ROAD

(Street)

MENLO PARK, CA 94025

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Facebook Inc [FB]

3. Date of Earliest Transaction (Month/Day/Year)
03/07/2017

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
VP and General Counsel

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1.Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Class A Common Stock | 03/07/2017 | | S (1) | | 750 | D | $ 137.5667 (2) | 85,830 | D | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**
**(*e.g.*, puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | | 8. Price of Derivative Security (Instr. 5) | 9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | |

# Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---|---|---|---|
| | Director | 10% Owner | Officer | Other |
| Stretch Colin<br>C/O FACEBOOK, INC.<br>1601 WILLOW ROAD<br>MENLO PARK, CA 94025 | | | VP and General Counsel | |

# Signatures

| /s/ Michael Johnson as attorney-in-fact for Colin Stretch | 03/09/2017 |
|---|---|
| **Signature of Reporting Person | Date |

# Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

**(1)** The sales reported on this Form 4 were effected pursuant to a Rule 10b5-1 trading plan adopted by the holder.

**(2)** The reported price in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from $137.06 to $137.96 per share, inclusive. The reporting person undertakes to provide to the issuer, any security holder of the issuer, or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth in this footnote.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ht:normal;font-style:normal;text-transform:none;font-variant: normal;">

6.6

%

Total

$

659,445

$

627,212

$

32,233

5.1

%

Gross profit

Customer pay

$

154,225

$

152,877

$

1,348

0.9

%

Warranty

61,892

48,901

12,991

26.6

%

Wholesale parts

16,135

15,971

164

1.0

%

Internal, sublet and other

89,573

83,821

5,752

6.9

%

Total

$

321,825

Explanation of Responses:

$

301,570

$

20,255

6.7

%

Gross profit as a % of revenue

Customer pay

54.9

%

55.2

%

(30

)

bps

Warranty

56.4

%

54.4

%

200

bps

Wholesale parts

17.9

%

17.3

%

60

bps

Internal, sublet and other

50.1

%

50.0

%

10

bps

Total

48.8

%

48.1

%

70

bps

During the three and six months ended June 30, 2015, our total Fixed Operations customer pay revenue increased 3.2% and 1.4%, respectively. Warranty revenue increased during the three and six months ended June 30, 2015 by 25.8% and 22.0%, respectively, led by increases in warranty activity, including recalls, at our BMW, Honda and Cadillac dealerships. During the three and six months ended June 30, 2015, used vehicle reconditioning revenue increased 9.0% and 7.2%, respectively, contributing to the net increase. Fixed Operations customer pay revenue increased 6.7% and 2.9% at our domestic dealerships, 3.5% and 1.6% at our luxury dealerships, and was flat at our mid-line dealerships, during the three and six months ended June 30, 2015, respectively.

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SONIC AUTOMOTIVE, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended June 30, 2015, an increase in Fixed Operations revenue contributed approximately $10.9 million in additional gross profit and an increase in gross margin rate of 70 basis points contributed to a $2.2 million increase in gross profit. For the six months ended June 30, 2015, an increase in Fixed Operations revenue contributed approximately $15.5 million in additional gross profit and an increase in gross margin rate of 70 basis points contributed to a $4.8 million increase in gross profit. The gross margin rate increased primarily due to increased warranty activity at our BMW dealerships.

Finance, Insurance and Other, Net ("F&I")

Finance, insurance and other revenues include commissions for arranging vehicle financing and insurance, sales of third-party extended warranties and service contracts for vehicles and other aftermarket products. In connection with vehicle financing, extended warranties, service contracts, other aftermarket products and insurance contracts, we receive commissions from the providers for originating contracts.

Our reported F&I results are as follows:

| | Three Months Ended June 30, | | Better / (Worse) | |
|---|---|---|---|---|
| | 2015 | 2014 | Change | % Change |
| | (In thousands, except per unit data) | | | |
| Reported: | | | | |
| Revenue | $82,363 | $76,736 | $5,627 | 7.3 % |
| Gross profit per retail unit (excludes fleet) | $1,268 | $1,211 | $57 | 4.7 % |

| | Six Months Ended June 30, | | Better / (Worse) | |
|---|---|---|---|---|
| | 2015 | 2014 | Change | % Change |
| | (In thousands, except per unit data) | | | |
| Reported: | | | | |
| Revenue | $156,963 | $146,317 | $10,646 | 7.3 % |
| Gross profit per retail unit (excludes fleet) | $1,261 | $1,209 | $52 | 4.3 % |

Our same store F&I results are as follows:

| | Three Months Ended June 30, | | Better / (Worse) | |
|---|---|---|---|---|
| | 2015 | 2014 | Change | % Change |
| | (In thousands, except per unit data) | | | |
| Same Store: | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Revenue | $80,573 | $74,237 | $6,336 | 8.5 | % |
| Gross profit per retail unit (excludes fleet) | $1,274 | $1,218 | $56 | 4.6 | % |

| | Six Months Ended June 30, | | Better / (Worse) | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | Change | % Change | |
| | (In thousands, except per unit data) | | | | |
| Same Store: | | | | | |
| Revenue | $153,702 | $141,419 | $12,283 | 8.7 | % |
| Gross profit per retail unit (excludes fleet) | $1,267 | $1,213 | $54 | 4.5 | % |

F&I revenues and F&I gross profit per unit increased during the three and six months ended June 30, 2015, primarily due to improved penetration rates on service contracts and aftermarket products as a result of increased visibility into performance drivers provided by our proprietary internal software applications. In addition, F&I revenues improved due to increases in total new and used retail (excluding fleet) unit volume of 3.8% and 4.1% for the three and six months ended June 30, 2015, respectively.

Finance contract revenue increased 6.7% and 8.0% for the three and six months ended June 30, 2015, respectively, primarily due to increases in contract volume of 6.0% and 5.3%, respectively. The increase in finance contract revenue in the three and six months ended June 30, 2015 was further driven by increases in gross profit per contract of 1.0% and 2.6%, respectively. Finance contract revenue may experience compression if manufacturers offer attractive financing rates from their captive finance affiliates because we tend to earn lower commissions under these programs.

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SONIC AUTOMOTIVE, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Service contract revenue increased 5.1% and 3.2% in the three and six months ended June 30, 2015, respectively. Total service contract volume increased 6.4% and 5.8% for the three and six months ended June 30, 2015, respectively, driven by a service contract penetration rate increase of 80 basis points and 50 basis points for the three and six months ended June 30, 2015, respectively.

Other aftermarket contract revenue increased 12.4% and 13.1% in the three and six months ended June 30, 2015, respectively. Other aftermarket contract volume increased 6.9% and 8.9% in the three and six months ended June 30, 2015, respectively, driven by other aftermarket contract penetration rate increases of 410 basis points and 620 basis points, respectively.

Segment Results

In the following tables of financial data, total segment income of the operating segments is reconciled to consolidated operating income.

| | Three Months Ended June 30, | | Better / (Worse) | |
|---|---|---|---|---|
| | 2015 | 2014 | Change | % Change |
| | (In thousands, except unit data) | | | |
| Revenues: | | | | |
| Franchised Dealerships | $2,402,764 | $2,353,280 | $49,484 | 2.1 % |
| EchoPark® | 20,976 | - | 20,976 | 100.0 % |
| Total consolidated revenues | $2,423,740 | $2,353,280 | $70,460 | 3.0 % |
| Segment income (loss) (1): | | | | |
| Franchised Dealerships | $41,714 | $61,996 | $(20,282) | (32.7 %) |
| EchoPark® | (3,929) | (3,244) | (685) | (21.1 %) |
| Total segment income | 37,785 | 58,752 | (20,967) | (35.7 %) |
| Interest expense, other, net | (13,054) | (13,865) | 811 | 5.8 % |
| Other income (expense), net | 10 | 3 | 7 | 233.3 % |
| Income (loss) from continuing operations before taxes | $24,741 | $44,890 | $(20,149) | (44.9 %) |

(1) Segment income (loss) for each segment is defined as operating income less floor plan interest expense.

| | | | | |
|---|---|---|---|---|
| Retail unit sales volume: | | | | |
| Franchised Dealerships | 64,096 | 63,361 | 735 | 1.2 % |

| | | | | |
|---|---|---|---|---|
| EchoPark® | 881 | - | 881 | 100.0% |
| Total units retailed | 64,977 | 63,361 | 1,616 | 2.6 % |

| | Six Months Ended June 30, | | Better / (Worse) | |
|---|---|---|---|---|
| | 2015 | 2014 | Change | % Change |
| | (In thousands, except units and per unit data) | | | |
| Revenues: | | | | |
| Franchised Dealerships | $4,622,594 | $4,489,666 | $132,928 | 3.0 % |
| EchoPark® | 36,662 | - | 36,662 | 100.0 % |
| Total consolidated revenues | $4,659,256 | $4,489,666 | $169,590 | 3.8 % |
| Segment income (loss) (1): | | | | |
| Franchised Dealerships | $84,785 | $109,691 | $(24,906 ) | (22.7 %) |
| EchoPark® | (10,282 ) | (4,985 ) | (5,297 ) | (106.3 %) |
| Total segment income | 74,503 | 104,706 | (30,203 ) | (28.8 %) |
| Interest expense, other, net | (26,274 ) | (27,683 ) | 1,409 | 5.1 % |
| Other income (expense), net | 100 | 100 | - | 0.0 % |
| Income (loss) from continuing operations before taxes | $48,329 | $77,123 | $(28,794 ) | (37.3 %) |

(1) Segment income (loss) for each segment is defined as operating income less floor plan interest expense.

| | | | | |
|---|---|---|---|---|
| Retail unit sales volume: | | | | |
| Franchised Dealerships | 122,905 | 121,047 | 1,858 | 1.5 % |
| EchoPark® | 1,541 | - | 1,541 | 100.0% |
| Total units retailed | 124,446 | 121,047 | 3,399 | 2.8 % |

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SONIC AUTOMOTIVE, INC.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Franchised Dealerships

See the previous headers “New Vehicles,” “Used Vehicles,” “Wholesale Vehicles,” “Parts, Service and Collision Repair” and “Finance, Insurance and Other, Net” for further discussion of the operating results of our Franchised Dealerships segment. The previous analyses include operating results for our EchoPark® segment as the results for EchoPark® are not material to the combined operating results.

EchoPark®

We opened the first two EchoPark® locations in November and December 2014, and we opened the third location in January 2015. Our EchoPark® business operates independently from the previously existing new and used sales operations and introduces customers to an exciting shopping and buying experience. During the three months ended June 30, 2015, EchoPark® generated approximately $21.0 million of revenue and gross profit of $2.6 million, driven by used vehicle gross profit per unit of $1,269, F&I gross profit per unit of $910 and the sale of 881 pre-owned vehicles. EchoPark® incurred a $4.1 million operating loss during the three months ended June 30, 2015. During the six months ended June 30, 2015, EchoPark® generated approximately $36.7 million of revenue and gross profit of $4.4 million, driven by used vehicle gross profit per unit of $1,319, F&I gross profit per unit of $901 and the sale of 1,541 pre-owned vehicles. EchoPark® incurred a $10.4 million operating loss during the six months ended June 30, 2015. Included in the $10.4 million operating loss during the six months ended June 30, 2015, is a $1.4 million impairment charge primarily related to website development.

Selling, General and Administrative (“SG&A”) Expenses

SG&A expenses are comprised of four major groups: compensation expense, advertising expense, rent expense and other expense. Compensation expense primarily relates to dealership personnel who are paid a commission or a salary plus commission and support personnel who are paid a fixed salary. Commissions paid to dealership personnel typically vary depending on gross profits realized. Due to the salary component for certain dealership and corporate personnel, gross profits and compensation expense do not change in direct proportion to one another. Advertising expense and other expense vary based on the level of actual or anticipated business activity and number of dealerships owned. Rent expense typically varies with the number of dealerships owned, investments made for facility improvements and interest rates. Other expense includes various fixed and variable expenses, including certain customer-related costs, insurance, training, legal and IT expenses.

The following table sets forth information related to our reported SG&A expenses:

| | Three Months Ended June 30, | | Better / (Worse) | |
|---|---|---|---|---|
| | 2015 | 2014 | Change | % Change |
| | (In thousands) | | | |
| SG&A expenses | | | | |
| Compensation | $167,811 | $163,109 | $(4,702) | (2.9%) |
| Advertising | 15,358 | 13,864 | (1,494) | (10.8%) |
| Rent | 18,246 | 18,643 | 397 | 2.1% |
| Other | 83,246 | 73,298 | (9,948) | (13.6%) |
| Total | $284,661 | $268,914 | $(15,747) | (5.9%) |
| SG&A expenses as a % of gross profit | | | | |
| Compensation | 47.2% | 47.0% | (20) bps | |
| Advertising | 4.3% | 4.0% | (30) bps | |
| Rent | 5.1% | 5.4% | 30 bps | |
| Other | 23.5% | 21.1% | (240) bps | |
| Total | 80.1% | 77.5% | (260) bps | |

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Explanation of Responses:

SONIC AUTOMOTIVE, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

| | Six Months Ended June 30, | | Better / (Worse) | |
|---|---|---|---|---|
| | 2015 | 2014 | Change | % Change |
| | (In thousands) | | | |
| SG&A expenses | | | | |
| Compensation | $329,669 | $320,263 | $(9,406) | (2.9%) |
| Advertising | 30,689 | 27,982 | (2,707) | (9.7%) |
| Rent | 36,500 | 37,178 | 678 | 1.8% |
| Other | 158,665 | 147,464 | (11,201) | (7.6%) |
| Total | $555,523 | $532,887 | $(22,636) | (4.2%) |
| SG&A expenses as a % of gross profit | | | | |
| Compensation | 47.7% | 47.4% | (30) | bps |
| Advertising | 4.4% | 4.1% | (30) | bps |
| Rent | 5.3% | 5.5% | 20 | bps |
| Other | 23.1% | 21.8% | (130) | bps |
| Total | 80.5% | 78.8% | (170) | bps |

Overall SG&A expenses increased in both dollar amount and as a percentage of gross profit for the three and six months ended June 30, 2015, due primarily to costs related to our EchoPark®, One Sonic-One Experience and other strategic initiatives, among other cost drivers as discussed below. The effect of costs related to EchoPark® on total SG&A expenses as a percentage of gross profit was an increase of 70 basis points and 100 basis points in the three and six months ended June 30, 2015, respectively, compared to the prior year periods. Excluding the effect of EchoPark® expenses, total SG&A expenses as a percentage of gross profit would have increased 190 basis points and 70 basis points for the three and six months ended June 30, 2015, respectively, compared to the prior year periods.

Compensation costs as a percentage of gross profit increased 20 basis points and 30 basis points in the three and six months ended June 30, 2015, respectively, primarily due to medical insurance claims experience, severance costs and increased headcount related to demand from centralization efforts and EchoPark® staffing.

In the three and six months ended June 30, 2015, total advertising expense increased as a percentage of gross profit due to increased advertising programs for EchoPark® and One-Sonic-One-Experience.

Rent expense as a percentage of gross profit decreased 30 basis points and 20 basis points in the three and six months ended June 30, 2015, respectively, primarily due to higher gross profit levels and the purchase of properties that were previously leased.

Other SG&A expenses increased in dollar amount and as a percentage of gross profit during the three and six months ended June 30, 2015, primarily due to higher IT expenses, legal fees, and physical damage insurance costs. Included in other SG&A expenses for the three and six months ended June 30, 2015, is approximately $3.4 million and $3.5 million, respectively, of storm-related physical damage, $0.6 million of legal expense, partially offset by gains on disposal of dealership franchises of approximately $0.8 million and $0.7 million, respectively. During the three months ended June 30, 2014, other SG&A expenses were favorably affected by gains on disposal of dealership franchises totaling approximately $7.3 million, and unfavorably impacted by charges of approximately $1.4 million related to hail damage and legal settlement expenses.

Impairment Charges

Impairment charges increased approximately $10.5 million and $16.7 million during the three and six months ended June 30, 2015, respectively. Impairment charges for the three and six months ended June 30, 2015 include the write-off of goodwill, intangible assets, property and equipment as part of the disposal of a franchise, the write-off of certain costs associated with website and software development projects as well as abandonment of certain construction projects.

Depreciation and Amortization

Depreciation and amortization expense increased approximately $2.9 million, or 19.8%, and $4.9 million, or 17.0%, during the three and six months ended June 30, 2015, respectively. The increase is primarily related to completed construction projects that were placed in service subsequent to June 30, 2014.

SONIC AUTOMOTIVE, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Interest Expense, Floor Plan

Interest expense, floor plan for new vehicles incurred by continuing operations increased approximately $0.3 million, or 6.3%, and $0.2 million, or 2.0%, in the three and six months ended June 30, 2015, respectively. The average new vehicle floor plan notes payable balance for continuing operations increased approximately $55.9 million and $30.8 million in the three and six months ended June 30, 2015, respectively, resulting in an increase in new vehicle floor plan interest expense of approximately $0.2 million in each period. The average new vehicle floor plan interest rate incurred by continuing dealerships was 1.62% and 1.59% in the three and six months ended June 30, 2015, respectively, compared to 1.60% in both the three and six months ended June 30, 2014, resulting in an increase in new vehicle floor plan interest expense of approximately $0.1 million in the three months ended June 30, 2015.

Interest expense, floor plan for used vehicles incurred by continuing operations increased approximately $0.2 million, or 73.1%, and $0.4 million, or 69.1%, in the three and six months ended June 30, 2015, respectively. The average used vehicle floor plan notes payable balance for continuing operations increased approximately $50.2 million and $45.9 million in the three and six months ended June 30, 2015, respectively, resulting in an increase in used vehicle floor plan interest expense of approximately $0.2 million and $0.4 million in the same periods. The average used vehicle floor plan interest rate incurred by continuing dealerships was 1.77% and 1.85% in the three and six months ended June 30, 2015, respectively, compared to 1.83% and 1.89% in the three and six months ended June 30, 2014, respectively, which had minimal effect on new vehicle floor plan interest expense.

Interest Expense, Other, Net

Interest expense, other, net, is summarized in the schedule below:

| | Three Months Ended June 30, | | Better / (Worse) | |
|---|---|---|---|---|
| | 2015 | 2014 | Change | % Change |
| | (In thousands) | | | |
| Stated/coupon interest | $10,498 | $10,462 | $(36) | (0.3%) |
| Discount/premium amortization | 38 | 35 | (3) | (8.6%) |
| Deferred loan cost amortization | 618 | 616 | (2) | (0.3%) |
| Cash flow swap interest | 2,089 | 2,890 | 801 | 27.7% |
| Capitalized interest | (364) | (314) | 50 | 15.9% |
| Other interest | 175 | 176 | 1 | 0.6% |
| Total | $13,054 | $13,865 | $811 | 5.8% |

| | Six Months Ended June 30, | | Better / (Worse) |
|---|---|---|---|
| | 2015 | 2014 | Change |

| | (In thousands) | | | % Change |
|---|---|---|---|---|
| Stated/coupon interest | $20,853 | $20,711 | $(142) | (0.7%) |
| Discount/premium amortization | 75 | 70 | (5) | (7.1%) |
| Deferred loan cost amortization | 1,236 | 1,414 | 178 | 12.6% |
| Cash flow swap interest | 4,314 | 5,716 | 1,402 | 24.5% |
| Capitalized interest | (592) | (571) | 21 | 3.7% |
| Other interest | 388 | 343 | (45) | (13.1%) |
| Total | $26,274 | $27,683 | $1,409 | 5.1% |

Interest expense, other, net, decreased approximately $0.8 million and $1.4 million during the three and six months ended June 30, 2015, respectively, primarily due to a decrease in cash flow swap interest payments due to the expiration of two interest rate swaps during the three months ended September 30, 2014.

Income Taxes

The overall effective tax rate from continuing operations was 39.0% for both the three and six months ended June 30, 2015, and was 39.7% and 39.0% for the three and six months ended June 30, 2014, respectively. The effective tax rate varies from year to year based on the distribution of taxable income between states in which we operate and other tax adjustments. We expect the effective tax

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SONIC AUTOMOTIVE, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

rate in future periods to fall within a range of 38.0% to 40.0% before the impact, if any, of changes in valuation allowances related to deferred income tax assets or unusual discrete tax adjustments.

Discontinued Operations

Significant components of results from discontinued operations were as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | (In thousands) | | | |
| Income (loss) from operations | $(393) | $(181) | $(645) | $(770) |
| Gain (loss) on disposal | - | 97 | - | 53 |
| Lease exit accrual adjustments and charges | (116) | (43) | (555) | (375) |
| Pre-tax income (loss) | $(509) | $(127) | $(1,200) | $(1,092) |
| Total revenues | $- | $- | $- | $- |

See the discussion of our adoption of ASU 2014-08 in Note 1, "Description of Business and Summary of Significant Accounting Policies," of the notes to the consolidated financial statements in Sonic's Annual Report on Form 10-K for the year ended December 31, 2014. We do not expect significant activity classified as discontinued operations in the future due to the change in the definition of a discontinued operation. The results of operations for those dealerships and franchises that were classified as discontinued operations as of March 31, 2014 will continue to be reported within discontinued operations in the future.

Liquidity and Capital Resources

We require cash to fund debt service, operating lease obligations, working capital requirements, facility improvements and other capital improvements, dividends on our common stock and to finance acquisitions and otherwise invest in our business. We rely on cash flows from operations, borrowings under our revolving credit and floor plan borrowing arrangements, real estate mortgage financing, asset sales and offerings of debt and equity securities to meet these requirements. We closely monitor our available liquidity and projected future operating results in order to remain in compliance with restrictive covenants under the 2014 Credit Facilities and other debt obligations and lease arrangements. However, our liquidity could be negatively affected if we fail to comply with the financial covenants in our existing debt or lease arrangements. Cash flows provided by our dealerships are derived from various sources. The primary sources include individual consumers, automobile manufacturers, automobile manufacturers' captive finance subsidiaries and finance companies. Disruptions in these cash flows could have a material and adverse impact on our operations and overall liquidity.

Because the majority of our consolidated assets are held by our dealership subsidiaries, the majority of our cash flows from operations are generated by these subsidiaries. As a result, our cash flows and ability to service our obligations depends to a substantial degree on the cash generated from the operations of these dealership subsidiaries.

We had the following liquidity resources available as of June 30, 2015 and December 31, 2014:

| | June 30, 2015 | December 31, 2014 |
|---|---|---|
| | (In thousands) | |
| Cash and cash equivalents | $3,552 | $ 4,182 |
| Availability under our revolving credit facility | 144,241 | 165,560 |
| Availability under our used floor plan facilities | 54,999 | 22,642 |
| Floor plan deposit balance | 54,000 | 57,500 |
| Total available liquidity resources | $256,792 | $ 249,884 |

We participate in a program with two of our manufacturer-affiliated finance companies (the floor plan deposit balance in the table above) wherein we maintain a deposit balance with the lender that earns interest based on the agreed upon rate. This deposit balance is not designated as a pre-payment of notes payable – floor plan, nor is it our intent to use this amount to offset principal amounts owed under notes payable – floor plan in the future, although we have the right and ability to do so. The deposit balance of $54.0 million and $57.5 million as of June 30, 2015 and December 31, 2014, respectively, is classified in other current assets in the accompanying condensed consolidated balance sheets. Changes in this deposit balance are classified as changes in other assets in the cash flows from operating activities section of the accompanying condensed consolidated statements of cash flows. The interest rebate as a result of this deposit balance is classified as a reduction of interest expense, floor plan, in the accompanying condensed

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SONIC AUTOMOTIVE, INC.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

consolidated statements of income. In the three and six months ended June 30, 2015, the reduction in interest expense, floor plan, was approximately $0.3 million and $0.7 million, respectively. In the three and six months ended June 30, 2014, the reduction in interest expense, floor plan, was approximately $0.5 million and $0.9 million, respectively.

Floor Plan Facilities

We finance our new and certain of our used vehicle inventory through standardized floor plan facilities with manufacturer captive finance companies and a syndicate of manufacturer-affiliated finance companies and commercial banks. These floor plan facilities are due on demand and bear interest at variable rates based on either LIBOR or the prime rate. The weighted average interest rate for our new and used floor plan facilities for continuing operations was 1.63% and 1.61% in the three and six months ended June 30, 2015, respectively, and 1.61% and 1.62% in the three and six months ended June 30, 2014, respectively.

We receive floor plan assistance from certain manufacturers. Floor plan assistance received is capitalized in inventory and charged against cost of sales when the associated inventory is sold. We received approximately $10.2 million and $19.4 million in floor plan assistance in the three and six months ended June 30, 2015, respectively, and $10.0 million and $19.0 million in the three and six months ended June 30, 2014, respectively. We recognized manufacturer floor plan assistance in cost of sales for continuing operations of approximately $11.2 million and $19.6 million in the three and six months ended June 30, 2015, respectively, and $9.6 million and $18.4 million in the three and six months ended June 30, 2014, respectively. Interest payments under each of our floor plan facilities are due monthly and we are not required to make principal repayments prior to the sale of the vehicles.

Long-Term Debt and Credit Facilities

See Note 6, “Long-Term Debt,” to the accompanying condensed consolidated financial statements for discussion of our long-term debt and credit facilities and compliance with debt covenants.

Dealership Acquisitions and Dispositions

See Note 2, “Business Acquisitions and Dispositions,” to the accompanying condensed consolidated financial statements.

Capital Expenditures

Our capital expenditures include the purchase of land and buildings, construction of new dealerships, EchoPark® stores and collision repair centers, building improvements and equipment purchased for use in our dealerships and EchoPark® stores. We selectively construct new or improve existing dealership facilities to maintain compliance with manufacturers’ image requirements. We typically finance these projects through new mortgages, or, alternatively, through our credit facilities. We also fund these projects through cash flows from operations.

Capital expenditures in the three and six months ended June 30, 2015 were approximately $36.2 million and $82.9 million, respectively. Of this amount, approximately $18.0 million and $48.4 million were related to facility construction projects in the three and six months ended June 30, 2015, respectively.  Real estate acquisitions accounted for approximately $10.2 million in the three and six months ended June 30, 2015. Fixed assets utilized in our dealership operations accounted for the remaining $8.0 million and $24.3 million of the capital expenditures in the three and six months ended June 30, 2015, respectively.

Of the capital expenditures in the three and six months ended June 30, 2015, approximately $20.4 million and $46.0 million, respectively, was funded through mortgage financing and approximately $15.8 million and $36.9 million, respectively, was funded through cash from operations and use of our credit facilities. As of June 30, 2015, commitments for facilities construction projects totaled approximately $31.0 million. We expect investments related to capital expenditures to be partly dependent upon our overall liquidity position and the availability of mortgage financing to fund significant capital projects.

Stock Repurchase Program

Our Board of Directors has authorized us to repurchase shares of our Class A common stock. Historically, we have used our share repurchase authorization to offset dilution caused by the exercise of stock options or the vesting of equity compensation awards and to maintain our desired capital structure. During the three and six months ended June 30, 2015, we repurchased approximately 0.2 million shares and 0.6 million shares, respectively, of our Class A common stock for approximately $3.6 million  and $14.8 million, respectively, in open-market transactions and in connection with tax withholdings on the vesting of equity compensation awards. During the three and six months ended June 30, 2014, we repurchased approximately 0.1 million shares and 0.5 million shares,

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respectively, of our Class A common stock for approximately $2.8 million and $11.2 million, respectively, in open-market transactions and in connection with tax withholdings on the vesting of equity compensation awards. As of June 30, 2015, our total remaining repurchase authorization was approximately $64.7 million. Under the 2014 Credit Facilities, share repurchases are permitted to the extent that no event of default exists and we have the pro forma liquidity amount required by the repurchase test (as defined in the 2014 Credit Facilities) and the result of such test has been accepted by the administrative agent.

Our share repurchase activity is subject to the business judgment of our Board of Directors and management, taking into consideration our historical and projected results of operations, financial condition, cash flows, capital requirements, covenant compliance and economic and other factors considered relevant. These factors are considered each quarter and will be scrutinized as our Board of Directors and management determine our share repurchase policy in the future.

Dividends

During the three months ended June 30, 2015, our Board of Directors approved a cash dividend of $0.025 per share on all outstanding shares of Class A and Class B common stock as of June 15, 2015 to be paid on July 15, 2015. Subsequent to June 30, 2015, our Board of Directors approved a cash dividend on all outstanding shares of Class A and Class B common stock of $0.025 per share for stockholders of record on September 15, 2015 to be paid on October 15, 2015. Under the 2014 Credit Facilities, dividends are permitted to the extent that no event of default exists and we are in compliance with the financial covenants, including pro forma liquidity requirements, contained therein. The indentures governing our outstanding 5.0% Notes and 7.0% Notes contain restrictions on our ability to pay dividends. There is no guarantee that additional dividends will be declared and paid at any time in the future. See Note 6, “Long-Term Debt,” of the notes to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2014.

Cash Flows

In the six months ended June 30, 2015, net cash provided by operating activities was approximately $54.1 million. This provision of cash was comprised primarily of cash inflows related to operating profits, and a decrease in receivables and an increase in notes payable – floor plan – trade, offset partially by decreases in trade accounts payable and other liabilities and an increase in inventories. In the six months ended June 30, 2014, net cash provided by operating activities was approximately $53.6 million. This provision of cash was comprised primarily of cash inflows related to operating profits, a decrease in receivables and an increase in notes payable – floor plan – trade, offset partially by increases in inventories and other assets.

Net cash used in investing activities in the six months ended June 30, 2015 was approximately $80.7 million. This use of cash was primarily comprised of purchases of land, property and equipment. Net cash used in investing activities in the six months ended June 30, 2014 was approximately $19.6 million. This use of cash was primarily comprised of purchases of land, property and equipment, offset partially by proceeds from sales of dealerships.

Net cash provided by financing activities in the six months ended June 30, 2015 was approximately $25.9 million. This provision of cash was comprised primarily of cash inflows related to proceeds from issuance of mortgage-related long-term debt, offset partially by a decrease in notes payable – floor plan – non-trade, payments on long-term debt and purchases of treasury stock.  Net cash used in financing activities in the six months ended June 30, 2014 was approximately $34.1 million. This use of cash was primarily related to a decrease in notes payable – floor plan – non-trade and purchases of treasury stock, offset partially by proceeds from issuance of mortgage-related long-term debt.

We arrange our inventory floor plan financing through both manufacturer captive finance companies and a syndicate of manufacturer captive finance companies and commercial banks. Our floor plan financed with manufacturer captives is recorded as trade floor plan liabilities (with the resulting change being reflected as operating cash flows). Our dealerships that obtain floor plan financing from a syndicate of manufacturer captives and commercial banks record their obligation as non-trade floor plan liabilities (with the resulting change being reflected as financing cash flows).

Due to the presentation differences for changes in trade floor plan and non-trade floor plan in the condensed consolidated statements of cash flows, decisions made by us to move dealership floor plan financing arrangements from one finance source to another may cause significant variations in operating and financing cash flows without affecting our overall liquidity, working capital or cash flow. Net cash provided by combined trade and non-trade floor plan financing was approximately $46.7 million in the six months ended June 30, 2015 and net cash used was approximately $32.5 million in the six months ended June 30, 2014.  Accordingly, if all changes in floor plan notes payable were classified as an operating activity, the result would have been net cash provided by operating activities of approximately $48.9 million and net cash used in operating activities of approximately $2.0 million in the six months ended June 30, 2015 and 2014, respectively.

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## Guarantees and Indemnification Obligations

In connection with the operation and disposition of dealership franchises, we have entered into various guarantees and indemnification obligations. See Note 8, "Contingencies," to the accompanying condensed consolidated financial statements. See also "Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 12, "Commitments and Contingencies," of the notes to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2014.

## Future Liquidity Outlook

We believe our best sources of liquidity for operations and debt service remain cash flows generated from operations combined with our availability of borrowings under the 2014 Credit Facilities (or any replacements thereof), real estate mortgage financing, selected dealership and other asset sales and our ability to raise funds in the capital markets through offerings of debt or equity securities. Because the majority of our consolidated assets are held by our dealership subsidiaries, the majority of our cash flows from operations are generated by these subsidiaries. As a result, our cash flows and ability to service debt depends to a substantial degree on the results of operations of these subsidiaries and their ability to provide us with cash. We expect to generate sufficient cash flow to fund our debt service, working capital requirements and operating requirements for the next twelve months and for the foreseeable future.

## Off-Balance Sheet Arrangements

See "Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations – Off-Balance Sheet Arrangements" in our Annual Report on Form 10-K for the year ended December 31, 2014.

## Seasonality

Our operations are subject to seasonal variations. The first quarter normally contributes less operating profit than the second, third and fourth quarters. Weather conditions, the timing of manufacturer incentive programs and model changeovers cause seasonality and may adversely affect vehicle demand, and consequently, our profitability. Comparatively, parts and service demand remains stable throughout the year.

SONIC AUTOMOTIVE, INC.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

Our variable rate floor plan facilities, 2014 Revolving Credit Facility and other variable rate notes expose us to risks caused by fluctuations in the applicable interest rates. The total outstanding balance of such variable instruments after considering the effect of our interest rate swaps (see below) was approximately $1.1 billion at June 30, 2015. A change of 100 basis points in the underlying interest rate would have caused a change in interest expense of approximately $5.2 million in the six months ended June 30, 2015. Of the total change in interest expense, approximately $4.6 million would have resulted from the floor plan facilities.

In addition to our variable rate debt, certain of our dealership lease facilities have monthly lease payments that fluctuate based on LIBOR interest rates. An increase in interest rates of 100 basis points would not have had a significant impact on rent expense in the three and six months ended June 30, 2015 due to the leases containing LIBOR floors which were above the LIBOR rate during the three and six months ended June 30, 2015.

We also have various cash flow swaps to effectively convert a portion of our LIBOR-based variable rate debt to a fixed rate. Under the terms of these cash flow swaps, interest rates reset monthly. The fair value of these swap positions at June 30, 2015 was a liability of approximately $10.9 million, with $5.7 million included in other accrued liabilities and $5.2 million included in other long-term liabilities in the accompanying condensed consolidated balance sheets. Under the terms of these cash flow swaps, Sonic will receive and pay interest based on the following:

| Notional Amount (In millions) | | Pay Rate | Receive Rate (1) | Maturing Date |
|---|---|---|---|---|
| $ 2.7 | | 7.100% | one-month LIBOR + 1.50% | July 10, 2017 |
| $ 8.5 | | 4.655% | one-month LIBOR | December 10, 2017 |
| $ 7.3 | (2) | 6.860% | one-month LIBOR + 1.25% | August 1, 2017 |
| $ 100.0 | | 3.280% | one-month LIBOR | July 1, 2015 |
| $ 100.0 | | 3.300% | one-month LIBOR | July 1, 2015 |
| $ 6.3 | (2) | 6.410% | one-month LIBOR + 1.25% | September 12, 2017 |
| $ 50.0 | | 3.240% | one-month LIBOR | July 1, 2015 |
| $ 50.0 | | 3.070% | one-month LIBOR | July 1, 2015 |
| $ 100.0 | (3) | 2.065% | one-month LIBOR | June 30, 2017 |
| $ 100.0 | (3) | 2.015% | one-month LIBOR | June 30, 2017 |
| $ 200.0 | (3) | 0.788% | one-month LIBOR | July 1, 2016 |
| $ 50.0 | (4) | 1.320% | one-month LIBOR | July 1, 2017 |
| $ 250.0 | (5) | 1.887% | one-month LIBOR | June 30, 2018 |
| $ 25.0 | (4) | 2.080% | one-month LIBOR | July 1, 2017 |
| $ 100.0 | (3) | 1.560% | one-month LIBOR | July 1, 2017 |
| $ 125.0 | (4) | 1.303% | one-month LIBOR | July 1, 2017 |

| | | | | |
|---|---|---|---|---|
| $ 125.0 | (6) | 1.900% | one-month LIBOR | July 1, 2018 |
| $ 50.0 | (7) | 2.320% | one-month LIBOR | July 1, 2019 |
| $ 200.0 | (7) | 2.313% | one-month LIBOR | July 1, 2019 |

(1) The one-month LIBOR rate was approximately 0.187% at June 30, 2015.
(2) Changes in fair value are recorded through earnings.
(3) The effective date of these forward-starting swaps is July 1, 2015.
(4) The effective date of these forward-starting swaps is July 1, 2016.
(5) The effective date of this forward-starting swap is July 3, 2017.
(6) The effective date of this forward-starting swap is July 1, 2017.
(7) The effective date of these forward-starting swaps is July 2, 2018.

Foreign Currency Risk

We purchase certain of our new vehicle and parts inventories from foreign manufacturers. Although we purchase our inventories in U.S. Dollars, our business is subject to foreign exchange rate risk that may influence automobile manufacturers’ ability to provide their products at competitive prices in the United States. To the extent that we cannot recapture this volatility in prices charged to

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customers or if this volatility negatively impacts consumer demand for our products, this volatility could adversely affect our future operating results.

SONIC AUTOMOTIVE, INC.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures – Under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), we evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of June 30, 2015. Based upon that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of June 30, 2015.

Changes in Internal Control over Financial Reporting – There has been no change in our internal control over financial reporting during the three months ended June 30, 2015, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Because of its inherent limitations, internal control over financial reporting can provide only reasonable assurance that the objectives of the control system are met and may not prevent or detect misstatements. In addition, any evaluation of the effectiveness of internal controls over financial reporting in future periods is subject to risk that those internal controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

SONIC AUTOMOTIVE, INC.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

Sonic is involved, and expects to continue to be involved, in numerous legal and administrative proceedings arising out of the conduct of its business, including regulatory investigations and private civil actions brought by plaintiffs purporting to represent a potential class or for which a class has been certified. Although Sonic vigorously defends itself in all legal and administrative proceedings, the outcomes of pending and future proceedings arising out of the conduct of Sonic's business, including litigation with customers, employment related lawsuits, contractual disputes, class actions, purported class actions and actions brought by governmental authorities, cannot be predicted with certainty. An unfavorable resolution of one or more of these matters could have a material adverse effect on Sonic's results of operations, financial position or cash flows.

Item 1A. Risk Factors.

In addition to the information set forth in this Form 10-Q, you should carefully consider the risk factors discussed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014, which could materially affect our business, financial condition or future results.

SONIC AUTOMOTIVE, INC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table sets forth information about the shares of Class A common stock we repurchased during the three months ended June 30, 2015:

| | Total Number of Shares Purchased (1) | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2) | Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| | (In thousands, except per share data) | | | |
| April 2015 | 1 | $ 25.01 | 1 | $ 68,342 |
| May 2015 | 151 | 23.91 | 151 | 64,721 |
| June 2015 | - | - | - | 64,721 |
| Total | 152 | $ 23.92 | 152 | $ 64,721 |

(1) All shares repurchased

(2) Our active publicly announced Class A common stock repurchase authorization plans do not have an expiration date and current remaining availability is as follows:

| | (In thousands) |
|---|---|
| February 2013 authorization | $ 100,000 |
| Total active plan repurchases prior to June 30, 2015 | (35,279 ) |

| | |
|---|---|
| Current remaining availability as of June 30, 2015 | $ 64,721 |

See "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional discussion of restrictions on share repurchases and payment of dividends.

SONIC AUTOMOTIVE, INC.

Item 6. Exhibits.

| Exhibit No. | Description |
|---|---|
| 10.1 | Performance-Based Restricted Stock Unit Agreement for Retention Grant, dated May 6, 2015, between Sonic Automotive, Inc. and Jeff Dyke (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed May 8, 2015). |
| 10.2 | Form of Change in Control Agreement (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed May 8, 2015). |
| 31.1* | Certification of Principal Financial Officer pursuant to Rule 13a-14(a). |
| 31.2* | Certification of Principal Executive Officer pursuant to Rule 13a-14(a). |
| 32.1* | Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2* | Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS* | XBRL Instance Document |
| 101.SCH* | XBRL Taxonomy Extension Schema Document |
| 101.CAL* | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF* | XBRL Taxonomy Definition Linkbase Document |
| 101.LAB* | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE* | XBRL Taxonomy Extension Presentation Linkbase Document |

*Filed herewith.

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SONIC AUTOMOTIVE, INC.

Uncertainty of Forward Looking Statements and Information

This Quarterly Report on Form 10-Q contains, and written or oral statements made from time to time by us or by our authorized officers may contain, “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements address our future objectives, plans and goals, as well as our intent, beliefs and current expectations regarding future operating performance, results and events, and can generally be identified by words such as “may,” “will,” “should,” “believe,” “expect,” “anticipate,” “intend,” “plan,” “foresee” and other words or phrases.

These forward-looking statements are based on our current estimates and assumptions and involve various risks and uncertainties. As a result, you are cautioned that these forward-looking statements are not guarantees of future performance, and that actual results could differ materially from those projected in these forward-looking statements. Factors which may cause actual results to differ materially from our projections include those risks described in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2014 and elsewhere in this report, as well as:

- the number of new and used cars sold in the United States as compared to our expectations and the expectations of the market;
- our ability to generate sufficient cash flows or obtain additional financing to fund capital expenditures, our share repurchase program, dividends on our common stock, acquisitions and general operating activities;
- our business and growth strategies, including, but not limited to, our EchoPark® initiative and One Sonic-One Experience initiative;
- the reputation and financial condition of vehicle manufacturers whose brands we represent, the financial incentives vehicle manufacturers offer and their ability to design, manufacture, deliver and market their vehicles successfully;
- our relationships with manufacturers, which may affect our ability to obtain desirable new vehicle models in inventory or complete additional acquisitions;
- adverse resolutions of one or more significant legal proceedings against us or our dealerships;
- changes in laws and regulations governing the operation of automobile franchises, accounting standards, taxation requirements and environmental laws;
- general economic conditions in the markets in which we operate, including fluctuations in interest rates, employment levels, the level of consumer spending and consumer credit availability;
- high competition in the automotive retailing industry, which not only creates pricing pressures on the products and services we offer, but also on businesses we may seek to acquire;
- our ability to successfully integrate potential future acquisitions; and
- the rate and timing of overall economic recovery or decline.

These forward-looking statements speak only as of the date of this report or when made, and we undertake no obligation to revise or update these statements to reflect subsequent events or circumstances, except as required under the federal securities laws and the rules and regulations of the SEC.

SONIC AUTOMOTIVE, INC.

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, thereunto duly authorized.

| | |
|---|---|
| | SONIC AUTOMOTIVE, INC. |
| Date: July 23, 2015 | By: /s/ B. SCOTT SMITH<br>B. Scott Smith<br>Chief Executive Officer and President |
| Date: July 23, 2015 | By: /s/ HEATH R. BYRD<br>Heath R. Byrd<br>Executive Vice President and Chief Financial Officer |

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SONIC AUTOMOTIVE, INC.

EXHIBIT INDEX

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