

SONIC AUTOMOTIVE INC
Form DEF 14A
March 20, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

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Sonic Automotive, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

6415 Idlewild Road, Suite 109

Charlotte, North Carolina 28212

March 16, 2007

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders to be held at 10:30 a.m. on Thursday, April 19, 2007, at the Speedway Club, located at the Lowe's Motor Speedway, Smith Tower, 600 Room, U.S. Highway 29 North, Concord, North Carolina. We look forward to greeting personally those stockholders who are able to attend.

The accompanying formal Notice of Meeting and Proxy Statement describe the matters on which action will be taken at the meeting.

Whether or not you plan to attend the meeting on April 19, 2007, it is important that your shares be represented. To ensure that your vote will be received and counted, please sign, date and mail the enclosed proxy at your earliest convenience. Your vote is important regardless of the number of shares you own.

On behalf of the Board of Directors

Sincerely,

O. BRUTON SMITH

Chairman and Chief Executive Officer

VOTING YOUR PROXY IS IMPORTANT

PLEASE SIGN AND DATE YOUR PROXY
AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE

SONIC AUTOMOTIVE, INC.

NOTICE OF MEETING

Charlotte, NC

March 16, 2007

The Annual Meeting of Stockholders of Sonic Automotive, Inc. (Sonic) will be held at the Speedway Club, located at the Lowe s Motor Speedway, Smith Tower, 600 Room, U.S. Highway 29 North, Concord, North Carolina on Thursday, April 19, 2007, at 10:30 a.m. (the Annual Meeting), for the following purposes as described in the accompanying Proxy Statement.

1. To elect six directors;
2. To consider and vote upon an Amended and Restated Sonic Automotive, Inc. Incentive Compensation Plan;
3. To consider and vote upon an Amended and Restated Sonic Automotive, Inc. 2004 Stock Incentive Plan to increase the shares issuable thereunder from 2,000,000 to 3,000,000 shares and approve other revisions;
4. To consider and vote upon an amendment to the Sonic Automotive, Inc. 2005 Formula Restricted Stock Plan for Non-Employee Directors to increase the shares issuable thereunder from 60,000 to 90,000;
5. To ratify the appointment of Deloitte & Touche LLP as Sonic s independent public accountants for the year ending December 31, 2007; and
6. To transact such other business as may properly come before the meeting.

Only holders of record of Sonic s Class A Common Stock and Class B Common Stock (collectively, the Voting Stock) at the close of business on February 20, 2007 will be entitled to notice of, and to vote at, the Annual Meeting.

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Whether or not you plan to attend the Annual Meeting, you are urged to complete, sign, date and return the enclosed proxy promptly in the envelope provided. Returning your proxy does not deprive you of your right to attend the Annual Meeting and to vote your shares in person.

STEPHEN K. COSS

Senior Vice President, General Counsel and Secretary

Important Note: To vote shares of Voting Stock at the Annual Meeting (other than in person at the meeting), a stockholder must return a proxy. The return envelope enclosed with the proxy card requires no postage if mailed in the United States of America.

SONIC AUTOMOTIVE, INC.

PROXY STATEMENT

March 16, 2007

GENERAL

Introduction

The Annual Meeting of Stockholders of Sonic Automotive, Inc. (Sonic or the Company) will be held on April 19, 2007 at 10:30 a.m., at the Speedway Club, located at the Lowe's Motor Speedway, Smith Tower, 600 Room, U.S. Highway 29 North, Concord, North Carolina (the Annual Meeting), for the purposes set forth in the accompanying notice. Only holders of record of Sonic's Class A Common Stock (the Class A Common Stock) and Class B Common Stock (the Class B Common Stock and, together with the Class A Common Stock, the Common Stock or Voting Stock) at the close of business on February 20, 2007 (the Record Date) will be entitled to notice of, and to vote at, the Annual Meeting. This Proxy Statement and form of proxy are furnished to stockholders in connection with the solicitation by the Board of Directors of proxies to be used at the Annual Meeting, and at any and all adjournments thereof, and are first being sent to stockholders on or about March 23, 2007.

Proxies in the accompanying form, properly executed and duly returned and not revoked, will be voted at the Annual Meeting, including adjournments. Where a specification is made by means of the ballot provided in the proxies regarding any matter presented at the Annual Meeting, such proxies will be voted in accordance with the specification. If no specification is made, proxies will be voted (i) in favor of electing Sonic's six nominees to the Board of Directors; (ii) in favor of an Amended and Restated Sonic Automotive, Inc. Incentive Compensation Plan; (iii) in favor of an Amended and Restated Sonic Automotive, Inc. 2004 Stock Incentive Plan to increase the shares issuable thereunder from 2,000,000 to 3,000,000 shares and approve other revisions; (iv) in favor of an amendment to the Sonic Automotive, Inc. 2005 Formula Restricted Stock Plan for Non-Employee Directors to increase the shares issuable thereunder from 60,000 to 90,000; (v) in favor of the proposal to ratify the appointment of Deloitte & Touche LLP as the independent accountants of Sonic and its subsidiaries for the year ending December 31, 2007; and (vi) in the discretion of the proxy holders on any other business as may properly come before the Annual Meeting. The Board of Directors currently knows of no other business that will be presented for consideration at the Annual Meeting. Proxies should be sent to American Stock Transfer & Trust Company, 59 Maiden Lane, New York, New York 10038.

Revoking Your Proxy

Stockholders who execute proxies may revoke them at any time before they are exercised by delivering a written notice to Stephen K. Coss, the Secretary of Sonic, either at the Annual Meeting or prior to the meeting date at Sonic's principal executive offices at 6415 Idlewild Road, Suite 109, Charlotte, North Carolina 28212, by executing and delivering a later-dated proxy, or by attending the Annual Meeting and voting in person.

Ownership of Voting Stock

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Sonic currently has authorized under its Amended and Restated Certificate of Incorporation (the Charter) 100,000,000 shares of Class A Common Stock, of which 30,879,346 shares were outstanding as of the Record Date and are entitled to be voted at the Annual Meeting, and 30,000,000 shares of Class B Common Stock, of which 12,029,375 shares were outstanding as of the Record Date and are entitled to be voted at the Annual Meeting. At the Annual Meeting, holders of Class A Common Stock will have one vote per share, and holders of Class B Common Stock will have ten votes per share. All outstanding shares of Voting Stock are entitled to vote as a single class on all proposals submitted to a vote at the Annual Meeting. A quorum being present, directors will be elected by a plurality of the votes cast and each of the other proposals referred to in the accompanying Notice of Meeting will become effective if a majority of the votes cast by shares entitled to vote on the proposal are cast in favor thereof. Broker non-votes and abstentions will be counted to determine a quorum, but will not be counted as votes for any director-nominee or for or against any proposal.

A holder of Voting Stock who signs a proxy card may withhold votes as to any director-nominee by writing the name of the nominee in the space provided on the proxy card. A holder of Voting Stock may not vote for more than six nominees.

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The following table sets forth certain information regarding the beneficial ownership of Sonic's Voting Stock as of February 20, 2007, by (i) each stockholder known by Sonic to own beneficially more than five percent of a class of the outstanding Voting Stock, (ii) each director and nominee to the Board of Directors of Sonic, (iii) each named executive officer of Sonic listed in the Summary Compensation Table, and (iv) all directors and executive officers of Sonic as a group. Except as otherwise indicated below, each of the persons named in the table has sole voting and investment power with respect to the securities beneficially owned by them as set forth opposite their name, subject to community property laws where applicable.

Beneficial Owner	Number of	Percentage of		Percentage of	Percentage
	Shares of	Outstanding	Number of	Outstanding	of All
	Class A	Class A	Shares of	Class B	Outstanding
	Common	Common	Class B	Common	Voting
	Stock (1)	Stock	Stock	Stock	Stock (2)
O. Bruton Smith (3)	967,067	3.0%	11,052,500(4)	91.9%	27.4%
Sonic Financial Corporation (3)			8,881,250(4)	73.8%	20.7%
B. Scott Smith (3)	586,875	1.9%	976,875(5)	8.1%	3.6%
Jeffrey C. Rachor	471,733(6)	1.5%			1.1%
David P. Cospier	35,000(6)	*			*
Mark J. Iuppenlatz	93,800(6)	*			*
William R. Brooks (7)	79,930	*			*
William P. Benton (7)	47,430	*			*
William I. Belk (7) (8)	37,930	*			*
Victor H. Doolan (7)	4,845	*			*
H. Robert Heller (7) (9)	87,376	*			*
Robert L. Rewey (7)	34,930	*			*
All directors and executive officers as a group (11 persons)	2,446,916	7.4%	12,029,375	100.0%	32.1%
Artisan Partners Limited Partnership (and related persons) (10)	1,813,600	5.9%			4.2%
Barclays Global Investors, NA. (and related persons) (11)	1,693,951	5.5%			3.9%
Dimensional Fund Advisors LP (12)	2,533,849	8.2%			5.9%
FMR Corp. (and related persons) (13)	3,062,500	9.9%			7.1%
Goldman Sachs Asset Management, L.P. (14)	2,787,569	9.0%			6.5%
Wasatch Advisors, Inc. (15)	1,565,756	5.1%			3.6%

* Less than one percent.

(1) Includes those shares of Class A Common Stock shown below as to which the following persons currently have a right, or will have the right within 60 days after February 20, 2007, to acquire beneficial ownership through the exercise of stock options: (i) Messrs. Bruton Smith, 961,667 shares; Scott Smith, 566,000 shares; Rachor, 379,333 shares; Iuppenlatz, 45,000 shares; Brooks, 75,000 shares; Benton, 40,000 shares; Belk, 20,000 shares; Heller, 56,446 shares; and Rewey, 30,000; and (ii) all directors and executive officers as a group, 2,173,446 shares.

(2) The percentage of total voting power of Sonic is as follows: (i) O. Bruton Smith, 73.3%; Sonic Financial Corporation, 58.7%; B. Scott Smith, 6.8%; Artisan Partners Limited Partnership (and related persons), 1.2%; Barclays Global Investors, NA. (and related persons), 1.1%; Dimensional Fund Advisors LP, 1.7%; FMR Corp. (and related persons), 2.0%; Goldman Sachs Asset Management, L.P., 1.8%; Wasatch Advisors, Inc., 1.0%; and less than 1% for all other stockholders shown, and (ii) all directors and executive officers as a group, 80.0%.

(3)

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The address for O. Bruton Smith, B. Scott Smith and Sonic Financial Corporation (SFC) is 5401 East Independence Boulevard, Charlotte, North Carolina 28212.

- (4) The amount of Class B Common Stock shown for O. Bruton Smith consists of 2,171,250 shares owned directly by Mr. Smith and 8,881,250 shares owned directly by SFC, of which 4,440,625 shares are pledged as security for loans. Mr. Smith owns the majority of SFC's outstanding capital stock and, accordingly, is deemed to have sole voting and investment power with respect to the Class B Common Stock held by SFC.
- (5) Approximately 500,000 shares of Class B Common Stock are pledged to secure loans.
- (6) Includes 80,000 and 42,000 restricted shares of Class A Common Stock for Messrs. Rachor and Iuppenlatz, respectively. Also includes performance-based restricted shares of Class A Common Stock, which are subject to forfeiture based on the achievement of performance goals as further described in Executive Compensation Compensation Disclosure and Analysis below, in the following amounts: 12,000 shares for Mr. Rachor; 35,000 shares for Mr. Cosper; and 5,000 shares for Mr. Iuppenlatz.

- (7) Includes 2,185 restricted shares of Class A Common Stock for each of Messrs. Brooks, Benton, Belk, Doolan, Heller and Rewey, which will vest the day before the Annual Meeting.
- (8) Includes 6,000 shares held by Mr. Belk's children, who share his household. Mr. Belk disclaims beneficial ownership of all securities held by his children.
- (9) Approximately 26,000 shares are held in a margin account.
- (10) The address of this entity is 875 East Wisconsin Avenue, Suite 800, Milwaukee, Wisconsin 53202. The Schedule 13G filed by Artisan Partners Limited Partnership (and related persons) on or about January 26, 2007 indicates Artisan Partners Limited Partnership shares voting power as to 1,558,100 of the shares shown and shares dispositive power over all of the 1,813,600 of the shares shown with Artisan Investment Corporation, Andrew A. Ziegler and Carlene Murphy Ziegler. The shares reported on the Schedule 13G have been acquired on behalf of discretionary clients of Artisan Partners Limited Partnership.
- (11) The address of this entity is 45 Fremont Street, San Francisco, California 94105. The Schedule 13G filed by Barclays Global Investors, NA. (and related persons) on or about January 23, 2007 indicates that Barclays Global Investors, NA. has sole voting power as to 677,841 of the shares shown and sole dispositive power as to 745,599 of the shares shown, that Barclays Global Fund Advisors has sole voting and sole dispositive power as to 929,210 of the shares shown and that Barclays Global Investors, Ltd. has sole voting and sole dispositive power as to 19,142 of the shares shown. The shares reported on the Schedule 13G are held by the reporting persons in trust accounts for the economic benefit of the beneficiaries of those accounts.
- (12) The address of this entity is 1299 Ocean Avenue, Santa Monica, California 90401. The information provided is based on a Schedule 13G filed by Dimensional Fund Advisors LP on or about February 9, 2007. That filing indicates that Dimensional Fund Advisors LP has dispositive and/or voting power over all of the 2,533,849 shares shown. The shares reported on the Schedule 13G are owned by advisory or management clients of Dimensional Fund Advisors LP. Dimensional Fund Advisors LP disclaims beneficial ownership of such shares.
- (13) The address of this entity is 82 Devonshire Street, Boston, Massachusetts 02109. The information provided is based on a Schedule 13G filed by FMR Corp. (and related persons) on or about February 14, 2007. That filing indicates that FMR Corp. has sole dispositive power as to all of the 3,062,500 shares shown. That filing further indicates that Fidelity Management & Research Company, as investment advisor to various Fidelity Funds and a wholly-owned subsidiary of FMR Corp., is the beneficial owner of 3,062,500 shares, but that neither Mr. Edward C. Johnson 3d nor FMR Corp. has sole voting power with respect to such shares, which voting power resides with the Board of Trustees of the various Fidelity Funds that beneficially own the shares.
- (14) The address of this entity is 32 Old Slip, New York, New York 10005. The information provided is based on a Schedule 13G filed by Goldman Sachs Asset Management, L.P. on or about February 12, 2007. That filing indicates that Goldman Sachs Asset Management, L.P. has sole voting power as to 2,561,950 of the shares shown and sole dispositive power as to all of the 2,787,569 shares shown. That filing further indicates that the filing reflects the securities beneficially owned by Goldman Sachs Asset Management, L.P., an investment advisor, which disclaims beneficial ownership of any securities managed on its behalf by third parties.
- (15) The address of this entity is 150 Social Hall Avenue, Salt Lake City, Utah 84111. The information provided is based on a Schedule 13G filed by Wasatch Advisors, Inc. on or about February 15, 2007. That filing indicates that Wasatch Advisors, Inc. has sole voting and dispositive power as to all of the 1,565,756 shares shown.

ELECTION OF DIRECTORS

Nominees for Election as Directors of Sonic

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Nine directors currently serve on Sonic's Board of Directors. On February 9, 2006, the Board of Directors amended our bylaws (as amended, the Bylaws) to phase out the classified board. Consequently, beginning at last year's annual meeting of stockholders, the director nominees chosen to succeed those directors whose terms expire at an annual meeting of stockholders are elected by the stockholders for a one-year term expiring at the next annual meeting of stockholders. Any director appointed by the Board of Directors as a result of a newly created directorship or to fill a vacancy on the Board of Directors will hold office until the next annual meeting of stockholders.

Messrs. O. Bruton Smith, B. Scott Smith, Rachor, Belk, Benton and Brooks' terms as directors expire at the Annual Meeting. Beginning with the 2008 annual meeting of stockholders, all directors' terms will expire and their successors will be elected at each annual meeting of stockholders thereafter.

At the Annual Meeting, we intend to vote the proxies in the accompanying form for the election of O. Bruton Smith, B. Scott Smith, Rachor, Belk, Benton and Brooks to the Board of Directors. Messrs. O. Bruton Smith, B. Scott Smith, Rachor, Belk, Benton and Brooks have consented to serve, if elected, for a one-year term until the 2008 annual meeting of stockholders or until his successor is elected and qualified, except as otherwise provided in our Charter and Bylaws. All of the nominees are presently directors of Sonic. Two seats on the Board of Directors will be vacant following the Annual Meeting. Because the Nominating Committee of our Board of Directors has not selected a qualified candidate or candidates, the Board of Directors has elected not to fill these vacancies at the Annual Meeting. If for any reason any nominee named above is not a candidate when the election occurs, we intend to vote proxies in the accompanying form for the election of the other nominees named above and may vote them for any substitute nominee or, in lieu thereof, our Board of Directors may reduce the number of directors in accordance with our Charter and Bylaws.

Directors

O. Bruton Smith, 80, is the Chairman, Chief Executive Officer and a director of Sonic and has served as such since Sonic's organization in January 1997, and he currently is a director and executive officer of many of Sonic's subsidiaries. Mr. Smith has worked in the retail automobile industry since 1966. Mr. Smith is also the Chairman and Chief Executive Officer, a director and controlling stockholder of Speedway Motorsports, Inc. (SMI). SMI is a public company whose shares are traded on the New York Stock Exchange (the NYSE). Among other things, SMI owns and operates the following NASCAR racetracks: Atlanta Motor Speedway, Bristol Motor Speedway, Lowe's Motor Speedway, Las Vegas Motor Speedway, Infineon Raceway and Texas Motor Speedway. He is also an executive officer or a director of most of SMI's operating subsidiaries. Mr. Smith is standing for election as a director of Sonic at the Annual Meeting.

B. Scott Smith, 39, is the President and Chief Strategic Officer of Sonic. He was appointed President on March 13, 2007. Prior to this appointment he served as Sonic's Vice Chairman and Chief Strategic Officer since October 2002. Mr. Smith was President and Chief Operating Officer of Sonic from April 1997 until October 2002. Mr. Smith has been a Sonic director since its organization in January 1997. Mr. Smith also serves as a director and executive officer of many of Sonic's subsidiaries. Mr. Smith, who is the son of O. Bruton Smith, has been an executive officer of Town & Country Ford since 1993, and was a minority owner of both Town & Country Ford and Fort Mill Ford before Sonic's acquisition of those dealerships in 1997. Mr. Smith became the General Manager of Town & Country Ford in November 1992 where he remained until his appointment as President and Chief Operating Officer of Sonic in April 1997. Mr. Smith has over 20 years experience in the automobile dealership industry. Mr. Smith is standing for election as a director of Sonic at the Annual Meeting.

William I. Belk, 57, became a director of Sonic in March 1998. Mr. Belk is currently Vice President and a director for Monroe Hardware Company. Mr. Belk is a partner in the investment banking firm Dragonfly Capital, Inc. Mr. Belk previously held the position of Chairman and director for certain Belk stores, a retail department store chain. Mr. Belk is an attorney with an LL.M. in Taxation. Mr. Belk is standing for election as a director of Sonic at the Annual Meeting.

William P. Benton, 83, became a director of Sonic in December 1997. Mr. Benton retired from Ford Motor Company as its Vice President of Marketing worldwide after a 37-year career with that company. During that time, Mr. Benton held the following major positions: Vice President and General Manager of Lincoln-Mercury Division; Vice President and General Manager of Ford Division; Group Vice President of Ford of Europe and a member of Ford Motor Company's Product Planning Committee, which is responsible for all of Ford Motor Company's products worldwide. Most recently, Mr. Benton was Vice Chairman of Wells Rich Greene in New York and executive director of Ogilvy & Mather Worldwide in New York. Mr. Benton has been a director of SMI since February 1995 and a director of Allied Holdings, Inc. since February 1998. Mr. Benton is standing for election as a director of Sonic at the Annual Meeting.

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William R. Brooks, 57, has been a director of Sonic since its organization in January 1997. Mr. Brooks also served as Sonic's initial Treasurer, Vice President and Secretary from January 1997 to April 1997. Since December 1994, Mr. Brooks has been the Vice President, Treasurer, Chief Financial Officer and a director of SMI, and became Executive Vice President of SMI in February 2004. Mr. Brooks also serves as an executive officer and a director for various operating subsidiaries of SMI. Before the formation of SMI in December 1994, Mr. Brooks was the Vice President of Lowe's Motor Speedway.

(formerly the Charlotte Motor Speedway) and a Vice President and director of Atlanta Motor Speedway. Mr. Brooks joined SFC, an entity controlled by Bruton Smith, from Price Waterhouse in 1983. At SFC, he was promoted from manager to controller in 1985 and again to Chief Financial Officer in 1989. Mr. Brooks is standing for election as a director of Sonic at the Annual Meeting.

Victor H. Doolan, 66, was appointed as a director of Sonic in July 2005. Prior to being appointed as a director of Sonic, Mr. Doolan served for approximately three years as president of Volvo Cars North America until his retirement in March 2005. Prior to joining Volvo, Mr. Doolan served as the Executive Director of the Premier Automotive Group, the luxury division of Ford Motor Company from July 1999 to June 2002. Mr. Doolan also enjoyed a 23-year career with BMW, culminating with his service as President of BMW of North America from September 1993 to July 1999. Mr. Doolan has worked in the automotive industry for approximately 36 years. Mr. Doolan's term as a director of Sonic will expire at the 2008 annual stockholders meeting.

H. Robert Heller, 67, was appointed a director of Sonic in January 2000. Mr. Heller served as a director of FirstAmerica Automotive, Inc. from January 1999 until its acquisition by Sonic in December 1999. Mr. Heller was a director and Executive Vice President of Fair, Isaac and Company from 1994 until 2001, where he was responsible for strategic relationships and marketing. From 1991 to 1993, Mr. Heller was President and Chief Executive Officer of Visa U.S.A. Mr. Heller is a former Governor of the Federal Reserve System, and has had an extensive career in banking, international finance, government service and education. Mr. Heller currently serves as director of Bank of Marin. Mr. Heller's term as a director of Sonic will expire at the 2008 annual stockholders meeting.

Jeffrey C. Rachor, 45, was appointed a director of Sonic in May 1999. Mr. Rachor served as the President and Chief Operating Officer of Sonic from April 2004 until March 2007. Prior to his promotion to President in April 2004, Mr. Rachor served as Sonic's Executive Vice President and Chief Operating Officer, a position he had held since October 2002. In November 1999, Mr. Rachor was promoted to executive officer status as Executive Vice President of Retail Operations. He originally joined Sonic as its Regional Vice President - Mid-South Region upon Sonic's 1997 acquisition of dealerships in Chattanooga, Tennessee and was subsequently promoted to Vice President of Retail Operations in September 1998 and again promoted to Executive Vice President - Retail Operations in October 1999. Mr. Rachor has over 21 years of experience in automobile retailing and was the Chief Operating Officer of the Chattanooga dealerships from 1989 until their acquisition by Sonic in 1997. Mr. Rachor currently serves as the President and Chief Executive Officer and as a director of The Pep Boys - Manny, Moe & Jack, a public company traded on the NYSE. Mr. Rachor is standing for election as a director of Sonic at the Annual Meeting.

Robert L. Rewey, 68, was appointed as a director of Sonic in December 2001. Mr. Rewey served as the Group Vice President of Ford Motor Company's North American Operations and Global Sales, Marketing and Customer Services from January 2000 until his retirement in April 2001. During his career with Ford, Mr. Rewey also served as President of Lincoln Mercury Division and then Ford Division and Group Vice President of North American sales, marketing and customer service. He has served on the board of directors for Volvo Cars and Mazda Corporation. In his prior positions, Mr. Rewey was responsible for initiating Ford's global brand, motorsports and marketing executive development strategies. He also implemented innovations in Six Sigma for sales and marketing and developed short term vehicle leasing. Mr. Rewey has served as a member of the Board of Visitors, Fuqua School, Duke University and the Dean's Council, Fisher School of Business, Ohio State University. Mr. Rewey currently serves as a director of SMI and of LoJack Corporation, a public company traded on the Nasdaq National Market. Mr. Rewey's term as a director of Sonic will expire at the 2008 annual stockholders meeting.

Board and Committee Member Independence

Because Mr. Bruton Smith holds more than 50% of the voting power of Sonic's Common Stock, Sonic qualifies as a controlled company for purposes of the NYSE's listing standards and is, therefore, not required to comply with all of the requirements of those listing standards, including the requirement that a listed company have a majority of independent directors. Nevertheless, Sonic is committed to having its board membership in favor of independent directors as evidenced by Sonic's Corporate Governance Guidelines.

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Our Board of Directors has determined that currently a majority of Sonic's directors, including Messrs. Belk, Benton, Doolan, Heller and Rewey, and all of the members of Sonic's board committees, are independent within the meaning of

the NYSE's current listing standards. The Board's determination was based on its assessment of each director's relationship with Sonic and the materiality of that relationship in light of all relevant facts and circumstances, not only from the standpoint of the director in his or her individual capacity, but also from the standpoint of the persons to which the director is related and organizations with which the director is affiliated. The Board of Directors applied Categorical Standards for Determination of Director Independence, which the Board adopted to assist it in evaluating the independence of each of its directors. The Board of Directors determined that each of the independent directors met these Categorical Standards for Determination of Director Independence. A copy of Sonic's Categorical Standards for Determination of Director Independence is included as Annex A to this Proxy Statement. In determining that Messrs. Belk, Benton, Doolan, Heller and Rewey are independent, the Board of Directors also considered the following transactions, relationships or arrangements. For Messrs. Belk, Doolan and Heller, the Board of Directors considered affiliations with charitable organizations and what contributions, if any, Sonic made to such charitable organizations. In addition, for Mr. Doolan, the Board of Directors considered his former affiliation with an automobile manufacturer. For Messrs. Benton and Rewey, the Board of Directors considered their positions as directors of SMI and any transactions between Sonic and its subsidiaries and SMI and its subsidiaries. The Board of Directors also considered Mr. Rewey's position as a director of LoJack and any transactions between LoJack and Sonic and its subsidiaries. The Board of Directors determined that none of these transactions, relationships or arrangements impaired any of these individuals' independence.

Board Meetings and Committees of the Board

Attendance at Board and Committee Meetings. Our Board of Directors held five meetings during 2006. Each of the directors attended 75% or more of the aggregate number of meetings of the Board and committees of the Board on which the director served.

Executive Sessions of the Board of Directors. The non-management directors meet in executive session without members of management present prior to or after each board meeting. Mr. Belk, as lead independent director, presides over these executive sessions of non-management directors.

Attendance at Annual Meetings of Stockholders. Pursuant to the Board of Directors' policy, all directors are strongly encouraged to attend our annual stockholders meetings. All of our directors attended last year's annual stockholders meeting.

Committees of the Board of Directors and their Charters. The Board of Directors of Sonic has three standing committees: the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee (the NCG Committee). Each of these committees acts pursuant to a written charter, which was adopted by the Board of Directors and most recently amended in February 2006.

The Audit Committee currently consists of Messrs. Heller (chairman), Belk and Doolan. The Compensation Committee currently consists of Messrs. Rewey (chairman), Belk, Benton and Heller. The NCG Committee currently consists of Messrs. Benton (chairman), Doolan and Rewey. Set forth below is a summary of the principal functions of each committee.

Audit Committee. The Audit Committee appoints Sonic's independent accountants, reviews and approves the scope and results of audits performed by them and the Company's internal auditors, and reviews and approves the independent accountant's fees for audit and non-audit services. It also reviews certain corporate compliance matters and reviews the adequacy and effectiveness of the Company's internal accounting and financial controls, its significant accounting policies, and its financial statements and related disclosures. A more detailed description of the Audit Committee's duties and responsibilities can be found in its charter. Our Board of Directors has determined that each of Messrs. Heller, Belk and Doolan qualifies as an audit committee financial expert as defined by the current rules of the SEC, is financially literate as that term is defined by the rules of the NYSE, has accounting or related financial management expertise and is independent as defined in SEC Rule 10A-3(b)(1) and the current listing standards of the NYSE. The Audit Committee met ten times during 2006.

Audit Committee Report

The Audit Committee is appointed by the Board of Directors to assist the board in fulfilling its oversight responsibilities relating to Sonic's accounting policies, reporting policies, internal controls, compliance with legal and regulatory

requirements, and the integrity of Sonic's financial reports. The Audit Committee manages Sonic's relationship with Sonic's independent accountants, who are ultimately accountable to the Audit Committee. The Board of Directors has determined that each member of the Audit Committee is financially literate as such term is defined by the rules of the New York Stock Exchange (NYSE) and independent as such term is defined by the current rules of the NYSE and the Securities and Exchange Commission.

The Audit Committee reviewed and discussed the audited financial statements of Sonic as of and for the year ended December 31, 2006 with management and the independent accountants. Management has the responsibility for preparing the financial statements, certifying that Sonic's financial statements are complete, accurate, and prepared in accordance with generally accepted accounting principles, and implementing and maintaining internal controls and attesting to internal control over financial reporting. The independent accountants have the responsibility for performing an independent audit of the financial statements in accordance with generally accepted auditing standards and expressing an opinion on the effectiveness of internal control over financial reporting and management's assessment of the effectiveness of internal control over financial reporting. The Audit Committee also discussed and reviewed with the independent accountants all matters required by generally accepted auditing standards, including those described in SAS No. 61, as amended by SAS No. 90, Communication with Audit Committees, as adopted by the Public Company Accounting Oversight Board in Rule 3200T, and those described in SAS No. 99 Consideration of Fraud in a Financial Statement Audit. With and without management present, the Audit Committee discussed and reviewed the results of the independent accountants' audit of the financial statements.

During 2006, the Audit Committee met ten times, including meetings to discuss the interim financial information contained in each quarterly earnings announcement for the quarters ended December 31, 2005, March 31, 2006, June 30, 2006 and September 30, 2006 with the chief financial officer and the independent accountants prior to public release. In addition, the Audit Committee regularly monitored the progress of management and the independent accountants in assessing Sonic's compliance with Section 404 of the Sarbanes-Oxley Act, including their findings, required resources and progress throughout the year.

In discharging its oversight responsibility as to the audit process, the Audit Committee obtained from the independent accountants the written disclosures and the letter from the independent accountants required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, as adopted by the Public Company Accounting Oversight Board in Rule 3600T. The Audit Committee discussed with the independent accountants the independent accountant's independence and met separately with management, internal auditors and the independent accountants to discuss, among other things, the adequacy and effectiveness of Sonic's internal accounting and financial controls, the internal audit function's organization, responsibilities, budget and staffing and reviewed with both the independent accountants and the internal auditors their audit plans, audit scope, and identification of audit risks.

Based on these reviews and discussions with management and the independent accountants, the Audit Committee recommended to the Board and the Board approved that Sonic's audited financial statements be included in its Annual Report on Form 10-K for the year ended December 31, 2006 for filing with the Securities and Exchange Commission. The Committee also recommended the reappointment of the independent accountants, Deloitte & Touche LLP, and the Board concurred in such recommendation.

H. Robert Heller, Chairman

William I. Belk

Victor H. Doolan

Compensation Committee. The Compensation Committee administers certain compensation and employee benefit plans of Sonic and annually reviews and determines compensation of all executive officers of Sonic. The Compensation Committee administers the Sonic Automotive, Inc. 1997 Stock Option Plan (the Stock Option Plan), the Sonic Automotive, Inc. Employee Stock Purchase Plan, the Sonic Automotive, Inc. Incentive Compensation Plan (the Incentive Compensation Plan), the Sonic Automotive, Inc. 2004 Stock Incentive Plan (the Stock Incentive

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Plan) and certain other employee stock plans, approves individual grants of equity-based compensation under the plans it administers and periodically reviews Sonic s executive compensation programs and takes action to modify programs that yield payments or benefits not closely related to Sonic s or its executives performance. The Board of Directors has determined that all committee members are independent as defined in the current listing standards of the NYSE. The Compensation Committee met five times during 2006.

Nominating and Corporate Governance Committee. The NCG Committee is responsible for identifying individuals who are qualified to serve as directors of Sonic and for recommending qualified nominees to the Board of Directors for election or re-election as directors of Sonic. The NCG Committee will consider director nominees submitted by stockholders in accordance with the provisions of Sonic's Bylaws. The NCG Committee is also responsible for recommending committee members and chairpersons of committees of our Board of Directors and for establishing a system for, and monitoring the process of, performance reviews of the Board of Directors and its committees. Finally, the NCG Committee is responsible for developing and recommending to the Board of Directors a set of corporate governance principles applicable to Sonic and for monitoring compliance with Sonic's Code of Business Conduct and Ethics. The Board of Directors has determined that all committee members are independent as defined in the current listing standards of the NYSE. The NCG Committee met four times during 2006.

How to Communicate with the Board of Directors and Non-Management Directors. Stockholders or interested parties wishing to communicate with our Board of Directors, or any of our individual directors, including the lead independent director presiding over non-management executive sessions, may do so by sending a written communication addressed to the respective director(s), or in the case of communications to the entire Board of Directors addressed to the attention of Sonic's Corporate Secretary, in care of Sonic Automotive, Inc., 6415 Idlewild Road, Suite 109, Charlotte, North Carolina 28212. Stockholders or interested parties wishing to communicate with our non-management directors as a group may do so by sending a written communication to William I. Belk, as lead independent director, at this address. Any communication addressed to any director that is received at Sonic's principal office will be delivered or forwarded to the respective director(s) as soon as practicable. Any communication addressed to the Board of Directors, in general, will be promptly delivered or forwarded to each director.

Stockholder Nominations of Directors

Stockholders may recommend a director candidate for consideration by the NCG Committee by submitting the candidate's name in accordance with provisions of our Bylaws that require advance notice to Sonic and certain other information. In general, under the Bylaws, the written notice must be received by Sonic's Corporate Secretary not less than sixty (60) and not more than ninety (90) days prior to the annual meeting. The notice must contain, among other things, the nominee's name, date of birth, business and residential address and the information that would be required to be disclosed about the nominee pursuant to the SEC's rules in a proxy statement and, with respect to the stockholder submitting the nomination and anyone acting in concert with that stockholder, the name and business address of the stockholder and the person acting in concert with the stockholder, a representation that the stockholder is a record holder of Voting Stock, a description of all arrangements, understandings or relationships between or among the stockholder, any person acting in concert with the stockholder and the nominee and the class and number of shares of Voting Stock beneficially owned by the stockholder and any person acting in concert with that stockholder. A stockholder who is interested in recommending a director candidate should request a copy of Sonic's Bylaw provisions by writing to Stephen K. Coss, Senior Vice President, General Counsel and Secretary, at Sonic's principal executive offices.

The NCG Committee has a process of identifying and evaluating potential nominees for election as members of the Board of Directors, which includes considering recommendations by directors and management and may include engaging third party search firms to assist the NCG Committee in identifying and evaluating potential nominees. The NCG Committee has adopted a policy that stockholder nominees for director will be treated the same as nominees submitted by other directors or management.

As set forth in Sonic's Bylaws, Sonic's Corporate Governance Guidelines and the charter of Sonic's Nominating and Corporate Governance Committee, the NCG Committee considers potential nominees for directors from all sources, develops information from many sources concerning the potential nominee, and makes a decision whether to recommend any potential nominee for consideration for election as a member of the Board of Directors. Sonic's qualification standards for directors are set forth in its Corporate Governance Guidelines. These standards include the director's or nominee's:

independent judgment;

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ability to qualify as an independent director (as defined under applicable SEC rules and NYSE listing standards);

ability to broadly represent the interests of all stockholders and other constituencies;

maturity and experience in policy making decisions;

time commitments, including service on other boards of directors;

business skills, background and relevant expertise that are useful to Sonic and its future needs;

willingness and ability to serve on committees of the board of directors; and

other factors relevant to the NCG Committee's determination.

APPROVAL OF THE AMENDED AND RESTATED

SONIC AUTOMOTIVE, INC. INCENTIVE COMPENSATION PLAN

The Incentive Compensation Plan (the "Incentive Plan") was first adopted by our Board of Directors in October 2001 and approved by our stockholders in May 2002. On February 12, 2007, the Compensation Committee approved an amendment and restatement of the Incentive Plan (the "Incentive Plan Restatement"), subject to the approval of our stockholders. The Incentive Plan is a performance-based plan that provides cash awards to selected executive officers and key employees if pre-established performance goals are met. The Incentive Plan is intended to meet the requirements for performance-based compensation under Section 162(m) of the Internal Revenue Code (the "Code") so that awards paid under the Incentive Plan may qualify for a federal income tax deduction. Sonic is required to periodically resubmit the Incentive Plan for stockholder approval so that it can continue to qualify as performance-based compensation. In addition, the Incentive Plan Restatement includes certain changes that require your approval. Therefore, stockholder approval is being sought with respect to the terms of the Incentive Plan Restatement in its entirety. If approved by the stockholders, the Incentive Plan Restatement will become effective on April 19, 2007.

The Incentive Plan is intended to allow Sonic to provide incentives to highly-qualified executives and other key employees that motivate them to continue service with Sonic, devote their best efforts to Sonic and improve Sonic's economic performance, thus enhancing the value of Sonic for the benefit of stockholders. The Incentive Plan also is intended to meet the requirements for performance-based compensation under Section 162(m) of the Code. Section 162(m) of the Code generally limits Sonic's annual federal income tax deduction for compensation paid to certain covered employees (generally, the Chief Executive Officer and the four other highest paid executive officers) to \$1 million with respect to each such executive officer. However, compensation that qualifies as performance-based compensation under Section 162(m) is not subject to this deduction limit. Compensation qualifies as performance-based only if it satisfies certain requirements, including that the material terms of the plan under which the compensation is paid are disclosed to and approved by the stockholders. We are asking stockholders to approve the Incentive Plan Restatement to preserve our ability to claim a federal tax deduction for compensation awards made under the Incentive Plan without being subject to the Section 162(m) \$1 million deduction limitation.

The primary changes reflected in the Incentive Plan Restatement include (a) several additions to the permissible performance goals, (b) an increase in the maximum allowable payment to a participant for any calendar year from \$2 million to \$3 million, (c) the elimination of installments as a form of payment, (d) additional flexibility in designing incentive awards, including the permissible use of bonus pools, (e) a requirement that all incentive awards be paid by March 15 of the year following the end of the applicable performance period, and (f) additional provisions regarding Section 409A of the Code.

Sonic also reserves the right to pay discretionary bonuses, or other types of compensation, outside of the Incentive Plan that may not qualify for deductibility under Section 162(m). No employee has a guaranteed right to any discretionary bonus as a substitute for a performance bonus in the event that performance goals are not met or if the stockholders do not approve the material terms of the Incentive Plan Restatement.

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The following is a summary of the Incentive Plan Restatement. The summary describes the primary features of the Incentive Plan, but it is qualified by reference to the full text of the Incentive Plan Restatement, a copy of which is included in this Proxy Statement as Appendix B.

Administration

The Incentive Plan will continue to be administered by the Compensation Committee of the Board of Directors which consists solely of two or more outside directors. The Compensation Committee has the authority, in its sole discretion, to grant awards under the Incentive Plan, to determine the persons to whom and the time or times at which awards will be granted, to determine the terms, conditions, restrictions, applicable performance periods and performance goals relating to any award, to adjust compensation payable upon attainment of performance goals, to construe and interpret the Incentive Plan and any awards, to prescribe, amend and rescind rules and regulations relating to the Incentive Plan, and to make all other determinations deemed necessary or advisable for plan administration.

Eligibility

Executive officers and other key employees of the Company are eligible to receive awards under the Incentive Plan. The Compensation Committee selects the employees who will participate, and may take into account such factors as it deems relevant in making that determination. An employee who is a participant for one performance period is not assured of being selected to participate in any subsequent performance period. The actual number of officers who are eligible to receive an award during any particular performance period cannot be determined in advance because the Compensation Committee has the discretion to select the participants. Five executive officers were selected for plan participation for the 2006 calendar year.

Performance Goals

For each participant, the Compensation Committee establishes in writing the performance goals, the performance period over which such goals will be measured, and the amount of or the formula for determining the participant's actual incentive award with respect to such performance period. The Compensation Committee must establish all of these terms in writing within 90 days after the beginning of the applicable performance period (or, if earlier, by the date on which 25% of the period has been completed).

The performance goals established by the Compensation Committee must be objectively determinable. As amended, the performance goals under the Incentive Plan will be based on one or more of the following, as determined in the sole discretion of the Compensation Committee: stock price; earnings per share; net earnings; operating or other earnings; profits; revenues; net cash flow; financial return ratios; stockholder return; return on equity; return on investment; debt rating; Company-wide sales; dealership sales; expense reduction levels; return on net assets; debt to equity ratio; debt to capitalization ratio; growth in assets, sales, or market share; customer satisfaction; or strategic business objectives based on meeting specified revenue goals, market penetration goals, geographic business expansion goals, cost targets, or goals relating to acquisitions or divestitures. Performance goals may be based on the performance of the participant's division, business unit or employing subsidiary, based on the performance of one or more divisions, business units or subsidiaries, based on the performance of the Company (including subsidiaries) as a whole, or based on any combination of the foregoing. Performance goals may be either absolute in their terms or relative. Performance goals may provide for the inclusion or exclusion of items such as the effect of unusual charges or income items or other events, including acquisitions or dispositions of businesses or assets, restructurings, reductions in force, or changes in accounting principles or tax laws that occur during the performance period. The performance goals established by the Compensation Committee may be (but need not be) particular to a participant and/or different each performance period. The Compensation Committee also can establish subjective performance goals for participants, but the subjective performance goals may be used only to reduce, and not increase, the award otherwise payable under the Incentive Plan to employees who are subject to Section 162(m) of the Code.

Awards

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A participant's potential incentive award must be based on an objective formula or standard, and can be expressed as either a dollar amount, a percentage of salary, a percentage of the applicable criteria underlying the specified performance goal(s) (or a percentage in excess of a threshold amount) or otherwise. The Compensation Committee also can designate a range, pursuant to which the actual amount of an incentive award may vary depending upon the extent to which the performance goals for the performance period have been attained. The Compensation Committee also may establish a participant's potential incentive award as a percentage of a bonus pool, as long as the sum of the individual maximum percentages of the bonus pool that each participant potentially could receive does not exceed 100%.

Before payment of an incentive award can be made, the Compensation Committee must certify in writing the extent to which the performance goals have been reached. The Compensation Committee may, in its discretion, reduce or eliminate the amount payable to any participant based upon such factors as the Compensation Committee deems relevant.

As amended, the maximum amount payable with respect to an incentive award to any participant for any calendar year is \$3,000,000.

Payment of an incentive award must be made as soon as administratively practicable following the Compensation Committee's certification, but no later than March 15 of the calendar year following the calendar year in which such payment is no longer subject to a substantial risk of forfeiture (within the meaning of Section 409A of the Code). All awards will be paid in a lump sum. Participants generally must be employed on the payment date to receive the award, except as otherwise determined by the Compensation Committee. However, if the participant's employment terminates due to death, disability or retirement, a pro-rated award may be paid so long as the performance goals were achieved.

Section 409A

Section 409A of the Code provides new requirements for certain nonqualified deferred compensation arrangements. If applicable, Section 409A also imposes penalties (including an additional 20% income tax) on the recipient of deferred compensation in the event such compensation fails to comply with Section 409A. Awards granted under the Incentive Plan are intended to constitute short-term deferrals under Section 409A and therefore be exempt from the requirements of Section 409A. If, however, an award may be subject to Section 409A, it is intended that the Compensation Committee will determine and interpret the terms of such award in a manner that complies with Section 409A. Sonic does not guarantee to any participant that the Incentive Plan or any incentive award complies with or is exempt from Section 409A.

Amendment, Suspension or Termination

The Board of Directors or the Compensation Committee can amend, suspend or terminate the Incentive Plan at any time, subject to stockholder approval if required by Section 162(m) of the Code. Generally, no amendment, suspension or termination of the Incentive Plan may adversely affect the rights of a participant with respect to an award previously granted under the Incentive Plan without the participant's consent. However, the Incentive Plan or any incentive award can be amended without a participant's consent if the Board or the Compensation Committee deems the amendment necessary or advisable to comply with applicable law, including reforming the terms of an incentive award to comply with or meet an exemption from Section 409A of the Code.

Reapproval by Stockholders

The Incentive Plan must be resubmitted to Sonic's stockholders as necessary to enable awards paid thereunder to constitute qualified performance-based compensation under Section 162(m) of the Code. Under current law, Sonic may be required to resubmit the Incentive Plan for stockholder approval approximately every five years. The Incentive Plan does not preclude Sonic from establishing other or additional compensation arrangements.

Plan Benefits

Awards under the Incentive Plan are determined based on actual performance, so future actual awards cannot now be determined. The awards paid to our named executive officers under the Incentive Plan for 2006 are set forth in the Summary Compensation Table.

APPROVAL OF THE AMENDED AND RESTATED

SONIC AUTOMOTIVE, INC. 2004 STOCK INCENTIVE PLAN

The 2004 Stock Incentive Plan (the "Stock Incentive Plan") was first adopted by the Board of Directors in February 2004 and approved by our stockholders in April 2004. Upon the recommendation of the Compensation Committee, the Board of Directors approved an amendment and restatement of the Stock Incentive Plan (the "Stock Incentive Plan Restatement"), subject to the approval of our stockholders. The amendments to the Stock Incentive Plan include an increase in the number of shares of Class A Common Stock that are available for issuance under the Stock Incentive Plan from 2,000,000 to 3,000,000.

The additional shares are intended to allow Sonic to continue to offer a variety of equity-based incentives that attract and retain key employees and consultants and provide them with incentives to contribute to Sonic's growth and success as well as align their interests with those of Sonic's stockholders. The Stock Incentive Plan Restatement is effective as of February 13, 2007, subject to stockholder approval.

As of March 1, 2007 and without considering the proposed increase in shares, approximately 1,339,694 shares of the Class A Common Stock authorized to be issued under the Stock Incentive Plan have been issued or are subject to currently outstanding awards, leaving 660,306 shares of Class A Common Stock available for future awards under the Stock Incentive Plan. If shares of Class A Common Stock subject to an award under the Stock Incentive Plan are forfeited or the award is settled in cash or otherwise terminates for any reason without the issuance of such shares, those shares also will be available for further awards under the Stock Incentive Plan. Sonic also maintains the 1997 Stock Option Plan under which stock options currently can be granted. As of March 1, 2007, there remain 126,175 shares of Class A Common Stock available for future issuance. However, the 1997 Stock Option Plan will terminate on October 9, 2007. After that time, no further options may be granted under the 1997 Stock Option Plan and shares covered by options that expire unexercised or are forfeited under that Plan will not be available for future awards.

In addition to the proposed increase in the number of shares of Class A Common Stock that may be issued under the Stock Incentive Plan from 2,000,000 to 3,000,000, the Stock Incentive Plan also has been amended to:

provide that fair market value for purposes of determining the exercise price of stock options will be determined by reference to the closing price of the Class A Common Stock on the date of grant (or for other purposes under the Stock Incentive Plan, on the applicable date of reference);

clarify that the maximum number of shares of Class A Common Stock that may be issued pursuant to incentive stock options under this Plan also shall be 3,000,000 shares;

clarify the provisions regarding anti-dilution adjustments in the case of certain corporate events;

add provisions regarding Section 409A of the Code; and

make other minor revisions and clarifications.

The Stock Incentive Plan also is designed to allow certain awards granted thereunder to meet the requirements for performance-based compensation under Section 162(m) of the Code.

The following is a summary of the Stock Incentive Plan Restatement submitted for stockholder approval. The summary describes the major features of the Stock Incentive Plan, but it is qualified by reference to the full text of the Stock Incentive Plan Restatement, which is included in this Proxy Statement as Appendix C.

Administration

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The Stock Incentive Plan is administered by the Compensation Committee of the Board of Directors. The Compensation Committee has the full authority to select the recipients of awards granted under the Stock Incentive Plan, to determine the type and size of awards, and to determine and amend the terms, restrictions and conditions of awards. The Compensation Committee also has the full authority to construe and interpret the Stock Incentive Plan and any related award agreement, to establish rules and regulations relating to the administration of the Stock Incentive Plan, to delegate administrative responsibilities and to make all other determinations that may be necessary or advisable for the administration of the Stock Incentive Plan.

Eligibility

Awards under the Stock Incentive Plan may be granted to employees (including employees who are also officers and/or directors) and consultants as selected by the Compensation Committee based on, among other things, their duties and the Compensation Committee's assessment of their present and potential contributions to the success of the Company and such other factors it deems relevant. The number of individuals eligible to participate in the Stock Incentive Plan varies and, in light of the Compensation Committee's discretion, the actual number of individuals who will be granted an award in the future cannot be determined. There currently are approximately 35 individuals who hold outstanding awards under the Stock Incentive Plan. The Compensation Committee determines, in its discretion, the types and sizes of awards.

Types of Awards

Awards under the Stock Incentive Plan may be granted in the form of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock, restricted stock units, stock awards and performance awards. Each type of award is discussed in more detail below.

Shares Subject to the Stock Incentive Plan and Award Limits

If the stockholders approve the Stock Incentive Plan Restatement, the number of shares of Sonic's Class A Common Stock reserved for issuance under the Stock Incentive Plan will increase from 2,000,000 to 3,000,000, subject to adjustment as described below. The maximum number of shares of Class A Common Stock that may be issued pursuant to incentive stock options under the Stock Incentive Plan also will be 3,000,000 shares.

If shares of Class A Common Stock subject to an award under the Stock Incentive Plan are forfeited or the award is settled in cash or otherwise terminates for any reason without the issuance of such shares, those shares will be available for further awards under the Stock Incentive Plan.

No individual may be granted options and/or stock appreciation rights under the Stock Incentive Plan with respect to an aggregate of more than 500,000 shares of Class A Common Stock during any calendar year. With respect to all other types of awards, no individual may be granted awards with respect to an aggregate of more than 250,000 shares of Class A Common Stock during any calendar year.

In the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, or similar transaction or other change in corporate structure affecting Sonic's Class A Common Stock, equitable adjustments and substitutions, as applicable, will be made by the Compensation Committee, including adjustments to the number of shares of Class A Common Stock which may be issued under the Stock Incentive Plan, the number of shares of Class A Common Stock subject to the award limits under the Stock Incentive Plan, and the number and price of shares of Class A Common Stock subject to outstanding awards under the Stock Incentive Plan.

Market Price of Class A Common Stock

The closing price of a share of Sonic's Class A Common Stock on the NYSE on March 15, 2007 was \$28.31.

Stock Options

Stock options may be granted under the Stock Incentive Plan in the form of either incentive stock options (also referred to as ISOs) intended to qualify under Section 422 of the Code or nonstatutory stock options. Incentive stock options can be granted only to employees of the Company. Stock options give the recipient an opportunity to purchase shares of Sonic's Class A Common Stock from Sonic at a designated exercise price.

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The exercise price of options granted under the Stock Incentive Plan is determined at the discretion of the Compensation Committee, but the exercise price per share generally may not be less than the fair market value of a share of Sonic's Class A Common Stock on the grant date of the option. In the case of incentive stock options granted to any holder on the date of grant of more than 10% (directly or by attribution through relatives or entities in which the holder has an ownership interest) of the total combined voting power of all classes of stock of Sonic or a parent or subsidiary corporation (a 10% Stockholder), the exercise price per share may not be less than 110% of the fair market value of a share of Class A Common Stock on the grant date. As amended, fair market value under the Stock Incentive Plan generally is based on the closing price of Sonic's Class A Common Stock on the NYSE on the date of grant of the option.

The exercise price of an option may be paid in cash, or if permitted by the Compensation Committee, in shares of Sonic's Class A Common Stock owned by the option holder or by other means Sonic determines to be consistent with applicable law (including, for example, cashless exercises).

The Compensation Committee establishes the time period within which options must be exercised, but this period may not exceed ten years from the grant date of the option or, in the case of incentive stock options granted to a 10% Stockholder,

five years from the grant date of the option. Options may expire before the end of the option period if the option holder ceases to perform services for the Company. Stock options will be exercisable at such time or times and subject to such restrictions as determined by the Compensation Committee. To the extent that the fair market value of incentive stock options (determined based on the fair market value on the grant date) that become exercisable for the first time in a calendar year exceeds \$100,000, such options generally will be deemed nonstatutory stock options.

Except as otherwise provided by the Compensation Committee, the following rules apply if an option holder's service with the Company terminates. If an option holder's service with the Company terminates for any reason other than cause, involuntary termination without cause, disability or death, the option holder generally may exercise his or her stock options (to the extent vested) within the 60-day period following such termination. If the option holder is terminated for cause, the option holder's stock options will immediately expire and no longer can be exercised. If the option holder is involuntarily terminated without cause, options (to the extent vested) generally may be exercised during the 90-day period following termination. If the option holder's service terminates due to his or her disability, options (to the extent vested) generally may be exercised during the one-year period following termination. If the option holder dies while employed or during the applicable exercise period following termination as described above, options (to the extent vested) generally may be exercised during the one-year period following the option holder's death. In no event can an option be exercised after the expiration of its term (i.e., the option period fixed by the Compensation Committee).

Options generally may not be transferred other than by will or the laws of descent and distribution and options generally may be exercised during the lifetime of the option holder only by the option holder. However, the Compensation Committee, in its discretion, may permit the transfer of nonstatutory stock options, without consideration, to certain family members or family-related trusts, foundations or other entities, subject to limitations determined by the Compensation Committee.

Stock Appreciation Rights

Stock appreciation rights (or SARs) allow a recipient to receive upon exercise an amount equal to the excess of the fair market value at that time of the shares of Sonic's Class A Common Stock with respect to which the SARs are being exercised over the initial value assigned to such SARs. This amount may be payable in cash, shares of Class A Common Stock or a combination thereof, as determined by the Compensation Committee. The initial value of SARs granted under the Stock Incentive Plan is determined at the discretion of the Compensation Committee, but the initial value per share of Class A Common Stock covered by the SARs may not be less than the fair market value of a share of Sonic's Class A Common Stock on the grant date of the SARs. For this purpose, fair market value generally is based on the closing price of Sonic's Class A Common Stock on the NYSE on the grant date.

SARs may be granted in tandem with stock options or independently. The Compensation Committee will establish the time period within which SARs must be exercised, but this period may not exceed ten years from the grant date of the SARs. SARs granted in tandem with stock options must have the same term as the options to which they relate. SARs may expire before the end of the exercise period if the recipient ceases to perform services for the Company. SARs will be exercisable at such time or times and subject to such restrictions as determined by the Compensation Committee. However, SARs granted in tandem with stock options may be exercised only with respect to the shares of Class A Common Stock for which their related stock options are then exercisable. The exercise of either options or SARs that are granted in tandem will result in the termination of the other to the extent of the number of shares of Class A Common Stock with respect to which such options or SARs are exercised.

If an individual's service with the Company terminates, SARs then held by such individual will terminate on the same terms and conditions that apply to stock options as described above, unless otherwise provided by the Compensation Committee.

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SARs generally may not be transferred other than by will or the laws of descent and distribution and SARs generally may be exercised during the lifetime of the recipient only by the recipient. However, the Compensation Committee, in its discretion, may permit the transfer of SARs, without consideration, to certain family members or family-related trusts, foundations or other entities, subject to limitations determined by the Compensation Committee.

Restricted Stock and Restricted Stock Units

Restricted stock is an award of shares of Sonic's Class A Common Stock that is subject to restrictions and such other terms and conditions as the Compensation Committee determines. Restricted stock units represent the right to receive shares of Class A Common Stock or the value of shares of Class A Common Stock in the future, but no shares are actually awarded to recipients on the date of grant. Once applicable restrictions lapse or have been satisfied, restricted stock units may be payable in cash, shares of Class A Common Stock or a combination thereof, as determined by the Compensation Committee.

The Compensation Committee determines the type of restrictions applicable to the award, which can include restrictions based on achievement of financial or other business objectives (including objective performance goals as described below), the occurrence of a specific event, continued service for a period of time or other time-based restrictions. The Compensation Committee also determines the purchase price, if any, to be paid for the restricted stock or restricted stock units. Restricted stock units are not transferable and restricted stock generally may not be transferred until all restrictions applicable to the award have lapsed or been satisfied.

If the recipient of restricted stock or restricted stock units ceases to perform services for the Company, all shares of Class A Common Stock or restricted stock units, as the case may be, that are still subject to restrictions generally will be forfeited unless the Compensation Committee waives such restrictions.

A recipient of restricted stock generally will have certain rights and privileges of a stockholder, including the right to vote such shares of restricted stock and to receive dividends, if any (although the Compensation Committee may require that any dividends be reinvested in additional shares of restricted stock). A recipient of restricted stock units will not have any voting or other stockholder rights, but if a dividend is declared on the Class A Common Stock, the Compensation Committee may, in its discretion, determine that recipients receive dividend equivalents with respect to restricted stock units and the form thereof.

Stock Awards

The Compensation Committee may grant other types of stock awards that involve the issuance of shares of Class A Common Stock or that are valued by reference to shares of Class A Common Stock. The terms and conditions applicable to such stock awards will be determined by the Compensation Committee in its discretion.

Performance Awards

The Stock Incentive Plan allows the Compensation Committee to designate a grant of restricted stock, restricted stock units or a stock award as a performance award intended to qualify as performance-based compensation under Section 162(m) of the Code. Section 162(m) of the Code generally limits Sonic's annual federal income tax deduction for compensation paid to certain covered employees (generally, the Chief Executive Officer and the four other highest paid officers) to \$1 million with respect to each such officer. However, compensation that qualifies as performance-based compensation under Section 162(m) is not subject to this deduction limit. Compensation qualifies as performance-based only if it satisfies certain requirements, including that the material terms of the plan and performance goals under which the awards will be paid are disclosed to and approved by the stockholders.

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For performance awards, the Compensation Committee will establish in writing the performance goals upon which the performance award is contingent, the period over which such goals will be measured and any other applicable conditions. These terms must be established within 90 days after the beginning of the applicable period (or, if earlier, by the date on which 25% of the period has been completed).

The performance goals established by the Compensation Committee must be objectively determinable and will be based on one or more of the following: stock price; earnings per share; net earnings; operating or other earnings; profits; revenues; net cash flow; financial return ratios; stockholder return; return on equity; return on investment; return on net assets; debt rating; sales; expense reduction levels; growth in assets, sales, or market share; or strategic business objectives based on meeting specified revenue goals, market penetration goals, customer satisfaction goals, geographic business expansion goals, cost targets or goals relating to acquisitions or divestitures. Performance goals may be based on the performance of Sonic, based on the individual s division, business unit or employing subsidiary, based on the performance of one or more divisions,

business units or subsidiaries, based on the performance of the Company as a whole or based on any combination of the foregoing. Performance goals may be either absolute in their terms or relative. Performance goals may provide for the inclusion or exclusion of items such as the effect of unusual charges or income items or other events, including acquisitions or dispositions of businesses or assets, restructurings, reductions in force, or changes in accounting principles or tax laws. The Compensation Committee also may establish subjective performance goals, but the subjective performance goals generally may be used only to reduce, and not increase, an award. The Compensation Committee generally cannot waive the performance goal requirements except in its discretion in the case of the death or disability of the recipient or as otherwise provided under the Stock Incentive Plan in the event of a change in control (as described below).

As noted previously, no individual may be granted restricted stock, restricted stock units or stock awards with respect to an aggregate of more than 250,000 shares of Class A Common Stock during any calendar year. In addition, the maximum cash payment that may be paid to an award recipient during a calendar year pursuant to a performance award is \$2,000,000.

The Compensation Committee may, in its discretion, grant awards to covered officers that are not intended to qualify as performance-based compensation under Section 162(m) of the Code.

Change in Control

Under the Stock Incentive Plan, a change in control generally means any merger or consolidation in which Sonic is not the surviving corporation and which results in the holders of the outstanding voting securities of Sonic (determined immediately prior to such merger or consolidation) owning less than a majority of the outstanding voting securities of the surviving corporation, any sale or transfer by Sonic of all or substantially all of its assets or any tender offer or exchange offer for, or the acquisition, directly or indirectly, by any person or group of, all or a majority of the then-outstanding voting securities of Sonic.

Upon either the consummation of a tender or exchange offer that constitutes a change in control or the third business day prior to the effective date of any other change in control, as the case may be, all outstanding stock options, SARs and stock awards generally will become fully vested and exercisable and all outstanding restricted stock and restricted stock units generally will become fully vested with all restrictions and conditions related thereto being deemed satisfied. Any outstanding awards that have been designated as performance awards will be accelerated and deemed to have been fully earned as of the date of the change in control, with a pro rata payment to be made within 30 days following the change in control based upon an assumed achievement of the applicable performance goals and the extent to which the performance period has elapsed prior to the change in control.

Amendment, Suspension or Termination

The Board of Directors may at any time amend, suspend or terminate the Stock Incentive Plan in whole or in part for any purpose, provided that such action may be subject to stockholder approval if (1) it is necessary to comply with the Code, the Securities Exchange Act of 1934, as amended, securities exchange listing requirements or other legal or regulatory requirements, (2) the action is intended to allow the exercise price of outstanding stock options to be reduced by repricing or replacing such options, or (3) the Board determines that stockholder approval is otherwise desirable. Unless terminated earlier, the Stock Incentive Plan will terminate ten years from its original adoption by the Board of Directors. The Compensation Committee also may amend the terms of an outstanding award. Generally, no amendment, suspension or termination of the Stock Incentive Plan (or amendment of an outstanding award) may adversely affect in any material way the rights of the holder of any outstanding award without his or her consent. However, the Board may amend the Stock Incentive Plan and/or the Compensation Committee may amend any outstanding award without obtaining a participant's consent if it deems the amendment necessary or advisable to comply with applicable law, including reforming the terms of an outstanding award to comply with or meet an exemption from Section 409A of the Code.

Stock Incentive Plan Benefits

For additional details concerning options and restricted stock granted to executive officers under the Stock Incentive Plan during the 2006 calendar year, see Compensation of Executive Officers, Grants of Plan-Based Awards During 2006, Outstanding Equity Awards at Fiscal 2006 Year-End and Option Exercises and Stock Vested During 2006. Since all awards under the Stock Incentive Plan are made at the discretion of the Compensation Committee, future awards that may be received by any executive officers or others pursuant to the Stock Incentive Plan are not presently determinable.

Federal Income Tax Consequences

The following is a brief summary of the federal income tax consequences that generally apply with respect to awards that may be granted under the Stock Incentive Plan. This summary is based on current laws and regulations that may change in the future. This summary is not intended to be exhaustive and does not describe a number of special tax rules, including any foreign, state or local tax consequences, wage withholding requirements or various other rules that could apply to a particular individual or to the Company under certain circumstances.

Nonstatutory Stock Options

The grant of nonstatutory stock options has no federal income tax consequences to the Company or the option holder. Upon the exercise of a nonstatutory stock option, the option holder will recognize ordinary income equal to the excess of the fair market value of the acquired shares on the date of exercise over the exercise price paid for the shares. The Company generally will be allowed a federal income tax deduction equal to the same amount that the option holder recognizes as ordinary income. In the event of the disposition of the acquired shares of Common Stock, any additional gain (or loss) generally will be taxed to the option holder as either short-term or long-term capital gain (or loss) depending on how long the shares were held.

Incentive Stock Options

The grant and exercise of incentive stock options have no federal income tax consequences to the Company. The grant and exercise of incentive stock options generally have no ordinary income tax consequences to the option holder. However, upon the exercise of an incentive stock option, the option holder has to treat the excess of the fair market value on the date of exercise over the exercise price as an item of tax adjustment for alternative minimum tax purposes, which may result in alternative minimum tax liability.

If the option holder retains the shares of Class A Common Stock acquired upon the exercise of an incentive stock option for at least two years following the grant date of the option and one year following exercise of the option, the subsequent disposition of such shares will ordinarily result in long-term capital gains or losses to the option holder equal to the difference between the amount realized on disposition of the shares and the exercise price. The Company will not be entitled to any deduction in such case. If the holding period requirements described above are not met, the option holder will recognize ordinary income upon disposition of the Class A Common Stock equal to the excess of the fair market value of the shares on the date of exercise (or, if less, the amount received on disposition of the shares) over the exercise price. The Company will be entitled to a corresponding tax deduction in the same amount. Any additional gain (or loss) realized by the option holder on the disposition of the Class A Common Stock will be taxed as short-term or long-term capital gain (or loss), as applicable.

Stock Appreciation Rights

The grant of SARs has no federal income tax consequences to the Company or the recipient. Upon the exercise of SARs, the recipient will recognize ordinary income equal to the amount of cash received and the fair market value of any shares of Class A Common Stock received. The Company generally will be allowed a federal income tax deduction equal to the same amount that the recipient recognizes as ordinary income.

Restricted Stock

There generally should not be any federal income tax consequences to the Company or the recipient upon the grant of restricted stock. The recipient normally will recognize ordinary income when shares of the restricted stock vest (which means that the shares are no longer subject to a substantial risk of forfeiture) or become transferable, whichever occurs first. However, a recipient instead may elect to recognize ordinary income at the time the restricted stock is granted by making an election under Section 83(b) of the Code within 30 days after the grant date. In either case, the recipient will recognize ordinary income equal to the fair market value of such shares of stock at the time the income is recognized (reduced by the amount, if any, the recipient paid for the stock) and the Company generally will be entitled to a corresponding tax deduction (subject to Section 162(m) limitations). If the recipient subsequently disposes of the shares of Class A Common Stock, any additional gain (or loss) should be eligible for short-term or long-term capital gain tax treatment, depending on how long the

shares were held after the ordinary income was recognized. If a recipient makes an 83(b) election and then forfeits the shares of Class A Common Stock, the recipient normally will not be entitled to any tax deduction or refund with respect to the tax already paid.

Restricted Stock Units

The grant of restricted stock units generally has no federal income tax consequences to the Company or the recipient. When the restricted stock units vest and become payable, the recipient will recognize ordinary income equal to the amount of cash received and the fair market value of any shares of Class A Common Stock received. The Company generally will be allowed a federal income tax deduction equal to the same amount that the recipient recognizes as ordinary income (subject to Section 162(m) limitations).

Other Stock Awards

The federal income tax consequences of other stock awards will depend on the form of such awards.

Section 162(m)

As discussed above, Section 162(m) of the Code generally limits the Company's annual federal income tax deduction for compensation paid to certain covered employees (generally, the Chief Executive Officer and the four other most highly compensated officers) to \$1 million with respect to each such officer. However, compensation that qualifies as performance based compensation under Section 162(m) is not subject to this deduction limit. Sonic intends that stock options, stock appreciation rights and performance awards granted to covered employees generally should qualify as performance-based compensation that will not be subject to the Section 162(m) deduction limit.

Section 409A

Section 409A of the Code provides new requirements for certain nonqualified deferred compensation arrangements. If applicable, Section 409A also imposes penalties (including an additional 20% income tax) on the recipient of deferred compensation in the event such compensation fails to comply with Section 409A. Awards granted under the Stock Incentive Plan are intended to either comply with or meet the requirements for an exemption from Section 409A of the Code and the Stock Incentive Plan shall be operated and administered accordingly. To the extent that any awards may provide for the deferral of compensation within the meaning of Section 409A of the Code, Sonic intends that such awards comply with Section 409A of the Code, and the Compensation Committee shall determine and interpret the terms of such awards consistent with such intent. Sonic does not guarantee to any participant that the Stock Incentive Plan or any award granted under the Stock Incentive Plan complies with or is exempt from Section 409A.

APPROVAL OF AMENDMENT TO THE

SONIC AUTOMOTIVE, INC.

2005 FORMULA RESTRICTED STOCK PLAN

FOR NON-EMPLOYEE DIRECTORS

On February 13, 2007, the Board of Directors approved an amendment of the Sonic Automotive, Inc. 2005 Formula Restricted Stock Plan for Non-Employee Directors (the 2005 Formula Directors Plan), subject to the approval of our stockholders. The amendment increases the maximum number of shares of the Class A Common Stock that maybe issued under the 2005 Formula Directors Plan from 60,000 shares to 90,000 shares. This amendment is intended to secure adequate shares to allow Sonic to continue over the next several years to provide its non-employee directors with an ownership interest in Sonic and to enhance Sonic 's ability to attract and retain highly qualified individuals to serve as directors on our Board. No other amendments to the 2005 Formula Directors Plan are proposed for stockholder approval.

The 2005 Formula Directors Plan originally was adopted by the Board of Directors on February 10, 2005 and approved by the stockholders of Sonic on April 21, 2005. The 2005 Formula Directors Plan provides for formula grants of restricted stock to Sonic 's non-employee directors. In connection with the approval of the 2005 Formula Directors Plan, Sonic 's Formula Stock Option Plan for Independent Directors was terminated.

As of March 1, 2007 and prior to the proposed increase, 32,240 shares of Class A Common Stock have been granted under the 2005 Formula Directors Plan and 27,760 shares of Class A Common Stock remain available for issuance. However, in accordance with the terms of the 2005 Formula Directors Plan, each eligible non-employee director will receive a restricted stock award on the day after the Annual Meeting resulting in a further reduction in the number of shares that remain available under the 2005 Formula Directors Plan.

The following is a summary of the 2005 Formula Directors Plan, as amended. The summary describes the primary features of the 2005 Formula Directors Plan, but it is qualified by reference to the full text of the 2005 Formula Directors Plan, a copy of which is included in this Proxy Statement as Appendix D.

Administration. Awards under the 2005 Formula Directors Plan generally are intended to occur automatically without any discretionary administration. Otherwise, the 2005 Formula Directors Plan is administered by the Board of Directors which has the full authority to construe and interpret the 2005 Formula Directors Plan and any related award agreement, to establish rules and regulations relating to plan administration, and to delegate ministerial administrative responsibilities. Determinations made with respect to an individual non-employee director will be made without participation by such director. All awards under the 2005 Formula Directors Plan are evidenced by an award agreement.

Eligibility. Members of our Board of Directors who are not employed by Sonic or any of its subsidiaries are not eligible to participate in the 2005 Formula Directors Plan. Sonic currently has six non-employee directors who are eligible for the 2005 Formula Directors Plan, although it anticipates having seven non-employee directors who are eligible for the 2005 Formula Directors Plan when Mr. Rachor's employment terminates effective March 23, 2007.

Shares Subject to the 2005 Formula Directors Plan. If the stockholders approve the amendment to the 2005 Formula Directors Plan, the number of shares of Sonic's Class A Common Stock reserved for issuance under the 2005 Formula Directors Plan will increase from 60,000 to 90,000, subject to adjustment as described below. If shares of restricted stock are forfeited or cancelled in whole or in part for any reason, those shares will be available for further awards under the 2005 Formula Directors Plan.

In the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, or similar transaction or other change in corporate structure affecting Sonic's Class A Common Stock, unless the Board determines otherwise, corresponding adjustments will be made to the shares of Class A Common Stock which may be issued under the 2005 Formula Directors Plan and which are subject to outstanding awards under the 2005 Formula Directors Plan.

Automatic Annual Grants of Restricted Stock. Under the 2005 Formula Directors Plan, an annual grant of restricted stock is made to each eligible non-employee director on the first business day following each annual meeting of Sonic's stockholders. The number of restricted shares of Class A Common Stock granted to an eligible non-employee director equals \$60,000 divided by the average closing sale price of the Class A Common Stock on the NYSE for the twenty trading days immediately prior to the grant date (rounded up to the nearest whole share). Subject to the director's continued service on our Board, the restricted stock will fully vest on the first anniversary of the grant date or, if earlier, the day before the next annual meeting of Sonic's stockholders following the grant date.

If a non-employee director initially becomes a member of the Board of Directors after the annual meeting of the Company's stockholders has been held for the year in which such initial appointment occurs, the non-employee director will receive, effective on the date of his or her initial appointment to the Board, a restricted stock grant with the number of shares determined as described above. Subject to the director's continued service on our Board, the restricted stock will fully vest on the first anniversary of the grant date.

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Shares of restricted stock may not be sold, assigned, pledged or otherwise transferred to the extent they remain unvested. A director holding restricted stock will have the right to vote such shares of restricted stock and to receive dividends (if and when declared by the Board of Directors), although dividends paid in shares will be considered restricted stock. If a director's service on the Board terminates for any reason, all shares of restricted stock not vested at the time of such termination are forfeited.

Market Price of Class A Common Stock. The closing price of a share of Sonic's Class A Common Stock on the NYSE on March 15, 2007 was \$28.31.

Change in Control. Upon either the consummation of a tender or exchange offer that constitutes a change in control of Sonic or the third business day prior to the effective date of any other change in control of Sonic, all outstanding restricted stock generally will become fully vested. Under the 2005 Formula Directors Plan, a change in control generally means any merger or consolidation in which Sonic is not the surviving corporation and which results in the holders of the outstanding voting securities of Sonic (determined immediately prior to such merger or consolidation) owning less than a majority of the outstanding voting securities of the surviving corporation, any sale or transfer by Sonic of all or substantially all of its assets or the consummation of any tender offer or exchange offer for, or the acquisition, directly or indirectly, by any person or group of, all or a majority of the then-outstanding voting securities of Sonic.

Amendment, Suspension or Termination. The Board of Directors may at any time amend, suspend or terminate the 2005 Formula Directors Plan in whole or in part for any purpose, provided that such action may be subject to stockholder approval if necessary to comply with legal, regulatory or securities exchange listing requirements, or if the Board determines that such approval otherwise is desirable. Unless terminated earlier, the 2005 Formula Directors Plan will terminate ten years from its adoption by the Board of Directors. No amendment, suspension or termination of the 2005 Formula Directors Plan may adversely affect in any material way the rights of a director under any outstanding award without his or her consent. Notwithstanding the foregoing, the Board may amend the 2005 Formula Directors Plan and any outstanding awards in any respect it deems necessary or advisable to comply with applicable law without obtaining the individual consent of any director who holds an outstanding award.

Plan Benefits. The following table sets forth the dollar value of restricted stock grants that Sonic anticipates will automatically be made to non-employee directors following the 2007 Annual Meeting.

2005 Formula Directors Plan

Plan Benefits

<u>Name and Position</u>	<u>Dollar Value</u>	<u>Number of Units</u>
All current non-executive officer directors as a group	\$ 420,000	(1)

- (1) The number of shares of restricted stock that will be granted is not determinable as of the date of this Proxy Statement due to fluctuating market prices.

Federal Income Tax Consequences. The following is a brief summary of the federal income tax consequences that generally apply with respect to restricted stock granted under the 2005 Formula Directors Plan. This summary is based on current laws and regulations that may change in the future. This summary is not intended to be exhaustive and does not describe a number of various tax rules, including any foreign, state or local tax consequences, that could apply to a particular individual or to Sonic under certain circumstances.

There should not be any federal income tax consequences to Sonic or the non-employee director when restricted stock is granted. The director normally will recognize ordinary income when the restricted stock vests. However, a director instead may elect to recognize ordinary income at the time of grant by making an election under Section 83(b) of the Code within 30 days after the grant date. In either case, the director will recognize as ordinary income the fair market value of such shares of stock at the time the income is recognized and Sonic generally will be entitled to a corresponding tax deduction. If the director subsequently disposes of the shares of Class A Common Stock, any additional gain (or loss) should be eligible for capital gain tax treatment. If a director makes an 83(b) election and then forfeits the shares of Class A Common Stock, the director generally will not be entitled to any tax deduction or refund with respect to the tax already paid.

SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has selected the firm of Deloitte & Touche LLP to serve as the principal independent registered public accounting firm of Sonic for the fiscal year ending December 31, 2007. Deloitte & Touche LLP has acted in such capacity for Sonic since its organization in 1997.

Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and are expected to be available to respond to appropriate questions.

Stockholder ratification of the Audit Committee's selection of Deloitte & Touche LLP as our independent registered public accounting firm is not required by our Bylaws or otherwise. The Board is submitting the selection of Deloitte & Touche LLP to the stockholders for ratification and will reconsider whether to retain Deloitte & Touche LLP if the stockholders fail to ratify the Audit Committee's selection. In addition, even if the stockholders ratify the selection of Deloitte & Touche LLP, the Audit Committee may in its discretion appoint a different independent registered public accounting firm at any time during the year if the Audit Committee determines that a change is in the best interests of Sonic.

Fees and Services

For the fiscal years ended December 31, 2005 and 2006, fees for services provided by Deloitte & Touche LLP were as follows:

	<u>2005</u>	<u>2006</u>
Audit Fees (1)		
Recurring Audit and Quarterly Reviews	\$ 1,850,500	\$ 1,794,000
Registration Statements and Related Services	250,770	
Audit-Related Fees (2)		
Tax Fees (3)		
Tax Compliance Services	18,400	17,850
Tax Planning and Advice	17,970	
All Other Fees (4)	1,500	1,500

- (1) Audit fees consist of fees for professional services rendered in connection with or related to the audit of our consolidated annual financial statements, for the review of interim consolidated financial statements in Form 10-Qs, for services normally provided in connection with statutory and regulatory filings or engagements, including registration statements, and for services related to compliance with Section 404 of Sarbanes-Oxley. Certain of these fees will be billed in 2007 as services are rendered in connection with the audit of Sonic's financial statements for the fiscal year ended December 31, 2006.
- (2) Audit-related fees consist of fees billed for assurance and related services reasonably related to the performance of the audit or review of our audited or interim consolidated financial statements and are not reported under the heading Audit Fees.
- (3) Tax fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning.
- (4) All other fees consist of fees billed for products and services other than the services reported in other categories. Other fees consist of an on-line accounting literature service.

The Audit Committee considers the provision of these non-audit services to be compatible with maintaining Deloitte & Touche LLP's independence.

Pre-approval of Audit and Non-Audit Services of Independent Registered Public Accounting Firm

The Audit Committee is responsible for pre-approving all services provided by Sonic's independent registered public accounting firm and pre-approved all of the services provided in 2006. These services may include audit services, audit-related services, tax services and other services. The Audit Committee has delegated its pre-approval authority to its chairman. The chairman in turn reports to the Audit Committee at least quarterly on audit and non-audit services he pre-approved since his last report.

EXECUTIVE COMPENSATION

Compensation Disclosure and Analysis

2006 Executive Officer Compensation Program

The policy of the Compensation Committee is to:

link executive compensation to Sonic's business strategy and performance to attract, retain and reward key executive officers;

provide performance incentives and equity-based compensation to align the long-term interests of executive officers with those of Sonic's stockholders; and

offer salaries, incentive performance pay opportunities and perquisites that are competitive in the marketplace.

Sonic's executive compensation program is comprised primarily of two components: annual cash compensation, paid in the form of annual salary and performance-based bonuses, and long-term compensation, paid principally in the form of restricted shares of and options to purchase Sonic's Class A Common Stock. This compensation program is designed to place emphasis on performance-based compensation. The Compensation Committee typically reviews and adjusts base salaries and awards of cash bonuses and equity-based compensation in the first quarter of each year. Mr. Rachor, Sonic's former President and Chief Operating Officer, presented written recommendations and proposals on 2006 compensation, which were developed by the Chief Executive Officer and the President, to the Compensation Committee, including recommended base salaries, recommended structure, target levels and payout levels for the annual cash bonus program under Sonic's Incentive Compensation Plan, and recommended equity awards to executive officers, and management's rationale for its recommendations. The Compensation Committee considered these recommendations before determining compensation.

Annual Cash Compensation

Annual cash compensation for Sonic's executive officers consists of a base salary and the potential for an annual performance-based cash bonus. The annual cash compensation paid by Sonic to its executive officers during 2006 was targeted to be competitive principally in relation to other automotive retailing companies (such as those included in the Peer Group Indices in the performance graph elsewhere herein). In 2006, the Compensation Committee engaged the Hay Group, an independent consulting firm that specializes in executive compensation, to provide an analysis of the competitiveness of annual cash compensation paid by Sonic to its executives. The Compensation Committee also considered the compensation of executives of some retail companies not included in the Peer Group Indices, including Circuit City Stores, Inc., Genuine Parts Co., Family Dollar Stores, Inc., and AutoZone, Inc. While the Compensation Committee analyzes the competitiveness of annual cash compensation paid by Sonic to its executives in comparison to data from comparable companies, the Compensation Committee has not adopted any specific benchmarks for compensation of Sonic's executives in comparison to other companies.

Annual Salary

The base salaries of Sonic's executive officers and adjustments to executive officers' base salaries are generally based upon a subjective evaluation of the executive's performance by the Compensation Committee, executive compensation of comparable companies and management's recommendations submitted to the Compensation Committee by the Chief Executive Officer and the President. The Compensation Committee's evaluation is based upon non-quantitative factors such as the current responsibilities of each executive officer, the compensation of similarly situated executive officers of comparable companies, the performance of each executive officer during the prior calendar year (including subjective and objective evaluations of the performance of business units and functions under the particular executive's supervision), and adjustments made to the base salaries of certain of the executive officers during the prior calendar year. In February 2006, the base salaries of the executive officers for 2006 were established based on these factors. At that time, the Compensation Committee did not adjust the base salaries of any executive officers.

Performance-Based Cash Bonuses

Each of Sonic's executive officers participated in the Sonic Automotive, Inc. Incentive Compensation Plan (the "Incentive Plan") during the 2006 calendar year. Compensation under the Incentive Plan is intended to provide highly-qualified executives and other key employees with an incentive to devote their best efforts to Sonic and enhance the value of Sonic for the benefit of stockholders. Based on management's

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recommendations submitted by the President and Chief Operating Officer, in March 2006, the Compensation Committee established objective, performance-based goals and potential bonus award amounts for each executive officer for the performance period beginning January 1, 2006 and ending December 31, 2006, with annual cash bonuses (if any) to be paid as soon as administratively practicable following the Compensation Committee's determination of the extent to which the specified performance goals were achieved. The Compensation Committee established two categories of performance goals for each of the executive officers: defined earnings per share levels and customer satisfaction performance for Sonic's dealerships in specified major brands. Mr. Cospers' performance-based cash bonus was subject to these performance goals, although his employment agreement provided for a minimum bonus of \$300,000 for the 2006 calendar year.

Earnings per share was selected as the primary performance goal with the objective to closely align the executive officers' cash bonuses with profitability delivered to Sonic's stockholders during 2006. For purposes of the Incentive Plan performance goals in 2006, earnings per share was defined as (A) Sonic's net income determined in accordance with U.S. generally accepted accounting principles (GAAP), excluding the effects of (i) any gain or loss recognized by Sonic on the disposition of dealerships (including gain or loss related to a decision to sell a particular dealership), or (ii) the cumulative effect of any changes in GAAP during 2006, divided by (B) a diluted weighted average share count of 46,700,000 shares. The performance objectives established for defined earnings per share levels applicable to each of the executive officers were established by the Compensation Committee on March 23, 2006 as follows: no bonus paid for performance below the minimum objective for defined earnings per share of \$1.78; a bonus of 25% of annual base salary for achieving the minimum objective of \$1.78 per share; a bonus of up to 80% of annual base salary for achieving the target objective for defined earnings per share of \$2.23 per share; and a maximum bonus of 120% of annual base salary for achieving the maximum objective for defined earnings per share of \$2.46 per share. For performance achieved that fell between two defined objectives, the Compensation Committee determined that the bonus payable would equal a pro rata amount of the bonus level between the two applicable defined objectives. The bonus payable would not exceed 120% of annual base salary for performance achieved above the maximum objective. The target objective for defined earnings per share established by the Committee was selected to align with the mid-point of the range of Sonic's publicly announced target for earnings per share from continuing operations for the 2006 calendar year as disclosed in the company's earnings release issued on February 21, 2006, giving effect to management's internal forecast at such time for anticipated loss per share from discontinued operations for 2006, and fixing the share count at management's forecast at such time for diluted weighted average share count for 2006. After establishing the target objective, the minimum objective was established at 80% of the target objective, and the maximum objective was established at 110% of the target objective. In establishing these bonus award amounts and performance goals, the Compensation Committee expressly reserved the right to reduce bonus awards in the event that the Compensation Committee determined that subjective or other factors warranted a reduction.

Customer satisfaction (CSI) performance in specified major brands was selected as the other performance goal in order to align the executive officers' cash bonuses with two other important company goals: meeting the expectations of our dealership customers and meeting the expectations of our manufacturers. The CSI performance objective was based on the performance of each of Sonic's dealerships in specified major brands, as reported by the applicable manufacturer, that met or exceeded their applicable manufacturer's objective CSI standard for approval of dealership acquisitions for the performance period ending as of December 31, 2006. Only dealerships owned by Sonic for the entire 2006 calendar year were to be included in determining achievement of the CSI performance goals. The performance objectives established for CSI performance applicable to each of the executive officers were established by the Compensation Committee on March 23, 2006 as follows: no bonus paid for less than the minimum objective of 65% of such dealerships achieving the requisite CSI performance; a bonus ranging from 10% of annual base salary for achieving the minimum objective of 65% up to a bonus of 20% of annual base salary for achieving the target objective of 70% of such dealerships achieving the requisite CSI performance; and a bonus ranging from 20% of annual base salary for exceeding the target objective up to a maximum bonus of 30% of annual base salary for achieving the maximum objective of 75% of such dealerships achieving the requisite CSI performance. For performance achieved above the maximum objective, the bonus payable for the CSI component would be capped out at 30% of annual base salary. In establishing these bonus award amounts and performance goals, the Compensation Committee expressly reserved the right to reduce bonus awards in the event that the Compensation Committee determined that subjective or other factors warranted a reduction. In establishing the potential bonus awards for each executive officer, the Compensation Committee chose to more heavily weight the earnings per share component to more closely tie the executive's bonus to the profitability the stockholders receive.

Based on Sonic's performance against the performance-based goals, the Compensation Committee certified that the objective, performance-based criteria had been met. As a result, the Compensation Committee authorized award amounts for each of the executive officers under the Incentive Plan for the specified levels of achievement within those performance categories in the following amounts: \$941,600 for O. Bruton Smith; \$770,400 for B. Scott Smith; \$856,000 for Jeffrey C. Rachor, \$428,000 for David P. Cosper and \$428,000 for Mark J. Iuppenlatz. After considering certain one-time charges incurred by Sonic during 2006 that had the effect of preventing the named executive officers from achieving the highest levels of the specified pre-determined targets established for 2006 performance under the Incentive Plan, the Compensation Committee awarded supplemental discretionary cash bonuses to the named executive officers in the following amounts: \$106,700 for O. Bruton Smith; \$87,300 for B. Scott Smith; \$97,000 for Jeffrey C. Rachor, \$48,500 for David P. Cosper and \$48,500 for Mark J. Iuppenlatz. The Compensation Committee approved payment of these award amounts under the Incentive Plan in March 2007.

Long-term Equity Compensation

The Compensation Committee believes that equity-based compensation is the most effective means of aligning the long-term interests of Sonic's key officers and employees with those of its stockholders and provides incentives to attract and retain and to encourage equity ownership by key officers and employees providing service to Sonic and its subsidiaries upon whose efforts Sonic's success and future growth depends. Sonic's long-term compensation program is based principally upon awards of restricted shares of and options to purchase Sonic's Class A Common Stock under the Sonic Automotive, Inc. 1997 Stock Option Plan (the "Stock Option Plan") and the Sonic Automotive, Inc. 2004 Stock Incentive Plan (the "Stock Incentive Plan"). Awards of stock options or restricted stock (other than to the Chief Executive Officer) are based upon a subjective evaluation of the executive's performance by the Compensation Committee and management's recommendations submitted to the Compensation Committee by the President and Chief Operating Officer. The Compensation Committee's evaluation considers a number of non-quantitative factors, including the responsibilities of the individual officers for and contribution to Sonic's operating results (in relation to other recipients of Sonic equity awards), and their expected future contributions, as well as prior awards to the particular executive officer.

In 2006, the Compensation Committee decided to begin a transition in equity compensation grants from stock options to performance-based restricted stock. As a result, for 2006, one-third of the potential equity compensation for each executive officer was in the form of performance-based restricted stock grants and two-thirds of the potential equity compensation was in the form of stock option grants. In February 2006, the Compensation Committee awarded options to purchase shares of Sonic's Class A Common Stock under the Stock Option Plan to the named executive officers as follows: options to purchase 90,000 shares to Mr. O. Bruton Smith; options to purchase 72,000 shares to Mr. Scott Smith; options to purchase 72,000 shares to Mr. Rachor; and options to purchase 30,000 shares to Mr. Iuppenlatz. In addition, in March 2006, the Compensation Committee awarded performance-based restricted shares of Class A Common Stock pursuant to the Stock Incentive Plan as follows: 12,000 shares to Mr. Rachor; 35,000 shares to Mr. Cosper and 5,000 shares to Mr. Iuppenlatz. Also in March 2006, the Compensation Committee awarded Mr. O. Bruton Smith 15,000 performance-based restricted stock units and Mr. B. Scott Smith 12,000 performance-based restricted stock units under the Stock Incentive Plan.

These restricted shares and restricted stock units were subject to forfeiture based upon Sonic's achievement of defined earnings per share levels for the 2006 calendar year, under the same criteria as established by the Compensation Committee for the defined earnings per share component of the executive officers' Incentive Plan cash bonus terms for 2006 (see "Performance-Based Cash Bonuses" above). The Compensation Committee chose the defined earnings per share-based performance criteria for the restricted share and restricted stock unit grants for the same reasons as it was chosen to be the primary performance criteria for performance-based cash bonuses, as set forth above. The performance-based restricted stock and restricted stock unit awards vest in their entirety on the third anniversary of the date of grant. Nevertheless, the Compensation Committee chose to establish a one-year defined earnings per share performance condition primarily because of the difficulty of providing an accurate forecast for Sonic's earnings per share for a three-year future period. The specific performance objectives for these restricted share and restricted stock unit grants are as follows. For achievement of defined earnings per share in 2006 below the minimum objective established by the Committee (which was 80% of the target objective established by the Committee), the restricted stock grants and restricted stock unit grants were to be forfeited in their entirety. For achievement of defined earnings per share in 2006 at or above the target objective established by the Committee, no adjustment was to be made to the specified grants of restricted shares and restricted stock units. For achievement of defined earnings per share in 2006 above the minimum objective and below the target objective, a pro rata amount of the specified grants would be forfeited. As a result of the Company's earnings per share for fiscal year 2006, the Compensation Committee reduced the awards described above to the following amounts: Mr. O. Bruton Smith, from 15,000 to 13,650 restricted stock units; Mr. B. Scott Smith, from 12,000 to 10,920 restricted stock units; Mr. Rachor, from 12,000 to 10,920 restricted shares; Mr. Cosper, from 35,000 to 31,850 restricted shares and Mr. Iuppenlatz, from 5,000 to 4,550 restricted shares. For additional details concerning the options and restricted stock granted to and held by the executive officers during the 2006 calendar year, see "Compensation of Executive Officers, Grants of Plan-Based Awards During 2006, Outstanding Equity Awards at Fiscal 2006 Year-End and Option Exercises and Stock Vested During 2006."

Deferred Compensation Plan and Other Benefits

Executive officers of Sonic (including the Chief Executive Officer) were also eligible to participate in the Sonic Automotive, Inc. Deferred Compensation Plan (the "Deferred Plan") during the 2006 calendar year. For 2006, eligible employees could elect to defer a portion of their annual cash compensation, up to a maximum of 40% or \$250,000,

whichever was lower. Sonic makes cash matching contributions of 20% of the amount deferred by the employee, not to exceed \$10,000 per year in matching contributions. Sonic may also make supplemental contributions for eligible employees to make up for the additional matching contributions the employees would have received under Sonic's 401(k) plan in the absence of legal limitations on the amount of compensation that could be considered under the 401(k) plan (e.g., \$220,000 for 2006). Sonic's contributions generally vest based on an employee's full years of Deferred Plan participation with 20% vesting for each year so that an employee is fully vested after five years of participation. Participation in the Deferred Plan is offered annually to a select group of our management and highly compensated employees. Contributions by participants in the Deferred Plan, including the executive officers, are credited with a rate of return (positive or negative) based on deemed investments selected by a participant from among several different investment funds offered by the third-party administrator of the Deferred Plan, with such deemed earnings determined by the actual market performance of the investment funds selected by the participant. Messrs. Scott Smith, Rachor and Iuppenlatz participated in the Deferred Plan during 2006 and received matching contributions, the amount of which is reflected in the All Other Compensation column for the particular executive officer in Compensation of Executive Officers Summary Compensation Table for 2006. Please see the discussion under Nonqualified Deferred Compensation Plans for 2006 for further information about the Deferred Plan.

Each of the executive officers of Sonic were also afforded the use of company demonstrator vehicles for personal use during 2006. Personal use of company vehicles is a common competitive perquisite afforded to executives in the automobile dealership industry with both publicly-held and privately-owned dealership companies. During 2006, each of Messrs. Bruton Smith, Scott Smith, Rachor, Cosper and Iuppenlatz were afforded the use of Company vehicles for personal use, the imputed value of which was \$57,284 for Mr. O. Bruton Smith, and the imputed value for such other executive officers is reflected in the All Other Compensation column for the particular executive officer in Compensation of Executive Officers Summary Compensation Table for 2006.

Sonic allowed Messrs. B. Scott Smith and Rachor to use private aircraft leased by Sonic during 2006. This perquisite has been provided to certain executive officers on a limited basis primarily as a convenience to enable the executive's spouse or children to accompany the executive on a particular business trip when open seats were available on the particular leased aircraft. The incremental cost to Sonic for Mr. B. Scott Smith's personal use in 2006 is reflected in the All Other Compensation column for him in Compensation of Executive Officers Summary Compensation Table for 2006. There was no incremental cost to Sonic for Mr. Rachor's personal use in 2006.

Executive officers of Sonic (including the Chief Executive Officer) were also eligible in 2006 to participate in various benefit plans on similar terms to those provided to other employees of Sonic. These benefit plans provided to employees of Sonic, including the executive officers, are intended to provide a safety net of coverage against various events, such as death, disability and retirement.

Pursuant to their respective employment agreements with the Company, Sonic procured supplemental executive disability insurance policies for Messrs. Rachor and Iuppenlatz at the Company's expense during 2006, and provided a tax gross up payment to each executive to cover any applicable income taxes imputed to each executive for the Company-paid insurance premiums. During 2006, the applicable executive disability insurance premiums paid by Sonic for Messrs. Rachor and Iuppenlatz were \$32,714 and \$6,403, respectively, and the additional related gross up payments paid to Messrs. Rachor and Iuppenlatz were \$11,765 and \$3,107, respectively.

During 2006, Sonic reimbursed Mr. Rachor for the actual cost of a furnished apartment in Charlotte in the total amount of \$42,000. Mr. Rachor and his family maintain a permanent residence in Chattanooga, Tennessee, and Sonic provided this benefit to Mr. Rachor as a convenience to assist him with his job duties that require him to work out of Sonic's headquarters offices in Charlotte on a frequent basis.

Pursuant to Mr. Cosper's employment agreement with the Company, Sonic agreed to reimburse Mr. Cosper for reasonable out-of-pocket expenses incurred by Mr. Cosper in relocating from Michigan to Charlotte during 2006, including actual moving expenses, real estate commission on the sale of his Michigan residence, the cost of a temporary furnished residence in Charlotte for a period of three months, closing costs (not including a commission) on the purchase of his primary residence in Charlotte, and certain travel costs to enable Mr. Cosper and his spouse and child to travel to and from Charlotte prior to completing their relocation. Sonic also agreed to provide a tax gross up payment to Mr. Cosper to cover any applicable income taxes imputed to Mr. Cosper related to the foregoing relocation costs. Pursuant to these arrangements provided for under Mr. Cosper's employment agreement, Sonic reimbursed Mr. Cosper during 2006 the amount of \$76,199 for the expenses

described above, and an additional related gross up payment of \$36,605.

Federal Income Tax Considerations

As noted above, the compensation paid to Sonic's executive officers is based primarily on the performance of Sonic. Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), imposes a limitation on the deductibility of annual compensation in excess of \$1 million that is not performance-based. Executive officer compensation attributable to the exercise of stock options granted under the Stock Option Plan and Stock Incentive Plan and annual cash bonuses paid under the Incentive Plan should qualify as fully deductible performance-based compensation. The Compensation Committee intends to continue to manage Sonic's executive compensation program in a manner that will preserve federal income tax deductions. However, the Compensation Committee also must approach executive compensation in a manner which will attract, motivate and retain key personnel whose performance increases the value of Sonic. Accordingly, the Compensation Committee may from time to time exercise its discretion to award non-performance-based compensation that may not be deductible under Section 162(m) of the Code when in its judgment such award would be in the interests of Sonic.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of SEC Regulation S-K with management and, based on such review and discussions, recommended to the Board of Directors that the Compensation Discussion and Analysis be included in Sonic's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and this Proxy Statement.

Robert L. Rewey, Chairman

William I. Belk

William P. Benton

H. Robert Heller

Compensation of Executive Officers

The following table sets forth compensation paid by or on behalf of Sonic to the principal executive officer and principal financial officer of Sonic and to Sonic's other named executive officers for services rendered during Sonic's fiscal year ended December 31, 2006:

Summary Compensation Table for 2006

<u>Name and Principal Position(s)</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Stock Awards</u>	<u>Option Awards</u>	<u>Non-Equity Incentive Plan Compensation (\$)</u>	<u>Change in Pension and Nonqualified Deferred Compensation</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
				(\$) (1)	(\$) (1)				

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Earnings
(\$)

O. Bruton Smith Chairman, Chief Executive Officer and Director	2006	\$ 1,100,000	\$ 106,700	\$ 103,040	\$ 477,233	\$ 941,600	\$ 0	\$ 59,315(2)	\$ 2,787,888
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(principal executive officer)

David P. Cospier Executive Vice President, Chief Financial Officer and Treasurer	2006	\$ 416,667	\$ 48,500	\$ 267,141	\$ 0	\$ 428,000			
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(Vice Chairman and Chief Financial
Officer beginning March 13, 2007)

(principal financial officer)