UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549-3628

DIVISION OF
CORPORATION FINANCE

July 24, 2012

Thomas H. O'Donnell, Jr., Esq.
Dykema Gossett PLLC
100 N. Tryon Street
Suite 2700
Charlotte, North Carolina 28202

RE: VWAP Pricing in Issuer Cash and Common Stock Exchange Offer by Sonic Automotive, Inc.

Dear Mr. O'Donnell:

We are responding to your letter dated July 20, 2012 addressed to Michele M. Anderson and Daniel F. Duchovny, as supplemented by telephone conversations with the staff, with regard to your request for no-action relief. To avoid having to recite or summarize the facts set forth in your letter, our response is attached to the enclosed copy of your letter. Unless otherwise noted, capitalized terms in this letter have the same meaning as in your letter.

On the basis of your representations and facts presented in your letter, the staff of the Division of Corporation Finance will not recommend that the Securities and Exchange Commission take enforcement action under Rules 13e-4(d)(1), 13e-4(f)(1)(ii) and 14e-1(b) under the 1934 Act if the Company conducts the Offer by using the Pricing Mechanism as described in your letter. In issuing this no-action position, we considered the following facts, among others:

- the Prospectus discloses the Pricing Mechanism for determining the final purchase price per Subject Security equal to the sum of 80% of the Parity Value plus a fixed amount of cash (together with any accrued and unpaid interest);

- the Prospectus includes an illustrative table showing calculations of the purchase price;

- the Prospectus discloses fixed minimum and maximum purchase prices that will be paid by the Company for each Subject Security tendered and purchased;

- the Pricing Mechanism and the minimum and maximum prices will remain fixed throughout the duration of the Offer; and, if there is a change in the Pricing Mechanism or the minimum or maximum price, the Offer will remain open for at least 10 business days;

- the Offer will be automatically extended until midnight, New York City time, on the second trading day following the originally scheduled Expiration Date if the purchase price will equal the Maximum Offer Consideration;

- the Common Stock used as the reference security in the Pricing Mechanism is listed on the New York Stock Exchange;

- the Company's belief that the value of the Subject Securities is directly correlated to the trading price of the Common Stock;

- the Company will publish the daily indicative calculated purchase prices per Subject Security on a webpage maintained for the Offer and has provided a toll-free number that holders of the Subject Securities can use to obtain pricing related information;

- the Company will publish the final purchase price on the Offer webpage and in a press release no later than 4:30 p.m., New York City time, on the Expiration Date of the Offer, and electronically file that information on an amended Schedule TO;

- the Company has made available forms of VOI and notice of withdrawal in its printed offering materials and on the Offer webpage, will permit tenders and withdrawals to be made until midnight on the Expiration Date, and has disclosed the procedures for making tenders and withdrawals in the offering materials;

- the Prospectus includes disclosure informing beneficial holders of the Subject Securities that they must make arrangements with their brokers or similar institutions for such brokers or similar institutions to fax a VOI or notice of withdrawal (as applicable) to the Exchange Agent on such beneficial holders' behalf prior to midnight, New York City time, on the Expiration Date; and

- the Offer to Purchase discloses that the Company is seeking to exchange all of the Subject Securities.

The foregoing no-action position is based solely on your representations and the facts presented in your letter dated July 20, 2012 as supplemented by telephone conversations with the staff. Any different facts or circumstances may require a different conclusion. This relief is strictly limited to the application of Rules 13e-4(d)(1), 13e-4(f)(1)(ii) and 14e-1(b) to the Company's use of the Pricing Mechanism. This response expresses the Division's position on enforcement action only and does not express any legal conclusion on the question presented. The Company should discontinue the Offer pending further consultations with the staff if any of the facts or representations set forth in your letter change.

We also direct your attention to the anti-fraud and anti-manipulation provisions of the federal securities laws, including Sections 9(a), 10(b) and 14(e) of the 1934 Act and Rules 10b-5, 13e-4(j) and 14e-3 thereunder. Responsibility for compliance with these and any other applicable provisions of the federal securities laws rests with the participants in the Offer. The Division of Corporation Finance expresses no view with respect to any other questions that the Offer may raise, including any questions relating to the adequacy of the disclosure regarding, and the applicability of any other federal or state laws to, the Pricing Mechanism or the Offer.

Sincerely,

Michele M. Anderson

Michele M. Anderson
Chief
Office of Mergers and Acquisitions
Division of Corporation Finance

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July 20, 2012

VIA E-MAIL

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Division of Corporation Finance
Securities and Exchange Commission
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Washington, D.C. 20549-3628

Attn: Michele M. Anderson, Chief
Daniel F. Duchovny, Special Counsel

Re: VWAP Pricing in Issuer Cash and Common Stock Exchange Offer by Sonic Automotive, Inc.

Ladies and Gentlemen:

We are writing on behalf of our client Sonic Automotive, Inc., a Delaware corporation (the "Company"), in connection with the Company's offer to exchange for cash and shares of its Class A common stock (the "Common Stock") all of the Company's outstanding 5.0% Convertible Senior Notes due 2029 (the "Subject Securities") upon the terms and subject to the conditions set forth in the Company's Preliminary Prospectus, dated July 20, 2012 (as so amended and as may be amended, the "Prospectus"), and the related Letter of Transmittal (together with the Prospectus, the "Offer"), for offer consideration per Subject Security[1] determined in accordance with the Pricing Mechanism (as defined below).

The Subject Securities are convertible pursuant to their terms into shares of the Company's Common Stock, which are listed for trading on the New York Stock Exchange. Accordingly, the Offer is subject to Rule 13e-4 under the Securities Exchange Act of 1934 (the "1934 Act") in addition to Regulation 14E under the 1934 Act, and on June 25, 2012 the Company filed with the

[1] As used in this letter, any reference to offer consideration or value "per Subject Security" or "for each Subject Security" means offer consideration or value per $1,000 principal amount of Subject Securities.

Securities and Exchange Commission (the "SEC") a Tender Offer Statement on Schedule TO in connection with the Offer, which was subsequently amended on July 20, 2012 (as so amended and as may be amended, the "Schedule TO") and a Registration Statement on Form S-4 (Registration Statement No. 333-182307), which was subsequently amended on July 20, 2012.

We are writing to request, on behalf of the Company, that the Staff (the "Staff") of the SEC confirm that it will not recommend that the SEC take enforcement action against the Company pursuant to Rules 13e-4(d)(1), 13e-4(f)(1)(ii) and 14e-1(b) under the 1934 Act with respect to the Company's use of the Pricing Mechanism to determine the offer consideration to be paid per Subject Security pursuant to the Offer.

I. The Offer

The Company is offering to exchange all of the outstanding Subject Securities pursuant to the Offer, which is currently scheduled to expire at midnight, New York City time, at the end of July 27, 2012 (the "Expiration Date"), which is 23 business days after the June 25, 2012 commencement date of the Offer (the "Commencement Date"). There is currently a minimum tender condition to the Offer, which the Company has expressly reserved the right to waive in the Offer. At least $80.0 million aggregate principal amount of Subject Securities must be tendered and accepted for exchange by the Company to satisfy this condition to the Offer. All of the Subject Securities are held in book-entry form through the facilities of The Depository Trust Company ("DTC"), and all of the Subject Securities are currently represented by one or more global certificates held for the account of DTC. The Company has advised us that, based on discussions between its management and the dealer managers it has appointed in the Offer (the "Dealer Managers"), the Company believes that substantially all of the holders of the Subject Securities are institutional investors and a majority of such holders are convertible arbitrageurs or similar investors that typically hedge their convertible note holdings by shorting the underlying common stock.

Participation in the Offer by holders of Subject Securities is entirely voluntary. As disclosed in the Offer, none of the Company, its management or Board of Directors, any Dealer Manager, the exchange agent or the information agent for the Offer is making any recommendation to holders of Subject Securities as to whether or not to participate in the Offer. Subject Securities that are not exchanged in the Offer will remain outstanding on their current terms and conditions. Subject Securities accepted for exchange by the Company in the Offer will be cancelled and retired.

Because the trading price of the Common Stock on the New York Stock Exchange has in recent periods been, and is currently, in excess of the conversion price of the Subject Securities at the Commencement Date (i.e., the Subject Securities were "in the money"), the Company believes that the value of the Subject Securities is directly correlated to the trading price of the Common

Stock.[2] Accordingly, a portion of the offer consideration which the Company is offering to pay for each Subject Security tendered and exchanged in the Offer will be determined by reference to the Average VWAP for the Common Stock. For purposes of the Offer, the "Average VWAP" is the simple arithmetic average of the daily VWAP over an averaging period of 10 consecutive trading days ending on the Expiration Date (the "VWAP Averaging Period"), and the daily VWAP of any trading day is the per share volume-weighted average price of the Common Stock in trades that take place from the scheduled open of trading (9:30 a.m., New York City time) to the scheduled close of trading (4:00 p.m., New York City time) on that trading day, as displayed under the heading "Bloomberg VWAP" on Bloomberg page SAH.N <Equity> AQR. The Company (based on advice of the Dealer Managers) believes a 10 consecutive trading day averaging period is an appropriate timeframe over which to determine the value of the offer consideration, which includes the number of shares of Common Stock to be issued. The Company is utilizing an Average VWAP to determine a fair valuation for the Common Stock as of the Expiration Date. Ultimately, sophisticated investors will determine if the Average VWAP formulation is appropriate because they have discretion as to whether to accept the Offer.

The Prospectus provides that the offer consideration per Subject Security will be equal to the sum of (A) the Average VWAP *multiplied by* 60.5274, which is approximately 80% of the current conversion rate of the Subject Securities pursuant to their terms, *plus* (B) a fixed amount of $495 (the "Pricing Mechanism"). The Offer Consideration will be paid by (i) a fixed cash payment of $1,000 per $1,000 principal amount of Subject Securities accepted for exchange in the Offer and (ii) a number of shares of Common Stock equal to the quotient of the total value of the offer consideration less the fixed cash payment, divided by the Average VWAP. Cash will be paid in lieu of fractional shares based upon the Average VWAP. In addition, holders of Subject Securities exchanged in the Offer will receive accrued and unpaid interest on their Subject Securities to, but excluding, the settlement date of the Offer. Furthermore, the Prospectus discloses a fixed minimum offer consideration of $1,000 and a fixed maximum offer consideration of $1,631 (the "Maximum Offer Consideration") that will be paid by the Company for each Subject Security tendered and exchanged pursuant to the Offer.[3] The Offer further

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[2] The conversion rate for the Subject Securities is 75.3017 shares for each $1,000 principal amount of Subject Securities. This corresponds to a conversion price of $13.28 per share of Common Stock. On July 19, 2012, the closing price per share of the Common Stock on the New York Stock Exchange was $16.86. As described in greater detail in the "Discussion" section below, the Company has observed a direct correlation between the value of the Subject Securities and the trading price of the Common Stock.

[3] For purposes of this letter, the Company acknowledges that a change in the Pricing Mechanism or a change in the minimum or maximum offer consideration would constitute a change in the consideration offered for the Subject Securities within the meaning of Rules 13e-4(f)(1)(ii) and 14e-1(b) and would require the Offer to remain open for at least 10 business days from the date that notice of such change is first published or sent or given to holders of the Subject Securities.

provides that if the offer consideration will equal the Maximum Offer Consideration, then the Offer will be automatically extended until midnight, New York City time, at the end of the second trading day following the originally scheduled Expiration Date to enable holders to determine whether or not to tender their Subject Securities or to withdraw any previously tendered Subject Securities.

Accordingly, investors will generally benefit from increases in the value of the Common Stock during the VWAP Averaging Period. The Prospectus includes on pages 12 and 26 tables showing illustrative calculations of the offer consideration based on a range of hypothetical Average VWAP values for the Common Stock.

The Prospectus includes a link to a webpage (http://www.gbsc-usa.com/SAH) that will provide updated indicative offer consideration per Subject Security during the term of the Offer. In particular:

- Before the first day of the VWAP Averaging Period and during the first five trading days of the VWAP Averaging Period, the webpage will show an indicative Average VWAP and the resulting indicative offer consideration per Subject Security calculated as though that day were the Expiration Date.

- During each trading day during the last five days of the VWAP Averaging Period, the webpage will show the indicative Average VWAP and resulting indicative offer consideration per Subject Security using cumulative actual trading data, updated every three hours starting at 10:30 a.m., New York City time,[4] on each trading day as follows:

  - Beginning on the sixth trading day of the VWAP Averaging Period, the webpage will show the indicative Average VWAP and resulting indicative offer consideration per Subject Security that reflect the simple arithmetic average of the daily VWAP on the preceding trading days of the VWAP Averaging Period and the actual intra-day volume-weighted average price during the elapsed portion of such trading day, weighting the daily VWAP for each preceding trading day in the period the same as such actual intra-day volume-weighted average price. For example, based on the VWAP Averaging Period of 10 trading days, at any time during the 10th trading day of the VWAP Averaging Period, the webpage will show the indicative

[4] While the indicative Average VWAP and offer consideration per Subject Security will be updated every three hours during the VWAP Averaging Period, this information will reflect a 15-minute delay in the reported pricing information due to restrictions on publication of real-time price and volume data.

Average VWAP equal to (a) the combined daily VWAP for the preceding 9 trading days plus the actual intra-day volume-weighted average price during the elapsed portion of the 10th trading day *divided by* (b) 10, as well as the resulting indicative offer consideration per Subject Security.

- Each time the webpage is updated, it will also show a reasonably current trading price (and, before the VWAP Averaging Period starts and during the first five trading days of the VWAP Averaging Period, it will show the closing trading price) for the Common Stock on the New York Stock Exchange.[5]

The Prospectus also discloses a toll-free telephone number that holders of the Subject Securities can call to contact the information agent for the Offer to obtain the same information that is posted on the webpage.

The Company will announce the final offer consideration per Subject Security by press release and on the webpage no later than 4:30 p.m., New York City time, on the Expiration Date, and will amend the Schedule TO to disclose the final offer consideration per Subject Security and attach the press release as an exhibit.

Holders of the Subject Securities will have withdrawal rights until the Offer expires. Because the Offer will expire at midnight, New York City time, at the end of the last day of the VWAP Averaging Period—approximately 7.5 hours after the Company announces the final offer consideration per Subject Security—holders will have an opportunity for last-minute tenders and withdrawals (except if the final offer consideration equals the Maximum Offer Consideration, in which case the Offer will be automatically extended as described above). In this regard, we note the following:

- We have been advised that DTC will be open until 5:00 p.m., New York City time, on the Expiration Date, which will enable holders of the Subject Securities

[5] We do not believe it would be useful for the webpage to include regularly updated trading prices for the Subject Securities because (a) the Subject Securities are not listed, there is no other established public market for them, the trading market for them is not active, prices reported for them by Bloomberg and other pricing services are sporadic and as a result we question whether updated values for them would be meaningful and (b) based on the limited pricing data available for the Subject Securities, the Company believes that the value of the Subject Securities is directly correlated to the trading prices of the shares of Common Stock into which they are convertible. We also note that there is no requirement for an offeror in an exchange offer for debt securities to provide updated trading prices for the subject debt.

to tender or withdraw Subject Securities in that system for 30 minutes after the Company announces the final offer consideration per Subject Security.

- Between 5:00 p.m., New York City time, and midnight, New York City time, at the end of the Expiration Date, tenders of Subject Securities will be able to be made by faxing a voluntary offering instructions form (a "VOI") to the exchange agent for the Offer (the "Exchange Agent"), and withdrawals of previous tenders will be able to be made by faxing notices of withdrawal to the Exchange Agent.[6] The Exchange Agent will cause those tenders and withdrawals to be reflected when DTC's system reopens at 8:00 a.m., New York City time, on the business day after the Expiration Date.

- The Company has made and continues to make available forms of the VOI and notice of withdrawal both in printed materials and via the webpage described above. The Prospectus explains the procedures for after hours tenders and withdrawals, including the times and methods by which tenders and withdrawals must be made. Furthermore, the procedure for tendering Subject Securities by means of a VOI is disclosed on pages 14 and 34 of the Prospectus.

II. Discussion

We have been advised by the Company that, because the Subject Securities by their terms are convertible into shares of Common Stock, a combination of shares of Common Stock and a cash payment, with the offer consideration, including the number of shares of Common Stock, based on the value of the Common Stock (and the conversion price per share was less than the trading price of the Common Stock currently and in recent periods), the Company believes that there is a direct correlation between the price at which holders of Subject Securities would be willing to tender their respective Subject Securities and the trading price of the Common Stock at the time of such tender. Although the Subject Securities are not publicly traded, the Company has observed, based on the limited pricing data available, a direct correlation between the value of

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6 All holders of Subject Securities will be able to have their Subject Securities tendered or withdrawn via these fax procedures. However, only DTC participants (i.e., brokers and similar institutions shown on a DTC security position listing as the owners of Subject Securities) will be able to deliver such faxes. In order to facilitate use by beneficial holders of Subject Securities who own their Subject Securities through a broker or similar institution of the VOI and withdrawal procedures applicable to tenders and withdrawals after 5:00 p.m., New York City time, on the Expiration Date, the Prospectus informs such beneficial holders that they must make arrangements with their brokers or similar institutions for such brokers or similar institutions to fax a VOI or a notice of withdrawal (as applicable) to the Exchange Agent on such beneficial holders' behalf prior to midnight, New York City time, at the end of the Expiration Date.

the Subject Securities and the trading price of the Common Stock.[7] In light of this correlation, the Company has determined the offer consideration in accordance with a formula that offers holders of the Subject Securities a portion of the offer consideration per Subject Security based on the trading price of the Common Stock (which will be equal to approximately 80% of the value of the underlying shares of Common Stock per Subject Security) plus a fixed amount (subject to the minimum and maximum offer consideration), as described in more detail above.[8]

The Pricing Mechanism uses the VWAP Averaging Period, which ends on the Expiration Date rather than two business days prior to the Expiration Date (so-called "Day 18" pricing), because, if Day 18 pricing were used, increases in the trading price of the Common Stock during the last two business days of the Offer could cause the offer consideration per Subject Security offered pursuant to the Offer to be less than the value of the Subject Securities on the Expiration Date, requiring the Company to increase the offer consideration per Subject Security in the Offer (subject to the Maximum Offer Consideration) to induce holders of the Subject Securities to tender (or not withdraw) their Subject Securities. Similarly, a decrease in the trading price of the Common Stock during the last two business days of the Offer could cause the offer consideration per Subject Security offered pursuant to the Offer to be greater than the value of Subject Securities in the Offer, requiring the Company to reduce the offer consideration per Subject Security in the Offer (subject to the minimum offer consideration) to avoid "over paying" for the Subject Securities to the detriment of the Company and its stakeholders who are not holders of

[7] To assess the correlation between the values of the Subject Securities and the trading prices of the Common Stock, the Dealer Managers provided the Company with a comparison of such amounts for the past two years. The Company observed that the square of the price correlation coefficient ("R-Squared") of the Subject Securities with respect to the Common Stock exceeded 99% (with 100% being perfectly correlated). We have supplementally provided to the Staff a graph that illustrates this correlation. This correlation indicates that the value of the Subject Securities is highly sensitive to movements in the trading price of the Common Stock such that an increase (or decrease) in the trading price of the Common Stock results in an increase (or decrease) in the value of the Subject Securities. Because of this price sensitivity, the Company believes that the use of a pricing formula is the optimal means of presenting the amount of the offer consideration.

[8] The Company, after extensive consultation with the Dealer Managers for the Offer, developed the pricing formula to provide holders with a premium over the value of the Subject Securities, which, as discussed above, is correlated to the value of the number of shares of Common Stock into which such Subject Security is currently convertible in accordance with its terms (the "Parity Value"). Because the Company desires to purchase Subject Securities even if they are "out of the money" with a conversion price in excess of the Average VWAP should the trading prices of the Common Stock decrease significantly below pre-Commencement Date trading levels, the Company determined to base the pricing formula on approximately 80% of the Parity Value plus a significant fixed amount to provide holders with a relatively constant premium over the value of their Subject Securities in order to induce holders to tender their Subject Securities and to avoid "over paying" for Subject Securities that are "out of the money" to the detriment of the Company and its stakeholders who are not holders of the Subject Securities.

the Subject Securities.[9] With Day 18 pricing, increases or decreases in the offer consideration per Subject Security to offset potential fluctuations in the trading price of the Common Stock during the last two business days of the Offer could be necessitated on multiple occasions, with each such increase or decrease requiring an extension of the Offer pursuant to Rules 13e-4(f)(1)(ii) and 14e-1(b) and, in theory, resulting in the Offer being extended in perpetuity. The potential for multiple extensions of the Offer could create a significant amount of market uncertainty as to when, or if, the Offer would ever be completed.

As compared to a pricing mechanism that uses Day 18 pricing, the Pricing Mechanism, with the VWAP Averaging Period ending on the Expiration Date, fosters greater certainty for the Company and holders of the Subject Securities by establishing a final offer consideration that is more closely correlated to the value of the Subject Securities on the Expiration Date and thereby reducing the likelihood of a last-minute pricing amendment and consequent extension of the Offer, which extension would necessarily delay payment of the offer consideration to tendering holders of Subject Securities.[10]

The Pricing Mechanism establishes the offer consideration per Subject Security in a simple, easy-to-understand and transparent fashion. Indicative pricing information is currently available publicly at www.gbsc-usa.com/SAH. More importantly, holders of the Subject Securities prior to and during the VWAP Averaging Period will know the exact mechanism for determining the final offer consideration per Subject Security, as well as the fixed cash payment and the minimum and maximum offer consideration that the Company will pay for the Subject Securities. The holders of the Subject Securities have free and ready access to updated indicative

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[9] While the minimum offer consideration per Subject Security contemplated by the Offer presents some risk that the Company will "over pay" for the Subject Securities in the Offer, the Company believes that this risk is outweighed by the benefit of the certainty afforded by the minimum offer consideration to holders of the Subject Securities and the Company in the event that the trading price of the Common Stock decreases significantly during the Offer. The Company also notes that the minimum offer consideration of $1,000 equals the outstanding principal amount of the Notes to be exchanged. The Company has established the Maximum Offer Consideration to cap the maximum amount of value required to exchange all of the Subject Securities tendered in the Offer. Because the Maximum Offer Consideration presents a risk that the Company will pay less for the Subject Securities than their value, if the offer consideration will equal the Maximum Offer Consideration, the Offer will be automatically extended for two trading days as described above and investors will have the right to determine if they want to participate in the Offer under such circumstances.

[10] It is possible that the closing price of the Common Stock on the Expiration Date may differ significantly from the Average VWAP used to determine the final offer consideration per Subject Security in the Offer, but we believe that the use of a VWAP Averaging Period that ends on the Expiration Date provides a reasonable balance between the objectives of providing the most current pricing practicable and reducing price distortions that could occur if prices were established at a single point in time.

pricing information, and they will have time to tender or withdraw their Subject Securities after the final offer consideration per Subject Security is announced, enabling them to make informed decisions about whether or not to tender. In addition, if the offer consideration will be the Maximum Offer Consideration, the Offer will be automatically extended until midnight, New York City time, at the end of the second trading day following the originally scheduled Expiration Date to afford holders of Subject Securities with two additional trading days to determine whether or not to tender or to withdraw any previously tendered Subject Securities.

We believe that holders of the Subject Securities expect to receive a specified amount of consideration in addition to the approximately 80% of the Parity Value of each Subject Security tendered. Imposing an arbitrary multi-day time delay between the time that the final offer consideration per Subject Security is determined and expiration of the Offer will interfere with that expectation (increasing the chance that the value delivered at expiration by the Company will differ substantially from the amount expected by holders of the Subject Securities) and is not necessary for the protection of investors.

We also note that the Company believes that substantially all of the holders of Subject Securities are institutional investors, with, as mentioned above, a majority of such holders being convertible arbitrageurs or similar investors that typically hedge their convertible note holdings. Such institutional investors have prior experience with tender offers and exchange offers in which the price was determined in a manner similar to the Pricing Mechanism. Therefore, the Company believes that holders of the Subject Securities are able to analyze the Pricing Mechanism and make informed decisions whether or not to tender Subject Securities (or to withdraw previously tendered Subject Securities) in the time periods described in the Prospectus, especially given the continuous flow of indicative pricing information being provided by the Company through the website and telephone numbers established for this purpose. For these reasons, we believe that the Pricing Mechanism complies with the applicable rules, is not coercive or unfair and should be permitted.

Below we set forth additional reasons why we believe the Pricing Mechanism complies with applicable SEC rules and should be permitted.

Rules 13e-4(f)(1)(ii) and 14e-1(b) under 1934 Act

Rules 13e-4(f)(1)(ii) and 14e-1(b) under the 1934 Act, in relevant part, require a tender offer to remain open for at least 10 business days after notice of an increase or decrease in the consideration offered is first published, sent or given to security holders. In our view, the consideration offered for each Subject Security in the Offer is a fixed amount in addition to approximately 80% of the Parity Value of the Subject Security (subject to the minimum and maximum offer consideration), payable in cash and shares of Common Stock, with approximately 80% of the Parity Value calculated as a function of the Average VWAP over the VWAP Averaging Period. The Company announced the foregoing consideration at the commencement of the Offer, and we do not believe the arithmetic calculation of the final offer consideration per Subject Security on the Expiration Date will be a change in "the consideration offered" within the meaning of Rules 13e-4(f)(1)(ii) and 14e-1(b) under the 1934 Act.

Rule 13e-4(d)(1) under the 1934 Act

Rule 13e-4(d)(1) under the 1934 Act requires that the issuer in an issuer tender offer disclose the information required by Schedule TO, which, in turn, requires by Item 4 thereof, that the issuer disclose the amount of consideration offered for the securities subject to the tender offer. Because the Pricing Mechanism, instead of a fixed price, is being used in an effort to comply with Item 4 of Schedule TO, there is some uncertainty as to whether disclosure of the Pricing Mechanism satisfies this Item of the Schedule. For the same reasons we discuss above with respect to Rules 13e-4(f)(1)(ii) and 14e-1(b), we believe that the Prospectus, which describes the precise manner in which the final offer consideration per Subject Security will be calculated, includes a full description of the consideration offered and that the absence of the final offer consideration per Subject Security in the Prospectus will not violate Rule 13e-4(d)(1) under the 1934 Act. In this regard, we acknowledge that the Company is not seeking an exemption from the disclosure requirements of Schedule TO. Rather, the Company believes that, if the Staff grants the requested no-action relief under Rule 13e-4(d)(1), the disclosure in the Prospectus of the Pricing Mechanism would be deemed not to be inconsistent with the disclosure requirements of Schedule TO.

Section 14(e) of 1934 Act

Section 14(e) of the 1934 Act prohibits any person from omitting to state any material fact necessary in order to make the statements made in connection with a tender offer, in the light of the circumstances under which they were made, not misleading. For the same reasons we discuss above with respect to Rules 13e-4(d)(1), 13e-4(f)(1)(ii) and 14e-1(b), we believe that the Prospectus, which describes the precise manner in which the final offer consideration per Subject Security will be calculated, includes a full description of the consideration offered and that the absence of the final offer consideration per Subject Security does not constitute an omission of a material fact that would violate Section 14(e) of the 1934 Act.

Extension of Prior No-Action Letters

The Staff has long permitted formula pricing in the context of exchange offers.[11] In a letter for TXU Corp. (September 13, 2004), the Staff extended this rationale to issuer cash tender offers and granted no-action relief relating to Rules 13e-4(d)(1), 13e-4(f)(1)(ii) and 14e-1(b) under the 1934 Act for an issuer tender offer in which TXU used a Day 18 pricing formula to determine the purchase price it offered for its outstanding equity units and convertible notes (with the final purchase prices per security being determined two business days prior to the expiration of TXU's tender offers).

In letters for McDonald's Corporation (September 27, 2006), Weyerhaeuser Company (February 23, 2007), Halliburton Company (March 23, 2007) and Kraft Foods Inc. (July 1, 2008) (collectively, the "Day 20 Split-Off Letters"), the Staff granted no-action relief relating to Rules 13e-4(d)(1), 13e-4(f)(1)(ii) and 14e-1(b) under the 1934 Act permitting companies involved in split-off exchange offers to price the common shares being offered and the common shares being acquired based on volume-weighted average prices over a two- or three-trading day averaging period ending on the last day of the applicable exchange offer, so-called "Day 20" pricing.[12]

In a letter for Citizens Republic Bancorp, Inc. (August 21, 2009), the Staff granted no-action relief relating to Rule 14e-1(b) under the 1934 Act permitting the offeror to issue a fixed dollar value of its common stock in exchange for its outstanding non-convertible subordinated notes

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[11] See, e.g., the Staff's letters for Lazard Freres & Co. (August 11, 1995), AB Volvo (May 16, 1997) and Epicor Software Corporation (May 13, 2004).

[12] We note that the pricing mechanisms in the exchange offers described by the Day 20 Split-Off Letters generally limited the maximum number of shares that would be issued by the offerors, which could result in tendering holders receiving a value for their tendered securities less than the disclosed value. As a result, the offerors in the Day 20 Split-Off Letters undertook to extend their respective offers by two trading days in the event that the maximum share limitations were in effect to give holders additional time to determine whether or not to tender their securities. As with the exchange offers described in the Day Split-Off 20 Letters, the Offer provides that if the offer consideration equals the Maximum Offer Consideration, the Offer will be automatically extended by two trading days to give holders additional time to determine whether or not to tender their Subject Securities or to withdraw any previously tendered Subject Securities. In addition, the minimum offer consideration contemplated by the Offer protects tendering holders by ensuring that tendering holders will receive at least the minimum cash amount in exchange for their tendered Subject Securities, notwithstanding a decline in the trading price of the Common Stock (and a corresponding decline in the value of the Subject Securities) during the Offer. Because the minimum offer consideration contemplated by the Offer does not present the same risk as the Maximum Offer Consideration or the maximum share limitations contemplated by the exchange offers described in the Day 20 Split-Off Letters, we do not believe it is necessary to undertake to extend the Offer in the event that the minimum offer consideration is in effect on the Expiration Date.

and trust preferred securities, with the final number of shares of common stock to be issued being determined on the expiration date of the exchange offer.[13]

Subsequent to the Citizens Republic letter, in a letter for Thermo Fisher Scientific Inc. (November 13, 2009) and a letter for Textron, Inc. (October 7, 2011), the Staff granted no-action relief relating to Rules 13e-4(d)(1), 13e-4(f)(1)(ii) and 14e-1(b) under the 1934 Act with respect to an offer with a Day 20 pricing mechanism substantially similar to the Pricing Mechanism and with structural protections, such as daily publishing of the indicative calculated offer consideration on a webpage, substantially identical to those for the Offer.[14] Because the Thermo Fisher tender offer was only subject to a minimum, and not a maximum, offer consideration, the Company, in accordance with guidance in the Day 20 Split-Off Letters regarding the use of maximum exchange ratio limits, and consistent with the tender offer described in the Textron, Inc. no action letter, has provided in the Offer that if the offer consideration for the Subject Securities is the Maximum Offer Consideration, there will be a mandatory extension of the Offer for an additional two trading days to enable holders to determine whether or not to tender their Subject Securities or to withdraw any previously tendered Subject Securities.

We believe that the rationale of the letters to Textron, Inc., Thermo Fisher Scientific Inc. and Citizens Republic Bancorp, Inc. and the Day 20 Split-Off Letters (collectively, the "Day 20 Letters") applies to the Offer because:

- The Pricing Mechanism is consistent with the relief granted in the Day 20 Letters in all material respects: (i) the formula component of the Pricing Mechanism and the fixed amount is fixed and will remain constant during the Offer (subject to the minimum and maximum offer consideration described above and subject to compliance with Rule 13e-4(f)(1)(ii) and Rule 14e-1(b) if the pricing formula is changed), (ii) the final offer consideration is based on readily observable trading prices for securities listed on a national securities exchange, (iii) the Company will issue a press release announcing the final offer consideration and post the final offer consideration to the webpage described above promptly following the close of trading on the Expiration Date and will file an amendment to the Schedule TO setting forth the final offer consideration and including the press

[13] Unlike the Offer, the exchange offer contemplated by the Citizens Republic letter was not subject to Rule 13e-4. We do not view this distinction as significant.

[14] In this regard, the Company is using the same information agent and the same procedures as were used in the Thermo Fisher and Textron tender offers, which include, as described on page 25 of the Prospectus, multiple daily website updates displaying the indicative Average VWAP and resulting indicative offer consideration.

release as an exhibit, thus allowing investors time for tenders and withdrawals following the determination of the final offer consideration, and (iv) the Prospectus includes a toll-free number and a link to a webpage through which holders of the Subject Securities can access indicative offer considerations, enabling holders to predict whether the final offer consideration will make participation in the Offer economically beneficial to them.

- As compared to Day 18 pricing, the Day 20 pricing in the Offer reduces the likelihood of a disparity between the offer consideration offered in the Offer and the value of the Subject Securities and protects any less sophisticated investors as well as holders of the Common Stock. If Day 18 pricing were used, the value of the Subject Securities could fluctuate without limit during the last two business days of the Offer, and, during that two-day period, sophisticated investors, such as the arbitrageurs or similar investors that the Company believes hold over a majority of the Subject Securities, might take steps, as they would in traditional fixed-price offers, to lock in the value embedded in the fixed-price by re-establishing or covering their short positions, including by using rapid, program trade execution, whereas less sophisticated investors may lack the know-how or means to do the same. Any such steps taken by these sophisticated investors to re-establish or cover short positions could result in a substantial number of shares being traded, with a resulting significant, artificial and short-term impact on the price of the Common Stock. This, in turn, could negatively impact the less sophisticated holders of the Subject Securities as well as holders of the Common Stock.

- Investors are accustomed to the type of real-time pricing information contained in the Pricing Mechanism. As was noted in the McDonald's and Weyerhaeuser no-action letters, over the last 10 years, trading markets and investor behavior and expectations have changed dramatically due to the substantially increased penetration of the Internet and online brokerage services among all classes of investors, with investor trading behavior now being driven largely by free, widely available online quotation sources, readily available online brokerage account execution services and free, online "real-time" financial news.

For the reasons discussed below, the inclusion of shares of the Common Stock as a portion of the offer consideration and the use of a 10-day Averaging Period should not change the Staff's conclusion from that reached in Textron, Inc. (October 7, 2011), Thermo Fisher Scientific Inc. (November 13, 2009) and Citizens Republic Bancorp, Inc. (August 21, 2009).

Inclusion of Shares of Common Stock as a Portion of the Offer Consideration

The total value of the consideration in the Offer will be paid with a combination of (i) cash in a fixed amount of $1,000 per Subject Security and (ii) shares of Common Stock valued at the Average VWAP (calculated using a Day 20 pricing mechanism).[15] The Staff has taken a no-action position in stock-for-stock and stock-for-debt exchange offers, including offers where the consideration to be paid was comprised of a number of shares of publicly-traded common stock calculated using an Average VWAP metholodogy substantially similar to the formula used in the Offer. See for example Kraft Foods Inc. (July 16, 2008)(stock-for-stock exchange offer), McDonald's Corp. (September 27, 2006)(stock-for-stock exchange offer), Proctor & Gamble Co. (October 8, 2008)(stock-for-stock exchange offer), Weyerhauser Company (February 23, 2007)(stock-for-stock exchange offer) and Citizens Republic Bancorp, Inc. (August 21, 2009)(offer of shares of common stock in exchange for debt securities).[16]

The Company believes the Staff should reach the same conclusion with respect to the Offer for several reasons. First, the Company believes that holders of Subject Securities will make their investment decision based on the value of offer consideration, not the type of consideration because:

- the Common Stock is, and is expected to be, a liquid security actively traded on the New York Stock Exchange;
- like the shares of Common Stock that would be issuable upon conversion of the Subject Securities, the shares of Common Stock issuable in the Offer will be registered and freely tradable upon issuance;
- holders of the Subject Securities have full and ready access to the trading price of the Common Stock and the indicative value of the Offer Consideration throughout the VWAP Averaging Period; and
- the value of the Offer Consideration will be fixed as of 4:30 pm on the Expiration Date.

[15] The fixed cash amount is designed to compensate noteholders for the principal amount of the outstanding Subject Securities. The shares of Common Stock pay the premium being offered to noteholders to participate in the Offer.

[16] The subject securities in the Citizens Republic letter were non-convertible debt securities and, as a result, that exchange offer was not subject to Section 14(d) of the Exchange Act or Regulation 14D.

Second, under the terms of the Subject Securities, the Company would have the option of net share settlement (i.e., to settle its obligations using a combination of cash and shares of Common Stock) upon conversion of the Subject Securities. The Dealer Managers have advised the Company that the payment of a portion of the offer consideration in shares of Common Stock is consistent with the expectations of investors because the Subject Securities contain provisions for net share settlement upon conversion. As a result, the Offer Consideration is structured to be aligned with the consideration holders would have received upon such conversion of the Subject Securities pursuant to their terms.

Use of a 10-day Averaging Period

The Pricing Mechanism in the Offer is substantially similar to the Day 20 pricing mechanism utilized in the tender offers for Textron, Inc. and Thermo Fisher Scientific Inc. The Staff has also taken a no-action position in a variety of exchange offers using an Average VWAP methodology substantially similar to the formula used in the Offer, including formulas using a 10-day averaging period. See for example Lazard Freres & Co. (August 11, 1995), AB Volvo (May 16, 1997), Epicor Software Corporation (May 13, 2004), Towers Watson & Co. (May 17, 2010) and TXU Corporation (September 13, 2004). Although those exchange offers utilized "Day 18" pricing, the Company believes the rationale of those letters is analogous in the context of exchange offers utilizing "Day 20" pricing, like those permitted by the Staff in Textron, Inc. and Thermo Fisher Scientific Inc., for a variety of reasons. First, the Company believes the paramount consideration for any averaging period of any duration is striking a reasonable balance between the objectives of closely correlating the final offer consideration with the value of the Subject Securities on the Expiration Date and avoiding potentially material changes in the offer consideration that could otherwise be caused by isolated anomalies in the trading price of the Common Stock during an averaging period, including last minute fluctuations in trading prices. The Company believes the 10 day VWAP Averaging Period appropriately strikes this balance and helps to minimize market risk to the benefit of both investors and the Company. As noted above, the Staff has accepted this view in many other exchange offers. The Company believes, based on the advice of the Dealer Managers, that investors prefer a shorter averaging period to a longer averaging period, such as the 20 day period in the Textron, Inc. and Thermo Fisher Scientific, Inc. exchange offers, because a longer averaging period may in fact increase market risk to investors and the Company and distort the correlation between the final offer consideration and the value of the Subject Securities as of the Expiration Date by including prices during trading days more than two trading weeks prior to the Expiration Date.

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On the basis of the foregoing, we respectfully request, on behalf of the Company, that the Staff confirm that it will not recommend that the SEC take enforcement action against the Company pursuant to Rules 13e-4(d)(1), 13e-4(f)(1)(ii) and 14e-l(b) under the 1934 Act with respect to the

Company's use of the Pricing Mechanism to determine the offer consideration to be paid per Subject Security pursuant to the Offer.

If you have any questions regarding this request or the Offer, please call me at your convenience at (704) 335-2756 or Melinda S. Blundell at (704) 335-2755.

Very truly yours,

DYKEMA GOSSETT PLLC

Thomas O'Donnell Jr

Thomas H. O'Donnell, Jr.

cc: Stephen K. Coss, Sonic Automotive, Inc.
Melinda S. Blundell, Dykema Gossett PLLC
Stuart H. Gelfond, Fried, Frank, Harris, Shriver & Jacobson LLP
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