SONIC AUTOMOTIVE, INC.

Charter of the Audit Committee of the Board of Directors Amended and Restated February 13, 2013

I. <u>Purpose</u>

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities relating to the Company's accounting policies, reporting policies, internal controls, compliance with legal and regulatory requirements, and the integrity of the Company's financial reports. The Audit Committee's primary duties and responsibilities are to:

- Monitor the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance.
- Monitor the independence and performance of the Company's registered public accounting firm (the "independent auditors") and internal auditing department.
- Review the proposed form, quality and adequacy of the Company's financial statements and disclosures included therein.
- Provide an avenue of communication among the independent auditors, management, the internal auditing department and the Board of Directors.
- Review areas of potential significant financial risk to the Company.
- Report to the Board of Directors regarding each of the matters listed above.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors, as well as anyone in the organization. The Audit Committee is authorized to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary to carry out its duties.

II. Composition and Meetings

The Audit Committee shall consist of three or more directors, each of whom is "independent" (as defined by applicable New York Stock Exchange ("NYSE") and is an "independent director" under the Securities and Exchange Commission ("SEC") rules in effect from time to time). Each Audit Committee member must also be "financially literate" (as determined by the Board in its business judgment) or must become financially literate within a reasonable period of time after his or her appointment to the Audit Committee. At least one member of the Audit Committee must have accounting or related financial management expertise (as the Board interprets such qualification in its business judgment), and at least one member shall be an "audit committee financial expert" (as determined under the rules promulgated by the SEC).

Audit Committee members, and the Chairman of the Audit Committee, shall be appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee, and shall not have any material relationship with the Company. The Chairman shall meet the experience requirements of the NYSE.

No Audit Committee member or an immediate family member may receive compensation, directly or indirectly, from the Company other than director's fees. As used in this Audit Committee Charter, the term "director's fees" includes normal fees (including equity-based awards) and reimbursement of expenses paid to directors for service on the Board of Directors or Committees thereof, or attendance at meetings thereof, which fees have previously been approved by the Board of Directors. In addition, no Audit Committee member may simultaneously serve on the Audit Committee of more than two (2) other public companies unless the Board of Directors shall affirmatively determine that such simultaneous service would not impair the ability of such member to effectively serve on the Company's Audit Committee and the Company affirmatively discloses such determination in the Company's annual proxy statement.

The Audit Committee shall meet as often as it deems necessary and appropriate to fulfill its purpose and responsibilities, but no less than four times a year to review the financial results of the Company for any period in which financial statements or information are prepared and filed with the SEC or disseminated to stockholders.

One-third of the members, but not less than two, will constitute a quorum of the Audit Committee, and a majority of the members present at any meeting at which a quorum is present may act on behalf of the Audit Committee. The Audit Committee may meet by telephone or video conference, and may take action by unanimous written consent of its members.

The Audit Committee shall meet separately in executive session at least quarterly with management, with the director of the internal auditing department, with the independent auditors, and as a committee to discuss any matters that the Audit Committee or any of these groups believe should be discussed.

III. Responsibilities and Duties

The following duties, responsibilities and functions are set forth as a guide to fulfilling the Audit Committee's purposes, with the understanding that the Audit Committee may undertake other and different activities, and that the Audit Committee's activities may diverge from those described below, as appropriate under the circumstances.

1. The independent auditors are ultimately accountable and must report directly to the Audit Committee. The Audit Committee shall review the independence and direct and oversee the activities and performance of the independent auditors and shall have the sole authority to appoint, retain, compensate, evaluate and terminate the independent auditors (as well as resolving any disagreements

between management and the independent auditors) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.

- 2. Review and reassess the adequacy of this Charter at least annually and recommend to the Board such amendments as the Audit Committee deems appropriate. Submit the Charter to the Board of Directors for approval and have the document published at least every three years in accordance with SEC regulations.
- 3. Meet to review and discuss with management and the independent auditors the Company's annual audited financial statements, including disclosures in the Annual Report on Form 10-K under "Management's Discussion and Analysis of Financial Condition and Results of Operation" and management's assertion regarding the effectiveness of the Company's internal controls over financial reporting, prior to filing or distribution. Review should include discussion with management and the independent auditors of significant issues regarding accounting principles, practices, and judgments made in connection with the preparation of the Company's financial statements, including an analysis of the effect on the financial statements of applying alternative methods under generally accepted accounting principles and a description of any transactions as to which management obtained letters prepared in accordance with AICPA Statement on Auditing Standards No. 50. Recommend, if appropriate, to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K.
- 4. Meet to review and discuss with management and the independent auditors the Company's quarterly financial results prior to the release of earnings and the Company's quarterly financial statements (including the Company's disclosures in its Quarterly Report on Form 10-Q under "Management's Discussion and Analysis of Financial Condition and Results of Operation") prior to filing or distribution, including the results of the independent auditors' review of the quarterly financial statements. Discuss any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditors in accordance with AICPA Statement of Auditing Standards No. 61 (see Item 11 below). The Chairman of the Audit Committee may represent the entire Audit Committee for purposes of this review.
- 5. Discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
- 6. In consultation with management, the independent auditors, and the internal auditors, review the design, adequacy and effectiveness of the Company's internal control over financial reporting and disclosure controls and procedures.
- 7. Discuss with management and the independent auditor the Company's policies with respect to risk assessment and risk management and any significant financial risk exposures to which the Company's business is subject and assess the

- processes management has implemented to monitor, control, and report such exposures.
- 8. Review significant findings prepared by the independent auditors together with management's responses.
- 9. Review and discuss with management and the independent auditors the Company's critical accounting policies and practices, and the effect of regulatory and accounting initiatives as well as any off-balance sheet structures as they apply to the Company's financial statements.
- 10. The Audit Committee shall review and pre-approve the audit services to be provided to the Corporation by the independent auditors, and shall review and approve the fees to be paid to the independent auditors for such audit services. The Audit Committee shall also review and pre-approve the retention of the independent auditors for any non-audit services to be provided to the Corporation, and shall review and approve the fees to be paid to the independent auditors for such non-audit services. The Audit Committee may delegate to one or more of its members the authority to pre-approve audit and non-audit services, and to approve the fees to be paid for such audit and non-audit services. The decision of any member of the Audit Committee to whom authority is delegated pursuant to the preceding sentence shall be presented to the full Audit Committee at its next meeting.
- 11. On at least an annual basis, the Audit Committee will obtain and review a formal written report by the independent auditors on: (a) the auditing firm's internal quality-control procedures; (b) any material issues raised by the auditing firm's most recent internal quality-control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five (5) years, respecting one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues; and (c) all relationships between the independent auditor and the Company. The Audit Committee should discuss with the independent auditors any significant issues regarding the auditors' qualifications, performance or independence. As to the issue of independence, the Audit Committee shall consider whether the provision of non-audit services is compatible with maintaining the auditors' independence and take appropriate action to satisfy itself of the independence of the auditors. The Audit Committee shall present its conclusions with respect to the independent auditors to the full Board of Directors.
- 12. Annually review the independent auditors' audit plan discuss scope, staffing, locations, reliance upon management, and internal audit and general audit approach. Annually review and evaluate the experience and qualifications of the lead partner and other senior members of the independent auditors' team, taking into account the opinions of management and the Company's internal audit function, and determine that all partner rotation requirements, as promulgated by applicable rules and regulations, are observed. The Committee will also consider whether there should be rotation of the independent auditors.

- 13. Prior to releasing the year-end earnings, discuss the results of the audit with the independent auditors. Discuss certain matters required to be communicated to audit committees in accordance with AICPA Statement of Auditing Standards No. 61, as amended by SAS No. 84 and SAS No. 90.
- 14. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- 15. Establish clear guidelines for the Company's hiring of employees or former employees of the independent auditors.
- 16. Review with the independent auditors any audit problems or difficulties that arise from the audits as well as management's response thereto.
- 17. Review the budget, plan, changes in plan, activities, organizational structure, and qualifications of the internal audit department, as needed, but no less frequently than annually, and discuss with the independent auditor the responsibilities, budget and staffing of the Company's internal audit function and review periodically the performance of the internal audit function.
- 18. Review and concur in the appointment, performance, and replacement of the senior internal audit executive, and the structure of the internal audit staff.
- 19. Review significant reports prepared by the internal audit department together with management's response and follow-up to these reports.
- 20. On at least an annual basis, review with the Company's counsel any legal matters that could have a significant impact on the organization's financial statements, and the Company's compliance with applicable laws and regulations.
- 21. Review with management and the independent auditors any correspondence with regulators or governmental agencies which raise material issues regarding the Company's financial statements, internal controls or accounting policies.
- 22. Establish and annually review procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by any employee of concerns regarding questionable accounting or auditing matters.
- 23. Annually review the processes used in administering the Company's Retirement Savings Plan.
- Obtain from the independent auditors assurance that Section 10A of the Securities Exchange Act of 1934 has not been implicated.
- 25. Annually prepare a report to stockholders as required by the SEC to be included in the Company's annual proxy statement.

- 26. Review and approve the Company's Interest Rate Hedging Policy at least annually, or more frequently if changes are proposed by management to the Interest Rate Hedging Policy.
- 27. Annually review the Company's Red Flags Identity Theft Prevention Program in accordance with applicable law.
- 28. Annually conduct a performance evaluation of the Audit Committee, and report the findings of such evaluation to the Nominating and Corporate Governance Committee of the Board of Directors.
- 29. Perform any other activities consistent with this Charter, the Company's by-laws, and governing law, as the Audit Committee or the Board deems necessary or appropriate.
- 30. Maintain minutes of meetings and circulate such minutes to the entire Board of Directors.

The Audit Committee is responsible for the duties set forth in this Charter, but the Audit Committee is not responsible for (i) preparing the financial statements or certifying that the Company's financial statements are complete, accurate and prepared in accordance with generally accepted accounting principles, or implementing and maintaining internal controls, or (ii) auditing the Company's financial statements. Management has the responsibility for preparing the financial statements, certifying that the Company's financial statements are complete, accurate and prepared in accordance with generally accepted accounting principles, and implementing, maintaining and evaluating the effectiveness of the Company's internal controls over financial reporting. The independent public accountants have the responsibility for auditing the financial statements, evaluating the effectiveness of the Company's internal controls over financial reporting, and issuing an opinion on the effectiveness of the Company's internal controls over financial reporting and management's assessment regarding the effectiveness of the Company's internal controls over financial reporting and management's assessment regarding the effectiveness of the Company's internal controls over financial reporting.