



# News Release

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## **SONIC ANNOUNCES TWENTY-FIRST CONSECUTIVE YEAR OF POSITIVE SAME-STORE SALES PERFORMANCE**

### **Sales Momentum and Development Trends Expected to Continue into Fiscal 2008**

OKLAHOMA CITY (September 6, 2007) – Sonic Corp. (NASDAQ: SONC), the nation's largest chain of drive-in restaurants, today announced that, with the end of its fiscal year on August 31, 2007, the company has posted 21 consecutive years of positive same-store sales. For the fourth fiscal quarter, the estimated increase in system-wide same-store sales remained within the company's target range of 2% to 4%, with sales at partner drive-ins slightly above the targeted range. The company also reported the opening of 61 new drive-ins during the fourth quarter, bringing total openings for fiscal 2007 to 175. Additionally, 245 franchise drive-ins and 30 partner drive-ins were retrofitted during the quarter, bringing the fiscal year retrofit completions to 326 for franchise drive-ins and 173 for partner drive-ins. Because of the continued strength of Sonic's sales, management is comfortable with the higher end of the previously announced range of \$0.32 to \$0.33 per diluted share earnings expectations for the fourth quarter. Sonic plans to report full results for fiscal 2007 in mid-October.

Commenting on the announcement, Cliff Hudson, Chairman and Chief Executive Officer, said, "We are pleased that preliminary indications for the fourth quarter show a continuation of strong momentum in our business, which has culminated in 21 straight years of positive same-store sales. These sales trends convey the strength of the brand and our presence as we continue to expand our chain, taking Sonic from a regional to a national brand, entering four new states just this year, and reaching a total of over 3,300 drive-ins from coast to coast. This progress also underscores the ongoing effectiveness of other initiatives, including a 20% increase in marketing expenditures to approximately \$175 million during the year, a steady stream of new product news to keep Sonic relevant and compelling to consumers, and the retrofit program now well underway at our partner and franchise drive-ins. These multi-layered growth strategies have translated into increased average unit volumes and drive-in level profits, which provide strong incentives to help keep our development pipeline full. These impressive results create solid momentum for continued sales and earnings growth in fiscal 2008."

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For fiscal 2008, Sonic expects earnings growth in the range of 15% to 17%. This outlook is based on the following assumptions:

- Total revenue growth of between 10% and 12% for the year. Factors expected to contribute to this revenue growth include:
  - System-wide same-store sales growth in the range of 2% to 4%, with partner drive-in sales growth expected to be slightly ahead of this range. The higher expectation for sales growth at partner drive-ins is based upon the benefit from the completion of the retrofit on a larger percentage of partner drive-ins. The outlook for system-wide same-store sales growth is consistent with the company's previously stated long-term target and is driven by the continued roll-out of Sonic's retrofit initiative, ongoing new product news, continued penetration of non-traditional day parts, including the morning day part, and increased media expenditures. The company expects system-wide media expenditures to increase from approximately \$175 million in fiscal 2007 to approximately \$190 million in fiscal 2008.
  - The opening of between 180 and 200 new drive-ins, including 155 to 165 franchise drive-ins, reflecting a system-wide expansion rate of approximately 6%.
  - Growth in the company's franchising income of approximately \$13 million to \$15 million, which includes both franchise fees and franchise royalties and reflects the impact of additional drive-ins, Sonic's recent license conversion, and higher volumes based on the company's unique ascending royalty rate. Since this incremental income has a relatively lower associated cost, it will once again be a major factor in driving the company's earnings in fiscal 2008.
- Restaurant margins expected to be slightly favorable versus fiscal 2007. Commodity cost pressures are expected to ease in the second half of the fiscal year, which, combined with leverage from higher sales and improved operations initiatives, is expected to result in overall improved restaurant operating margins, primarily in the second half of the fiscal year.
- Additional leverage from the bottom part of the income statement is also expected to contribute to increased operating margins.
- Capital expenditures of \$75 million to \$80 million, including the cost of partner drive-in development as well as higher expenditures for the retrofit of an additional 150 partner drive-ins (at an average projected cost of \$125,000 to \$135,000 each).
- A tax rate in the range of 36.5% to 37.5%, which will continue to vary from quarter to quarter.

September 6, 2007

Sonic expects to report its fourth quarter results after the market close on October 15, 2007. The company will provide an online Web simulcast of its earnings release conference call on Tuesday, October 16, 2007, beginning at 10:00 a.m. ET. During that call, management will comment on Sonic's financial and operational results for the fourth quarter and fiscal year end. It will also include a review of the company's earnings outlook for fiscal 2008. An online replay of the conference call will be available approximately two hours following the conclusion of the live broadcast and will continue through November 15, 2007. A link to these events may be found at the investor section of the company's website, [www.sonicdrivein.com](http://www.sonicdrivein.com).

Sonic, America's Drive-In, originally started as a hamburger and root beer stand in 1953 in Shawnee, Okla., called Top Hat Drive-In, and then changed its name to Sonic in 1959. The first drive-in to adopt the Sonic name is still serving customers in Stillwater, Okla. Sonic has more than 3,300 drive-ins coast to coast, where more than a million customers eat every day. For more information about Sonic Corp. and its subsidiaries, visit Sonic at [www.sonicdrivein.com](http://www.sonicdrivein.com).

This press release contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements reflect management's expectations regarding future events and operating performance and speak only as of the date hereof. These forward-looking statements involve a number of risks and uncertainties. Factors that could cause actual results to differ materially from those expressed in, or underlying, these forward-looking statements are detailed in the company's annual and quarterly report filings with the Securities and Exchange Commission. The company undertakes no obligation to publicly release revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unforeseen events, except as required to be reported under the rules and regulations of the Securities and Exchange Commission.

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