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NUMBER 7 MINNESOTA FRANCHISE DISCLOSURE DOCUMENT



Sonic Industries LLC
(a Delaware limited liability company)
300 Johnny Bench Drive
Oklahoma City, Oklahoma 73104
(405) 225-5000
www.sonicdrivein.com

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(a Delaware limited liability company)
300 Johnny Bench Drive
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Sonic Industries LLC ("Sonic") licenses the operation of Sonic Drive-ins, serving made-when-you-order footlong quarter pound chili cheese coney, hamburgers, wraps, other sandwiches and salads, hand-battered onion rings, tots and a full breakfast menu. We are known for our variety of Frozen Favorites® treats and Fountain Favorites® drinks, too, like cherry limeades, CreamSiush® treats and SONIC Blast® desserts. At a typical Sonic Drive-In, a customer parks in one of 20 to 36 covered drive-in spaces and orders through an intercom speaker system. A Carhop then delivers the customer's food directly to the customer's vehicle. The Sonic Drive-In also may include a drive-thru lane, a patio and indoor seating.

Your estimated initial investment necessary to begin operation of a Sonic Drive-In franchise ranges from approximately \$1,102,300 to \$3,047,000. This includes the \$45,000 franchise fee that must be paid to Sonic (see Item 5).

This disclosure document summarizes certain provisions of your License Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, Sonic or an affiliate in connection with the proposed franchise sale. Note, however, that no governmental agency has verified the information contained in this disclosure document.

The terms of your License Agreement will govern your franchise relationship. Don't rely on this disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, such as a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

This disclosure document was issued December 28, 2010.

MINNESOTA COVER PAGE

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Call the state franchise administrator listed in Exhibit A for information about Sonic or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy a Sonic franchise.

1. THE SONIC LICENSE AGREEMENT PERMITS THE FRANCHISEE TO SUE OR ARBITRATE WITH SONIC ONLY IN OKLAHOMA. OUT-OF-STATE ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE OR ARBITRATE WITH SONIC IN OKLAHOMA THAN IN YOUR HOME STATE.

2. THE SONIC LICENSE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT OKLAHOMA LAW GOVERNS EACH OF THOSE AGREEMENTS. THAT LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THOSE LAWS.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

You may incur additional costs if you choose to enter into a Development Agreement. Sonic requires a non-refundable \$10,000 deposit for each Sonic Drive-In scheduled for development under a Development Agreement. A Development Agreement grants the developer an exclusive area within which Sonic may not develop or license others to develop a Sonic Drive-In during the term of the Development Agreement.

Effective Date: August 31, 2010

Issued: December 28, 2010

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California	January 1, <u>2011</u>
Illinois	April 6, <u>2010</u>
Maryland	March 10, <u>2010</u>
Michigan	April 19, <u>2010</u>
Minnesota	December 31, <u>2010</u>
North Dakota	April 30, <u>2010</u>
Rhode Island	February 25, <u>2010</u>
South Dakota	March 31, <u>2010</u>
Virginia	March 3, <u>2010</u>
Washington	February 24, <u>2010</u>
Wisconsin	February 27, <u>2010</u>

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Exhibits

A	State Administrators and Agents for Service of Process
B	Number 7 Minnesota License Agreement - Guaranty and Restriction Agreement
C	Number 7 Minnesota Development Agreement - Guaranty and Restriction Agreement
D	Sign Lease Agreement
E	Confidentiality Agreement
F-1	Sonic Franchisees and Their Sonic Drive-ins
F-2	Sonic Franchisees Whose Sonic Drive-ins Had not Opened as of August 31, <u>2010</u>
F-3	Sonic Developers
F-4	Sonic Franchisees Who Ceased to Do Business under a Sonic Drive-In License Agreement
F-5	Sonic Developers Who Had a Development Agreement Terminated
G	Financial Statements
H	Receipts

ITEM 1 - THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The franchisor is Sonic Industries LLC ("Sonic," "we," "us" or "our"). "You" means the individual or business entity to whom we grant a franchise. The word "you" does not include any individual or business entity that owns an interest in you. Sonic will require all individuals and business entities which own an interest in you to guarantee your obligations to Sonic and to agree not to transfer or pledge their ownership interests without Sonic's written consent.

Sonic is a Delaware limited liability company and was formed on November 20, 2006. Sonic is an indirect wholly owned subsidiary of Sonic Corp., a Delaware corporation. Sonic Corp.'s, Sonic's and all Sonic's affiliates' offices are located at 300 Johnny Bench Drive, Oklahoma City, Oklahoma 73104.

Sonic's predecessor, Sonic Industries Services Inc. ("SISI"), an Oklahoma corporation, acquired the trade name "Sonic Drive-In," certain other trademarks and trade names, existing license agreements, and the exclusive right to license the use of those trade names and trademarks from Troy N. Smith, Sr., d/b/a Sonic Drive-In Systems of America, on December 3, 1974. Mr. Smith initially went into the restaurant business in Shawnee, Oklahoma, in 1948, and engaged in the development and operation of a franchise program for licensing Sonic Drive-ins. From 1974 to December 2006, SISI continuously offered Sonic Drive-In franchises for sale. Sonic became the franchisor of the Sonic system as part of the Securitization (described below) and has offered the Sonic Drive-In franchises since February 2007. Neither Sonic nor SISI has offered franchises in any other line of business.

No affiliates of Sonic currently provide products or services to Sonic's franchisees or offer franchises in any other line of business, except that SISI offers to lease the Sonic signs to you. You are not required to lease the Sonic signs from SISI.

Sonic's agents for service of process are disclosed in Exhibit A.

In this disclosure document, the term "Company-owned Drive-Ins" refers to those Sonic Drive-ins owned and operated by Sonic Restaurants, Inc. ("SRI"), or by either a limited liability company or a general partnership in which SRI or America's Drive-In Restaurants LLC, both wholly owned subsidiaries of Sonic Corp., owns a majority interest. "Franchise Drive-Ins" are Sonic Drive-Ins owned and operated by our franchisees. Sonic offers and grants you the opportunity to use its trademarks as a franchisee under the Sonic name at a single location under the terms of a License Agreement in the form attached hereto as Exhibit B.

In December 2006, as part of a securitized financing transaction involving the Sonic system (the "Securitization"), numerous steps occurred simultaneously that resulted in a corporate restructuring among affiliated companies in the Sonic organization. SISI, the former franchisor of Sonic Drive-Ins, transferred all of its interests in, among other things, all existing License Agreements and Development Agreements to a limited purpose Delaware limited liability company subsidiary called Sonic Capital LLC ("Sonic Capital"). In turn, Sonic Capital transferred existing License Agreements and Development Agreements to a limited purpose Delaware limited liability company called Sonic Industries Franchising LLC ("SIF"). Additionally, Sonic was formed as the wholly owned subsidiary of Sonic Capital to grant new Sonic License Agreements and Development Agreements beginning February 2007. As a result of the Securitization, the intellectual property associated with the Sonic system (the "Franchise IP") is owned by America's Drive-In Brand Properties LLC, a Kansas limited liability company ("ADIBP"). All of these business entities are direct or indirect subsidiaries of Sonic Corp. As part of the Securitization, Sonic Capital issued secured fixed rate notes in the initial principal amount of \$600 million.

On August 31, 2008, SIF merged into Sonic, which resulted in Sonic becoming the surviving entity and the sole franchisor. All assets and obligations of SIF are now those of Sonic. ADIBP has licensed the Franchise IP to Sonic for use in, among other things, exercising Sonic's rights as the franchisor of all License Agreements and Development Agreements.

Under certain servicing agreements between Sonic and SISI, SISI, on Sonic's behalf and at Sonic's direction, performs Sonic's obligations under the License Agreements and Development Agreements, including managing the Sonic system operating under Sonic's authority; marketing and offering new and successor License Agreements and Development Agreements; assisting Sonic's franchisees; implementing Sonic's quality assurance programs; and otherwise fulfilling Sonic's duties under the License Agreements and Development Agreements. SISI also acts as Sonic's franchise sales agent. (In that capacity, SISI's agents for service of process are the same as Sonic's disclosed in Exhibit A.) Sonic pays franchise servicing fees to SISI for these services. If SISI fails to perform its obligations under its franchise servicing agreement, then SISI may be replaced as the franchise servicer. However, as the franchisor, Sonic is responsible and accountable to you to make sure that all services Sonic promises to perform under your License Agreement and Development Agreement are performed in compliance with the License Agreement and Development Agreement, regardless of who performs those services on Sonic's behalf

Sonic's principals also are SISI's principals, and many of SISI's principals currently hold, and/or in the past have held, director, officer and other executive positions with Sonic's affiliates.

Sonic Drive-Ins feature a wide array of classic drive-in favorites like made-to-order hamburgers, footlong quarter pound chili cheese coney, wraps and other sandwiches, hand-battered onion rings and tots. We also feature many of today's favorites like chicken sandwiches, salads, wraps and a full breakfast menu. In addition to great food, Sonic is known for its variety of indulgent frozen treats and specialty fountain drinks like our signature cherry limeades, famous slushes and our candy mix-in SONIC Blast® treats. Sonic Drive-Ins are typically open from 6 a.m. to 11 p.m. and, unlike most quick-service restaurant competitors, serve the entire menu all day long.

A Sonic Drive-in typically is a free-standing, one-story building with surrounding parking stalls covered by canopies, providing in-car service for approximately 20 to 36 cars. Many Sonic Drive-Ins also incorporate drive-thru service and patio seating, and some may provide indoor seating. The drive-in concept allows our customers to place their order from their car whenever they are ready by pressing our well-known red button. A switchboard operator receives the order through an intercom speaker system, and a carhop, sometimes on roller skates, delivers the customers' food right to their cars.

The retrofit is a remodeling program which includes significant trade dress modifications to the Sonic Drive-Ins. Franchisees pay the retrofit cost for their Sonic Drive-Ins. As of August 31, 2010, Sonic's affiliates had completed the retrofit of 411 Company-owned Drive-Ins, and its franchisees had completed the retrofit of 1,463 Franchise Drive-Ins. Sonic currently estimates the cost to complete a standard retrofit at approximately \$125,000 to \$150,000 per drive-in. All new Sonic Drive-Ins built since 2007 feature the retrofit changes, and those costs are included in Item 7.

In 1999, Sonic and/or its affiliates began developing food service locations other than traditional Sonic Drive-Ins described above. Those locations operate under one or more of Sonic's proprietary marks as the "Non-traditional Restaurants." Sonic and its affiliates may locate the Non-traditional Restaurants in schools, transportation facilities, stadiums, shopping malls, convention centers, highway travel plazas, or other locations. The effect of Non-traditional Restaurants on your rights as a franchisee or developer is described in more detail in Item 12. Sonic only offers Non-traditional Restaurants through a separate franchise disclosure document that is available to you for review upon request. From January 1999 through August 31, 2010, Sonic and/or its affiliates sold 486 Non-traditional License Agreements.

The general market for Sonic Drive-Ins is the frequent fast-food consumer -- a highly developed and very competitive market. As a Sonic franchisee, you will have to compete with numerous other businesses offering similar food items, including an unknown number of individually owned, quick-service restaurants.

Sonic knows of no special regulations specific to the quick-service or drive-in restaurant industry. However, you will have to comply with numerous federal, state and local health and sanitation laws and other laws such as menu labeling laws that apply to restaurants in general. You also will have to comply with all other federal,

state and local laws and regulations that apply generally to all businesses. Sonic encourages you to make additional inquiries into those laws and regulations and obtain the assistance of legal counsel in that regard.

Sonic also offers Development Agreements in the form attached hereto as Exhibit C for the development of exclusive areas large enough for several Sonic Drive-Ins. The Development Agreement does not grant a franchise to operate a Sonic Drive-In, but does obligate Sonic not to grant franchises to any third party within a defined exclusive territory for a specific time period. The developer must pay a non-refundable deposit for the Development Agreement and later receives one or more franchises for locations approved by Sonic. Sonic will credit the deposit towards the franchise fee for each Sonic Drive-In, but you must pay the balance due at the time you sign each of your License Agreements.

As of August 31, 2010, there were 3,572 Sonic restaurants in operation consisting of 455 Company-owned Drive-Ins and 3,117 Franchise Drive-Ins coast to coast in 43 states. SRI and its affiliates develop and operate the Company-owned Drive-Ins.

ITEM 2 - BUSINESS EXPERIENCE

Manager: J. Clifford Hudson

Mr. Hudson has served as a Manager of Sonic since it was formed in November 2006 and has served as a Director of SISI since September 1992. He has served as Chairman of the Board and Chief Executive Officer of Sonic Corp. since January 2000. He served as Chief Executive Officer and President of Sonic Corp. from April 1995 to January 2000 and reassumed the position of President from November 2004 until May 2008. Mr. Hudson has served in various other offices with SISI and Sonic Corp. since 1984.

Manager and President: W. Scott McLain

Mr. McLain has served as Sonic's Manager and President since it was formed in November 2006. Mr. McLain has served as SISI's President and Director since September 2004 and was its Treasurer from June 1996 until August 1999. Mr. McLain has served as President of Sonic Corp since May 2008, and was its Executive Vice President from November 2004 until May 2008. He served as Sonic Corp.'s Executive Vice President and Chief Financial Officer from January 2004 until November 2004, and as its Senior Vice President and Chief Financial Officer from January 2000 until January 2004.

Manager and Vice President: Paige S. Bass

Ms. Bass has served as Sonic's Manager and Vice President since January 2007 and as Vice President and General Counsel of Sonic Corp. since January 2007. Ms. Bass joined SISI as its Associate General Counsel in April 2004. Prior to joining SISI and since 1997, Ms. Bass was an associate with the law firm of Crowe and Dunlevy in Oklahoma City, Oklahoma.

Executive Vice President of Operations: Omar S. Janjua

Mr. Janjua has served as SISI's Executive Vice President of Operations since September 2010. Mr. Janjua has served as SRI's President since he first joined Sonic in September 2009. He served as Executive Vice President and Chief Operating Officer for Steak 'n Shake Company from May 2007 until September 2010. Prior to joining Steak 'n Shake, Mr. Janjua spent 18 years with Pizza Hut, Inc. in various positions of increasing responsibility, lastly as Vice President of company operations.

Senior Vice President of Central Markets: Robert J. Geresi

Mr. Geresi has served as SISI's Senior Vice President of Central Markets since September 2010. He served as SISI's Senior Vice President of Franchise Operations (Core Markets) from September 2009 until September 2010.

He served as Sonic's Senior Vice President of Field Services from May 2008 until September 2009. Mr. Geresi served as SRI's Senior Vice President from January 2007 until May 2008 and was its Vice President from September 2003 until January of 2007. Mr. Geresi joined SRI in May 2001.

Senior Vice President of West Markets: Diane L. Prem

Ms. Prem has served as SISI's Senior Vice President of West Markets since September 2010. She served as SISI's Senior Vice President of New Market Services from January 2010 until September 2010. She was Vice President of Franchise Operations (New Markets) from September 2009 until December 2009. She served as SISI's Vice President of New Franchisee Field Services from July 2007 until September 2009, and served as its Vice President of Operations Services from June 2001 until July 2007.

Senior Vice President of Business Planning and Purchasing: Andrew G. Ritger, Jr.

Mr. Ritger has served as SISI's Senior Vice President of Business Planning and Purchasing since April 2009. Mr. Ritger served as Senior Vice President of Development for SISI from September 2006 until April 2009 and of Sonic since December 2006. He was Vice President of Franchise Development and Distribution from July 2003 until September 2006. Mr. Ritger joined SISI in January 1996.

Senior Vice President of East Markets: E. Edward Saroch

Mr. Saroch has served as Sonic's Senior Vice President of East Markets since September 2010. Mr. Saroch served as SISI's Senior Vice President of Franchise Operations (Developing Markets) from September 2009 to September 2010. He served as SRI's President from May 2008 until September 2009 and as Senior Vice President of SISI from August 2006 until May 2008. Mr. Saroch served as Vice President of SISI from August 2003 until August 2006.

Senior Vice President and Chief Information Officer: Craig J. Miller

Mr. Miller has served as SISI's Senior Vice President and Chief Information Officer since January 2010. He served as the Executive Vice President and Chief Information Officer for Movie Gallery/Hollywood Video in Portland, Oregon from September 2008 until joining Sonic. Mr. Miller was Senior Vice President of Shared Information Services for Bank of America in Charlotte, North Carolina from February 2005 until July 2008.

Vice President of Business Planning: Alan Cantrell

Mr. Cantrell has served as SISI's Vice President of Business Planning since September 2009. He served as SRI's Vice President of Finance from September 2008 until September 2009. Mr. Cantrell also served as Vice President of SISI from September 2005 until September 2008. Mr. Cantrell was a Regional Vice President for SISI from October 2002 until September 2005.

Vice President of Operations Services: Jeffrey D. Carper

Mr. Carper has served as SISI's Vice President of Operations Services since September 2010. He served as Vice President of Operations Services for SRI from April 2010 until September 2010 and for SISI from October 2009 until April 2010. Mr. Carper served as SISI's Vice President of Field Marketing from July 2007 until October 2009 and SISI's Regional Vice President of Field Services from September 2005 until July 2007.

Vice President of Design and Construction: Dino Medina

Mr. Medina has served as SISI's Vice President of Design and Construction since April 2009. He served as SISI's Vice President of Development from June 2008 until March 2009, and as the Senior Director of Construction from July 2006 until June 2008. Prior to joining Sonic, Mr. Medina was Vice President of Development for Port of

Subs, Inc. in Reno, Nevada from July 2005 until July 2006. He was the Vice President of Construction for ZoneCafe, Inc. in Reno, Nevada from August 2004 until July 2005.

Vice President of Training: Jean-Pierre Salama

Mr. Salama has served as SISI's Vice President of Training since August 2008. He served as SRI's Regional Vice President from December 2004 until August 2008. Mr. Salama was SRI's Director of Operations from July 2001 until December 2004.

Vice President of Finance: Stephen C. Vaughan

Mr. Vaughan has served as SISI's Vice President since January 2005 and for Sonic since December 2006. He served as SISI's Treasurer from September 2006 until November 2006 and from September 2001 until April 2005. Mr. Vaughan served as Sonic Corp.'s Vice President and Chief Financial Officer from November 2004 to April 2008 and its Executive Vice President and Chief Financial Officer since April 2008. Mr. Vaughan joined SISI in 1992.

Vice President and Chief Marketing Officer: Danielle M. Vona

Ms. Vona has served as Sonic's Vice President and Chief Marketing Officer since July 2010. From May of 1999 until joining Sonic in 2010, she held various management positions with PepsiCo/Pepsi-Cola North America, the most recent of which was Vice President of Propel Brand Marketing from June 2008 until July 2010.

Vice President of Development: C. Taylor Warner

Mr. Warner has served as SISI's Vice President of Development since April 2009. He served as SISI's Vice President of Real Estate from August 2008 until April 2009. Mr. Warner was Director of Development for Starbucks in Atlanta, Georgia, from 2000 until joining SISI in August 2008.

Senior Director of Franchise Sales and Credit: Lori Osley

Ms. Osley has served as SISI's Senior Director of Franchise Sales and Credit since November 2009. She served as SISI's Director of Franchise Sales from September 2007 until October 2009, and as SISI's Franchise Sales Manager from February 2006 until September 2007. Ms. Osley was a Credit Manager for Jasco, Oklahoma City, Oklahoma from September 2004 until October 2005.

ITEM 3 – LITIGATION

Sonic does not have any actions or matters required to be disclosed in this Item 3.

ITEM 4 - BANKRUPTCY

Sonic's Senior Vice President, Robert J. Geresi, was president of New York Bagel Enterprises, Inc. (NY Bagel) from December 1995 until October 2001. On February 3, 2000, NY Bagel filed a voluntary petition as debtor under Chapter 11 of the U.S. Bankruptcy Code, In re New York Bagel Enterprises, Inc., No. 00-10275 (Bankr. D. Kan.). A trustee was appointed and NY Bagel's Plan of Liquidation was confirmed October 15, 2001. NY Bagel no longer exists and had no affiliation with Sonic.

SISI's Vice President of Training, Jean-Pierre Salama, on March 12, 2003 filed a voluntary petition as a debtor under Chapter 7 of the U.S. Bankruptcy Code, In re Jean-Pierre and Barbara J. Salama, No. 03-01212 (United States Bankruptcy Court for the Northern District of Oklahoma). Mr. Salama was discharged from his debts June 18, 2003 and presently resides at 9209 East 77th Street, Tulsa, Oklahoma 74133. Mr. Salama offices at Sonic's corporate headquarters, 300 Johnny Bench Drive, Oklahoma City, Oklahoma. Mr. Salama's bankruptcy was unrelated to Sonic.

Other than these two bankruptcy matters described above, no other person previously identified in Items 1 and 2 of this disclosure document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code or under the laws of any foreign nation relating to bankruptcy that are required to be disclosed in this Item.

ITEM 5 - INITIAL FEES

Franchise Fee Amount and Payment

The License Agreement requires that you pay the \$45,000 initial franchise fee to Sonic when you sign the License Agreement. Except as stated below and except for an isolated occasion in which we waived the initial franchise fee in connection with the re-opening of closed stores and other special circumstances, the franchise fee for this License Agreement does not vary from franchisee to franchisee. Sonic does offer other forms of license agreements with lower franchise fees pursuant to certain contractual obligations with existing franchisees and for Non-traditional Restaurants. Initial franchise fees paid to Sonic in fiscal year 2010 for traditional License Agreements ranged from \$30,000 to \$45,000, except when the fee was waived as mentioned above or as stated below.

From time to time we may offer development incentives to certain franchisees. These incentives may include reduced or waived franchise fees and/or waived royalty fees. These incentives may be offered to certain franchisees in good standing based on market needs, development impact or other reasons.

Franchise Fee Refund

Sonic has the right to terminate your License Agreement (1) if within one year after its date (a) you abandon construction of the Sonic Drive-In, assign your lease for the Sonic Drive-In, or give up your interest in the Sonic Drive-In or (b) you fail to open to the public the Sonic Drive-In or (2) if within six months after its date you fail to have a site approved for the Sonic Drive-In. You have the right to terminate your License Agreement if within one year from its date you do not consummate a lease or purchase a site for your Sonic Drive-In. If the License Agreement terminates for any of these reasons, Sonic will refund \$30,000 of the initial license fee and will retain the remaining \$15,000.

Development Agreement Fee

The Development Agreement requires the payment to Sonic of a non-refundable deposit of \$10,000 for each Sonic Drive-In scheduled for development under the Development Agreement. Sonic will credit the full \$10,000 deposit towards the franchise fee for each Sonic Drive-In opened under the Development Agreement. The developer must pay the balance of the franchise fee when he signs the License Agreement for the Sonic Drive-In being developed.

ITEM 6 - OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee ^{1,2} NONREFUNDABLE	5.0% (Maximum) of Gross Sales	Payable monthly on the 10th day of the next month	Gross Sales include all revenues from the franchised location, excluding sales tax ("Gross Sales").
Brand Fee NONREFUNDABLE	0.90% of Gross Sales	Payable monthly on the 10th day of the next month	Payable to the Sonic Brand Fund.
Advertising Cooperative Fee ³ NONREFUNDABLE	3.25% (Minimum) of Gross Sales	Payable monthly on the 10th day of the next month	Payable to the advertising cooperative.

Type of Fee	Amount	Due Date	Remarks
Additional Training Fee ¹ NONREFUNDABLE	\$400 per Person	Prior to training	Sonic trains two persons at no charge. See Training Program under Item 11.
Transfer Fee ¹ NONREFUNDABLE	\$3,000	Prior to transfer	Fee of \$1,000 payable when you transfer a controlling interest to a person already qualified as a Sonic franchisee. The transfer fee increases to \$3,000 if the transferee is not already qualified as a Sonic franchisee.
Audit Fee and Surcharge ¹ NONREFUNDABLE	Cost of Audit plus 10% of unpaid amounts	When billed	Payable only if audit shows an understatement of at least 3% of Gross Sales or unpaid advertising expenditures of at least 3% of the amount required.
Late Charge ¹ NONREFUNDABLE	1.75% of Amount Overdue	When billed	
Renewal Fee ⁴ NONREFUNDABLE	\$9,000	6 to 12 months prior to renewal	

¹Payable to Sonic and nonrefundable and nontransferable. Sonic may, in its sole discretion, reduce the amount of the required royalty fees on a case-by-case basis, or pursuant to development incentives such as those described above in Item 5.

²The calculation of Gross Sales and the corresponding royalty fees takes place on a cumulative basis, in accordance with the following table:

MONTHLY GROSS SALES		MONTHLY ROYALTY	EXAMPLE	
Greater Than (\$)	But Not More Than (\$)	Rate (%)	Royalty Due on Sales of \$60,000 (\$)	Royalty Due on Sales of \$170,000 (\$)
0	5,000	2.00	100	100
5,000	10,000	3.00	150	150
10,000	15,000	3.50	175	175
15,000	20,000	4.00	200	200
20,000	25,000	4.50	225	225
25,000	No Maximum	5.00	<u>1,750</u>	<u>7,250</u>
			2,600	8,100

³You must contribute an amount set by the cooperative, but at least 3.25% of your Sonic Drive-in's Gross Sales. From your cooperative contribution, 2.0% of your Sonic Drive-in's Gross Sales will be redistributed to the System Marketing Fund. If your Sonic Drive-In is located in a market area that Sonic has designated a "Developing Market," you will be required to contribute a minimum of 5.0% of your Sonic Drive-in's Gross Sales to the local advertising cooperative. "Developing Markets" are those markets where the penetration of Sonic Drive-Ins (as measured by population per restaurant, advertising level and share of restaurant spending) has not yet reached the level of market maturity established by management. From your cooperative contribution, 2.0% of your Sonic Drive-In's Gross Sales will be redistributed to the System Marketing Fund. When and if Sonic deems it appropriate for local market conditions, we may permit a portion of your advertising contributions to be spent on local store marketing. If your Sonic Drive-In is located in a DMA that does not have a Sonic-approved advertising cooperative, then you must spend amounts equivalent to the required cooperative contributions for your local store marketing.

INITIAL INVESTMENT

¹ Sonic will refund \$30,000 of your franchise fee on the terms and conditions described in "Item 5: Initial Franchise Fee," above.

² The low amounts for payroll include: (a) two managers' salaries during the four-stage training program and during the four week pre-opening on-site preparation for your Sonic Drive-In; (b) four assistant managers' salaries during the five weeks of on-the-job training; (c) two assistant managers' salaries during four weeks of on-site new Sonic Drive-In preparation; and (d) the crew payroll costs for one week of pre-opening training. The high amount is for two managers and includes salaries for six assistant managers during the five weeks of on-the-job training and four weeks of on-site new Sonic Drive-In opening preparation. The high amount also includes two assistant managers' salaries for two weeks of new Sonic Drive-In opening experience.

³ The low amounts for training include \$25,000 for travel, lodging and meals for two managers and four assistant managers during the required on-the-job training, new store opening experience and classroom training. The high amount includes an estimated \$38,000 based on two managers' and six assistant managers' training plus travel, lodging and meals. The amounts also include the costs to have A-Team trainers work at your Sonic Drive-In for approximately the first two weeks of its opening. You will be responsible for an A-Team's trainers' salaries, travel, lodging and meal expenses for the time period that they serve at your Sonic Drive-In, which is usually three days before opening and a minimum of seven days after opening, for a total of up to two weeks. The costs associated with an A-Team range from \$30,700 to \$68,000.

⁴ The costs for opening inventory include paper goods and food products necessary to operate the restaurant through the first two weeks of business.

⁵ These amounts include utility deposits, which vary by city.

⁶ The insurance amounts include the initial premium costs for multi-peril and worker's compensation insurance based on the recommended staffing of a Sonic Drive-In with 20 to 36 stalls and a drive-thru. Worker's compensation costs vary by state.

⁷ The amounts for additional funds exclude the expenses itemized above, and include the initial start-up and the first three months of operational expenses such as uniforms, cleaning supplies and sundries. These figures are estimates, and Sonic cannot guarantee that you will not have additional expenses starting your business. Your costs will depend on factors such as: how diligently you follow Sonic's methods and procedures; your management skill; economic conditions and the local competition and market for Sonic's products.

⁸ The amounts for land, building and site work include the estimated costs of purchasing a 32,000 to 42,000 square-foot site and constructing a 1,546 square-foot Sonic building with canopies for 20 to 36 drive-in stalls, menu housings and a drive-thru lane. The actual costs will vary materially depending on location, size of lot and building, your selection of options (e.g. drive-thru lane, patio or indoor seating), utilities, site work and other factors. If you choose to lease your site, your negotiated lease terms will determine your monthly cost, which is undeterminable by Sonic.

⁹ The amounts for equipment include the cost to purchase and install the recommended equipment package for a Sonic Drive-In with 20 to 36 drive-in stalls, excluding the cost of transportation and sales tax. The standard equipment package includes the ventilation system, equipment, kitchen fixtures, appliances and small wares necessary to operate the restaurant. Delivery charges for the equipment package are approximately \$3.25 per mile, one way. Typically, the building contractor installs and charges for the equipment installation. The sales taxes will vary by location. If you choose to lease your equipment, your negotiated lease terms will determine your monthly cost, which is undeterminable by Sonic at this time.

¹⁰ The amounts for a point-of-sale system include the cost to purchase the recommended system for a Sonic Drive-In with 20 to 36 stalls and a drive-thru lane, and the required Pay-at-Your-Stall ("PAYS") credit card technology platform with specific applicable hardware and software platforms at an average cost of \$800 per stall. The amounts for shipping, installation and sales taxes vary by location and are not included.

¹¹ The amounts for a Sonic sign purchased from an approved source varies with the size and type of sign selected. You may select "enter" and "exit" signs, a "breakfast" sign, a "drive-thru" sign if required, an optional

building or tower sign, and your large Sonic sign from a group of standard signs containing eight different sizes and varying heights (the "sign package"). Amounts needed for welding, permits, engineering and foundation work may increase your cost to that listed in the high range. You may lease the sign package from SISI at rental rates ranging from approximately \$150 to \$790 (plus applicable sales tax) per month which include shipping and installation for a 10-year lease term (Exhibit D). See "Item 10, Financing," below.

¹² You may purchase an electronic message center reader board, which is typically installed adjacent to your large Sonic sign. The amounts for shipping and sales taxes vary by location and are not included.

Your estimated initial investment table above contains estimates that Sonic believes you should expect to pay to build, equip and open a Sonic Drive-In, with 20 to 36 stalls and a drive-thru lane. Except for the franchise fee and the security deposits (see Notes 1 and 5), you will not have the right to receive a refund of any of the amounts set forth above. Except for the franchise fee, you will make all payments to the applicable supplier or vendor on terms negotiated with each supplier or vendor. Sonic does not provide financing for any of the items shown on the table, except that you may lease the Sonic sign from SISI.

Sonic has compiled the estimated initial investment information based on data obtained from its franchisees, its Company-owned Drive-Ins, and its experience in the drive-in restaurant business. You should review the information carefully with a business advisor before making any decision to purchase a Sonic franchise. The numbers listed assume the purchase of the land, building, equipment, point-of-sale system, menu housings, PAYS and the Sonic signs. Many of the costs listed may be financed or leased, but such costs cannot be estimated due to many variables, such as interest rates, down payments, lease terms and end purchase options. You should discuss these financial methods with your business advisor.

ITEM 8 - RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Sonic has the right to require you to: (a) purchase food, beverages, signs and equipment which meet Sonic's specifications, (b) purchase products from designated suppliers and distribution centers (which may include Sonic or its affiliates), and (c) hire and use exclusively the Sonic-approved advertising agency of record for your marketing and advertising services.

Signage

You may either lease a large Sonic sign and directional signs from SISI or purchase such signs from approved suppliers. If you wish to have Sonic approve a supplier for your sign, you must submit a written request for approval and provide the proposed supplier's name, address, telephone number and contact person. Sonic will conduct an investigation of the proposed supplier, including (without limitation) an investigation of the supplier's financial condition and capabilities and experience with regard to the manufacture, sale and installation of large signs. When we complete that investigation, we will notify you of our approval or disapproval of the proposed supplier.

As stated above, SISI leases Sonic signs meeting Sonic's specifications and derives revenues from those leases. According to SISI's Consolidated Income Statement for fiscal year ended August 31, 2010, SISI received approximately \$275,000 from the leasing of signs to Sonic's franchisees, which represents approximately 0.14% of SISI's total revenues of approximately \$195,466,000.

Items You Are Required to Purchase from Sonic's Designated Suppliers and Distributors

You are required to use exclusively the marketing and advertising services of the Sonic-approved advertising agency of record. You must also use your votes in all advertising cooperatives in which you are a member to support the advertising agency designated by Sonic.

You must purchase food, printed paper products, uniforms, Wacky Pack® Kids' Meal promotional items, the point-of-sale system, PAYS, menu and speaker housings and menus from Sonic-approved suppliers (which may

include Sonic or its affiliates) so that we provide a uniform method of operation and consistent product quality throughout the Sonic system. Approved distributors are designated for the geographical area of your Sonic Drive-In.

Sonic periodically solicits bids from food and paper manufacturers for the production and sale of products that you will use in your Sonic Drive-In. After negotiating price terms for those food and paper products for the benefit of the Sonic Drive-In chain, Sonic arranges for the products' distribution to your Sonic Drive-In at an agreed upon delivery fee. You must purchase all your food and paper products from the approved distributors designated for your area (which approved distributors may include Sonic or its affiliates). Sonic may periodically submit the approved advertising agency or beverage syrup supplier to competitive bid or review, but not more often than once every three years.

Sonic approves its suppliers on the basis of the quality and price of the goods produced, the service commitment to Sonic's approved distributors, and the supplier's production capabilities and facilities' cleanliness. Sonic currently has no formal procedure, time period, or written criteria for new supplier approval and does not charge any fee to secure an approval.

Items You Must Purchase in Accordance with Sonic's Specifications

Sonic formulates and modifies product specifications and standards by reviewing each product on an individual basis. Sonic generally formulates specifications and standards based on quality, cooking times, yields, ease of preparation and similar factors. Sonic periodically reviews each product and respective manufacturer to make sure that the manufacturer is following our product specifications.

Sonic issues its specifications and standards to its approved suppliers and manufacturers, rather than to its franchisees.

Sonic has the right to require you to purchase (or lease) and install kitchen fixtures, equipment, lighting, a point-of-sale system and the required Pay-at Your-Stall ("PAYS") credit card technology platform, office equipment and signs in accordance with the equipment specifications and layout approved by Sonic and from Sonic-approved suppliers.

You must maintain statutory workers' compensation insurance and employers' liability insurance having a minimum limit of liability of the greater of \$500,000 or the minimum amount required by state law. You must also maintain automobile liability insurance having a \$1,000,000 minimum limit; commercial general liability insurance, including bodily injury, property damage, products, personal and advertising injury coverage on an occurrence policy form having a minimum per occurrence and general aggregate limits of at least \$1,000,000 for your Sonic Drive-In; excess (umbrella) liability insurance having a \$1,000,000 minimum limit per occurrence/general aggregate for your Sonic Drive-In; and business income interruption insurance with an endorsement providing for reimbursement for a minimum of 12 months to Sonic, any Sonic-administered fund, and the advertising cooperative of which you are a member for payments of royalty fees, brand fees and advertising expenditures stemming from an event causing closure of your Sonic Drive-In for 48 hours or more. Sonic has the right to require you to increase the insurance specified above by giving you 60 days' written notice, in which case you must comply no later than the first policy renewal date after that 60-day period. You also must name Sonic and its affiliates as additional insureds and loss payees under the required insurance policies.

Additional Information Regarding Your Required Purchases

All your required purchases (which are items you must purchase or lease from approved suppliers and distributors or in accordance with Sonic established specifications) ("Required Purchases") will represent approximately 19% to 29% of your total estimated initial investment (see Item 7) and approximately 31% to 47% of your total annual operating expenses.

If you fail to follow and support the Sonic system, including its approved distributor and supplier programs, Sonic may refuse to grant additional franchises or other benefits to you and may terminate your License Agreement.

During the fiscal year ended August 31, 2010, SISI received \$44,702,000 from various suppliers and distributors to the Sonic Drive-In chain. These funds were distributed as follows:

<u>\$14,151,000</u>	Sonic Brand Fund
<u>6,328,000</u>	Sonic Technology Fund
<u>20,351,000</u>	System Marketing Fund
<u>799,000</u>	various distributors for system product cost management
<u>3,073,000</u>	reimbursement of SISI's cost to sponsor the annual franchisee convention

Sonic will continue to distribute supplier contributions received as mentioned above. Supplier contributions to the Sonic Brand Fund, the System Marketing Fund and the Sonic Technology Fund are primarily based on a percentage of the supplier's sales to the Sonic Drive-In chain. System product cost management amounts are primarily flat amounts tied to the volume of certain products sold. Contributions for the annual Sonic franchisee convention are primarily flat amounts determined by SISI and the supplier. During the fiscal year ended August 31, 2010, advertising cooperatives in which Company-owned Drive-Ins have controlling voting power received approximately \$557,000 from various suppliers to all the Sonic Drive-Ins participating in those cooperatives.

Sonic retains the exclusive right to consider, review and approve any and all suppliers and distributors which may hold, sell or distribute Sonic-labeled goods or products.

Except as disclosed above, neither Sonic nor any person affiliated with Sonic derives any revenue from the Required Purchases. With the exception of the foregoing requirements, and subject to Sonic's right to designate itself or its affiliates as suppliers, you will not have to purchase or lease from Sonic or any designated source any other goods, services, supplies, fixtures, equipment, signs, inventory or real estate relating to your Sonic Drive-in's establishment or operation.

ITEM 9 - FRANCHISEE'S OBLIGATIONS

License Agreement

THE FOLLOWING TABLE LISTS YOUR PRINCIPAL OBUGATIONS UNDER THE LICENSE AGREEMENT. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THAT AGREEMENT AND IN OTHER ITEMS OF THIS DISCLOSURE DOCUMENT.

Obligation	Sections In License Agreement	Items in this disclosure document
a. Site Selection and Acquisition or Lease	2.01, 6.01 and 6.03	11
b. Pre-Opening Purchases or Leases	None	7
c. Site Development and Other Pre-Opening Requirements	6.02 and 6.03	7
d. Initial and Ongoing Training	6.04	7 and 11
e. Opening	3.02	11
f. Fees	5 and 11	5 and 6
g. Compliance with Standards, Policies and the Sonic Operations Manual	6.05, 6.09, 8 and 9	11
h. Trademarks and Proprietary Information	7 and 9	13 and 14
i. Restrictions on Products and Services Offered	6.06	8 and 16
j. Warranty and Customer Service Requirements	6.05	17
k. Territorial Development and Sales Quotas	2.02	12

Obligation	Sections in License Agreement	Items in this disclosure document
l. Ongoing Product and Service Purchases	6.06	8
m. Maintenance, Appearance and Remodeling Requirements	6.02 and 6.05	17
n. Insurance	12	7 and 8
o. Advertising	5.03 and 11	6, 7, 8 and 11
p. Indemnification	17.01 and 17.03	13 and 14
q. Owner's Participation, Management and Staffing	6.07, 6.08 and 6.10	15
r. Records and Reports	10	6
s. Inspections and Audits	10.05, 10.06 and 10.07	6
t. Transfers	5.04, 13 and 22	6 and 17
u. Renewals	3.03	6 and 17
v. Post-Termination Obligations	15	17
w. Non-Competition Covenants	16	17
x. Dispute Resolution	14.03	17
y. General Release and Covenant Not to Sue	27	17

Development Agreement

THE FOLLOWING TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE DEVELOPMENT AGREEMENT. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THAT AGREEMENT AND IN OTHER ITEMS OF THIS DISCLOSURE DOCUMENT.

Obligation	Sections in Development Agreement	Items in this disclosure document
Site Selection and Acquisition or Lease	6 and 7	11
Pre-Licensing	7	11
Pre-Opening	9	11
Trademarks and Proprietary Information	8 and 10	13 and 14
Restrictions on Products and Services Offered	10	8
Territorial Development and Sales Quotas	1	12
Ongoing Product and Service Purchases	10	8
Transfers	14	17
Renewals	3	17

ITEM 10 - FINANCING

SISI will lease a Sonic sign package to you at rental rates ranging from approximately \$150 per month for a single monument type sign to \$790 per month for a large Sonic sign package for a 10-year lease term. Monthly rental payments, plus tax, are due in advance on the 1st day of each month (Exhibit D). Monthly rental payments are non-refundable and are not prorated. SISI will pay for the shipping and installation of the Sonic sign. We do not install the Sonic sign, but can arrange for its installation. You will be responsible for the maintenance, repair, insurance and taxes on the Sonic sign package during the lease term. If you default, SISI may repossess the Sonic sign package, and you will be liable to pay attorneys' fees incurred in collecting any debt.

In the past Sonic has accepted promissory notes from its franchisees for past due amounts owed to Sonic and its affiliates, and Sonic may continue that practice on a case-by-case basis.

Except as described above, Sonic does not offer financing to new franchisees that requires you to waive notice, confess judgment or waive a defense against Sonic or its assignees.

Except as described above, Sonic does not offer, directly or indirectly, any financing arrangements to new franchisees. Sonic does not have any past or present practice or intent to sell, assign or discount any note, contract or other instrument executed by its franchisees. Sonic does not receive any direct or indirect payments for placing or arranging any financing for its franchisees.

ITEM 11 - FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, Sonic is not required to provide you with any assistance.

Obligations Prior to Opening

Sonic is obligated to perform the following services for you prior to your Sonic Drive-in's opening.

(1) Sonic will evaluate your site selection using Sonic's established criteria and will accept or reject your site selection on that basis. (Section 2.05 of the License Agreement and Sections 6 and 9(a) of the Development Agreement.) This site-approval process is not a guarantee of the ultimate success of your Sonic Drive-In. It typically takes Sonic 30 to 60 days to approve a site.

(2) Sonic will provide you with its standard construction plans and specifications for the Sonic Drive-In building, equipment layout and signs, and (if requested) provide advice and consultation regarding the initiation of your business. (Section 4.01 of the License Agreement and Section 9(b) of the Development Agreement.)

(3) Upon your request, Sonic will review your site plan and final construction plans for conformity with Sonic's building specifications and standards. (Section 9(c) of the Development Agreement.)

(4) Sonic will provide you access to a *Sonic Operations Manual* containing the standards, specifications, procedures and methods for operating a Sonic Drive-In. (Section 4.02 of the License Agreement.) You may be required to sign a Confidentiality Agreement in the form attached hereto as Exhibit E before you receive access to the *Sonic Operations Manual*.

(5) Sonic will provide a training drive-in to complete the on-the-job training described in the Stage Career Development Program. (Section 6.04 of the License Agreement and Section 9(d) of the Development Agreement.)

Sonic has no obligation to locate a site for your Sonic Drive-In or negotiate the purchase or lease of the site. Sonic generally does not own and lease sites for new Sonic Drive-Ins to its franchisees. Sonic does not select the site for your Sonic Drive-In or approve an area within which you may select a site for your Sonic Drive-In. You have the responsibility for selecting the site for your Sonic Drive-In. However, Sonic's written site approval is required. In considering whether to approve a site, Sonic considers demographic evaluations, traffic patterns, physical site profile, viable competition in the market area and other factors. Neither Sonic's approval of the site nor any information communicated to you regarding Sonic's standard site selection criteria for Sonic Drive-Ins will constitute a warranty or representation of any kind as to the suitability of the site for a Sonic Drive-In. Sonic's approval of the proposed site merely signifies that we are willing to grant a franchise for a Sonic Drive-In at the site. You may not relocate your Sonic Drive-In without first obtaining Sonic's written consent, which will not be unreasonably withheld.

You will have 12 months after your License Agreement date to construct your Sonic Drive-In and open it to the public. If we cannot agree on a site within six months after your License Agreement date, the License Agreement will terminate, and you will receive a refund of your franchise fee less \$15,000.

Sonic is not obligated to assist you in conforming your Sonic Drive-in's development to local ordinances and building codes or obtaining any required permits (i.e., health, sanitation, construction, utility or sign permits). Sonic does not review local ordinances, building codes or other similar development requirements for your Sonic

Drive-In and has no obligation to do so. Sonic is not obligated to construct, remodel or decorate your Sonic Drive-In; to purchase or lease equipment, signs, fixtures, opening inventory or supplies for your Sonic Drive-In; or hire and train your employees.

SISI may lease the large Sonic sign to you and arrange for its installation. Sonic does not sell or install signs, equipment or fixtures for your Sonic Drive-In. Sonic does not provide the opening inventory or supplies for your Sonic Drive-In.

Sonic will provide you with an approved suppliers and distributors list for the equipment, menu housings, menu boards, ordering systems, food and paper inventory and supplies for your Sonic Drive-In. Sonic does not provide the written specifications and standards for those items to you but, instead, provides those specifications and standards to its approved suppliers and distributors. See "Item 8, Restrictions on Sources of Products and Services," above.

Length of Time to Open

The time between the signing of a License Agreement and the opening of the Sonic Drive-In is approximately 90 days. The length of time between the signing of a Development Agreement and the first Sonic Drive-In opening is approximately 11 months. In most instances, it takes less than three months to construct the building and install the equipment. Factors that may affect these time periods include finding a suitable building site, financing arrangements, obtaining required zoning and building permits, the weather that prevails during construction and labor and materials availability.

Obligations after Opening

General. Sonic is obligated to perform the following services during your Sonic Drive-in's operation.

(1) Sonic will provide you with marketing and advertising materials and merchandising, marketing and advertising research data and advice it may develop and deems helpful in your Sonic Drive-in's operation. You will share in funding the production of marketing and advertising materials through the brand fees paid to the Sonic Brand Fund. (Section 5.03 of the License Agreement.)

(2) Sonic will provide you with management development training sessions and seminars, periodic newsletters which will communicate recommendations, new developments and new techniques in every phase of your Sonic Drive-In operation and access to any other resources and assistance that Sonic may develop and offer from time to time. (Section 4.04 of the License Agreement and Sections 9(e), (f) and (g) of the Development Agreement.)

(3) Sonic will conduct an operational assessment of your Sonic Drive-In for Sonic's and your mutual benefit. Sonic may evaluate the Sonic Drive-In by, but not limited to, the appearance of the building and grounds, the general appearance of the interior, whether the equipment is clean and in good repair, the appearance and service of each employee (including the manager), the food quality and quantity, the proper drinks mix and compliance with Sonic's requirements and federal regulations involving public health, food safety and employee/guest safety. (Section 4.05 of the License Agreement.)

Except as specifically set forth above, Sonic does not have any obligation to provide you with assistance regarding: (1) the products or services your Sonic Drive-In offers to your customers; (2) hiring or training your employees; (3) your business's improvement or development; (4) pricing; (5) marketing; (6) administrative, bookkeeping, accounting or inventory control procedures; or (7) operating problems you may encounter.

Advertising Program. Sonic disseminates local, regional and national advertising for Sonic Drive-Ins through television, radio, print and other media. Sonic makes print creative available to each Sonic Drive-In for its local store marketing programs. Sonic disseminates its radio and television advertising to the advertising

cooperatives which generally cover geographic regions known as "Designated Market Areas," as defined by A.C. Nielsen Company from time to time ("DMA"). Sonic's in-house advertising department works closely with the national advertising agency to produce the print, radio and television advertising for the Sonic Drive-In chain.

You may use your own advertising materials after you have submitted an advertising sample to Sonic and obtained Sonic's written approval. If Sonic does not provide you with written disapproval within 15 days after we receive your advertising sample, Sonic has approved the advertising. However, Sonic reserves the right to require you to discontinue, change or replace any approved advertising material after a reasonable period of time.

Franchise Advisory Council. Sonic has established a Franchise Advisory Council which provides advice and counsel to Sonic on important issues impacting the business, such as marketing and promotions, operations, purchasing, building design, human resources, technology and new products. The Franchise Advisory Council currently consists of 22 members selected by Sonic. We have seven executive committee members who are selected at large and 13 regional members representing four defined regions of the country. We have four Franchise Advisory Council task groups comprised of approximately 65 members who serve three-year terms and lend support on individual key priorities.

Advertising Cooperatives. Generally, each DMA has an advertising cooperative for that area, and the members include all Sonic franchisees who have a Sonic Drive-In located in that DMA. If your Sonic Drive-In is located in a DMA that does not have an approved advertising cooperative, you must promptly form one. If an approved advertising cooperative already exists in the DMA, you must join the advertising cooperative or another Sonic-designated advertising cooperative. As a member, you must contribute certain amounts to your advertising cooperative. You must contribute an amount set by the cooperative, but at least 3.25% of your Sonic Drive-in's Gross Sales. From your cooperative contribution, 2.0% of your Sonic Drive-in's Gross Sales will be redistributed to the System Marketing Fund. The members of each advertising cooperative have responsibility for the cooperative's administration, and each member (whether a Franchised Drive-In or a Company-owned Drive-In) has one vote for each Sonic Drive-In located in the DMA. In order to become an approved advertising cooperative, the members must adopt and operate in accordance with Sonic-approved written bylaws. Upon your request, Sonic will furnish you with the advertising cooperative's bylaws for your proposed Sonic Drive-In. Sonic does not require its advertising cooperatives to prepare annual or periodic financial statements or to submit annual or periodic financial statements to Sonic. Therefore, Sonic cannot make them available to you for review. Under the License Agreement's terms, Sonic has the power to require the formation of advertising cooperatives. As part of its right to approve each advertising cooperative, Sonic has the power and reserves the right to change, dissolve or merge an advertising cooperative.

If your Sonic Drive-In is located in a DMA that Sonic has designated a Developing Market, you will be required to contribute 5.0% of your Sonic Drive-in's Gross Sales to the local advertising cooperative, 2.0% of which will be redistributed to the System Marketing Fund. Company-owned Drive-Ins contribute to the advertising cooperative at the same rate as Franchise Drive-Ins.

Sonic Brand Fund and System Marketing Fund. Under the License Agreement, you and all other Sonic franchisees must contribute to the Sonic Brand Fund administered by Sonic. In some instances, certain suppliers provide funds to the Sonic Brand Fund. Company-owned Drive-Ins also contribute to the Sonic Brand Fund on the same basis as all Franchise Drive-Ins. Section 5.03(a) of the License Agreement requires you to contribute 0.90% of the monthly Gross Sales of your Sonic Drive-In to the Sonic Brand Fund. See "Item 6, Other Fees," above. Sonic franchisees operating pursuant to older license agreement forms contribute from .375% to .75% of their monthly Gross Sales to the Sonic Brand Fund.

During the fiscal year ended August 31, 2010, funds from the Sonic Brand Fund were spent as follows:

Item	Percent
Production	59
Administrative Expenses	9
Mystery Shop	3
Quality Assurance	4
Marketing Research	12
Sonic Games	3
Hispanic Marketing Initiatives	1
Good Answer and Customer Relations	7
Meeting Expenses	1
Other	1
TOTAL	100

The amount set forth above for "Other" includes funds spent for community relations and gift cards.

Since September 2009 and as of August, 31, 2010, SISI loaned the total amount of \$4,200,000 to the Sonic Brand Fund for its payment of expenses. As of August 31, 2010, the balance of the unpaid portion of the loans was \$2,200,000. SISI holds an unsecured note with Sonic Brand Fund for the balance which earns interest based on the London interbank offered rate (LIBOR) plus 155 basis points. SISI may make similar loans to the Sonic Brand Fund in the ordinary course of business.

The System Marketing Fund complements local advertising efforts in attracting customers to Sonic Drive-Ins by promoting and targeting the message of the Sonic brand to an expanded audience. The System Marketing Fund focuses on purchasing advertising on national cable and broadcast networks and other national or local media, sponsorship and brand enhancement opportunities. Two percent of your Sonic Drive-in's Gross Sales will be redistributed from your advertising cooperative contribution to the System Marketing Fund. The System Marketing Fund is administered by Sonic.

During the fiscal year ended August 31, 2010, the System Marketing Fund spent its funds for the following purposes:

Item	Percent
Television Advertising	71
Internet Advertising	12
Radio Advertising	2
Print Advertising	3
Promotions	11
TOTAL	100

Neither Sonic nor any Sonic affiliate receives any payment for providing goods or services to the Sonic Brand Fund or System Marketing Fund, other than Sonic does receive reimbursement for its actual administrative costs and overhead which Sonic incurs in connection with the administration and direction of the Sonic Brand Fund and Sonic's advertising programs for its franchisees. Those activities include (without limitation) conducting market research, preparing marketing and advertising materials, and collecting and accounting for assessments for the Sonic Brand Fund. Under the License Agreement, Sonic cannot receive reimbursement that exceeds 15% of the Sonic Brand Fund's receipts during any calendar month.

Sonic has no obligation to spend any specific amount on advertising from the Sonic Brand Fund or System Marketing Fund in your Sonic Drive-in's area. Section 11.01(g) of the License Agreement provides that Sonic will use the Sonic Brand Fund to meet any and all costs to maintain, administer, direct and prepare advertising and other

promotional programs as well as any other purpose that promotes, enhances or protects the Sonic system. Those costs include expenses of print, radio and television campaigns; other public relations activities; employing advertising agencies; conducting promotional tests and providing promotional brochures and other marketing materials to Sonic's franchisees.

If Sonic does not spend all of the Sonic Brand Fund or System Marketing Fund fees in the fiscal year in which the funds accrued, Sonic will carry the funds over to the next fiscal year. Sonic does not provide any periodic accounting of the expenditure of funds by the Sonic Brand Fund or the System Marketing Fund. However, Sonic does have the financial statements of the Sonic Brand Fund and the System Marketing Fund audited on an annual basis for each fiscal year ending on August 31 and will make the most current audited financial statements of the Sonic Brand Fund and System Marketing Fund available to you upon your written request.

Sonic does not use any of the funds of the Sonic Brand Fund or the System Marketing Fund for the advertisement or solicitation for sale of Sonic franchises.

Also, see "Item 6, Other Fees," "Item 8, Restrictions on Sources of Products and Services," and "Item 9, Franchisee's Obligations," above.

Sonic Technology Fund. The Sonic Technology Fund facilitates the ongoing investment in standardized services and support related to certain aspects of the Sonic Drive-In technology. Vendor contributions support the Sonic Technology Fund and, in turn, vendors benefit through better information on product-specific sales volumes. The increased information on inventory movement allows our vendor-partners an opportunity to provide a greater efficiency level in their own inventory management processes. Sonic's franchisees contribute to this process by supplying daily, detailed transactional sales and product information about their Sonic Drive-Ins. Participating locations are also eligible for no-fee-based services which include Sonic PartnerNet (franchise web portal), Sonic Television (branded television feed), E-mail, E-learning and high-speed credit card processing. Vendor contributions are aggregated in the Sonic Technology Fund and are used as community technology service and support costs are incurred. The services and payments related to these services are directed by the Franchise Advisory Council – Executive Committee and managed by Sonic's technology staff.

Computer Systems. Sonic requires that you use only pre-approved point-of-sale providers for the computer systems in your Sonic Drive-In. Sonic also reserves the right to require future changes to the specific software, hardware and computer equipment. You are required to install and maintain the PAYS credit card technology platform with specific applicable hardware and software platforms at an average cost of \$800 per stall (see Item 7). Sonic has the right to require that you use certain software to generate sales and other transactional information in the form Sonic requires.

TRAINING PROGRAM
(Stage Career Development Program)

Subject	Hours of Classroom Training	Hours of On-the-job Training	Location
Management Training in Crew Positions		Approximately 200	A Sonic-selected technical training drive-in. Sonic's technical training drive-ins are at various locations throughout the U.S.
Management/Stage Training		Approximately 200	A Sonic-selected technical training drive-in. Sonic's technical training drive-ins are at various locations throughout the U.S.
Management (Itemized below)	5 days Sonic Management		Conducted monthly at Sonic's corporate office in Oklahoma City,

Subject	Hours of Classroom Training	Hours of On-the-job Training	Location
	Seminar		Okia.
Energy Bus	2.0		
Communication Principles	1.5		
Time Management	1.5		
Food Safety & Sanitation/ ServSafe®	8.0		
Quality Assurance/Equipment	4.0		
Cost Control	2.5		
Financial Case Study	1.0		
Interviewing Skills, Recruiting & Retention	2.5		
Star Crew/E-Learning/PartnerNet	2.0		
Employee Motivation	2.0		
Guest Service	2.0		
Managing Performance/Escape from Management Land	2.0		
Supervisory Skills	2.0		
Risk Management	3.0		
Employee Compliance	1.0		
Local Store Marketing	1.5		
Guest Speakers: CEO of Sonic Corp., President of Sonic Corp. and Vice President of Training, as available	2.0		
Practice Management		Approximately 150 hours	New Sonic Drive-In openings at various locations throughout the U.S.

Manager Training. At least one individual working full time at your Sonic Drive-In (usually the operator/manager) must attend and successfully complete the Stage Career Development Program prior to your Sonic Drive-In's opening. Sonic strongly recommends that both your manager and one other individual complete the Stage Career Development Program prior to your Sonic Drive-in's opening. You should plan to begin your operator's training five to six months before your scheduled Sonic Drive-In opening to allow adequate time to train your operator and to hire and train assistant managers and crew. In order to successfully complete the required Sonic Management Seminar classroom training, the trainee must satisfactorily pass 18 of the 20 course objectives. Course objectives are passed through tests, in-class work and homework assignments. All Sonic managers are required to have successfully completed the Sonic Management Seminar classroom training within six months of being placed in a manager position in any drive-in.

All Sonic Drive-In management personnel are required to be ServSafe® certified and also certified in the Sonic Food Safety Audit Certification/Refresher E-Learning Course. ServSafe® training and certification are available through Sonic's Stage Career Development Program or from a variety of your local organizations and colleges for a minimal charge. Sonic Safe and the Sonic Food Safety Audit Certification/Refresher E-Learning courses are available to all Sonic Drive-Ins at no cost through Sonic PartnerNet. Sonic also recommends that your operators who complete the Sonic Management Seminar also complete the Train the Trainer program, a three-day class offered at various Sonic Drive-In locations and taught by the New Franchise Training Team or the Field Training Consultants. Sonic may charge an administrative fee for the Train the Trainer program to cover the costs of participant materials and books. You will be responsible for your attendees' salaries and expenses.

Training Materials. The following tables list the tables of contents of the two training materials used in the Sonic Management Seminar and the total number of pages devoted to each subject listed in the table of contents as of the date of this disclosure document.

**Sonic Operations Manual
Table of Contents**

Topic	Pages
Food Prep	14
Grill	27
Front Swamp	31
Back Swamp	21
Dresser	39
Ice Cream	24
Fountain	45
Expeditor	3
Switchboard	5
Carhop	12
Drive-thru	11
Quality Assurance	51
Equipment	87
Management Standards	4
TOTAL PAGES	374

**Sonic Star Guides - Crew Training
Table of Contents**

Topic	Pages
Food Prep	35
Grill	47
Dresser	43
Front Swamp	39
Back Swamp	35
Fountain and Frozen	55
Switchboard	31
Expeditor	31
Carhop	35
Skating Carhop	27
Drive-thru	35
Manager's Guide	11
TOTAL PAGES	424

All Sonic Management Seminar training sessions are taught by SISI's Field Training Consultants, Regional Training Consultants or Vice President of Training, who are cross-trained to teach each subject. The instructor for each training session varies from time to time. The five-day Sonic Management Seminar classroom training generally occurs monthly at Sonic's training facility at its corporate headquarters in Oklahoma City, Oklahoma and runs Monday through Friday from 8:00 a.m. to approximately 6:00 p.m. The instructional materials used for the classroom training primarily are the *Sonic Operations Manual* and the *Sonic Star Guides*, augmented by various handouts and videos. The classroom training includes video presentations, as well as lectures, group study, role playing and class discussions that relate to all aspects of the Sonic Drive-In operation and management.

Sonic selects the locations and certified SISI trainer for the on-the-job and field training classes, and they may vary from time to time. The on-the-job training focuses on the crew position and how to train the crew, food

safety and management functions and administrative tasks. Sonic selects training drive-ins based upon operational and training criteria. In order to successfully complete the on-the-job training, the trainee must satisfactorily complete all designated manager and practice management training program sections as they are scheduled.

Sonic's training program instructors are listed below.

Alicia Gomez has been a Regional Training Consultant for SISI since October 2004. Ms. Gomez has an associate's degree in horticulture and a bachelor's degree in Spanish. She is also a certified Curriculum Developer. Ms. Gomez worked as the Assistant Director of Urban Harvest in Oklahoma City, Oklahoma, from 2000 to 2003 and has been a bilingual adjunct instructor of horticulture with OSU/OKC in Oklahoma City, Oklahoma since 2000. Prior to her work with OSU/OKC, she owned and operated a casual dining restaurant in Shawnee, Oklahoma, and has more than 20 years' experience in the restaurant industry.

Janna Nichol began with SISI as a Regional Training Consultant in March 2005 and holds a bachelor of science degree in dietetics. Prior to joining SISI, she was the Area Supervisor for Child Nutrition for the Oklahoma City Public Schools from 1998 to 2004.

John Calamaio has been a Regional Training Consultant for SISI since February 2006 and holds a bachelor of science degree in organizational leadership. He received his Senior Professional Human Resources Certification in July 2008. Mr. Calamaio has more than 20 years' experience in the merchandising and service industry. Prior to joining SISI, Mr. Calamaio managed Hemispheres in Oklahoma City, Oklahoma and was with Target Corporation from 1984 to 2004.

Jerry Legg joined SISI in September 2006 as a Regional Training Consultant and holds a BBA degree in business management. From 1991 until joining SISI, he was a Global Services Manager for West Business Services in Oklahoma City, Oklahoma.

Sonic does not charge any fee for the principal franchisee and one individual to attend the Sonic Management Seminar. Your franchise fee covers that cost. Any additional individuals attending the Sonic Management Seminar must pay the \$400 per person tuition for the five-day classroom training. Sonic does not charge tuition for the on-the-job training. However, you must pay your manager's salary, plus the travel and living expenses for all persons who attend the Sonic Management Seminar and the on-the-job training.

On-Site Crew Training. Sonic requires that you have an A-Team, which is an SISI's new store certified training team, participate in the pre-opening and opening of your first three Sonic Drive-Ins. The A-Team includes an A-Team Coordinator and 10 to 14 members depending upon your new employees' skill level. All members are working employees from an operating Sonic Drive-In that have been certified in their respective positions. The A-Team's primary responsibility is to train your employees to properly operate your Sonic Drive-In, including the preparation of our products and ways of doing business with our customers. You will be responsible for the salaries, meals, travel and lodging expenses of the A-Team members for the time period that they work at your Sonic Drive-In, which is usually three days before opening and a minimum of seven days after opening for a total of up to two weeks. The estimated costs for the A-Team are included in "Item 7 - Your Estimated Initial Investment," and range from \$30,700 to \$68,000 per new Sonic Drive-In opening.

Sonic also provides electronic tools for your crew training through E-Learning available on our intranet site "PartnerNet" at no cost to you.

From time to time, Sonic may offer seminars at varying costs to you on selected Sonic Drive-In operation aspects, such as personnel selection and training, food cost control, management skills and advertising/marketing. You must pay the attendance expense for those elective conferences held periodically at Sonic's corporate headquarters or at selected locations throughout Sonic's market area.

Food Safety and Quality Assurance. Sonic's food safety and quality assurance program promotes the quality and safety of all products and procedures utilized by all Sonic Drive-Ins. The food safety program provides certain requirements that must be adhered to by all suppliers, distributors and Sonic Drive-Ins. Sonic also has a comprehensive, restaurant-based food safety program called Sonic Safe that is a risk-based system utilizing Hazard Analysis & Critical Control Points (HACCP) principles for managing food safety and quality. Sonic's food safety program includes employee training, supplier product inspections and testing, drive-in food safety auditing by independent third parties and other detailed components that monitor the safety and quality of Sonic's products and procedures at every stage of the food preparation and production cycle. All Sonic Drive-In employees are required to be trained in food safety in their first stage of training, utilizing an internal training program referred to as the Star Training Program. This program includes specific training on food safety information and requirements for every station in the drive-in. We also require all your Sonic Drive-in's managers, assistant managers and other persons in charge to pass the Star Training Program, which includes Sonic Safe, and to have and maintain a current ServSafe® certification prior to opening your Sonic Drive-In. ServSafe® is a national food safety training program and is the most recognized certification program in the restaurant industry.

ITEM 12 - TERRITORY

General

Pursuant to the License Agreement, Sonic will grant you the right to operate a Sonic Drive-In either at a specific location or at a location within a specified area subject to Sonic's approval of the specific location within six months after the License Agreement date. Pursuant to the License Agreement, Sonic will not own or operate a Sonic Drive-In and will not franchise any other person to own or operate a Sonic Drive-In (other than a Sonic Drive-In licensed prior to the your License Agreement date) within the "Protected Area" which is defined in your License Agreement as:

(1) an area defined by a radius extending one and one-half miles from the Sonic Drive-in's front door if located within a city, town or Metropolitan or Micropolitan Statistical Area ("MSA") having a population of 75,000 or more,

(2) an area defined by a radius extending two miles from the Sonic Drive-in's front door if located within a city, town or MSA having a population of less than 75,000 but more than 25,000,

(3) an area defined by a radius extending three miles from the Sonic Drive-in's front door if located within a city, town or MSA having a population of 25,000 or less, or

(4) an area defined by a radius extending three miles from the Sonic Drive-in's front door if located outside a city, town or MSA.

Limitation of Applicable Radius and Determination of Population

The foregoing radius will not extend into the contractually granted Protected Area of any Sonic Drive-In in existence as of your License Agreement date and will not extend into the exclusive area of any Sonic developer under an existing Development Agreement. Therefore, your Protected Area will not necessarily be a circle, and may be an odd shape. You are not guaranteed a full circle as a Protected Area, and another Sonic Drive-In may be located immediately outside your Protected Area. Sonic, at its discretion, will determine the population of an MSA according to the latest published federal census (or other data selected by us) and may reduce your Protected Area accordingly.

Relocation of Sonic Drive-In

Sonic generally will approve a Sonic Drive-in's relocation within the Protected Area under the same conditions which it would approve any new site. In considering whether to approve a site, Sonic considers

demographic evaluations, traffic patterns, physical site profile, viable competition in the market area and other factors.

If you relocate your Sonic Drive-In during your License Agreement's term with Sonic's written consent (which consent we may not withhold unreasonably), the License Agreement will continue to apply to the relocated Sonic Drive-In.

Non-traditional Development. We develop permanent or temporary food service locations other than the traditional Sonic Drive-Ins which will operate under one or more of Sonic's proprietary marks at locations featuring facilities other than free-standing buildings with canopies and accessible to the general public by motor vehicle (the "Non-traditional Restaurants"). Possible locations for Non-traditional Restaurants may include (without limitation) (a) government facilities; (b) universities and schools; (c) transportation facilities; (d) sports and entertainment venues; (e) theme parks; (f) food courts; (g) hotels and convention centers; (h) hospitals and nursing facilities; (i) public facilities; and (j) highway travel plazas and convenience stores.

Under the License Agreement, Sonic will grant you the right of first refusal to license and operate a Non-traditional Restaurant proposed for development within your Protected Area. If you choose to exercise your right of first refusal, you must sign Sonic's then-current form of license agreement for the Non-traditional Restaurant, and you must open the Non-traditional Restaurant within the time period specified in the license agreement (if specified) or within 12 months after the license agreement date (if not specified). If you elect not to exercise your right of first refusal, Sonic may own, operate or license another person to operate the Non-traditional Restaurant, but only if you give your written consent. If you do not give your written consent, Sonic will not own, operate or license any other person to own or operate the Non-traditional Restaurant in your Protected Area, except that Sonic may own, operate or license any other person to own or operate the Non-traditional Restaurant if it is located in (a) a transportation facility; (b) a sports and entertainment venue or (c) a governmental facility. If you elect to give your written consent, Sonic may own and operate the Non-traditional Restaurant or license another person to own and operate the Non-traditional Restaurant regardless of location within your Protected Area.

Acquisition of Competitive Restaurants. Sonic also retains the right to acquire the assets or controlling ownership interest of an existing non-Sonic restaurant within your Protected Area. If that happens, you will have the right of first refusal to acquire the restaurant at a price equal to Sonic's cost of acquiring the restaurant as long as you agree to convert the restaurant to a Sonic Drive-In or a Non-traditional Restaurant, as applicable. You must inform Sonic of your decision regarding the right of first refusal within 30 days after Sonic gives you written notice of Sonic's intention to acquire and convert the restaurant to a Sonic Drive-In or Non-traditional Restaurant. If you choose to exercise your right of first refusal, you must enter into Sonic's then-current license agreement form for a Sonic Drive-In or Non-traditional Restaurant and pay the required license fee. If you fail to convert the restaurant to a Sonic Drive-In or Non-traditional Restaurant pursuant to the terms of the applicable license agreement, then Sonic will have the right to repurchase the restaurant from you at the same purchase price. If you do not exercise your right of first refusal, Sonic will have the right to own, operate and/or license other persons to own or operate the restaurant or Sonic may sell or otherwise dispose of the restaurant to any person or entity under any terms or conditions Sonic deems appropriate. However, in no case will the restaurant be operated as a Sonic Drive-In or a Non-traditional Restaurant without your consent except as may be allowed as stated in the previous paragraph.

Other Provisions

The License Agreement does not prohibit Sonic from establishing other channels of distribution using Sonic's trademarks within your Sonic Drive-in's Protected Area. In addition, the License Agreement does not prohibit Sonic or its affiliates from establishing other franchises or other channels of distribution selling similar products under a different trademark within the Protected Area of your Sonic Drive-In. However, Sonic has no present intention of operating or licensing the operation of any other franchises selling similar products under a different trademark.

The License Agreement does not restrict you from soliciting sales or accepting orders outside your Sonic Drive-in's Protected Area, and you do not have to pay any additional fees or compensation with respect to sales made or orders accepted outside your Sonic Drive-in's Protected Area. However, the License Agreement does not allow you to establish or operate a web site for your Sonic Drive-in.

Under the License Agreement, you do not acquire any options, rights of first refusal, or similar rights to acquire additional Sonic Drive-Ins within your Sonic Drive-In's Protected Area or any contiguous territories, other than the right of first refusal to a Non-traditional Restaurant or competitive restaurant as described above.

The continuation of your Sonic Drive-in's Protected Area does not depend on the achievement of any specific sales volume or market penetration.

Development Agreement

Pursuant to the Development Agreement, a Sonic developer receives a defined exclusive area within which Sonic may not develop or license others to develop a Sonic Drive-In for the Development Agreement's term. Although Sonic grants the developer an exclusive area, Sonic retains the right to approve each of the sites proposed for development within the exclusive area. Sonic also has the right to approve the location for a Sonic Drive-In in an area contiguous to your exclusive area even though the protected radius of the Sonic Drive-In will extend into your exclusive area. In determining the geographical boundaries and development schedule for a specific area, Sonic considers demographic evaluations, traffic patterns, residential and commercial concentrations, physical geographic profiles, viable competition in the market area and other factors to establish the potential development opportunities for Sonic Drive-Ins in the prospective area and the viable time period identified for your development. Sonic also considers your financial and management capabilities to properly finance and manage multiple Sonic Drive-Ins' development.

The Development Agreement does not prohibit Sonic from establishing other channels of distribution using Sonic's trademarks within the exclusive area under a Development Agreement. In addition, the Development Agreement does not prohibit Sonic or its affiliates from establishing other franchises or other channels of distribution selling similar products under a different trademark within the exclusive area under a Development Agreement. However, Sonic has no present intention of operating or licensing the operation of other franchises selling similar products under a different trademark.

The continuation of the exclusive area for the term specified in the Development Agreement depends on the developer's compliance all other provisions of the Development Agreement and the terms of the License Agreements issued under the Development Agreement.

Non-traditional Development. Under the Development Agreement, Sonic also grants you the right of first refusal to license and operate any Non-traditional Restaurant proposed within the exclusive area. If you choose to exercise your right of first refusal, you must sign Sonic's then-current license agreement form for the Non-traditional Restaurant, and you must open the Non-traditional Restaurant within the time period specified in the license agreement (if specified) or within 12 months after the license agreement date (if not specified). If you elect not to exercise your right of first refusal, Sonic may own, operate or license another person to operate the Non-traditional Restaurant within your exclusive area. However, if the owner or operator of a location proposed for a Non-traditional Restaurant requires that it serve as the owner or operator of the Non-traditional Restaurant, Sonic will have the right to proceed with the licensing of the Non-traditional Restaurant to that owner or operator without first offering you the right of first refusal provided that such location does not violate the terms of any then-current license agreement.

Acquisition of Competitive Restaurants. Sonic also retains the right to acquire the assets or controlling ownership interest of an existing non-Sonic restaurant within your exclusive area. If that happens, you will have the right of first refusal to acquire the restaurant at a price equal to Sonic's cost of acquiring the restaurant as long as you agree to convert the acquired restaurant to a Sonic Drive-In or a Non-traditional Restaurant, as applicable. You

must inform Sonic of your decision regarding the right of first refusal within 30 days after Sonic gives you written notice of Sonic's intention to convert the restaurant to a Sonic Drive-In or Non-traditional Restaurant. If you choose to exercise your right of first refusal, you must enter into Sonic's then-current license agreement form and pay the required license fee. If you fail to convert the restaurant to a Sonic Drive-In or Non-traditional Restaurant pursuant to the terms of the applicable license agreement, then Sonic will have the right to repurchase the restaurant from you at the same purchase price. If you do not exercise your right of first refusal, Sonic will have the right to own, operate and/or license other persons to operate the restaurant in any manner which it deems appropriate, including (without limitation) as a Sonic Drive-In or Non-traditional Restaurant. Sonic will refund a portion of your Development Agreement fee if you do not exercise your right of first refusal to an acquired restaurant or a Non-traditional Restaurant and the acquired or Non-traditional Restaurant is opened within your exclusive area and you elect to have such restaurant count towards your Performance Schedule. If you choose to have an acquired restaurant or Non-traditional Restaurant count towards your Performance Schedule, it may result in the early expiration of your Development Rights to your exclusive area.

ITEM 13 - TRADEMARKS

Sonic's wholly owned subsidiary, ADIBP, owns the exclusive right to license the use of various trademarks, service marks, trade names, logotypes and other commercial symbols. You are prohibited from using any of these trademarks or trade names as part of the name of your corporation, partnership or other legal entity. The following tables list the principal trademarks and service marks of the Sonic system, all of which are registered on or filed with the principal register of the United States Patent and Trademark Office.

Trademark or Service Mark	Registration Number	Date	Type of Mark
America's Drive-In	2,558,947	4/9/02	Service Mark
Breakfast Toaster	2,550,137	3/19/02	Trademark
Ched'R'Bites	1,980,526	6/18/96	Trademark
Ched'R'Peppers	1,961,572	3/12/96	Trademark
Cinnasnacks	3,664,289	8/4/09	Trademark
Community First	2,933,234	3/15/05	Trademark
CreamSlush	2,781,847	11/11/03	Trademark
CroisSONIC	3,706,594	11/3/09	Trademark
Even Sweeter After Dark	3,485,809	8/12/08	Service Mark
Fountain Favorites	2,142,023	3/10/98	Trademark
Fresh Tastes	3,031,408	12/20/05	Trademark
Frozen Favorites	2,197,425	10/20/98	Trademark
It's Sonic Good	2,967,209	7/12/05	Service Mark
Jumbo Popcorn Chicken ¹	2,826,731	3/23/04	Trademark
Lineades for Learning	3,815,55	7/6/10	Service Mark
My Sonic	3,007,979	10/18/05	Service Mark
My Sonic	3,088,615	5/2/06	Trademark
Ocean Water	2,043,303	3/11/97	Trademark
Route 44	1,642,215	4/23/91	Trademark
Slush44.com	3,059,080	2/14/06	Service Mark
Sonic	776,766	9/8/64	Service Mark
Sonic	982,964	4/30/74	Trademark
Sonic (color logg)	2,923,271	2/1/05	Service Mark
Sonic Blast	1,453,414	8/18/87	Trademark
Sonic Boom	3,409,892	4/8/08	Trademark
Sonic Cruisers	2,967,148	7/12/05	Service Mark

¹Jumbo Popcorn Chicken is listed on the supplemental register of the United States Patent and Trademark Office.

Trademark or Service Mark	Registration		
	Number	Date	Type of Mark
Sonic Design (Double Delta)	2,067,808	6/03/97	Service Mark
Sonic Radio	2,507,293	11/13/01	Trademark
Sonic Sign Design (Double Delta and Sonic Displayed)	2,062,125	5/13/97	Service Mark
Sonic Size	2,802,480	1/6/04	Service Mark
Sonic Sunrise	2,553,330	3/26/02	Trademark
Sonic Wave	2,530,306	1/15/02	Trademark
SuperSonic	2,756,317	8/26/03	Trademark
SuperSonic	3,158,741	10/17/06	Trademark
Toaster	2,348,989	5/09/00	Trademark
Tot Babies	3,725,363	12/5/09	Trademark
Ultimate Drink Stop	3,383,077	2/12/08	Service Mark
Wacky Pack	2,130,809	1/20/98	Trademark
Your Morning Drink Stop!	2,681,333	1/28/03	Service Mark
Your Ultimate Drink Stop	3,304,322	10/2/07	Service Mark

Trademark or Service Mark Intent to Use	Application		
	Number	Date	Type of Mark
Biscuit Dippers	77,464,590	5/02/08	Trademark
Sonic Chillers	77,743,219	5/22/09	Trademark
SuperSonic Breakfast Toaster	77,316,142	10/29/07	Trademark

All required affidavits and renewal applications for the foregoing trademarks and service marks have been filed.

ADIBP licenses Sonic to use the trademarks and service marks under a Franchisor IP License Agreement dated December 20, 2006. Under that Agreement, Sonic has the right to use the trademarks and service marks, among other things, in granting new Sonic franchises. If Sonic materially violates any terms of the Franchisor IP License Agreement (most of which relate to ensuring proper trademark usage by Sonic and its franchisees) and does not cure that violation within 45 days after notice of the breach, ADIBP or its representative may cure the violation at Sonic's expense or seek an injunction to enforce compliance.

Sonic does not know of (i) any material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court; (ii) any pending interference, opposition or cancellation proceedings; or (iii) any pending material litigation involving the foregoing trademarks or service marks relevant to their use in any state.

Sonic has no agreements which significantly limit Sonic's rights to use or license the use of the foregoing trademarks or service marks in any manner material to the Sonic franchise.

Minnesota considers it unfair to not protect your right to use Sonic's trademarks. Refer to Minn. Stat. Sec. 50C.12, Subd. 1(g). Therefore, under the terms of the License Agreement, Sonic must protect your right to use the trademarks, service marks, trade names, logotypes, or other commercial symbols licensed to you for use in connection with the operation of your Sonic Drive-In. If anyone institutes or threatens litigation involving the proprietary marks against you, you must notify Sonic promptly and cooperate fully with Sonic in defending or settling the litigation. Sonic will have control over the defense and settlement of any administrative proceeding or litigation regarding its trademarks or service marks. Sonic will indemnify you from any loss, costs or expense arising out of any claim, suit or demand regarding the use of the Sonic name.

Under the License Agreement's terms, Sonic must protect your right to use the trademarks, service marks, trade names and logotypes licensed to you for use in connection with the operation of your Sonic Drive-In. If

anyone institutes or threatens litigation involving the proprietary marks against you, you must notify Sonic promptly and cooperate fully with Sonic in defending or settling the litigation. Sonic will have control over the defense and settlement of any administrative proceeding or litigation regarding its trademarks or service marks.

You also should notify Sonic immediately when you learn about any infringing use of Sonic’s trademarks or service marks, any challenge to your use of Sonic’s trademarks or service marks, and any use or claim of the right to use any trademark or service mark confusingly similar to Sonic’s trademarks or service marks.

Except as stated above, Sonic does not have any obligation to take any affirmative action, participate in your defense, or indemnify you for expenses or damages if you become a party to an administrative or judicial proceeding involving a trademark licensed by Sonic to you or if the proceeding is resolved unfavorably to you.

If Sonic must discontinue the use of any of its proprietary marks, Sonic reserves the right to substitute different proprietary marks for use in your franchised business, but has no obligation to compensate you for the discontinuance or modification of any proprietary mark.

Sonic knows of no superior rights or infringing uses that could materially affect your use of the foregoing trademarks, service marks, trade names, logotypes or other commercial symbols.

ITEM 14 - PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Sonic owns the following patent that is used in connection with Sonic’s intercom food-ordering system. This patent facilitates a restaurant’s ability to process credit card transactions remotely at multiple stall, table, or pole locations using a centralized processing hub. This patent is licensed to Sonic under the Franchisor IP License Agreement described in Item 13.

Patent	Number	Registered	Expires
Drive-In Restaurant Credit-Card Transaction System	US 7,343,006	March 11, 2008	March 11, 2033

Sonic owns the right to license the use of various copyrights. The following table lists the principal registered copyrights of the Sonic system. These copyrights are licensed to Sonic under the Franchisor IP License Agreement described in Item 13.

Copyright	Number	Registered	Expires
Sonic 2000 Building	VA 1-025-044	May 12, 1999	May 12, 2074
Sonic 2000 Building Plans	VA 1-025-045	May 12, 1999	May 12, 2074
Sonic Drive-In Store # 3851	VAu719-656	September 5, 2006	September 5, 2081
Sonic Drive-In Store # 3851	VAu719-657	September 5, 2006	September 5, 2081
Sonic Drive-In Store # 3200	VAu719-658	September 5, 2006	September 5, 2081
Sonic Drive-In Store # 3200	VAu719-659	September 5, 2006	September 5, 2081

The copyrights cover detailed blue-print schematic plans and elevation drawings for Sonic’s free-standing, principal building designs and layouts. The first two copyrights represent Sonic’s building design known as the “Sonic 2000” retrofit image. The next four drawings represent Sonic’s current building designs and trade dress elements.

You also will receive the right to use the proprietary information contained in the *Sonic Operations Manual* and *Sonic Star Guides*, described under “Item 11, Franchisor’s Obligations.” These materials contain information relating to Sonic’s operational and training procedures in addition to related information that is proprietary, and you may be required to sign a Confidentiality Agreement (in the form attached hereto as Exhibit E) before you receive the material. Although Sonic has not filed for copyright registrations for the *Sonic Operations Manual* and *Sonic Star Guides*, Sonic does claim common law copyrights in them, and the information contained in them

constitutes confidential and proprietary information. You must tell Sonic promptly when you learn about any unauthorized use of the *Sonic Operations Manual* or Sonic Star Guides or the information contained in them. Sonic has no obligation to take any action in that event; however, Sonic will respond as it deems appropriate.

Sonic does not know of any material determination of the United States Patent and Trademark Office, the United States Copyright Office, or any court regarding the foregoing registered copyrights and patent. Sonic has no agreements that limit Sonic's right to license the use of the copyrights and patent. Although not obligated under any express License Agreement provision, Sonic intends to protect its rights in such copyrights and patent.

If anyone institutes or threatens litigation involving the copyrights or patent against you, you must notify Sonic promptly and cooperate fully with Sonic in defending or settling the litigation. Sonic will have control over the defense and settlement of any administrative proceeding or litigation. You also should notify Sonic immediately when you learn about any infringing use of Sonic's copyrights or patent or any challenge to your use of Sonic's copyrights or patent.

Except as stated above, Sonic does not have any obligation to take any affirmative action, participate in your defense, or indemnify you for expenses or damages if you become a party to an administrative or judicial proceeding involving any copyrighted material or patents licensed by Sonic to you or if the proceeding is resolved unfavorably to you.

If Sonic must discontinue the use of any of Sonic's copyrighted materials or patents, Sonic reserves the right to substitute different materials for use in your franchised business, but has no obligation to compensate you for such discontinuance or modification.

Sonic knows of no copyright or patent infringement that could materially affect you. Sonic intends to renew all of the foregoing copyrights and patent currently registered prior to their expiration.

ITEM 15 - OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Sonic does not require that you personally supervise the operation of your Sonic Drive-In. However, at least one individual (usually the manager) working full time at your Sonic Drive-In must attend and successfully complete the Stage Career Development Program and any other training program developed and designated by Sonic from time to time. If the trained individual ceases to work full time at your Sonic Drive-In, you will have 120 days to replace the individual with someone who has completed the Stage Career Development Program.

If you are a developer under a Development Agreement, Sonic requires that you or your operational manager who is a substantial equity owner reside within the DMA of your Sonic Drive-In for as long as you are a franchisee under a License Agreement for that Sonic Drive-In.

If you operate as a corporation, partnership or other form of business entity, each of your owners must guarantee your obligations to Sonic and agree not to transfer or pledge their ownership interests in you without Sonic's written consent. A form of Guaranty and Restriction Agreement appears as an attachment to the License Agreement and the Development Agreement. Sonic encourages equity ownership participation by your managers, but we do not have any requirement mandating equity ownership by your managers.

ITEM 16 - RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Sonic requires you to offer and sell only Sonic-approved items and goods. You must offer all menu items and goods that Sonic requires for all franchisees. Sonic has the right to change those items and goods from time to time without limitation. See "Item 9, Franchisee's Obligations," above.

Sonic does not restrict the customers to whom you may sell the approved menu items and goods.

ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

License Agreement

This table lists certain important provisions of your License Agreement. You should read these provisions in the License Agreement attached to this disclosure document as Exhibit B.

THE FRANCHISE RELATIONSHIP

Provision	Section	Summary
a. Length of the Term of the Franchise	3.01	20 years
b. Renewal or Extension of the Term	3.03	One additional 10-year term
c. Requirements for You to Renew or Extend	3.03	Give written notice and comply with Sonic's renewal requirements six to 12 months in advance of expiration date and pay the renewal fee ¹
d. Termination by You	None	No right to terminate
e. Termination by Sonic Without Cause	None	No right to terminate without cause
f. Termination by Sonic With Cause	14	Terminate immediately upon receipt of notice that cannot be cured within 30 days; 30-days' notice for a curable default
g. "Cause" Defined - Curable Defaults	14.02	Breach that can be corrected within 30 days
h. "Cause" Defined - Defaults Which Cannot be Cured	14.01	Breach that cannot be corrected, such as: failure to operate your Sonic Drive-In; conviction of felony; misuse of Sonic's proprietary marks or trade secrets; endangerment of public health or safety; maintenance of false books; or default of the License Agreement three or more occasions within any 12-month period, whether or not such defaults are cured
i. Your Obligations on Termination/ Nonrenewal	15	Pay all amounts due Sonic; cease use of and return Sonic Operations Manual; complete de-identification; discontinue anything which would indicate a relationship with Sonic; sell all patented, special or unique Sonic Drive-In equipment, menu housings, signs, menus and supplies at their fair market value to Sonic, if Sonic chooses to purchase them
j. Assignment of Contract by Sonic	None	Sonic has the right to assign your License Agreement
k. "Transfer" by You -- Defined	5.04 and 13.01	Includes transfer of contract or assets or ownership change of you
l. Sonic's Approval of Transfer by You	13	Sonic has the right to approve all transfers
m. Conditions for Sonic's Approval of Transfer	5.04 and 13	Your monetary obligations have been satisfied, you are in good standing, new franchisee qualifies, transfer fee paid, release signed by you and license agreement signed by new franchisee
n. Sonic's Right of First Refusal to Acquire Your Business	13.05	Sonic has a right of first refusal to purchase your Sonic franchise or any equity interest in your

¹You will be required to sign a license agreement containing the same terms and conditions of your expiring License Agreement but with the then-current royalty rate and the then-current advertising and brand expenditure requirements. You will also be required to pay the renewal fee described under "Item 6. Other Fees."

Provision	Section	Summary
		franchise on the same terms and conditions offered to you by a third party
o. Sonic's Option to Purchase Your Business	None	Sonic has no unilateral option to purchase your Sonic Drive-In business, except the right of first refusal
p. Your Death or Disability	13.02	Franchise must be assigned by estate to approved heir or buyer within the greater of 120 days or the completion of probate proceedings
q. Non-competition Covenants During the Term of the Franchise	16	No involvement in any competing business
r. Non-competition Covenants After the Franchise is Terminated or Expires	16	No competing business for 18 months which: (i) is within three miles of your former Sonic Drive-In; (ii) is within 20 miles of a Sonic Drive-In in operation or under construction, or (iii) is located within the same MSA as your former Sonic Drive-in
s. Modification of the Agreement	8 and 20.02	No modifications without your written consent, but the <i>Sonic Operations Manual</i> is subject to change
t. Integration/Merger Clause	24	License Agreement is the entire agreement and understanding between Sonic and you, and will supersede all previous discussions and representations by Sonic personnel
u. Dispute Resolution by Mediation or Arbitration	14.03	Except for certain claims, all disputes must be mediated and arbitrated in Oklahoma City, Oklahoma
v. Choice of Forum	14.03 and 23	Litigation must be in the United States District Court for the Western District of Oklahoma and any other federal, state or local court located within that district; arbitration must be in Oklahoma City, Oklahoma
w. Choice of Law	23	Oklahoma law will apply

Development Agreement

This table lists certain Important provisions of the Development Agreement. You should read these provisions in the Development Agreement attached to this disclosure document as Exhibit C.

THE DEVELOPER'S RELATIONSHIP

Provision	Section	Summary
a. Term of the Agreement	1(b) and 2	Expires upon the earlier of the opening of the last Sonic Drive-In scheduled for completion or the stated expiration date
b. Renewal or Extension of the Term	None	No right to renew or extend
c. Requirements for You to Renew or Extend	None	Not applicable
d. Termination by You	None	No right to terminate
e. Termination by Sonic Without Cause	None	No right to terminate without cause
f. Termination by Sonic With Cause	11	At least 30 days' written notice for a curable default and immediately upon written notice for a default that you cannot cure within 30 days
g. "Cause" Defined - Curable Defaults	11	Breach of the performance schedule or any of your other obligations to Sonic that can be corrected within 30 days
h. "Cause" Defined - Defaults Which Cannot	11	Includes insolvency; failure to satisfy a judgment of

Provision	Section	Summary
be Cured		\$15,000 or more within 30 days; any type of attachment proceeding or foreclosure, which is not dismissed within 30 days; or conviction of a criminal offense
i. Your Obligations on Termination/Nonrenewal	11	Discontinue all activities that would indicate any relationship between you and Sonic, except for activities related to the operation of a Sonic Drive-In operating under an existing license agreement
j. Assignment of Contract by Sonic	14(h)	Sonic has the right to assign your Development Agreement
k. "Transfer" by You – defined	14(a)	Includes transfer of contract or ownership change of you
l. Sonic's Approval of Transfer by You	14(a), (b) and (c)	Sonic has the right to approve all transfers, but will not unreasonably withhold consent to a transfer to your heirs or to a business entity that you own and control
m. Conditions for Sonic's Approval of Transfer	14	Transfer to your business entity requires your personal guaranty and agreement not to issue or transfer any ownership interests without Sonic's consent
n. Sonic's Right of First Refusal to Acquire Your Business	None	No right of first refusal
o. Sonic's Option to Purchase Your Business	None	No unilateral option to purchase your Development Agreement or your Sonic Drive-In business
p. Your Death or Disability	14(b)	Transfer to your heirs permitted on the same terms and conditions that apply to other transferees; if no approved heir, your personal representative will have a reasonable time to dispose of your interest
q. Non-competition Covenants During the Term of the Development Agreement	None	None, but see License Agreement
r. Non-competition Covenants After the Development Agreement is Terminated or Expires	None	None, but see License Agreement
s. Modification of the Agreement	21	No modifications without your written consent
t. Integration or Merger Clause	21 and 24	Development Agreement is the entire agreement and understanding between Sonic and you, and will supersede all previous discussions and representations with Sonic personnel
u. Dispute Resolution by Mediation or Arbitration	12	Except for certain claims, all disputes must be mediated and arbitrated in Oklahoma City, Oklahoma
v. Choice of Forum and Applicable Law	12 and 18	Litigation must be in the United States District Court for the Western District of Oklahoma and any other federal, state or local court located within that district; arbitration must be in Oklahoma City, Oklahoma
w. Choice of Law	11(d) and 18	Oklahoma law applies

Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit Sonic from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in this disclosure document or agreement(s) can

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abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws or the jurisdiction

ITEM 18 - PUBLIC FIGURES

Sonic does not use any public figure to promote its franchise.

ITEM 19 - FINANCIAL PERFORMANCE REPRESENTATION

The FTC's Franchise Rule permits Sonic to provide information about the actual or potential financial performance of Sonic Drive-Ins if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in this Item 19 may be given only if: (1) Sonic provides the actual records of an existing drive-in you are considering buying; or (2) Sonic supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

This Item 19 contains certain information about (a) Net Sales of Company-owned Drive-Ins, Franchise Drive-Ins and New Market Drive-Ins for the 12-month periods ended August 31, 2010 and August 31, 2009; and (b) selected cost factors for Company-owned Drive-Ins for the 12-month period ended August 31, 2010. Except as described in this Item 19, no representations or statements of actual, average, projected, or forecasted sales, expenses, profits, or earnings of Sonic Drive-Ins are made to prospective franchisees or developers. Our officers and employees are not authorized to make any claims or statements as to sales, expenses, profits, or earnings or prospects or chances of success that you can expect or that have been experienced by us or by present or past Sonic Drive-Ins.

THE PERFORMANCE RESULTS INCLUDED IN THIS ITEM RELATE TO HISTORICAL RESULTS AND ARE NOT THE ACTUAL OR PROBABLE PERFORMANCE RESULTS THAT YOU SHOULD EXPECT TO ACHIEVE THROUGH THE OPERATION OF YOUR SONIC DRIVE-IN. YOU ARE LIKELY TO ACHIEVE RESULTS THAT ARE DIFFERENT, POSSIBLY SIGNIFICANTLY AND ADVERSELY, FROM THE RESULTS SHOWN BELOW.

Statement of Average Net Sales (excluding Non-traditional Sonic Drive-Ins)
for the 12-Month Periods Ended August 31, 2010 and August 31, 2009
(\$ in thousands)

	August 31, 2010			August 31, 2009		
	Number of Drive-Ins in Group	Average Net Sales ¹ (\$)	Percent of Drive-Ins at or above the Average Net Sales	Number of Drive-Ins In Group	Average Net Sales (\$)	Percent of Drive-Ins at or above the Average Net Sales
Company-owned Drive-Ins ²	450	899	42	463	974	44
Franchise Drive-Ins ³	2,968	1,044	43	2,871	1,110	44
New Market Drive-Ins ⁴	153	1,198	42	80	1,401	44
Total of Company-owned Drive-Ins and Franchise Drive-Ins	3,418	1,025	43	3,334	1,091	44

¹Average Net Sales consists of the average of reported Net Sales for the applicable Sonic Drive-ins for the designated time period. Net Sales include all sales from the Sonic Drive-In, excluding sales tax and discounts, and has the same definition as "Gross Sales" as defined in the License Agreement, Section 1.04 (Exhibit B).

²Company-owned Drive-Ins include those open and operating as Company-owned Drive-Ins the entire 12-month periods ended August 31, 2010 and August 31, 2009. During the 12-month period ended August 31, 2010, 16 Company-owned Drive-Ins were sold to franchisees and are included in the total Franchise Drive-Ins for the same period.

³Franchise Drive-Ins (which also include New Market Drive-Ins) include those open for the entire 12-month

periods ended August 31, 2010 and August 31, 2009. Franchise Drive-Ins also include those drive-ins that changed from a Company-owned Drive-In to a Franchise Drive-In, or vice versa, during the period.

⁴New Market Drive-Ins include those opened by franchisees in cities where Sonic had no presence prior to September 1, 2005. These New Market Drive-Ins were open for the entire 12-month periods ended August 31, 2010 and August 31, 2009. New Market Drive-Ins opened after September 1, 2005 in the following DMAs:

Chico-Redding	California
Los Angeles	California
Palm Springs	California
San Francisco, Oakland, San Jose	California
Washington	District of Columbia
West Palm Beach – Ft. Pierce	Florida
Chicago	Illinois
Peoria - Bloomington	Illinois
Lafayette	Indiana
South Bend- Elkhart	Indiana
Cedar Rapid, Waterloo, Iowa City and Dubuque	Iowa
Salisbury	Maryland
Detroit	Michigan
Minneapolis - St. Paul	Minnesota
New York	New York
Cleveland-Akron (Canton)	Ohio
Columbus	Ohio
Dayton	Ohio
Toledo	Ohio
Bend	Oregon
Eugene	Oregon
Medford	Oregon
Portland	Oregon
Harrisburg, Lancaster, Lebanon and York	Pennsylvania
Philadelphia	Pennsylvania
Pittsburgh	Pennsylvania
Rapid City	South Dakota
Sioux Falls	South Dakota
Richmond – Petersburg	Virginia
Harrisonburg	Virginia – West Virginia
Seattle - Tacoma	Washington
Spokane	Washington
Yakima, Pasco, Richland, Kennewick	Washington
Parkersburg	West Virginia

The Statement of Average Net Sales consists of the averages of the reported annual Net Sales of the designated group. Substantiation of the information used in preparing the Statement of Average Net Sales will be made available to you upon reasonable request.

Of the 3,418 Sonic Drive-Ins used for calculating the Average Net Sales for the 12-month period ended August 31, 2010:

- (i) the 450 Company-owned Drive-Ins had Net Sales that ranged between \$418 thousand and \$2.3 million, and 190 of those drive-ins attained or surpassed the Average Net Sales of Company-owned Drive-Ins;

- (ii) the 2,968 Franchise Drive-Ins had Net Sales that ranged between \$274 thousand and \$4.65 million, and 1,286 of those drive-ins attained or surpassed the Average Net Sales of Franchise Drive-Ins; and
- (iii) the 153 New Market Drive-Ins had Net Sales that ranged between \$354 thousand and \$4.65 million, and 64 of those drive-ins attained or surpassed the Average Net Sales of New Market Drive-Ins.

Of the 3,334 Sonic Drive-Ins used for calculating the Average Net Sales for the 12-month period ended August 31, 2009:

- (iv) the 463 Company-owned Drive-Ins had Net Sales that ranged between \$376 thousand and \$2.31 million, and 205 of those drive-ins attained or surpassed the Average Net Sales of Company-owned Drive-Ins;
- (v) the 2,871 Franchise Drive-Ins had Net Sales that ranged between \$291 thousand and \$3.48 million, and 1,253 of those drive-ins attained or surpassed the Average Net Sales of Franchise Drive-Ins; and
- (vi) the 80 New Market Drive-Ins had Net Sales that ranged between \$428 thousand and \$2.97 million, and 35 of those drive-ins attained or surpassed the Average Net Sales of New Market Drive-Ins.

The Average Net Sales of Franchise Drive-Ins, which includes New Market Drive-Ins, was derived from unaudited financial reports submitted by franchisees for the purpose of computing royalty fees. Sonic compiled the Net Sales of Company-owned Drive-Ins on the basis of generally accepted accounting principles, consistently applied.

The Statement of Average Net Sales and Certain Expenses of Company-owned Drive-Ins consists of the average of 450 Company-owned Drive-Ins open and operated for the entire 12-month period ended August 31, 2010. Substantiation of information used in preparing the Statement of Average Sales and Certain Expenses will be made available to you upon reasonable request. The Statement of Average Net Sales and Certain Expenses was prepared in accordance with generally accepted accounting principles, consistently applied. The footnotes are an integral part of the Statement of Average Net Sales and Expenses.

Statement of Average Net Sales and Certain Expenses of Company-owned Drive-Ins
for the 12-Month Period Ended August 31, 2010

	Average (\$ in thousands)	Percent of Net Sales	Percent of Stores at or Above Average
Net Sales ¹	899	100.0	42.2
Cost of Sales ²	250	27.8	43.3
Labor ⁸			
Direct Labor ⁴	219	24.4	43.8
Management Compensation ⁸	32	3.6	52.2
Payroll Taxes and Benefits ⁸	<u>41</u>	<u>4.6</u>	<u>47.1</u>
Total Labor	292	32.6	44.4
Gross Profit ⁷	357	39.6	43.3
Advertising ⁸	48	5.3	42.7
Utilities	40	4.4	45.6
Other Controllables ⁹	62	6.9	47.1
Total Controllables	<u>150</u>	<u>16.6</u>	<u>42.7</u>
Operating Profit before Occupancy	207	23.0	44.7
Costs (excluding rent, royalty and other fees payable to Sonic, depreciation and amortization, interest, income taxes and legal and administrative expenses) ¹⁰			

¹The term "Net Sales" includes all revenues and excludes sales tax and discounts. Net Sales has the same definition as "Gross Sales" as defined in more detail in the License Agreement, Section 1.04 (Exhibit B).

²Cost of Sales includes all food and paper costs, less supplier rebates. You will have the opportunity to take advantage of prices negotiated by Sonic on particular items; however, availability of such prices is generally limited to geographic areas serviced by our approved suppliers and distributors. The cost of items such as produce, which are often purchased locally, may vary according to the Sonic Drive-In's location. Additionally, freight and shipping costs and the mark-up amount imposed by suppliers and distributors will also vary.

³Labor for a Sonic Drive-In is generally about 25 employees, including both full-time and part-time workers.

⁴Direct Labor assumes two assistant managers and the drive-ins' hourly employees.

⁵Management Compensation includes one working manager's salary. Additional compensation is distributed to the working manager from the Company-owned Drive-in's cash flow, for total compensation to a working manager of approximately \$50,000 to \$60,000.

⁶Payroll Taxes and Benefits includes worker's compensation, group insurance expenses, payroll taxes and vacation pay. The amounts reflect administrative costs and exclude all other general and administrative costs incurred for payroll matters, which are handled by our corporate office. Group medical and dental insurance costs for employees will vary depending on many factors, including the coverage and the group's loss experience. Because the total employee base is much smaller for franchisees than for Sonic, franchisees will likely encounter higher relative costs in providing comparable health benefits.

⁷Gross Profit is calculated by subtracting the Cost of Sales and Labor from Net Sales.

⁸Advertising includes the promotional items included in Wacky Pack Kids' Meals. Refer to Items 6 and 11 for a description of the advertising amounts you are required to pay.

⁹Other Controllables includes uniforms, laundry, supplies, repair and maintenance, credit card services and accounting and travel expenses.

¹⁰Occupancy Costs will vary depending on whether you lease or own the site of your Sonic Drive-In and its geographic location. Refer to Item 7 for a description of your estimated investment costs. Depreciation and amortization will vary depending on your investment costs. Interest will vary depending on your financing terms. Refer to Item 6 for a description of royalty fees and other fees payable to Sonic.

This analysis does not include any federal income tax, local income tax or gross profits tax that may be applicable to the jurisdiction in which a drive-in may be located. You are strongly urged to consult with your tax advisor regarding the impact that federal, state and local taxes will have on the amounts shown in this analysis.

Sonic Drive-Ins' sales volumes may vary considerably due to a variety of factors, such as the Sonic Drive-ins': local popularity; competition from other restaurants; traffic flow, accessibility and visibility; economic conditions in its locality; its age; and the business abilities and efforts of franchisees. The most important factors in the success of your Sonic Drive-In will be how diligently you follow Sonic's methods and procedures and your business and management skills. Actual results vary from drive-in to drive-in and market to market. We cannot estimate or project the results for any particular Sonic Drive-In.

Operating costs and expenses for your new Sonic Drive-Ins may vary considerably and be different than those disclosed in the foregoing statement as a result of the geographic location of your drive-in, higher food and distribution costs, labor shortages and competitive real estate markets, among other factors. Additionally, distribution costs in those areas of the country not currently served by approved suppliers or distributors may be higher.

This Item 19 is provided as reference information only. We do not intend for it to be used as a statement or forecast of sales, costs or profits that may be achieved by any Sonic Drive-In. We urge you to consult with your financial, accounting and legal advisors about the information contained in this analysis.

ITEM 20 -SONIC DRIVE-INS AND FRANCHISEE INFORMATION

TABLE NO. 1

**SYSTEM-WIDE DRIVE-IN SUMMARY FOR
YEARS 2008 TO 2010**

Drive-In Type	Year	Drive-Ins at the Start of the Year	Drive-Ins at the End of the Year	Net Change
Franchised	2008	2,689	2,791	102
	2009	2,791	3,069	278
	2010	3,069	3,117	48
Company-owned	2008	654	684	30
	2009	684	475	(209)
	2010	475	455	(20)
Total Drive-Ins	2008	3,343	3,475	132
	2009	3,475	3,544	69
	2010	3,544	3,572	28

TABLE NO. 2

**TRANSFERS OF DRIVE-INS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN SONIC OR AN AFFILIATE)
FOR YEARS 2008 TO 2010**

State	Year	Number of Transfers
Arkansas	2008	2
	2009	3
	2010	
Alabama	2008	2
	2009	3
	2010	9
Arizona	2008	1
	2009	
	2010	
California	2008	
	2009	1
	2010	1
Delaware	2008	
	2009	1
	2010	
Florida	2008	3
	2009	
	2010	
Georgia	2008	3
	2009	2
	2010	1
Kansas	2008	
	2009	
	2010	1

State	Year	Number of Transfers
Kentucky	2008	
	2009	
	2010	2
Illinois	2008	1
	2009	
	2010	
Louisiana	2008	1
	2009	
	2010	
Mississippi	2008	2
	2009	
	2010	5
Missouri	2008	5
	2009	1
	2010	3
Nevada	2008	1
	2009	
	2010	
North Carolina	2008	1
	2009	
	2010	7
Oklahoma	2008	
	2009	2
	2010	1
Tennessee	2008	1
	2009	21
	2010	8
Texas	2008	3
	2009	1
	2010	11
Virginia	2008	1
	2009	11
	2010	2
Wyoming	2008	1
	2009	
	2010	
TOTAL	2008	24
	2009	46
	2010	51

TABLE NO. 3

STATUS OF FRANCHISED DRIVE-INS FOR YEARS 2008 TO 2010

State	Year	Drive-Ins at Start of Year	Drive-Ins Opened (or re-opened)	Franchisor's Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations- Other Reasons	Drive-Ins at End of Year
AI	2008	78	4				1	81
	2009	81	34				4	110*
	2010	110	2				4	108

State	Year	Drive-Ins at Start of Year	Drive-Ins Opened (or re-opened)	Franchisor's Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations- Other Reasons	Drive-Ins at End of Year
	2008	97	3				2	98
	2009	98					1	97
AZ	2010	97					3	94
	2008	161	6				1	165
	2009	165	31				2	195*
AR	2010	195	1				1	195
	2008	36	4					40
	2009	40	9				1	46*
CA	2010	46	8					54
	2008	46	2				1	47
	2009	47	1					48
CO	2010	48						48
	2008							0
	2009							0
CT	2010	0	1					1
	2008	2	1					3
	2009	3	1					4
DE	2010	4						4
	2008	86	4				10	80
	2009	80					4	78*
FL	2010	78	1				4	75
	2008	116	7			11		116
	2009	116	7				10	112*
GA	2010	112	11	1			5	117
	2008	18	2					20
	2009	20					1	19
ID	2010	19					1	18
	2008	29	3					32
	2009	32	7					39
IL	2010	39	5					44
	2008	17	5					22
	2009	22	7					29
IN	2010	29					7	22
	2008	16					1	15
	2009	15	2				4	12*
IA	2010	12					1	11
	2008	95						95
	2009	95	2					99*
KS	2010	99	2					101
	2008	70	8					81
	2009	81	4				1	84
KY	2010	84					5	79
	2008	139	5				2	142
	2009	142	29					171
LA	2010	171					1	170
	2008							0
	2009	0	1					1
MA	2010	1	1					2

State	Year	Drive-Ins at Start of Year	Drive-Ins Opened (or re-opened)	Franchisor's Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Drive-Ins at End of Year
	2008							0
	2009	0	1					1
MD	2010	1	2					3
	2008		1					1
	2009	1	6					7
MI	2010	7	6					13
	2008		3					3
	2009	3	4					7
MN	2010	7						7
	2008	123	1				1	123
	2009	123					1	122
MS	2010	122	1				1	122
	2008	164	4				2	166
	2009	166	28				3	191
MO	2010	191					2	189
	2008							0
	2009	0	1					1
MT	2010	1						1
	2008	17	2					19
	2009	19	9					29*
NE	2010	29					1	28
	2008		3					3
	2009	3	6					9
NJ	2010	9	4					13
	2008	20	1					21
	2009	21	1					23*
NV	2010	23	1					24
	2008	73						73
	2009	73					1	71*
NM	2010	71	1					72
	2008							0
	2009	0	2					2
NY	2010	2	2					4
	2008	93	3				1	95
	2009	95	1				1	96*
NC	2010	96	3	1			1	97
	2008	11	11					11
	2009	22	23				3	42
OH	2010	42	4					46
	2008	175					1	176
	2009	176	3				2	177
OK	2010	177	1					178
	2008	3	4					7
	2009	7	5					12
OR	2010	12	1					13
	2008	3	7					10
	2009	10	10					20
PA	2010	20	9					29

State	Year	Drive-Ins at Start of Year	Drive-Ins Opened (or re-opened)	Franchisor's Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations- Other Reasons	Drive-Ins at End of Year
SC	2008	72	3				1	74
	2009	74	1				1	74
	2010	74	2				2	74
SD	2008	2	1					3
	2009	3	1					4
	2010	4					1	3
TN	2008	168	6			2	1	175
	2009	175	25					200
	2010	200					1	199
TX	2008	697	26			5	6	712
	2009	712	34				10	736
	2010	736	21				4	753
UT	2008	28						28
	2009	28					5	23
	2010	23	1				2	22
VA	2008	25	4					29
	2009	29	27				1	55
	2010	55	1				2	54
WA	2008	1	4					5
	2009	5	3					8
	2010	8	2					10
WV	2008	2	2					4
	2009	4	1					5
	2010	5	1					6
WI	2008							
	2009	0	6					6
	2010	6	4					10
WY	2008	5						5
	2009	5					1	4
	2010	4						4
Totals	2008	2,688	152			18	31	2,791
	2009	2,791	335				57	3,069
	2010	3,069	99	2			49	3,117

*This state's total number of drive-ins at the end of 2009 was adjusted to reflect a data correction for six drive-ins that were listed for one state based on their billing address, but were physically located in another state. This minor data sort error was not detected until 2009.

TABLE NO. 4

STATUS OF COMPANY-OWNED DRIVE-INS FOR YEARS 2008 TO 2010

State	Year	Drive-Ins at Start of Year	Drive-Ins Opened	Drive-Ins Re-acquired from Franchisees	Drive-Ins Closed	Drive-ins Sold to Franchisees	Drive-Ins at End of the Year
Alabama	2008	33					33
	2009	33	1			34	0
	2010	0					0
Arkansas	2008	29	1				30
	2009	30				30	0
	2010	0					0
Colorado	2008	35					35
	2009	35					35
	2010	35	1		4		32
Florida	2008	36	2				38
	2009	38					38
	2010	38			2		36
Georgia	2008	9	2	11		4	18
	2009	18	2			7	12
	2010	12			11		1
Illinois	2008	0	2				2
	2009	2	2			2	2
	2010	2			1		1
Indiana	2008	0	1				1
	2009	1	1			2	0
	2010	0					0
Iowa	2008	1	1				2
	2009	2					2
	2010	2			1		1
Kansas	2008	41					41
	2009	41			2	2	37
	2010	37					37
Kentucky	2008	4				3	1
	2009	1					1
	2010	1					1
Louisiana	2008	23	1				24
	2009	24	1			25	0
	2010	0					0
Missouri	2008	44	3		1		46
	2009	46			3	28	15
	2010	15					15
Nebraska	2008	8	1				9
	2009	9				9	0
	2010	0					0
Ohio	2008	4	3				7
	2009	7				8	0*
	2010	0					46
Oklahoma	2008	94	2		1	1	94
	2009	94			3		91
	2010	91	2				93

State	Year	Drive-Ins at Start of Year	Drive-Ins Opened	Drive-Ins Re-acquired from Franchisees	Drive-Ins Closed	Drive-Ins Sold to Franchisees	Drive-Ins at End of the Year
Tennessee	2008	52	2	2		4	52
	2009	52	1		1	24	28
	2010	28	2				30
Texas	2008	216	7	5	2		226
	2009	226	2		6	8	214
	2010	214				6	208
Virginia	2008	25	1		1		25
	2009	25	1			26	0
	2010	0					0
Totals	2008	654	29	18	5	12	684
	2009	684	11	0	15	205	475
	2010	475	5	0	19	6	455

*This state's total number of drive-ins at the end of 2009 was adjusted to reflect a data correction for six drive-ins that were listed for one state based on their billing address, but were physically located in another state. This minor data sort error was not detected until 2009.

TABLE NO. 5

PROJECTED OPENINGS
AS OF AUGUST 31, 2010

State	License Agreement Signed but Drive-In not Opened as of August 31, 2010	Projected New Franchise Drive-Ins In Fiscal Year Ending August 31, 2011	Projected New Company-owned Drive-Ins in Fiscal Year Ending August 31, 2011	Projected New Development Agreements in Fiscal Year Ending August 31, 2011
Alabama		1		
Arizona		1		
California	1	5		1
Colorado	1		2	
Connecticut		1		
Florida		2		3
Georgia				1
Illinois	2	5		
Kansas	1			
Maryland		2		
Massachusetts		2		
Michigan		4		
Mississippi		1		
Nebraska		1		
New Jersey	1	8		
New Mexico		1		
New York		2		
North Carolina				1
North Dakota				1
Ohio	1	2		
Oklahoma	1			
Pennsylvania	1	3		
South Carolina	1	1		

State	License Agreement Signed but Drive-In not Opened as of August 31, 2010	Projected New Franchise Drive-Ins In Fiscal Year Ending August 31, 2011	Projected New Company-owned Drive-Ins in Fiscal Year Ending August 31, 2011	Projected New Development Agreements In Fiscal Year Ending August 31, 2011
Tennessee	1			
Texas	1	5	1	
Virginia		1		
Washington				1
Wyoming				1
TOTAL	12	48	3	9

Exhibit F-1 lists the names of all our operating franchisees and the addresses and telephone numbers of their operating Sonic Drive-Ins as of August 31, 2010. Exhibit F-2 lists the names, address and telephone numbers of our franchisees whose Sonic Drive-Ins were not yet opened as of August 31, 2010. Exhibit F-3 lists the names of all our developers who had Development Agreements and the states included in their Development Agreements as of August 31, 2010.

Exhibit F-4 lists the name, city, state and business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had a Sonic Drive-In License Agreement terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a License Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document.

During fiscal year 2010, we terminated 39 Development Agreements. Exhibit F-5 lists the name, city, state and business telephone number (or, if unknown, the last known home telephone number) of every Developer who had a Development Agreement terminated, whether voluntary or involuntary, during the most recently completed fiscal year.

If you buy a Sonic Drive-In franchise or enter into a Development Agreement, your contact information may be disclosed to other buyers or developers.

In some instances during the last three fiscal years, current and former franchisees have signed provisions restricting their ability to speak openly about their experience with us. You may want to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

The Sonic Franchise Advisory Council was organized by Sonic and is sponsored by Sonic. Sonic selects the organization's members. You can reach the organization in care of Rob Geresi, Senior Vice President of Sonic, 300 Johnny Bench Drive, Oklahoma City, Oklahoma 73104, 405-225-5000, rob.geresi@sonicdrivein.com.

ITEM 21 - FINANCIAL STATEMENTS

Exhibit G contains Sonic's audited consolidated balance sheets as of August 31, 2010, 2009 and 2008, and the related consolidated statements of income, member's equity, and cash flows for each of the years ended August 31, 2010, 2009 and 2008. It also includes SISL's audited consolidated balance sheets as of August 31, 2010, 2009 and 2008, and the related consolidated statements of income, stockholder's deficit, and cash flows for each of the years ended August 31, 2010, 2009 and 2008.

ITEM 22 - CONTRACTS

Sonic has included a copy of the following contracts in this disclosure document.

Exhibit B	License Agreement - Guaranty and Restriction Agreement
Exhibit C	Development Agreement - Guaranty and Restriction Agreement
Exhibit D	Sign Lease Agreement
Exhibit E	Confidentiality Agreement

ITEM 23 - RECEIPTS

Exhibit H contains detachable documents acknowledging your receipt of this disclosure document.