News Release

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SONIC EXPANDS STOCK REPURCHASE PROGRAM

Company Comments on Fourth Quarter Performance; Outlook for Fiscal 2004

OKLAHOMA CITY (August 21, 2003) – Sonic Corp. (NASDAQ/NM: SONC) today announced that its Board of Directors has increased the company's current stock repurchase authorization to $50 million and extended the term through calendar year 2004. Since March 1997, Sonic has expended $118.1 million for the repurchase of 9.9 million shares, including $25.6 million used thus far in fiscal 2003 to repurchase approximately 1.2 million shares.

Commenting on the announcement, Clifford Hudson, Sonic's Chairman and Chief Executive Officer, said, "We continue to view share repurchases, which are accretive to diluted earnings per share, as a solid means to deploy excess cash flow after capital expenditure needs have been satisfied. During fiscal 2004, which begins on September 1, the company's free cash flow – which we define as net income plus depreciation and amortization, less capital expenditures – is expected to increase to $35-$40 million, up from an estimated $30 million in fiscal 2003 and $23 million in fiscal 2002. As in the past, we anticipate share repurchases to occur on an opportunistic basis and in balance with other potential uses of cash, including the acquisition of franchise drive-ins."

Regarding the company's performance in the fourth quarter of fiscal 2003, which ends on August 31, Hudson noted that, after a slow start in June, Sonic's estimated system-wide same-store sales have improved. July and August sales results are projected to be near the lower end of the company's targeted growth range of 1% to 3%, driven by strong increases in traffic counts that have more than offset a decline in average check amounts. Despite the upturn in July and August, Sonic's overall system-wide same store sales for the fourth quarter are expected to be below the company's targeted range. The company's performance in the fourth quarter also will be affected by higher-than-expected restaurant-level costs resulting from increased discounting associated with the Peel-a-Present Game, part of Sonic's 50th birthday celebration, and other promotional activities.

New drive-in openings, on the other hand, remain strong and at a record pace. With continued solid momentum in franchise development, Sonic expects total drive-in openings to top 190 for the current fiscal year.

As a result of the foregoing factors, the company currently expects that earnings for fiscal 2003 will total $1.29 per diluted share, representing a 14% increase over earnings of $1.13 per diluted share reported for the previous year. Sonic expects to report results for fiscal 2003 in mid-October.

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"Longer term, we continue to target growth in earnings per diluted share of at least 18%," Hudson added. "However, over the next several quarters, we anticipate that this increase may be more in the range of 15% to 16% as we continue to invest aggressively in our store-level operations.

"We continue to believe that distinctive, high-quality products and outstanding customer service, in the context of an owner-operator philosophy, represent the hallmarks of our brand," he continued. "Consequently, we think continued investment in product quality and in store-level management infrastructure, including a more robust partnership program, are important strategic expenditures for our business and critical to our goal of driving average unit volumes above the $1 million mark. While these efforts produce higher restaurant-level costs for our company-owned stores, as a percentage of sales, in the near term we believe that it will also translate, over time, into higher average volumes and higher average profit per drive-in, much the same as it has for our franchise drive-ins."

With these objectives in mind, the company currently expects earnings per diluted share to increase to a range of $1.48 to $1.50 for fiscal 2004. This expectation, which would represent a 15% to 16% increase over anticipated results for its fiscal 2003, also is based on the following assumptions:

- Total revenue growth of 13% to 15%, resulting from:
  - Targeted same-store-sales increase of between 1% to 3% resulting from sales driving initiatives, such as:
    - Increased media spending (more than $110 million in fiscal 2004 versus approximately $100 million in fiscal 2003) with greater emphasis on system-wide application of marketing dollars to network cable;
    - Continued use of new products as a means to remain relevant and compelling to consumers' evolving taste preferences; and
    - Emphasis on daypart expansion including the morning daypart, which, following the completion of the system-wide implementation of the new breakfast program in the spring of fiscal 2003, now accounts for roughly 10% of the company's total sales.
  - Another record year for development, with the expected opening of between 190 to 200 new drive-ins, including at least 170 by franchisees. As a result of the company's unique ascending royalty rate, the combination of new franchise store openings and growth in average unit volumes is expected to produce growth in franchising income in the range of $7.0 to $8.0 million. Because this income has disproportionately lower associated cost, franchising income will continue to be a major factor in driving the company's future earnings growth.
- Restaurant-level costs, as a percentage of sales, are expected to increase by at least 50 basis points as a result of slightly higher food and packaging costs as well as higher labor costs associated with the company's initiative to build store-level management infrastructure. Pressure on restaurant-level margins from these factors is expected to be greater during the first part of fiscal 2004.
- Continued leverage from the bottom part of Sonic's income statement, with corporate overhead, as well as depreciation and amortization expenses, each expected to grow in the range of 8% to 10% during fiscal 2004.
- Capital expenditures for fiscal 2004 are anticipated to be approximately $50 million.

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This press release contains forward-looking statements within the meaning of the federal securities laws. There are certain important factors that could cause actual results to differ materially from those anticipated by the statements made herein. Among the factors that could cause actual results to differ from predicted or expected results are: delays in opening new stores because of weather, strikes, local permitting or other reasons; increased competition; cost increases or shortages in raw food products; risks of foodborne illness; and the possibility of unforeseen events affecting the industry generally. The company undertakes no obligation to publicly release revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unforeseen events, except as required to be reported under the rules and regulations of the Securities and Exchange Commission.

Sonic Corp. franchises and operates the largest chain of drive-in restaurants in the United States. For more information about the company, visit Sonic's website at sonicdrivein.com.

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