

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

ERIC FEDERMAN, on Behalf of Himself and
All Others Similarly Situated,

Plaintiff,

vs.

SONIC CORP., J. CLIFFORD HUDSON,
TONY D. BARTEL, R. NEAL BLACK,
STEVEN A. DAVIS, LAUREN R. HOBART, S.
KIRK KINSELL, KATE S. LAVELLE,
FEDERICO F. PEÑA, JEFFREY H. SCHUTZ,
KATHRYN L. TAYLOR, and SUSAN E.
THRONSON,

Defendants.

Case No.

CLASS ACTION

**COMPLAINT FOR
VIOLATIONS OF THE
FEDERAL SECURITIES
LAWS**

JURY TRIAL DEMAND

Plaintiff Eric Federman (“Plaintiff”), by and through his undersigned counsel, for his complaint against defendants, alleges upon personal knowledge with respect to himself, and upon information and belief based upon, *inter alia*, the investigation of counsel as to all other allegations herein, as follows:

NATURE AND SUMMARY OF THE ACTION

1. This is a stockholder class action brought by Plaintiff on behalf of himself and all other public stockholders of Sonic Corp. (“Sonic” or the “Company”) against Sonic and the members of Sonic’s Board of Directors (the “Board” or the “Individual Defendants”) for their violations of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”), 15 U.S.C. §§ 78n(a) and U.S. Securities and Exchange Commission (“SEC”) Rule 14a-9, 17 C.F.R. § 240.14a-9 and to enjoin the vote on a proposed transaction, pursuant to which Sonic

will be acquired by Inspire Brands, Inc. (“Inspire”) through its wholly owned subsidiary SSK Merger Sub, Inc. (“Merger Sub”) (the “Proposed Transaction”).

2. On September 24, 2018, Sonic and Inspire issued a joint press release announcing their entry into an Agreement and Plan of Merger (the “Merger Agreement”) to sell Sonic to Inspire. Under the terms of the Merger Agreement, Sonic stockholders will receive \$43.50 in cash for each share of Sonic common stock they own (the “Merger Consideration”). The Proposed Transaction is valued at approximately \$2.3 billion including the assumption of Sonic’s net debt.

3. On October 22, 2018, Sonic filed a Preliminary Proxy Statement on Schedule 14A (the “Proxy Statement”) with the SEC containing a joint proxy statement/prospectus. The Proxy Statement, which recommends that Sonic stockholders vote in favor of the Proposed Transaction, omits or misrepresents material information concerning, among other things: (i) Sonic management’s financial projections, relied upon by Sonic’s financial advisor, Guggenheim Securities, LLC (“Guggenheim”), in its financial analyses; (ii) the valuation analyses prepared by Guggenheim in connection with the rendering of its fairness opinion; (iii) the background process leading to the Proposed Transaction; and (iv) Company insiders’ potential conflicts of interest. The failure to adequately disclose such material information constitutes a violation of Sections 14(a) and 20(a) of the Exchange Act as Sonic stockholders need such information in order to make a fully informed decision whether to vote in favor of the Proposed Transaction or seek appraisal.

4. In short, unless remedied, Sonic’s public stockholders will be forced to make a voting or appraisal decision on the Proposed Transaction without full disclosure of all material information concerning the Proposed Transaction being provided to them. Plaintiff seeks to

enjoin the stockholder vote on the Proposed Transaction unless and until such Exchange Act violations are cured.

JURISDICTION AND VENUE

5. This Court has jurisdiction over the claims asserted herein for violations of Sections 14(a) and 20(a) of the Exchange Act and SEC Rule 14a-9 promulgated thereunder pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and 28 U.S.C. § 1331 (federal question jurisdiction).

6. This Court has jurisdiction over the defendants because each defendant is either a corporation that conducts business in and maintains operations within this District, or is an individual with sufficient minimum contacts with this District so as to make the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice.

7. Venue is proper under 28 U.S.C. § 1391(b) because a substantial portion of the transactions and wrongs complained of herein occurred in this District.

THE PARTIES

8. Plaintiff is, and has been at all times relevant hereto, a continuous stockholder of Sonic.

9. Defendant Sonic is a Delaware corporation with its principal executive offices located at 300 Johnny Bench Drive, Oklahoma City, Oklahoma 73104. Sonic operates and franchises a chain of quick-service drive-in restaurants in the United States. Sonic trades on the NASDAQ Global Select Market under the ticker symbol "SONC."

10. Defendant J. Clifford Hudson ("Hudson") has been Sonic's Chief Executive Officer ("CEO") since April 1995, Chairman of the Board since January 2000, and a director of the Company since August 1993. Defendant Hudson previously served as President of the Company from March 2017 to February 2018, April 2013 to January 2016, November 2004 to

May 2008, and April 1995 to January 2000. He also previously served as Sonic's Chief Operating Officer from August 1993 to April 1995, its Chief Financial Officer from August 1992 to August 1993, and held various positions since 1984.

11. Defendant Tony D. Bartel ("Bartel") has been a director of the Company since 2014.

12. Defendant R. Neal Black ("Black") has been a director of the Company since 2016.

13. Defendant Steven A. Davis ("Davis") has been a director of the Company since 2017.

14. Defendant Lauren R. Hobart ("Hobart") has been a director of the Company since 2014.

15. Defendant S. Kirk Kinsell ("Kinsell") has been a director of the Company since 2018.

16. Defendant Kate S. Lavelle ("Lavelle") has been a director of the Company since 2012.

17. Defendant Federico F. Peña ("Peña") has been a director of the Company since 2001.

18. Defendant Jeffrey H. Schutz ("Schutz") has been a director of the Company since 2010.

19. Defendant Kathryn L. Taylor ("Taylor") has been a director of the Company since 2010.

20. Defendant Susan E. Thronson ("Thronson") has been a director of the Company since 2015.

21. Defendants Hudson, Bartel, Black, Davis, Hobart, Kinsell, Lavelle, Peña, Schutz, Taylor, and Thronson are referred to herein as the “Board” or the “Individual Defendants.”

OTHER RELEVANT ENTITIES

22. Inspire is a privately held multi-brand restaurant company whose portfolio includes more than 4,700 Arby’s, Buffalo Wild Wings, and Rusty Taco locations worldwide. Inspire is majority-owned by affiliates of Roark Capital Group (“Roark”) and was founded in 2018.

23. Merger Sub is a Delaware corporation and wholly owned subsidiary of Inspire.

24. Roark is an Atlanta-based private equity firm with approximately \$12 billion in equity capital raised since inception.

CLASS ACTION ALLEGATIONS

25. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons and entities that own Sonic common stock (the “Class”). Excluded from the Class are defendants and their affiliates, immediate families, legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

26. Plaintiff’s claims are properly maintainable as a class action under Rule 23 of the Federal Rules of Civil Procedure.

27. The Class is so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through discovery, Plaintiff believes that there are thousands of members in the Class. As of October 12, 2018, there were 35,687,663 shares of Company common stock issued and outstanding. All members of the Class may be identified from records maintained by Sonic or its

transfer agent and may be notified of the pendency of this action by mail, using forms of notice similar to those customarily used in securities class actions.

28. Questions of law and fact are common to the Class and predominate over questions affecting any individual Class member, including, *inter alia*:

(a) Whether defendants have violated Section 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder;

(b) Whether the Individual Defendants have violated Section 20(a) of the Exchange Act; and

(c) Whether Plaintiff and the other members of the Class would suffer irreparable injury were the Proposed Transaction consummated.

29. Plaintiff will fairly and adequately protect the interests of the Class, and has no interests contrary to or in conflict with those of the Class that Plaintiff seeks to represent. Plaintiff has retained competent counsel experienced in litigation of this nature.

30. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy. Plaintiff knows of no difficulty to be encountered in the management of this action that would preclude its maintenance as a class action.

31. Defendants have acted on grounds generally applicable to the Class with respect to the matters complained of herein, thereby making appropriate the relief sought herein with respect to the Class as a whole.

SUBSTANTIVE ALLEGATIONS

Company Background

32. Headquartered in Oklahoma City, OK, Sonic operates and franchises the largest chain of drive-in restaurants in the United States. The first Sonic drive-in restaurant opened in 1953. As of the end of Sonic's fiscal year 2018, the Company's network included 3,606 Sonic

Drive-Ins across 45 states, of which 3,427 were owned and operated by franchisees, with the balance owned and operated by Sonic Restaurants, Inc., the Company's operating subsidiary.

33. On September 11, 2018, the Company announced its preliminary financial results for the fourth fiscal quarter of 2018, including a 2.6% increase in system-wide same-store sales over the fourth fiscal quarter of 2017. Sonic reported expected net income per diluted share of \$0.50 to \$0.51 and adjusted net income per diluted share of \$0.51 to \$0.52 for the fourth fiscal quarter. Commenting on the promising results, defendant Hudson was quoted as stating:

Our recent same-store sales performance reflects a stronger trend, driven by Sonic's enhanced marketing reach, refreshed advertising creative, strong new product contribution and relevant everyday value Our strategy this summer—focused on winning incremental visits from our customers—resulted in an increase in traffic of approximately 2.5% as compared to last year. In addition, during the quarter, we rolled out mobile order ahead functionality to the entire system and passed the one million mark for order ahead users. We look forward to launching a national order ahead advertising campaign this fall to continue building on our traffic momentum. We are pleased with the acceleration we are achieving in key metrics, and remain confident that we are taking the right steps to deliver long-term growth and value creation.

The Proposed Transaction

34. In March 2018, Neal Aronson ("Aronson"), a Managing Partner of Roark and Chairman of Inspire, contacted defendant Hudson and requested a meeting. On April 23, 2018, defendant Hudson and Aronson met. Aronson indicated that Roark was interested in exploring a potential acquisition of Sonic.

35. At a May 1, 2018 Board meeting, the Board determined Sonic should commence a strategic alternatives process. The Board directed its financial advisor, Guggenheim, to initiate contact with ten potential acquirers, including Roark. Five of the financial sponsors contacted, including Roark, indicated they were interested in participating in the strategic alternatives process.

36. By June 6, 2018, each of the five parties had entered into a confidentiality agreement with Sonic and began conducting due diligence.

37. On June 13, 2018, Guggenheim notified potential acquirers they should submit indications of interest by July 9, 2018.

38. On July 9, 2018, Roark submitted a non-binding indication of interest that contained a bid range of \$37 to \$40 per share, subject to additional due diligence.

39. Thereafter, on September 12, 2018, Roark requested that it be permitted to submit a bid through Inspire as it believed Inspire could submit a proposal at \$42.00 per share or higher. On September 17, 2018, Inspire submitted a bid to acquire Sonic at \$42.75 per share. Shortly thereafter, Inspire provided an updated bid at \$43.50 per share.

40. On September 24, 2018, Guggenheim rendered its fairness opinion and the Board approved the Merger Agreement. Inspire and Sonic executed the Merger Agreement later that day.

41. On September 25, 2018, Sonic and Inspire issued a joint press release announcing the Proposed Transaction, which states, in relevant part:

OKLAHOMA CITY & ATLANTA--(BUSINESS WIRE)--Sep. 25, 2018-- Sonic Corp. ("Sonic") (NASDAQ: SONC) and Inspire Brands, Inc. ("Inspire") today announced that they have entered into a definitive merger agreement under which Inspire will acquire Sonic for \$43.50 per share in cash in a transaction valued at approximately \$2.3 billion including the assumption of Sonic's net debt.

Inspire is a multi-brand restaurant company whose portfolio includes more than 4,700 Arby's, Buffalo Wild Wings, and Rusty Taco locations worldwide. Following the completion of the transaction, Sonic will be a privately-held subsidiary of Inspire and will continue to be operated as an independent brand.

The agreement, which has been unanimously approved by Sonic's Board of Directors, represents a premium of approximately 19% per share to Sonic's closing stock price on September 24, 2018 and a premium of approximately 21% to Sonic's 30-day volume-weighted average price.

“Sonic is a highly differentiated brand and is an ideal fit for the Inspire family,” said Paul Brown, Chief Executive Officer of Inspire Brands. “We have tremendous respect for Sonic’s exceptional team of employees and franchise owners, who have built one of the industry’s most distinctive restaurant brands.”

“We’re excited to build on Sonic’s momentum as we leverage our combined expertise and capabilities to better serve guests, further support team members and franchisees and drive long-term growth.”

“This value-maximizing transaction validates the actions we have taken over the last year to grow traffic and improve sales while delivering differentiated offerings and superior guest service,” said Cliff Hudson, Sonic Corp. CEO. “Our Board of Directors, taking into account the views of shareholders, conducted a comprehensive review of a wide range of strategic options to maximize shareholder value. This transaction delivers significant, immediate and certain value to Sonic shareholders, and the private ownership structure will provide important benefits to our guests, franchisees and employees.

“As one of the largest owner-operators of company-owned and franchised restaurant brands, Inspire appreciates the unique culture of collaboration between Sonic and our franchisees. Sonic franchisees are engaged in planning regarding technology, new products and marketing programs, and the team at Inspire recognizes the central role our franchisees have played, and will continue to play, in Sonic’s success. We look forward to working closely with Inspire as we continue to provide made-to-order American classics, distinctive flavors and the most personalized guest experience in our industry.”

Insiders’ Interests in the Proposed Transaction

42. Sonic insiders are the primary beneficiaries of the Proposed Transaction, not the Company’s public stockholders. The Board and the Company’s executive officers are conflicted because they will have secured unique benefits for themselves from the Proposed Transaction not available to Plaintiff and Sonic’s public stockholders.

43. Notably, certain of the Company’s executive officers have potentially secured positions for themselves upon consummation of the Proposed Transaction. According to Sonic’s September 25, 2018 Employee FAQ, “Inspire has a tremendous respect for Sonic’s strong leadership team and intends to keep the team in place.”

44. Moreover, Company insiders stand to reap substantial financial benefits for securing the deal with Inspire. According to the Proxy Statement, each outstanding Company stock option and restricted stock unit will become fully vested and converted into the right to receive cash payments. The following tables summarize the cash payments the Company's executive officers and directors stand to receive in connection with their equity awards:

Name	Shares Underlying Vested Sonic Stock Options (#)	Value of Vested Sonic Stock Options (\$)	Shares Underlying Unvested Sonic Stock Options (#)	Value of Unvested Sonic Stock Options (\$)	Total Value of Sonic Stock Options (\$)
Directors					
Tony D. Bartel	22,813	\$ 394,361	8,237	\$ 145,465	\$ 539,827
R. Neal Black	11,811	\$ 193,389	8,237	\$ 145,465	\$ 338,855
Steven A. Davis	6,675	\$ 120,818	8,237	\$ 145,465	\$ 266,283
Lauren R. Hobart	22,813	\$ 394,361	8,237	\$ 145,465	\$ 539,827
S. Kirk Kinsell	0	\$ 0	8,237	\$ 145,465	\$ 145,465
Kate S. Lavelle	16,591	\$ 251,753	8,237	\$ 145,465	\$ 397,218
Federico F. Peña	31,978	\$ 691,582	8,237	\$ 145,465	\$ 837,048
Jeffrey H. Schutz	16,591	\$ 251,753	8,237	\$ 145,465	\$ 397,218
Kathryn L. Taylor	22,813	\$ 394,361	8,237	\$ 145,465	\$ 539,826
Susan E. Thronson	15,215	\$ 233,590	8,237	\$ 145,465	\$ 379,056
Executive Officers					
Clifford Hudson	0	\$ 0	262,165	\$4,546,963	\$4,546,963
Claudia S. San Pedro	57,649	\$1,230,360	88,790	\$1,550,626	\$2,780,986
Corey R. Horsch	9,663	\$ 159,460	43,843	\$ 770,303	\$ 929,762
John H. Budd III	0	\$ 0	52,250	\$ 906,284	\$ 906,284
Jose A. Dueñas	11,978	\$ 238,602	55,338	\$1,031,414	\$1,270,016
Christina D. Vaughan	24,493	\$ 535,670	37,284	\$ 659,561	\$1,195,230
Paige S. Bass	83,532	\$1,907,081	47,021	\$ 815,837	\$2,722,918
E. Edward Saroch	50,952	\$1,133,733	29,040	\$ 504,000	\$1,637,733
Lori I. Abou Habib	7,124	\$ 110,476	19,038	\$ 330,172	\$ 440,648
Michelle E. Britten	25,572	\$ 622,505	14,320	\$ 249,662	\$ 872,167
Carolyn C. Cummins	34,877	\$ 929,531	14,505	\$ 252,276	\$1,181,807

Name	Shares Underlying Restricted Stock Units (#)	Value of Restricted Stock Units (\$)
Directors		
Tony D. Bartel	2,032	\$ 88,392
R. Neal Black	2,032	\$ 88,392
Steven A. Davis	2,032	\$ 88,392
Lauren R. Hobart	2,032	\$ 88,392
S. Kirk Kinsell	2,032	\$ 88,392
Kate S. Lavelle	2,032	\$ 88,392
Federico F. Peña	2,032	\$ 88,392
Jeffrey H. Schutz	2,032	\$ 88,392
Kathryn L. Taylor	2,032	\$ 88,392
Susan E. Thronson	2,032	\$ 88,392
Executive Officers		
Clifford Hudson	0	\$ 0
Claudia S. San Pedro	0	\$ 0
Corey R. Horsch	0	\$ 0
John H. Budd III	0	\$ 0
Jose A. Dueñas	14,000	\$ 609,000
Christina D. Vaughan	0	\$ 0
Paige S. Bass	0	\$ 0
E. Edward Saroch	10,000	\$ 435,000
Lori I. Abou Habib	5,000	\$ 217,500
Michelle E. Britten	0	\$ 0
Carolyn C. Cummins	0	\$ 0

45. Further, if they are terminated in connection with the Proposed Transaction Sonic's named executive officers stand to receive substantial cash severance payments in the form of golden parachute compensation as set forth in the following table:

Name (1)	Cash(2)	Equity(3)	Total(4)
Clifford Hudson, Chairman of the Board and Chief Executive Officer	\$ 3,332,489	\$ 2,446,921	\$ 5,779,410
Claudia S. San Pedro, Former Executive Vice President and Chief Financial Officer and Current President	\$ 1,005,822	\$ 894,061	\$ 1,899,883
John H. Budd III, Executive Vice President and Chief Strategy and Business Development Officer	\$ 795,167	\$ 486,733	\$ 1,281,900
Paige S. Bass, Senior Vice President and General Counsel	\$ 693,942	\$ 438,756	\$ 1,132,698
E. Edward Saroch, Senior Vice President of Franchise Relations	\$ 567,711	\$ 706,984	\$ 1,274,695

The Proxy Statement Contains Material Misstatements and Omissions

46. The defendants filed a materially incomplete and misleading Proxy Statement with the SEC and disseminated it to Sonic's stockholders. The Proxy Statement misrepresents or

omits material information that is necessary for the Company's stockholders to make an informed decision whether to vote in favor of the Proposed Transaction or seek appraisal.

47. Specifically, as set forth below, the Proxy Statement fails to provide Company stockholders with material information or provides them with materially misleading information concerning: (i) Sonic management's financial projections, relied upon by Sonic's financial advisor, Guggenheim, in its financial analyses; (ii) the valuation analyses prepared by Guggenheim in connection with the rendering of its fairness opinion; (iii) the background process leading to the Proposed Transaction; and (iv) Company insiders' potential conflicts of interest. Accordingly, Sonic stockholders are being asked to make a voting or appraisal decision in connection with the Proposed Transaction without all material information at their disposal.

Material Omissions Concerning Sonic's Financial Projections

48. The Proxy Statement omits material information regarding Sonic management's projections that were provided to and relied upon by Guggenheim for its analyses.

49. For example, the Proxy Statement states:

Discounted Cash Flow Analysis. Guggenheim Securities performed a discounted cash flow analysis of Sonic based on projected after-tax unlevered free cash flows (after deduction of stock-based compensation) for Sonic and an estimate of its terminal/continuing value at the end of the projection horizon.

In performing its discounted cash flow analyses with respect to Sonic:

- Guggenheim Securities utilized the five-year financial projections for Sonic as provided and approved for Guggenheim Securities' use by Sonic's senior management and the Sonic board of directors.
- Guggenheim Securities used a discount rate range of 7.25% – 8.50% based on its estimate of Sonic's weighted average cost of capital.
- In estimating Sonic's terminal/continuing value, Guggenheim Securities used a reference range of perpetual growth rates of Sonic's terminal year normalized after-tax unlevered free cash flow of 1.50% – 2.50%. The terminal/continuing values implied by the foregoing perpetual growth rate

reference range were cross-checked for reasonableness by reference to Sonic's implied terminal year EBITDA multiples of 8.7x to 13.0x.

Proxy Statement at 52. Yet, the Proxy Statement fails disclose the projected after-tax unlevered free cash flows ("UFCFs"), after deduction of stock-based compensation, for both the Preliminary Projections and the Updated Projections, relied upon by Guggenheim in its *Discounted Cash Flow Analysis* ("DCF"), as well as the definition of UFCFs and the line items used to calculate UFCFs. The Proxy Statement further fails to disclose Sonic's normalized after-tax UFCFs utilized by Guggenheim to derive the Company's terminal/continuing value for the analysis.

50. Further, the Proxy Statement sets forth, "[o]n September 6, 2018, the Sonic board of directors held a telephonic meeting. . . . [T]he Sonic board of directors asked management to update Sonic's five-year projections based on recent results and Guggenheim Securities to perform its financial analysis taking into account certain sensitivities on such projections." Proxy Statement at 39. The Proxy Statement, however, fails to set forth the sensitivities Guggenheim took into account in performing its financial analyses.

51. The omission of this material information renders the statements in the "Projected Financial Information" and "Opinion of Sonic's Financial Advisor—Detailed Disclosure" sections of the Proxy Statement false and/or materially misleading in contravention of the Exchange Act.

Material Omissions Concerning Guggenheim's Financial Analyses

52. The Proxy Statement describes Guggenheim's fairness opinion and the various valuation analyses it performed in support of its opinion. However, the description of Guggenheim's fairness opinion and analyses fails to include key inputs and assumptions underlying these analyses. Without this information, as described below, Sonic's public

stockholders are unable to fully understand these analyses and, thus, are unable to determine what weight, if any, to place on Guggenheim's fairness opinion in determining whether to vote in favor of the Proposed Transaction or seek appraisal. This omitted information, if disclosed, would significantly alter the total mix of information available to Sonic's stockholders.

53. With respect to Guggenheim's *DCF* of Sonic, the Proxy Statement fails to disclose: (i) Sonic's projected after-tax UFCFs (after deduction of stock-based compensation) utilized by Guggenheim in the analysis; (ii) terminal year normalized after-tax UFCF; (iii) quantification of the inputs and the assumptions underlying the discount rate range of 7.25% - 8.50%; and (iv) Guggenheim's basis for applying a perpetual growth rate range of 1.50% to 2.50%.

54. When a banker's endorsement of the fairness of a transaction is touted to stockholders, the valuation methods used to arrive at that opinion as well as the key inputs and range of ultimate values generated by those analyses must also be fairly disclosed.

55. The omission of this information renders the statements in the "Opinion of Sonic's Financial Advisor—Detailed Disclosure" and "Projected Financial Information" sections of the Proxy Statement false and/or materially misleading in contravention of the Exchange Act.

Material Omissions Concerning the Background Process of the Proposed Transaction

56. The Proxy Statement omits material information relating to the sale process leading up to the Proposed Transaction.

57. In connection with the sale process, the Proxy Statement sets forth:

Sonic distributed forms of confidentiality agreements to each of the five potential acquirers that had indicated an interest in participating in the strategic alternatives process, each of which included standstill provisions preventing the interested party from making an unsolicited proposal to acquire Sonic and limited their ability to provide confidential information to potential financing sources, and commenced negotiating those agreements.

Proxy Statement at 34-35. The Proxy Statement fails, however, to expressly indicate whether the confidentiality agreements Sonic entered into with each of these five potential acquirers are still in effect and/or contain “don’t ask, don’t waive” standstill provisions that are presently precluding these potential bidders from making a topping bid for the Company.

58. The disclosure of the existence and terms of any confidentiality agreements Sonic entered into with any other party is crucial to Sonic stockholders being fully informed of whether their fiduciaries have put in place restrictive devices to foreclose a topping bid for the Company.

59. The omission of this information renders the statements in the “Background of the Merger” section of the Proxy Statement false and/or materially misleading in contravention of the Exchange Act.

Material Omissions Concerning Company Insiders’ Potential Conflicts of Interest

60. The Proxy Statement fails to disclose material information concerning potential conflicts of interest faced by Sonic insiders.

61. For example, as set forth in the Company’s September 25, 2018 Employee FAQ, “Inspire has a tremendous respect for Sonic’s strong leadership team and intends to keep the team in place.”

62. The Proxy Statement, however, fails to disclose whether any of Sonic’s executive officers or directors is continuing their employment following consummation of the Proposed Transaction, as well as the details of all employment and retention-related discussions and negotiations that occurred between Inspire and Roark on the one hand, and Sonic’s executive officers on the other, including who participated in all such communications, when they occurred and their content. The Proxy Statement further fails to disclose whether any of Roark and

Inspire's prior proposals or indications of interest mentioned management retention in the combined company or the purchase of or participation in the equity of the surviving corporation.

63. The omission of this information renders the statements in the "Background of the Merger" and "Interests of Sonic's Directors and Executive Officers in the Merger" sections of the Proxy Statement false and/or materially misleading in contravention of the Exchange Act.

64. The Individual Defendants were aware of their duty to disclose the above-referenced omitted information and acted negligently (if not deliberately) in failing to include this information in the Proxy Statement. Absent disclosure of the foregoing material information prior to the stockholder vote on the Proposed Transaction, Plaintiff and the other members of the Class will be unable to make a fully-informed voting or appraisal decision in connection with the Proposed Transaction and are thus threatened with irreparable harm warranting the injunctive relief sought herein.

CLAIMS FOR RELIEF

COUNT I

Class Claims Against All Defendants for Violations of Section 14(a) of the Exchange Act and Rule 14a-9 Promulgated Thereunder

65. Plaintiff repeats all previous allegations as if set forth in full.

66. During the relevant period, defendants disseminated the false and misleading Proxy Statement specified above, which failed to disclose material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading in violation of Section 14(a) of the Exchange Act and SEC Rule 14a-9 promulgated thereunder.

67. By virtue of their positions within the Company, the defendants were aware of this information and of their duty to disclose this information in the Proxy Statement. The Proxy Statement was prepared, reviewed, and/or disseminated by the defendants. It misrepresented

and/or omitted material facts, including material information about the actual intrinsic standalone value of the Company, the financial analyses performed by the Company's financial advisor, the sale process, and potential conflicts of interest faced by Company insiders. The defendants were at least negligent in filing the Proxy Statement with these materially false and misleading statements.

68. The omissions and false and misleading statements in the Proxy Statement are material in that a reasonable stockholder would consider them important in deciding how to vote on the Proposed Transaction or whether to seek appraisal.

69. By reason of the foregoing, the defendants have violated Section 14(a) of the Exchange Act and SEC Rule 14a-9(a) promulgated thereunder.

70. Because of the false and misleading statements in the Proxy Statement, Plaintiff and the Class are threatened with irreparable harm, rendering money damages inadequate. Therefore, injunctive relief is appropriate to ensure defendants' misconduct is corrected.

COUNT II

Class Claims Against the Individual Defendants for Violations of Section 20(a) of the Exchange Act

71. Plaintiff repeats all previous allegations as if set forth in full.

72. The Individual Defendants acted as controlling persons of Sonic within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their positions as officers and/or directors of Sonic, and participation in and/or awareness of the Company's operations and/or intimate knowledge of the false statements contained in the Proxy Statement filed with the SEC, they had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading.

73. Each of the Individual Defendants was provided with or had unlimited access to copies of the Proxy Statement and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

74. In particular, each of the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company, and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same. The Proxy Statement at issue contains the unanimous recommendation of each of the Individual Defendants to approve the Proposed Transaction. They were, thus, directly involved in the making of the Proxy Statement.

75. In addition, as the Proxy Statement sets forth at length, and as described herein, the Individual Defendants were each involved in negotiating, reviewing, and approving the Proposed Transaction. The Proxy Statement purports to describe the various issues and information that they reviewed and considered—descriptions the Company directors had input into.

76. By virtue of the foregoing, the Individual Defendants have violated Section 20(a) of the Exchange Act.

77. As set forth above, the Individual Defendants had the ability to exercise control over and did control a person or persons who have each violated Section 14(a) and SEC Rule 14a-9, promulgated thereunder, by their acts and omissions as alleged herein. By virtue of their positions as controlling persons, these defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of defendants' conduct, Sonic's stockholders will be irreparably harmed.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment and preliminary and permanent relief, including injunctive relief, in his favor on behalf of Sonic, and against defendants, as follows:

A. Ordering that this action may be maintained as a class action and certifying Plaintiff as the Class representative and Plaintiff's counsel as Class counsel;

B. Preliminarily and permanently enjoining defendants and all persons acting in concert with them from proceeding with, consummating, or closing the Proposed Transaction and any vote on the Proposed Transaction, unless and until defendants disclose and disseminate the material information identified above to Sonic stockholders;

C. In the event defendants consummate the Proposed Transaction, rescinding it and setting it aside or awarding rescissory damages to Plaintiff and the Class;

D. Declaring that defendants violated Sections 14(a) and/or 20(a) of the Exchange Act, as well as SEC Rule 14a-9 promulgated thereunder;

E. Awarding Plaintiff the costs of this action, including reasonable allowance for Plaintiff's attorneys' and experts' fees; and

F. Granting such other and further relief as this Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury.

Dated: November 2, 2018

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