



PRESS RELEASE

For Immediate Release

**GUITAR CENTER ANNOUNCES UPSIZING AND PRICING OF
\$350 MILLION SENIOR SECURED NOTES OFFERING
BY GUITAR CENTER ESCROW ISSUER**

Westlake Village, California, December 8, 2020 — Guitar Center, Inc. (the “Company”) today announced that its indirect wholly owned subsidiary Guitar Center Escrow Issuer II, Inc. (the “Issuer”) has priced \$350 million in aggregate principal amount of 8.500% senior secured notes due 2026 at an issue price of 100.0% (the “Notes”). The aggregate principal amount of Notes to be issued in the offering was increased to \$350 million from the previously announced \$335 million. The Notes offering is expected to close on December 15, 2020, subject to customary closing conditions and certain other conditions (the “Escrow Conditions”).

The offering is part of a series of transactions (the “Restructuring Transactions”), including exit financing transactions, being undertaken in connection with the financial restructuring of the Company and certain of its subsidiaries to be effectuated through a pre-packaged plan of reorganization (the “Plan”) under Chapter 11 of the U.S. Bankruptcy Code as filed with the U.S. Bankruptcy Court for the Eastern District of Virginia on November 21, 2020. If the Notes are issued prior to satisfaction of certain conditions, which includes the occurrence of the effective date of the Plan (the “Effective Date”), the Issuer will deposit the gross proceeds of the offering of the Notes into an escrow account (the “Escrow Account”) and the Notes will be secured by a lien on amounts deposited in the Escrow Account until such amounts are released upon satisfaction of the escrow release conditions. Subject to the occurrence of the Effective Date and certain other conditions, on the escrow release date (the “Escrow Release Date”), the Issuer will be merged with and into the Company (or the Company’s successor), with the Company (or such successor) surviving and assuming all obligations under the Notes. Concurrently on the Escrow Release Date, the Notes will be jointly and severally and fully and unconditionally guaranteed on a senior secured basis by certain of the Company’s subsidiaries (subject to certain exceptions) and will be secured on a first-priority basis by substantially all of Company’s assets (subject to certain exceptions) which do not secure its new \$375 million secured asset based financing facility (the “ABL Facility”) on a first-priority basis and will be secured on a second-priority basis by all of the Company’s assets (subject to certain exceptions) which secure its ABL Facility on a first-priority basis.

On and following the Escrow Release Date, the net proceeds from this offering, together with other cash proceeds from the other Restructuring Transactions, will be used (i) to repay all amounts outstanding, if any, under a secured asset based debtor-in-possession facility and a secured debtor-in-possession term facility, (ii) to repay its senior secured superpriority notes due 2022, (iii) to pay the cash portion of the consideration holders of the Company's 9.500% senior secured notes due 2021 will receive in settlement of their claims, (iv) to pay related fees, interest and expenses incurred (if not previously paid) in connection with the Restructuring Transactions and the proceedings under Chapter 11 of the U.S. Bankruptcy Code and (v) for general corporate purposes.

The Notes will not be registered and will only be offered to persons reasonably believed to be "qualified institutional buyers" pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") and certain non-U.S. persons outside the United States in accordance with Regulation S under the Securities Act and may not be offered or sold in the United States absent registration or an exemption from the registration requirements of the Securities Act and applicable state securities laws. This press release does not constitute an offer to sell or the solicitation of an offer to buy any security, nor shall there be any sale of the Notes or any other security of the Company, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction.

About Guitar Center

Guitar Center is a leading retailer of musical instruments, lessons, repairs and rental instruments in the U.S. With more than 295 stores across the U.S. and one of the top direct sales websites in the industry, Guitar Center has helped people make music for more than 50 years. Guitar Center also provides customers with various musician based services, including Guitar Center Lessons, where musicians of all ages and skill levels can learn to play a variety of instruments in many music genres; GC Repairs, an on-site maintenance and repairs service; and GC Rentals, a program offering easy rentals of instruments and other sound reinforcement gear. Additionally, Guitar Center's sister brands include Music & Arts, which operates more than 225 stores specializing in band & orchestral instruments for sale and rental, serving teachers, band directors, college professors and students, and Musician's Friend, a leading direct marketer of musical instruments in the United States.

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The Company has included statements in this press release that constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act, as amended, and

Section 27A of the Securities Act of 1933, as amended. As a general matter, forward-looking statements are those focused on future or anticipated events or trends, expectations and beliefs including, among other things, the Company's expectations with respect to the amend and extend transaction described herein. Such statements are intended to be identified by using words such as "believe," "expect," "intend," "estimate," "anticipate," "will," "project," "plan" and similar expressions in connection with any discussion of future operating or financial performance. Any forward-looking statements are and will be based upon the Company's then-current expectations, estimates and assumptions regarding future events and are applicable only as of the dates of such statements. Readers are cautioned not to put undue reliance on such forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those projected in this press release for reasons, among others, (i) the confirmation of the Plan by the bankruptcy court, (ii) the ability of the Company to satisfy the Escrow Conditions (iii) the availability of alternative transactions, (iv) economic trends, the competitive environment, weather, trends in operating performance, merchandise mix, SG&A costs, liquidity and capital expenditures and (v) those reasons described in the Offering Memorandum and in the reports and other documents the Company provides to its noteholders from time to time and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" sections contained in the Company's annual report for the fiscal year ended December 31, 2019 and quarterly report for the 2020 second fiscal quarter. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.