



**PRESS RELEASE**  
*For Immediate Release*

**GUITAR CENTER, INC. ANNOUNCES  
EXCHANGE OFFER AND CONSENT SOLICITATION  
RELATING TO ITS 9.625% SENIOR UNSECURED NOTES DUE 2020**

**Westlake Village, CA (March 12, 2018)** — Guitar Center, Inc. (the “Company”) today announced the launch of an exchange offer and consent solicitation (the “Exchange Offer”) to (i) exchange its existing 9.625% Senior Unsecured Notes due 2020, of which there are currently \$325 million aggregate principal amount outstanding (the “Existing Notes”), for (a) 5% Cash/ 8% PIK Notes due 2022 (the “Exchange Notes”) and (b) warrants (the “Warrants” and, together with the Exchange Notes, the “New Securities”) to purchase shares of common stock, par value \$0.01 per share (the “Common Stock”), of Guitar Center Holdings, Inc., a Delaware corporation and the direct parent of the Company (“Holdings”), and (ii) solicit consents to certain proposed amendments to the indenture governing the Existing Notes (the “Amendments”), in each case, upon the terms and subject to the conditions as set forth in an Offering Memorandum and Consent Solicitation Statement dated March 12, 2018 (the “Offering Memorandum”) and a related Letter of Transmittal. The Exchange Offer is being made, and the New Securities are being offered and issued, only (a) in the United States to holders of Existing Notes who are “qualified institutional buyers” (as defined in Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”) in a private transaction in reliance upon the exemption from the registration requirements of the Securities Act and (b) outside the United States to holders of Existing Notes who are persons other than “U.S. persons” (as defined in Rule 902 under the Securities Act) in reliance upon Regulation S under the Securities Act (collectively, “Eligible Holders”).

As further described in the Offering Memorandum, Eligible Holders of Existing Notes who validly tender (and do not validly withdraw) Existing Notes prior to 11:59 p.m., New York City time, on March 23, 2018 (the “Early Tender Date”), will receive upon settlement of the Exchange Offer, for each \$1,000 principal amount of Existing Notes tendered, \$1,000 principal amount of Exchange Notes and Warrants to purchase Common Stock, plus an early tender fee in cash equal to 0.5% of the aggregate amount of Existing Notes tendered by such holder. Eligible Holders who validly tender (and do not validly withdraw) after the Early Tender Date, but on or before the Expiration Date (as defined below), will receive, for each \$1,000 principal amount of Existing Notes tendered, \$1,000 principal amount of Exchange Notes and Warrants to purchase Common Stock. The Exchange Offer will expire at 5:00 p.m., New York City time, on April 11, 2018, unless extended or earlier terminated (the “Expiration Date”).

The Exchange Notes will be senior unsecured obligations of the Company and effectively subordinated to any of the Company’s existing and future secured debt to the extent of the value of the collateral securing such debt.

The consummation of the Exchange Offer will be conditioned on the satisfaction of certain conditions described in the Offering Memorandum, including, but not limited to, (i) not less than 95% in aggregate principal amount of Existing Notes having been validly tendered and not validly withdrawn in the Exchange Offer prior to the Expiration Date; (ii) the closing of the Notes Offering and retirement, cancellation or satisfaction and discharge of the Existing Secured Notes; and (iii) the Support

Agreement not having been terminated pursuant to its terms. The Company may amend or waive the conditions (including the foregoing specified conditions with the consent of the requisite Support Parties (defined below)) at any time, in its sole discretion, and may terminate, modify or withdraw the Exchange Offer at any time and for any reason, including if any of the conditions are not or will not be satisfied.

The settlement date for the Exchange Offer is expected to occur on the fourth business day following the Expiration Date.

The New Securities have not been registered under the Securities Act of 1933 or the securities laws of any state 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 the New Securities, nor shall there be any sale of the New Securities, 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.

The Company is making the Exchange Offer only to Eligible Holders through, and pursuant to, the terms of the Offering Memorandum and related Letter of Transmittal. None of the Company, Holdings, the dealer managers, the information agent, the exchange agent, the trustee with respect to the Existing Notes or the trustee with respect to the Exchange Notes or any affiliate of them makes any recommendation as to whether Eligible Holders should tender or refrain from tendering all or any portion of the principal amount of such Eligible Holder's Existing Notes for New Securities in the Exchange Offer. Eligible Holders must make their own decision as to whether to tender Existing Notes in the Exchange Offer and, if so, the principal amount of Existing Notes to tender.

The Company has entered into a transaction support agreement (the "Support Agreement") with holders of approximately \$299 million (or approximately 92%) aggregate principal amount outstanding of Existing Notes (collectively, the "Support Parties"), pursuant to which the Support Parties have agreed, subject to the terms and conditions of the Support Agreement, to, among other things, validly tender (and not validly withdraw) such Existing Notes and deliver the related consents to the Amendments in the consent solicitation. The agreements and obligations of the Support Parties under the Support Agreement are subject to the conditions contained therein.

In connection with the foregoing, the Company expects to amend its \$375.0 million senior secured asset-based revolving credit facility (the "ABL Facility") to, among other things, permit the other transactions, including the Notes offering and the Exchange Offer, and extend the maturity date to the earlier of (i) five years from the date of the amendment and (ii) 90 days prior to the maturity date of the Notes if the Notes have not been refinanced by such date.

Documents relating to the Exchange Offer will only be distributed to Eligible Holders who properly complete and return a letter of eligibility confirming that they are within the category of eligible holders for this private exchange offer. Eligible Holders who desire a copy of the letter of eligibility should contact KCC LLC, the information agent for the Exchange Offer, at 877-833-4150 (toll free) or 917-281-4800 or access the letter of eligibility at [www.kccllc.net/GuitarCenter](http://www.kccllc.net/GuitarCenter).

## **About Guitar Center**

Guitar Center is a leading retailer of musical instruments, lessons, repairs and rental instruments in the U.S. With more than 280 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 150 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 ability of the Company to satisfy the conditions to the Exchange Offer, (ii) the availability of alternative transactions, (iii) economic trends, the competitive environment, weather, trends in operating performance, merchandise mix, SG&A costs, liquidity and capital expenditures and (iv) 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, 2016 and quarterly report for the 2017 third 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.*