

## **Guitar Center Takes Next Step to Recapitalize Company with Comprehensive Support Agreement and Financing**

*All Financial Obligations to Vendors, Suppliers and Employees Will Continue to Be Paid in Full in the Normal Course*

*Business Operations Will Continue Uninterrupted*

*Agreement Includes Up To \$165 Million In New Equity Investments to Recapitalize Company And Reduce Debt by Nearly \$800 Million*

*Provides for \$375 Million in Additional Near-Term Liquidity*

**Westlake Village, CA (November 21, 2020):** Guitar Center, Inc. (the “Company”), the world’s leading musical instrument retailer, announced today that it has taken the next step in implementing its financial restructuring plan (the “Plan”) by filing voluntary petitions for reorganization pursuant to Chapter 11 in the United States Bankruptcy Court of the Eastern District of Virginia.

As announced on November 13, the Company has secured new financing to implement the Plan, which is supported by its equity sponsor, a fund managed by the Private Equity Group of Ares Management Corporation; new equity investors, which include funds managed by Brigade Capital Management and a fund managed by The Carlyle Group; as well as supermajorities of its noteholder groups. The Plan provides for a comprehensive transaction that will deleverage the Company’s balance sheet, enhance financial flexibility and provide additional liquidity to continue to support its vendors, suppliers, and employees.

Ron Japinga, CEO of Guitar Center, said: “This is an important and positive step in our process to significantly reduce our debt and enhance our ability to reinvest in our business to support long-term growth. Throughout this process, we will continue to serve our customers and deliver on our mission of putting more music in the world. Given the strong level of support from our lenders and creditors, we expect to complete the process before the end of this year.”

The Plan is intended to allow Guitar Center and its related brands (including Music & Arts, Musician’s Friend, Woodwind Brasswind and AVDG) to continue to operate in the normal course while the transaction is implemented. As a result of the Plan, Guitar Center will continue to meet its financial obligations to vendors, suppliers, and employees, and intends to make payments in full to these parties without interruption in the ordinary course of business.

Guitar Center will continue to provide uninterrupted service to its customers through its existing channels, including its stores, websites, call centers and social media pages, and will continue to receive goods and ship customer orders as usual. All merchandise credits, prepaid lessons, rentals, gift cards, deposits, orders, financings and warranties

will be honored. While Guitar Center is pleased with its overall store footprint, the Company has engaged A&G Realty Partners to explore opportunities to optimize its real estate portfolio and other agreements to focus on investments that best position the Company to return to its growth trajectory prior to COVID-19.

### **Other Information Regarding Reorganization Proceedings**

The Plan will reduce debt by nearly \$800 million and is supported by \$165 million in new equity investments from its equity sponsor, a fund managed by the Private Equity Group of Ares Management Corporation, and new equity investors, which include a fund managed by The Carlyle Group and funds managed by Brigade Capital Management.

Guitar Center has negotiated to have a total of \$375 million in Debtor-In-Possession ("DIP") financing provided by certain of its existing noteholders and ABL lenders. In connection with the Plan, the Company currently intends to raise \$335 million in new senior secured notes. UBS Investment Bank will serve as the lead placement agent in connection with this effort.

The new senior secured notes have not been registered under the Securities Act of 1933, as amended (the "Securities Act") 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 any of the securities referred to herein, nor shall there be any sale of the new senior secured notes, 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.

Court filings and information about the claims process are available at <https://cases.primeclerk.com/GuitarCenter>, and by calling the Company's claims agent, Prime Clerk, toll-free 877-471-3505; Local/International: 347-919-5770 or by sending an email to [guitarcenterinfo@primeclerk.com](mailto:guitarcenterinfo@primeclerk.com).

Milbank LLP is serving as legal counsel to the Company and BRG is serving as restructuring advisor. Houlihan Lokey is serving as the Company's financial advisor.

Stroock & Stroock & Lavan LLP is serving as legal counsel to an ad hoc group of Secured Noteholders and Province is serving as financial advisor.

Kirkland & Ellis LLP is serving as legal counsel to Ares Management Corporation.

Debevoise & Plimpton LLP is serving as legal counsel to Brigade Capital Management and GLC Advisors & Co. is serving as financial advisor.

Paul, Weiss, Rifkind, Wharton & Garrison LLP is serving as legal counsel to The Carlyle Group.

## **About Guitar Center:**

Guitar Center is a leading retailer of musical instruments, lessons, repairs and rentals in the U.S. With nearly 300 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 200 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.

FOR MORE INFORMATION PLEASE CONTACT:

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### **Forward Looking Statements**

This press release includes "forward looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. Forward looking statements express our current expectations, opinion, belief or forecasts of future events and performance. A statement identified by the use of forward-looking words including "may," "expects," "projects," "anticipates," "plans," "believes," "estimate," "will," "should," and certain of the other foregoing statements may be deemed forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, these statements involve risks and uncertainties that may cause actual future activities and results to be materially different from those suggested or described in this press release. By issuing forward looking statements based on current expectations, opinions, views or beliefs, the Company has no obligation and, except as required by law, is not undertaking any obligation, to update or revise these statements or provide any other information relating to such statements.