



William Blair & Company 26th Annual Growth Stock Conference

June 28, 2006





Forward Looking Statements

This presentation contains forward-looking statements relating to, among other things, future results of operations, growth plans, sales, gross margin and expense trends, capital requirements and general industry and business conditions applicable to Guitar Center. These forward-looking statements are based largely on our current expectations and are subject to a number of risks and uncertainties which will be discussed during this presentation and which are further discussed under the caption "Risks Related to the Business" in the Form 10-K related to the year ended December 31, 2005 and the Company's Form 10-Q filed May 10, 2006, which have been filed with the Securities and Exchange Commission. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements made in this presentation or in our SEC reports will in fact be realized.

Supplemental Financial Data

Certain financial information included in this presentation, along with the reconciliation of that information to our historical financial results, may be accessed on the investor relations section of our corporate website at www.guitarcenter.com/investors/irsupplemental_java.shtml.



Guitar Center *Key Investment Highlights*

- Leading player in musical instruments retail
- Capitalizing on positive industry trends
- Unique competitive advantages
- Strong corporate culture
- Investing in enhanced systems and infrastructure to support future growth
- Significant capacity to expand domestically and internationally



Guitar Center Overview *Proven Business Strategy*

- Differentiated approach serving professional, hobbyist and beginning musicians through Guitar Center, Musician's Friend and Music & Arts concepts
- Unique merchandising strategy and assortment
- Successful distribution and fulfillment strategies
- Strong culture and training programs
- Distinct and proven marketing and promotions



Solid Industry Trends

- Healthy 5-7% annual industry growth in the segments addressed by the Company
- Favorable population demographics
- Ongoing advancements in music and musical instrument technology
- Internet driving accessibility of producing, distributing and consuming music



Authority to Over 20 Million Musicians

- Guitar Center
 - 60 million direct mail impressions
 - 82 mail drops and 40 unique pieces
 - 35 national radio weekend promos
 - 350 stations in over 100 markets
 - 3 competitions covering 8,000 contestants
- Musician's Friend
 - 171 million email contacts
 - 50 million unique visits
 - 19 million catalogs annually
 - 40,000 affiliates



Successful Guitar Center Retail Strategy

- Targeting professional and aspiring professional musicians
- Pros selling to pros
- 3 store formats – major, secondary and tertiary markets
 - Major market stores in cities with pop. of 900,000+ and average 17,000 sq ft
 - Secondary market stores in cities with pop. of 250,000 to 900,000 and average 10,000 sq ft
 - Tertiary market stores in cities with pop. of 100,000 to 250,000 and average 5,000 sq ft



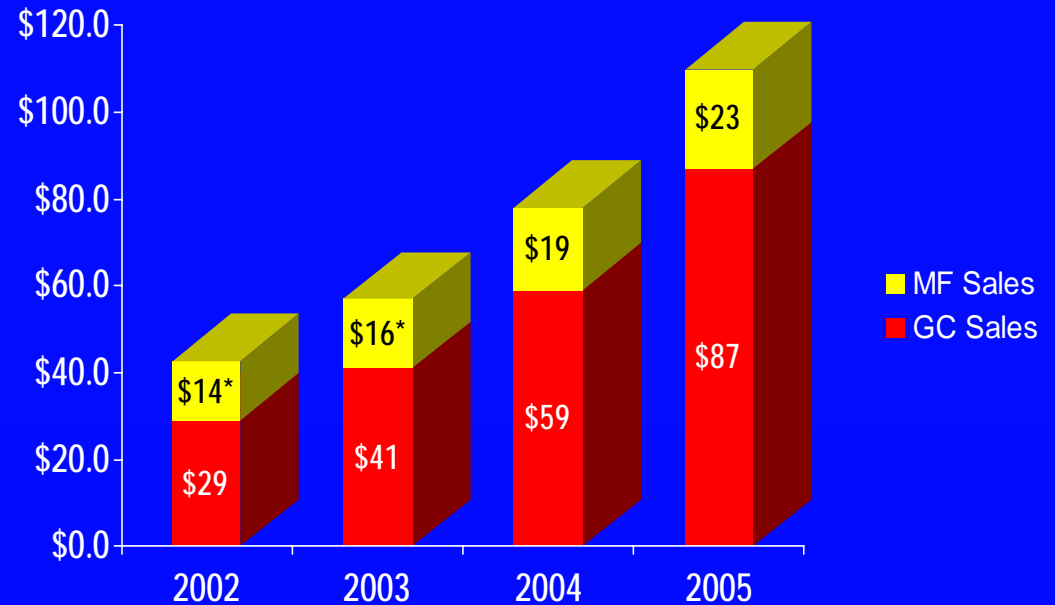
Successful Musician's Friend Direct Response Business

- Targeting the hobbyist musician
- Highest in-stock position in the industry
 - 38,000 SKUs offered on website and through catalog
- Utilizing catalog and online marketing initiatives
- Strong operating efficiencies
 - High initial order fill rate
 - Reduced return rate
 - Reduced cancellations



Increasing Proprietary Products

- Focusing on “commodity” or non-branded merchandise
- Established design and sourcing teams
- Contributing to improved gross margin
- Growth potential to approximately 15% of Guitar Center sales and 20% of Musician’s Friend sales





Expanding Music & Arts Educational Business

- Targeting 10 – 16 year old beginners and their families
- Focus on traditional school music/rentals
- In-bound and out-bound selling
- Advertising designed to build brand awareness
- More than 100 education reps to manage school relationships
- Choice of convenient retail locations or delivery to home or school
- Providing vital service component through repairs



Continuing Growth Opportunities

- Extending the Guitar Center footprint in the U.S.
 - Approximately 160 major market stores
 - At least 160 secondary market stores
 - Approximately 100 tertiary market stores
- Continuing to capture market share through direct response
 - Launch of Guitarcenter.com
 - Harmony Central
- Expanding the Music & Arts educational/beginning business through acquisitions and new store growth
 - At least 400 stores
- Future international expansion



2006 Operating Initiatives

- Shifting Musician's Friend marketing to reduce catalog mailings and increase online programs
 - Introduce predictive analytics for catalog circulation
- Improve Musician's Friend website
 - Search engine optimization
 - Check out and payment methods
- Expanding Guitar Center retail distribution center
- Building new Musician's Friend fulfillment center



Guitar Center Retail IT Initiatives

- Inventory Forecasting
 - Strategic item management
 - Visibility to store level demand
- Point of Sale
 - Improve customer deal management
 - Decrease salesperson training time and transaction time
 - Provide platform for international expansion
- Data Warehouse
 - Access to critical analytical operational, marketing, and merchandising data

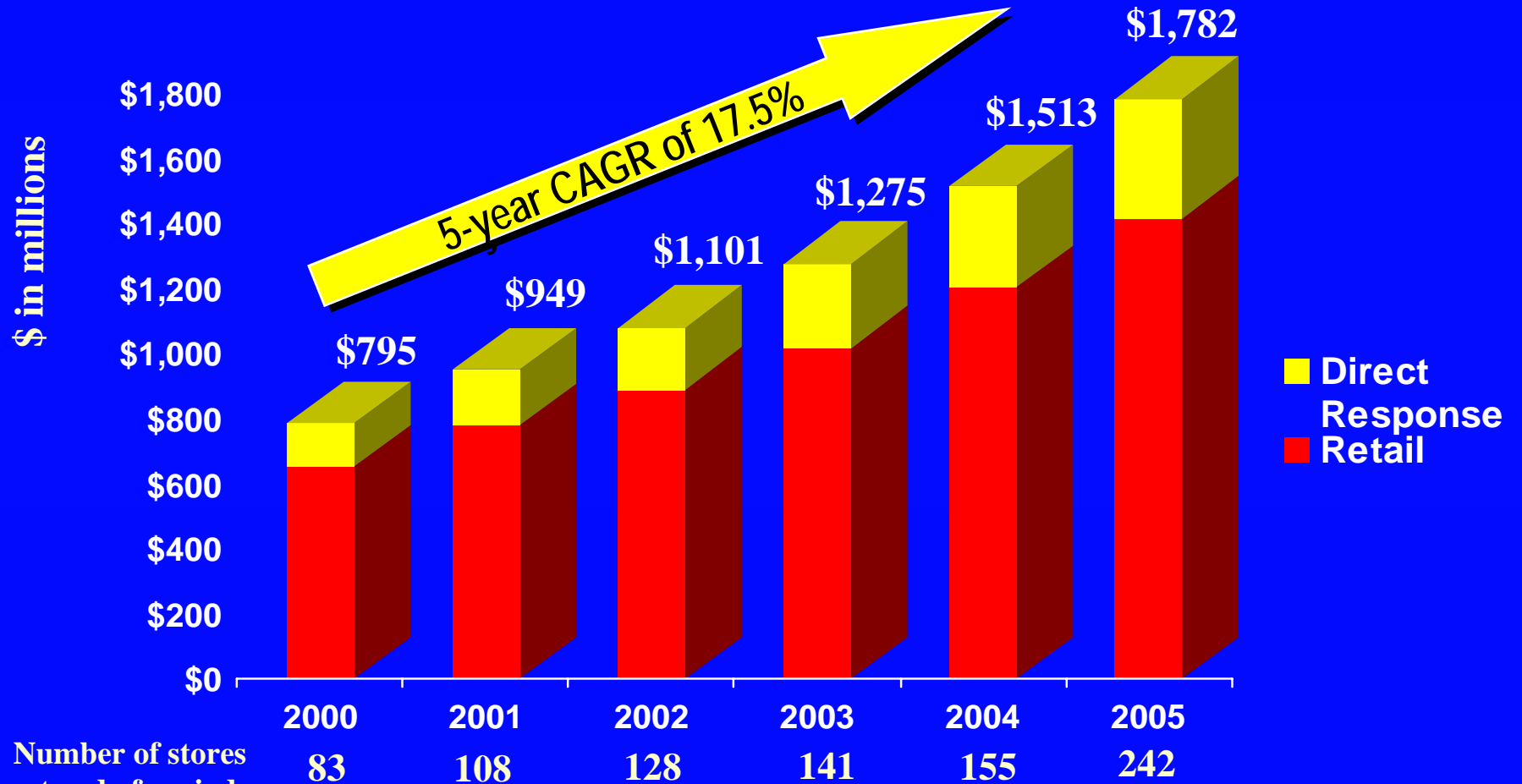


Musician's Friend IT Initiatives

- Warehouse Management System
 - Maximize conveyor and other technology built into new fulfillment center
- ERP
 - Provide a platform for future business needs
 - Faster to market with website changes



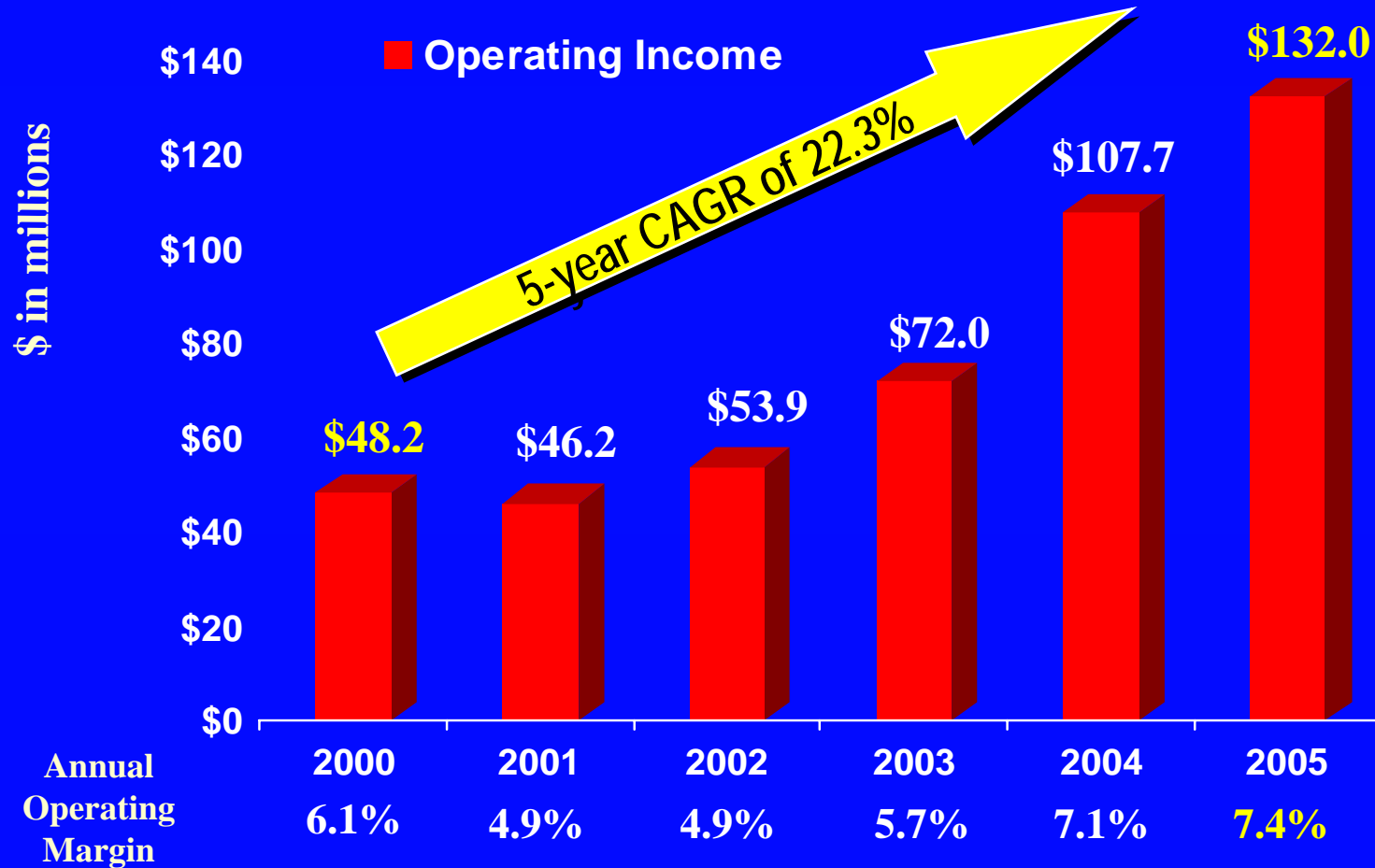
Demonstrated Financial Performance Revenues





Demonstrated Financial Performance

Operating income





Strong Store Performance Primary Market Guitar Center Stores

Stores Opened 2000 to 2004

Average 1st Year (a)

Average 4th Year (b)

16 Stores

13 Stores

Sales

\$5,462 K

\$7,747 K

Sales per square foot

\$358

\$512

Store operating profit (c)

\$457,000

\$959,000

Store operating margin % (c)

8.4%

12.4%

Total net investment (average)

\$1.9 million

(a) Based on actual first full twelve month data for 16 stores selected at random that opened between 2000 and 2004.

(b) Based on actual 4th year data for 13 of the 16 stores.

(c) Operating profit and margin % exclude store pre-opening costs.



Strong Store Performance *Secondary Market Guitar Center Stores*

	Average 1st Year (a) <i>27 Stores</i>	Average 3rd Year (b) <i>11 Stores</i>
Sales	\$3,626K	\$4,385K
Sales per square foot	\$343	\$438
Store operating profit (c)	\$418,000	\$574,000
Store operating margin % (c)	11.5%	13.1%
Total net investment (average)	\$1.5 million	

(a) Based on actual first full twelve month data for 27 stores opened since December 2000

(b) Based on actual third year data for 11 of 27 stores

(c) Operating profit and margin % exclude store pre-opening costs



Improved Retail Operating Performance – Secondary Markets

- Ability to penetrate a marketplace faster
- Fewer professional musicians
 - Lower end assortment
 - Less negotiation
- Reduced rental expense
- Lower advertising costs

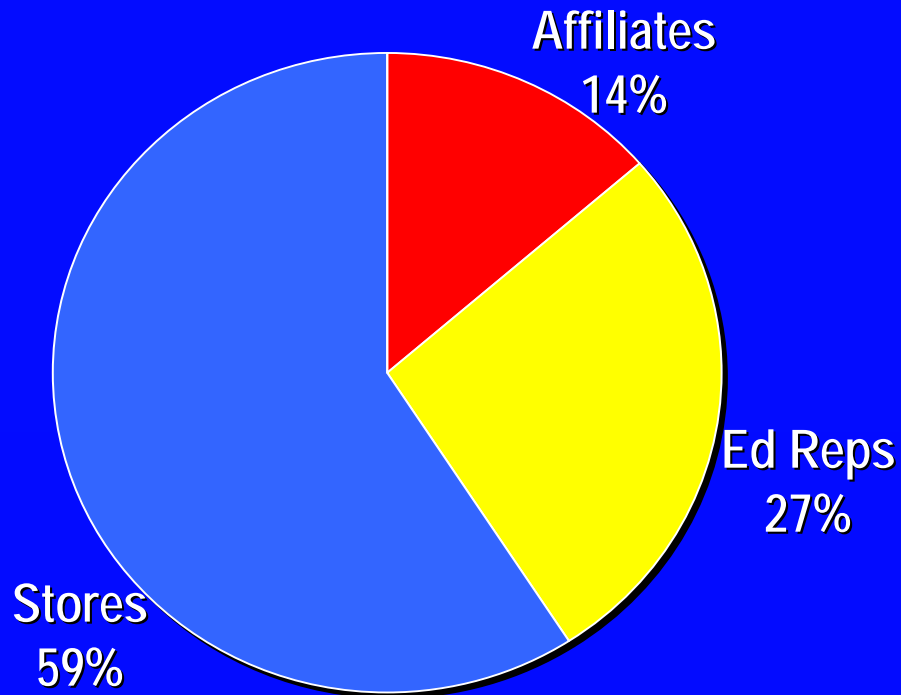


Musician's Friend Metrics

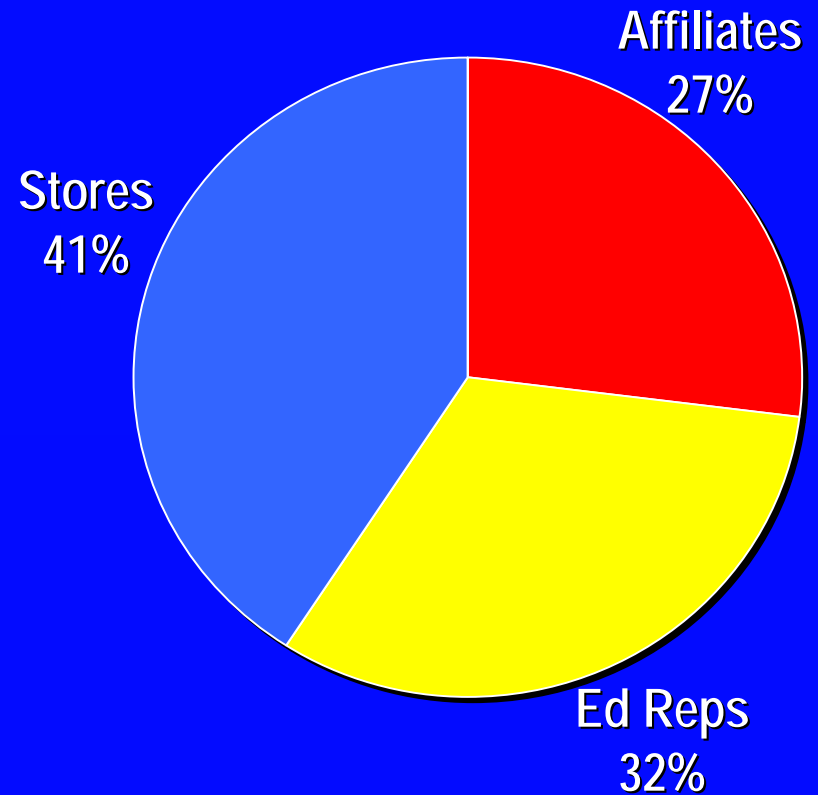
	Q1 05	Q2 05	Q3 05	Q4 05	Q1 06
Internet sales	57.9%	58.7%	61.6%	62.2%	60.7%
Contact center sales	42.1%	41.3%	38.4%	37.8%	39.3%
S&H as % of sales	4.8%	4.5%	2.7%	2.4%	3.0%
Marketing as % of sales	6.9%	8.0%	8.7%	8.3%	5.9%
Initial order fill rate	91.9%	95.4%	92.9%	92.9%	93.2%
Inventory turn (on TTM basis)	4.8x	4.8x	4.8x	5.4x	5.5x

Music & Arts Sales by Channels

Total Sales



Rental Sales





Music & Arts Store Averages

Net sales	\$1.02M
Square footage	3,886
Sales per square foot	\$257
Over the counter rentals	782
Number of students*	259

*75 stores with students as of April



Music & Arts Educational Representative Averages

Net sales	\$400K
Rentals managed	500
School visits per week	60



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