



William Blair 24th Annual Growth Stock Conference
June 23, 2004

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, 2003, which has 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.

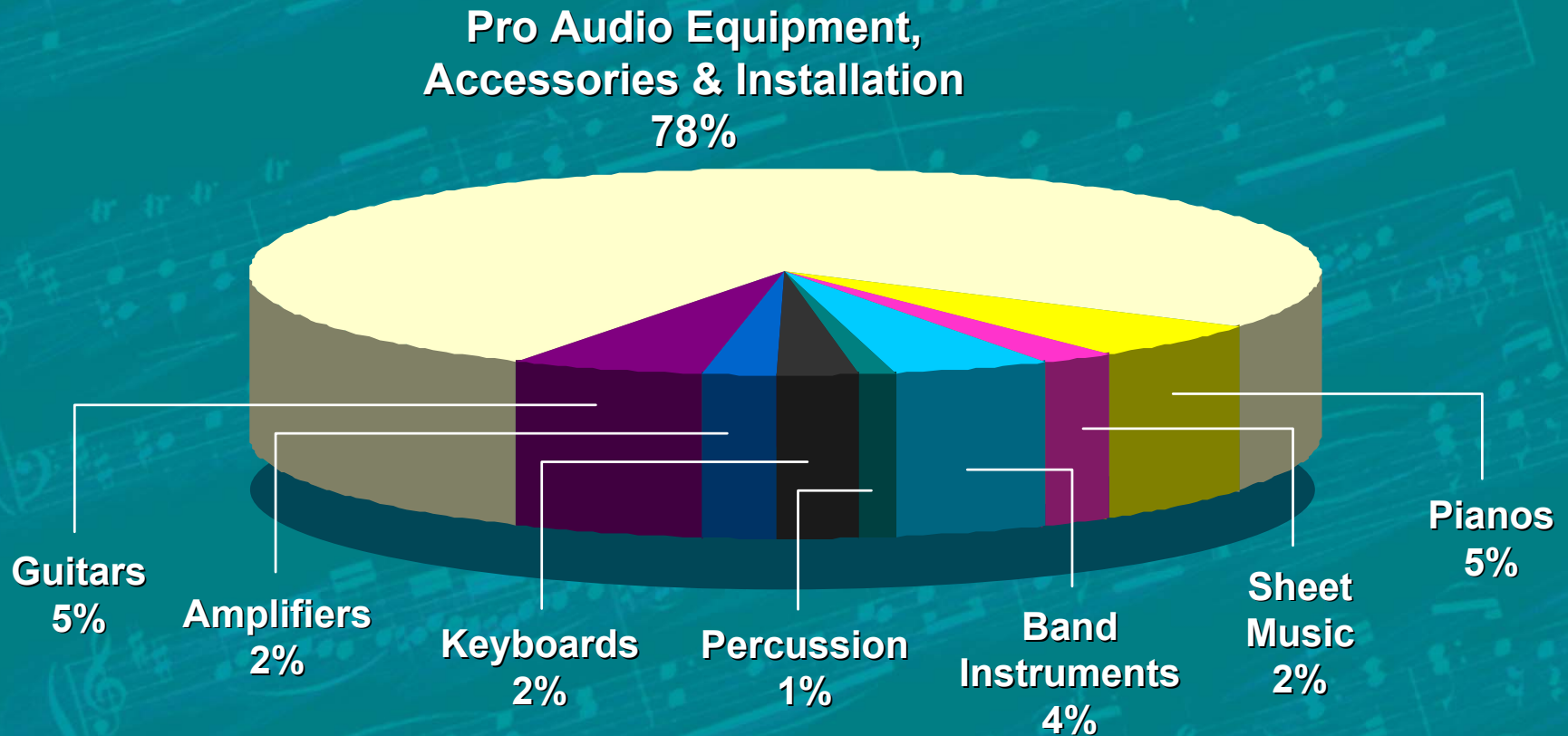


Guitar Center Achieving Strong Momentum

- Leveraging infrastructure investments
- Streamlining inventory management
- Improving operating efficiencies
- Increasing mature store base
- Strong competitive advantages
- Continuing opportunities for growth



\$20 Billion Expanding Industry

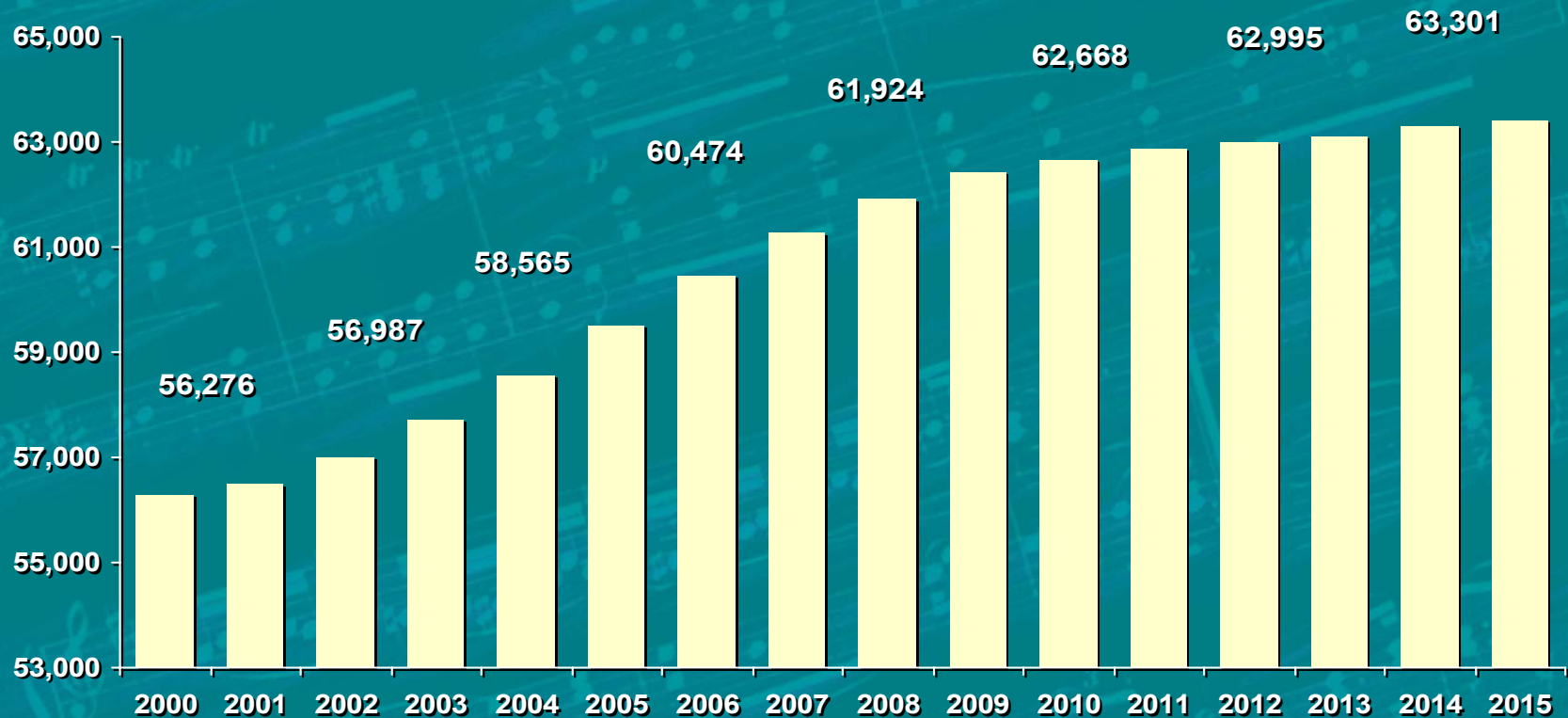


Source: *Music Trades* and 2001 study by
Sound and Communications



Strong Population Demographics

U.S. Population Forecast: Ages 15 to 29 (in thousands)

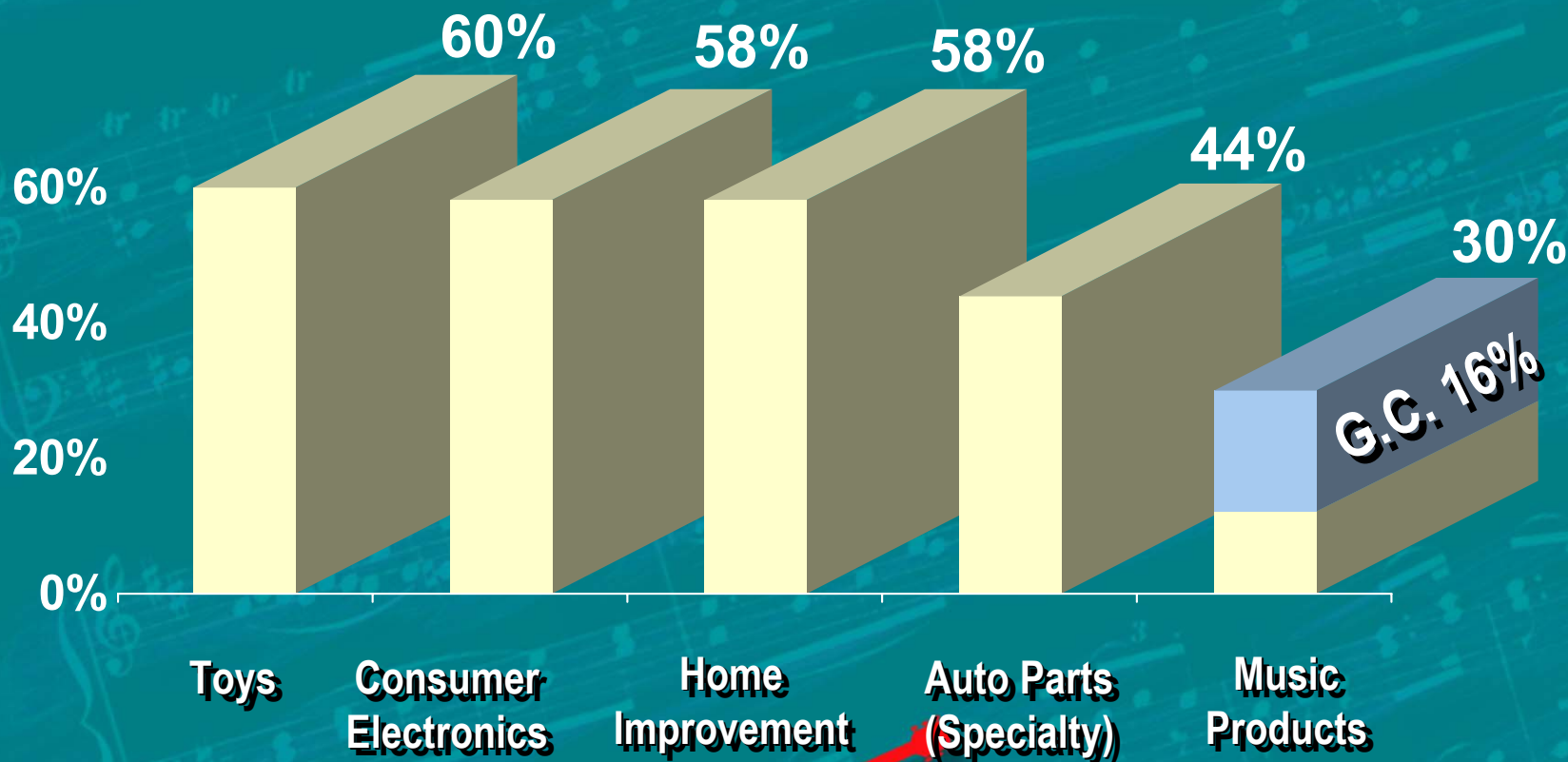


Source: US Census Bureau



Increasing Our Market Share

Top 10 Retailers' Industry Market Share



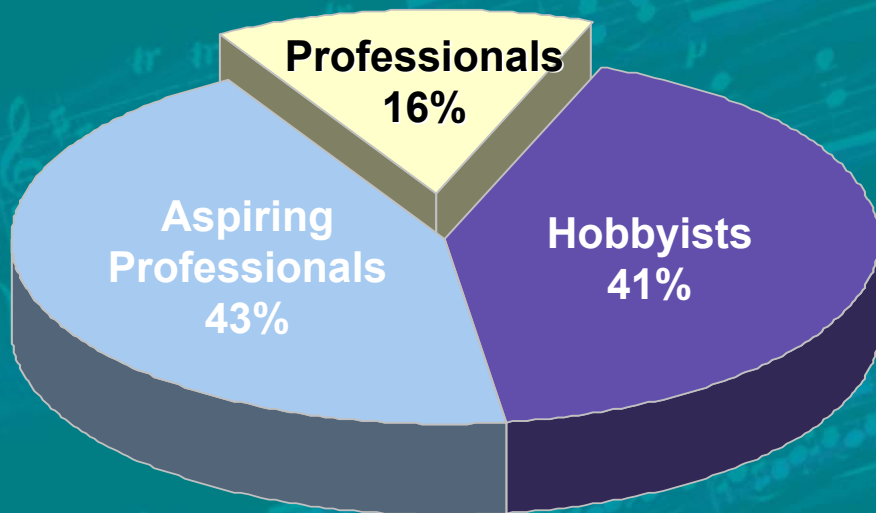
Sources: Goldman Sachs and Music Trades



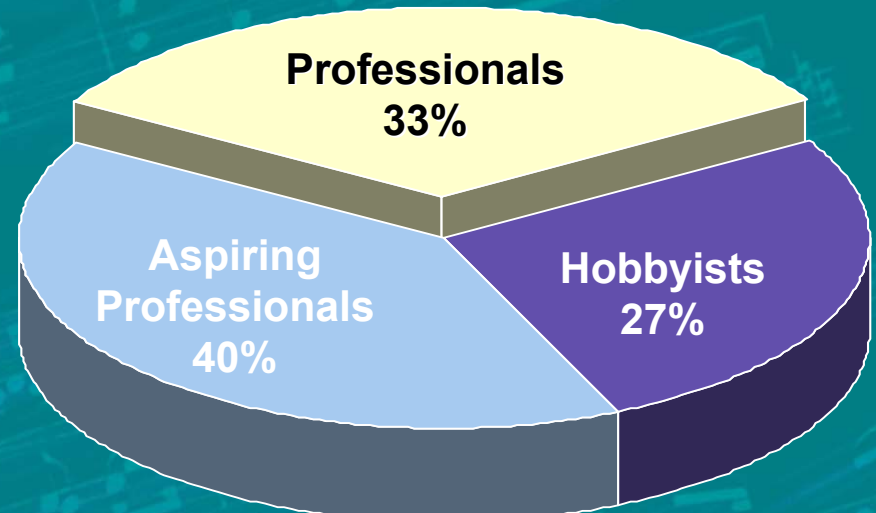
Successful Guitar Center Retail Strategy

Pros Selling to Pros

59% of customers = 73% of sales revenues



Customers



Revenues

Source: Guitar Center, Inc. sponsored study for
Guitar Center stores



Guitars & Amps



Percussion



Accessories



Strong Guitar Center Retail Infrastructure

- Well established retail operating systems
- Strong training programs
- Large customer mailing lists
- Successful distribution strategy



Guitar Center Retail Marketing to 6 Million Musicians

Guitar Center
The Musician's Choice

YOUR BUYER'S GUIDE TO THE BEST GEAR AND THE BEST DEALS!
» MAY 2004

THE GREAT GEAR GETAWAY
DON'T PAY FOR 15 MONTHS!
Special Financing On Top Manufacturers

Preferred Player CARD
13345678912345
THE ROCKER

PLUS!
ENTER TO WIN A TOYOTA RAV4 FROM JBL
SEE PG. 4

Guitar Center
The Musician's Choice

YOUR BUYER'S GUIDE FOR THE BEST GEAR AND THE BEST DEALS!
MARCH 2004

27th Annual
GREEN TAG SAVINGS EVENT

SAVE 50% AND MORE!

Plus! School of Rock
ENTER TO WIN
SEE PG. 4

Guitar Center
The Musician's Choice

YOUR BUYER'S GUIDE FOR THE BEST GEAR AND THE BEST DEALS • FEBRUARY 2004

FEBRUARY Savings Summit

Here at February's 2004 Savings Summit, Guitar Center negotiated HUGE discounts with the nation's top manufacturers.

MUSICIANS WIN AT SAVINGS SUMMIT!
For over 39 years, Guitar Center has met the needs of musicians everywhere. What took place at Guitar Center's Savings Summit was unprecedented.
Please turn to Page 2

ENTER TO WIN A 2004 KTM MOTORCYCLE!
PLUS, win a trip for 2 to the THQ WORLD SUPERCROSS GP finals in Las Vegas!

GRAND PRIZE
KTM MOTORCYCLE

Strong Store Performance

Large Format Guitar Center Stores

Stores Opened 1997 to 2001

Average 1st Year (a)

Average 4th Year (b)

52 Stores

30 Stores

Sales

\$5,685 K

\$8,000 K

Sales per square foot

\$355

\$492

Store operating profit (c)

\$372,000

\$845,000

Store operating margin % (c)

6.5%

10.6%

Total net investment (average)

\$2.25 million

a) Based on actual first full twelve month data for stores opened in 1997 through 2001 (52 stores)

b) Includes all stores opened in 1997 through 1999 (30 stores - excluding Musician's Friend stores)

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



Strong Store Performance

Small Format Guitar Center Stores

	Average 1st Year 10 Stores	Average 2nd Year 5 Stores
Average Store Performance Model		
Annual sales	\$3.3 million	\$3.9 million
Store operating profit*	\$281,000	\$451,000
Store operating margin %*	8.5%	11.6%
Average Investment		
Capital expenditure	\$ 540,000	
Inventory	\$1,060,000	
Accounts payable	<u>(\$ 210,000)</u>	
Total net investment	<u>\$1,390,000</u>	

Based on actual first full twelve month data for 10 stores opened since December 2000

* Operating profit and margin % exclude store pre-opening costs

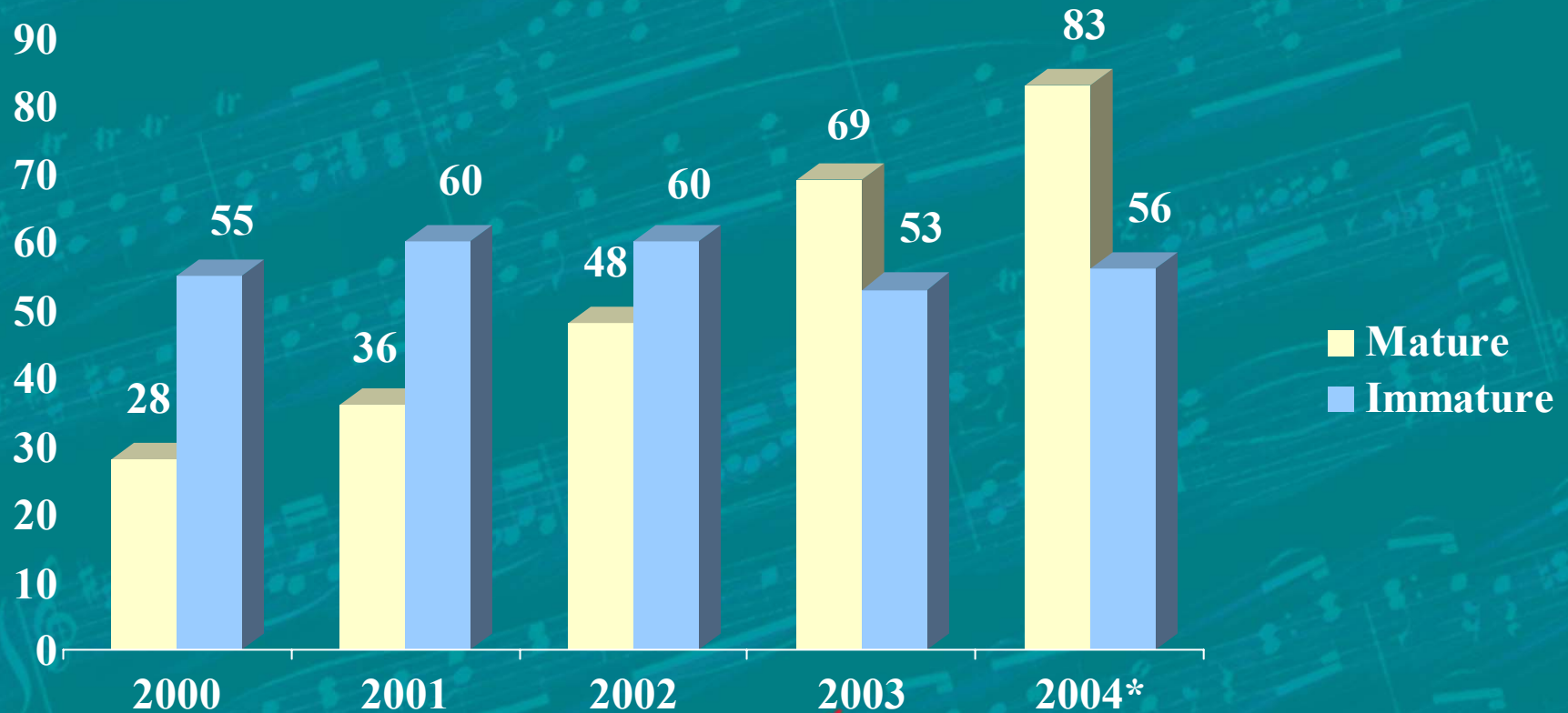


Strong Guitar Center Store Performance

(\$ in thousands)	Mature Stores Year 2003	Immature Stores Year 2003
Net Sales	\$ 692,180	\$ 286,782
Buying & occupancy	4.6%	6.4%
Gross profit	25.5%	24.8%
Selling, general and administrative expenses	14.2%	15.9%
Store contribution	11.3%	8.9%
Number of stores	69	53



Increased Leverage from Mature Guitar Center Stores



*2004 figures are Company estimates only
Mature stores are units open more than 48 months



Strong Direct Response Infrastructure

- Increased SKU count
- New data mining programs
- Centralized and expanded fulfillment operations
- Improved logistics systems and technology



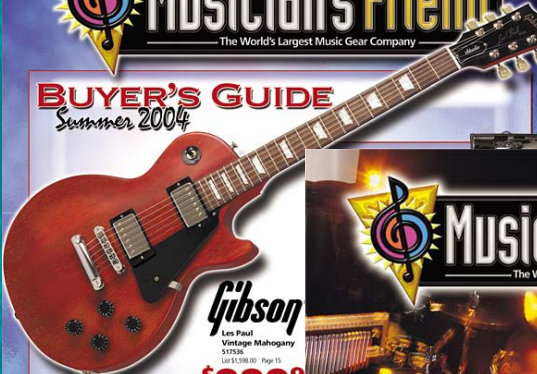
New Specialty Catalogs

musiciansfriend.com


Musician's Friend

The World's Largest Music Gear Company


BUYER'S GUIDE Summer 2004



Gibson
Les Paul
Vintage Mahogany
\$1750
List \$1900.00 Page 15
\$999.99



CRATE
FX120 Combo
400W 12" Loudspeaker
Page 107
\$419.99



MXL
990 Condenser
Condenser Mic
with Shockmount
237056 List \$199.99
Page 147
\$69.99

Get
Make
Class
page
stack
\$49.99
50%
Strap

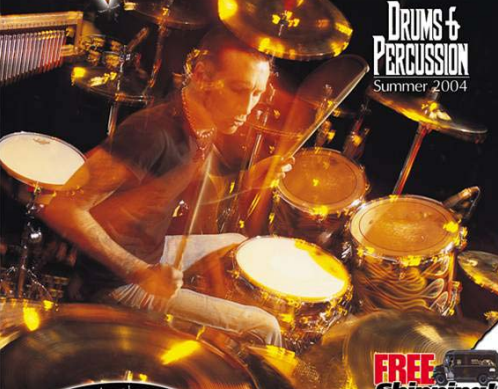
Order 800-776-5173

musiciansfriend.com

Musician's Friend

The World's Largest Music Gear Company

DRUMS & PERCUSSION Summer 2004



FREE Shipping!
Shipment Orders Over \$299
Details inside

45-DAY Dual Guarantee!
Details inside

SAVE With Special Financing!
Details inside

Details Inside
RUSH
VIP Concert Sweepstakes
SABIAN pro-mack
REMB
MILWAUKEE

Order Toll Free Today
800-776-5173

www.musiciansfriend.com/lmi

LMI

Music Products For Educators

A Superior Selection For All Your Music Education Needs

GREAT CUSTOMER SERVICE!

YAMAHA
YRS-24B Soprano Recorder
Continued by many to be the best beginner's recorder available on the market today
Available Jan 28-30, 2004
\$4.99

2-Pack Egg Shaker
Double the shaking fun!
Available 2/12-2/14
\$1.99

LMI
Transparent Tambourine with Head
A fun and versatile rhythm toy
Available 2/12-2/14
\$1.99

Order Today!
800-456-2334

Spring 2004

GIARDINELLI

Assisting Musicians Since 1947

LOW Prices • GREAT Service

FREE Shipping
on most orders over \$99!
Details inside

BRASS

Blessing
No. 18
Professional Trumpet
Available 3/1-3/15
\$649.99

JUPITER
No. 18
Professional Trumpet
Available 3/1-3/15
\$689.99

WOODWINDS

PERCUSSION

Snare Drum Package
Available 3/1-3/15
\$99.99

STRINGS

Swan
Violin
Available 3/1-3/15
\$299.99

COMBO

CASIO
PX-150
Digital Piano
Available 3/1-3/15
\$499.99

GIARDINELLI
GTR 512 Trumpet
#0381 Page 13
Starting at **\$499.99**

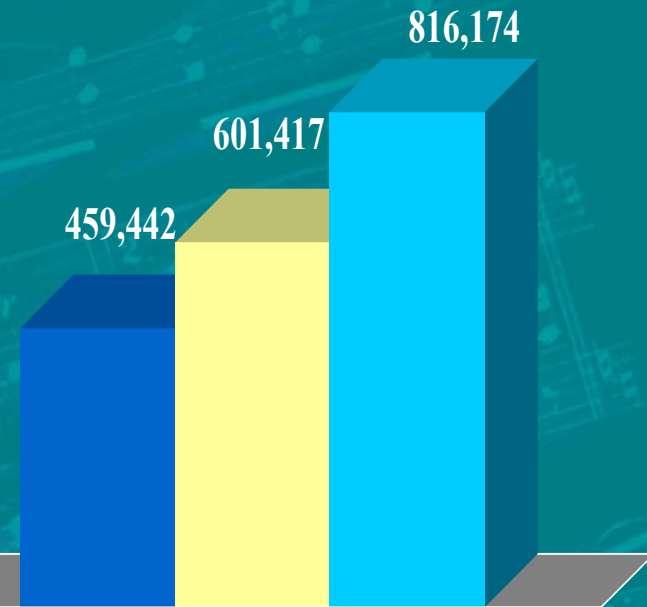
Special Financing Offer!
Details inside

giardinelli.com
800-288-2334

A professional trumpet at a student price!



Enhanced Musician's Friend Website Increasing Online Transactions



Online Transactions

2001 2002 2003

Improved Direct Response Efficiencies

	FY 2003	FY 2002
Initial order fill rate	91.7%	90.0%
Back order shipment rate	11.5%	14.2%
Cancellation rate	12.0%	14.5%
Return Rate	8.6%	11.6%
Average Order Size	\$235	\$240



American Music Retail Strategy

- Store model -- “Your Family Music Store”
- Focused on beginner and recreational music enthusiasts
- Offering key service elements -- sales, rentals, lessons and repairs
- Implementing information systems and processes
- Focused on communities with a strong educational environment



Continuing Growth Opportunities

- 107 large format Guitar Center stores
 - potential for 160 large format stores
 - 17,000 sq ft stores; cities with pop. 900,000+
- 22 small format Guitar Center stores
 - potential for 160 small format stores
 - 10,000 sq ft stores; cities with pop. 200,000 to 900,000
- Largest direct response retailer in industry through Musician's Friend
 - increase catalog circulation
 - drive sales through improved data mining
- 19 American Music stores
 - potential for 400+ American Music stores
 - 3,000 to 5,000 sq ft stores



Demonstrated Financial Performance

10 Year 29% CAGR



Musician's Friend sales only shown from 1996 - 2003
 Number of stores for 2001 - 2003 includes American Music

Strong Guitar Center Comparable Store Sales Performance

	1Q	Q2	Q3	Q4	Annual
2000	8%	7%	6%	7%	7%
2001	7%	6%	3%	6%	6%
2002	5%	8%	6%	7%	6%
2003	4%	5%	7%	10%	7%
2004	11%	6% - 8%*			



*Q2 2004 Company estimate

Demonstrated Financial Performance

Total Company - Quarter Comparison

(\$'s in thousands)	Q1 2004	Q1 2003
Sales	\$ 349,703	\$ 287,542
Operating profit	\$ 20,365	\$ 11,658
Operating margin %	5.8 %	4.1 %
Net income	\$ 11,780	\$ 5,277
Weighted avg. shares outstanding (diluted)	25,501	23,652
EPS (diluted)	\$ 0.46	\$ 0.22



Solid Balance Sheet

	Mar. 31 2004	Dec. 31 2003
Stockholders' equity	\$ 232 M	\$ 214 M
Working capital	\$ 218 M	\$ 195 M
Funded debt	\$ 100 M	\$ 100 M
Total assets	\$ 470 M	\$ 461 M



Strong Financial Performance*

	Mar. 31 2004	Mar. 31 2003
Free cash flow (cash used)	\$9.0 Million	(\$10.8) Million
Funded debt to equity ratio	0.43 x	0.98 x
EBITDA coverage ratio	0.98 x	2.12 x
ROAE	21%	13%
ROIC (pre tax basis)	24%	17%

* Supporting calculation and reconciliation to financial statements available on Company website



Guitar Center

Achieving Strong Momentum

- Leveraging infrastructure investments
- Streamlining inventory management
- Improving operating efficiencies
- Increasing mature store base
- Strong competitive advantages
- Continuing opportunities for growth



Q & A

