

Advertising Price Policy

Dear Vendor:

Guitar Center, Inc. and its brands have invested significant resources to ensure that we provide the promotion, advice and information necessary to maintain the level of personal service, in-depth product knowledge and support that your products deserve and our customers expect.

When we make the decision to invest the resources necessary to properly promote and support a vendor or product line, we do so based on our forecasted return on this investment. This forecast is based in large part on our expectation that where a vendor has established a minimum advertised price (MAP) policy, the actual advertised pricing in the market for covered products will be consistent with that policy.

To the extent our advertised pricing is based on expectations created by the MAP policy, but that pricing is inconsistent with actual market pricing, we become uncompetitive and waste significant resources and opportunities. In 2010, we invested \$75 million on promoting products, an amount well beyond anyone else in the industry.

To maintain our competitiveness within the marketplace, and to protect our substantial promotional, inventory and infrastructure investments in our vendors and their products, we are compelled to take action.

Beginning immediately, Guitar Center and each of its brands will take whatever actions it deems appropriate to maintain its competitiveness in the marketplace and to achieve a fair return on its substantial investments in its vendors and their products. These actions may include competing with and matching the lowest prevailing advertised price in the market, seeking vendor chargebacks or other concessions to restore its expected return on investment, canceling purchase orders, terminating some or all product lines of a vendor, or taking any other action it deems appropriate.

This policy will be enforced in the sole discretion of Guitar Center and each of its brands. Based upon our market and economic analysis, this policy may be enforced differently among vendors at our discretion. No complaints from any vendor regarding our actions towards any other vendor will be considered.

No agreement to any term of this policy will be accepted. No employee has authority to negotiate or vary the terms of this policy or to discuss any retail sales pricing decisions with any vendor.

Questions or comments regarding this policy should be directed to me or our SVPs of Merchandising – Michael Doyle (Stringed Instruments), Michael Walter (Percussion, General Accessories, Band & Orchestra), or Bill Wrightson (High Tech).

Sincerely,



John Bagan
EVP/GMM – Merchandising and Supply Chain
Guitar Center, Inc.