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02-18-1999

U.S. Patent & TMOc/TM Mail Rpt Dt. #57

### RECORDATION FORM COVER SHEET TRADEMARKS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies)

#### Submission Type

- New
- Resubmission (Non-Recordation)  
Document ID # \_\_\_\_\_
- Correction of PTO Error  
Reel # \_\_\_\_\_ Frame # \_\_\_\_\_
- Corrective Document  
Reel # \_\_\_\_\_ Frame # \_\_\_\_\_

#### Conveyance Type

- Assignment
- License
- Security Agreement
- Nunc Pro Tunc Assignment
- Merger
- Change of Name
- Other \_\_\_\_\_

U.S. PATENT & TRADEMARK OFFICE  
MAY 18 1999  
RECEIVED  
TRADEMARK  
FEE PROCESS.  
Effective Date  
Month Day Year  
11-6-96

#### Conveying Party

Mark if additional names of conveying parties attached  
Execution Date  
Month Day Year

Name Guitar Center Management Company, Inc.

Formerly \_\_\_\_\_

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association

Other \_\_\_\_\_

Citizenship/State of Incorporation/Organization California

#### Receiving Party

Mark if additional names of receiving parties attached

Name Guitar Center, Inc.

DBA/AKA/TA \_\_\_\_\_

Composed of \_\_\_\_\_

Address (line 1) 5155 Clareton Drive

Address (line 2) \_\_\_\_\_

Address (line 3) Agoura Hills CA 91301  
City State/Country Zip Code

- Individual
- General Partnership
- Limited Partnership

- Corporation
- Association

Other \_\_\_\_\_

Citizenship/State of Incorporation/Organization Delaware

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

03/02/1999 JSHABAZZ 00000216 200052 1576899

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Mail documents to be recorded with required cover sheet(s) information to:  
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

**Domestic Representative Name and Address**

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Correspondent Name and Address**

Area Code and Telephone Number

213-891-0700

Name

Mark A. Bonenfant, Esq.

Address (line 1)

Buchalter, Nemer, Fields & Younger

Address (line 2)

601 S. Figueroa St., Suite 2400

Address (line 3)

Los Angeles, CA 90017

Address (line 4)

**Pages**

Enter the total number of pages of the attached conveyance document including any attachments.

#

33

**Trademark Application Number(s) or Registration Number(s)**

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>
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<input type="text"/>	<input type="text"/>	<input type="text"/>

**Number of Properties**

Enter the total number of properties involved.

#

1

**Fee Amount**

Fee Amount for Properties Listed (37 CFR 3.41):

\$

40.00

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

20-0052

Authorization to charge additional fees:

Yes

No

**Statement and Signature**

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Christine E. Wilson  
Cecilia L. Palmer

2/1/99

2/1/99

Name of Person Signing

Signature

Date Signed

**RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY**

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 Security Agreement  Nunc Pro Tunc Assignment  
 Merger  
Effective Date  
Month Day Year  
11-6-96  
 Change of Name  
 Other \_\_\_\_\_

**Conveying Party**

Mark if additional names of conveying parties attached  
Execution Date  
Month Day Year

Name   
Formerly \_\_\_\_\_  
 Individual  General Partnership  Limited Partnership  Corporation  Association  
 Other \_\_\_\_\_  
 Citizenship/State of Incorporation/Organization

**Receiving Party**

Mark if additional names of receiving parties attached

Name   
DBA/AKATA \_\_\_\_\_  
Composed of \_\_\_\_\_  
Address (line 1)   
Address (line 2) \_\_\_\_\_  
Address (line 3)     
City State/Country Zip Code  
 Individual  General Partnership  Limited Partnership  If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)  
 Corporation  Association  
 Other \_\_\_\_\_  
 Citizenship/State of Incorporation/Organization

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**Domestic Representative Name and Address**

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Correspondent Name and Address**

Area Code and Telephone Number 213-891-0700

Name Mark A. Bonenfant, Esq.

Address (line 1) Buchalter, Nemer, Fields & Younger

Address (line 2) 601 S. Figueroa St., Suite 2400

Address (line 3) Los Angeles, CA 90017

Address (line 4)

**Pages**

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Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)


<u>1576899</u>		

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Enter the total number of properties involved.

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Fee Amount for Properties Listed (37 CFR 3.41)

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Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

20-0052

Authorization to charge additional fees:

Yes

No

**Statement and Signature**

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

*Christina E. Wilcox*  
Cecilia L. Palmer

*Cecilia L. Palmer*  
2/2/99

Name of Person Signing

Signature

Date Signed

# State of California

SECRETARY OF STATE

CORPORATION DIVISION



I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the annexed transcript was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

*IN WITNESS WHEREOF*, I execute this certificate and affix the Great Seal of the State of California this

JUN 09 1998



*Bill Jones*

Secretary of State

863106 SURV

## AGREEMENT AND PLAN OF MERGER

FILED  
 in the office of the Secretary of State  
 of the State of California  
 NOV 1 1981  
 MARCH FONG EU, Secretary of State  
 By Bill Hode  
 Deputy

THIS AGREEMENT AND PLAN OF MERGER, dated as of June 3, 1981, between GUITAR CENTER MANAGEMENT COMPANY, INC., a California Corporation ("COMPANY") and GUITAR CENTER OF SAN JOSE, INC., a California Corporation ("SAN JOSE").

W I T N E S S E T H:

WHEREAS, COMPANY is a California Corporation authorized to issue 100,000 common shares without par value, of which there are outstanding at the date hereof 10,000 shares; and

WHEREAS, SAN JOSE is a California Corporation authorized to issue 9,000 common shares without par value, of which there are outstanding at the date hereof 9,000 shares; and,

WHEREAS, the Board of Directors and Shareholders of each Constituent Corporation deem it advisable for the general welfare of its constituent that the constituent corporations merge into a single corporation pursuant to this Agreement and the applicable laws of the State of California; and,

WHEREAS, the Constituent Corporations desire to adopt this Agreement as a Plan of Reorganization and to consummate the merger in accordance with Section 368(a)(1)(A) of the Internal Revenue Code of 1954 as amended;

NOW, THEREFORE, the Constituent Corporations agree that SAN JOSE shall be merged with and into Company as the surviving corporation in accordance with the applicable laws of the State of California, that the name of the surviving corporation shall continue to be GUITAR CENTER MANAGEMENT COMPANY, INC., (which in its capacity as surviving corporation is hereinafter called the "Surviving Corporation"), and that the terms and conditions of the merger and the mode of carrying it into effect shall be as follows:

Section 1:

Effect of Merger

On the Effective Date (as defined in Section 2 herein): SAN JOSE shall merge with and into COMPANY; the corporate existence of COMPANY shall continue; and the separate corporate existence of SAN JOSE shall cease. The corporate identity, existence, name, purposes, franchises, powers, rights, and immunities of COMPANY shall continue unaffected and unimpaired by the merger; and the corporate identity, existence, purposes, franchises, powers, rights, and immunities of SAN JOSE shall be merged into COMPANY which shall be fully vested therewith. COMPANY shall be subject to all of the debts and liabilities of SAN JOSE as if COMPANY had itself incurred them and all rights of creditors and all liens upon the property of each of COMPANY and SAN JOSE shall be preserved unimpaired, provided that such

liens, if any, upon the property of SAN JOSE shall be limited to the property affected thereby immediately prior to the Effective Date.

Section 2:

Effective Date

The merger provided for in this Agreement shall become effective as of November 1, 1981 providing that the following events have been completed: COMPANY and SAN JOSE shall each take or cause to be taken all such actions, or do or cause to be done all such things, as are necessary, proper, or advisable under the laws of the State of California to make effective the merger herein provided, subject, however, to receipt of any required approval by outstanding shares of either in accordance with California law and subject also to completion of any necessary qualification of securities under the Corporate Securities Law of California and to compliance with all other applicable laws. Unless this Agreement shall be terminated as herein provided, COMPANY and SAN JOSE each agrees to use its best efforts, subject to the foregoing conditions, to take or cause to be taken all actions as aforesaid. Upon compliance with applicable laws and upon receipt of any required approval of the outstanding shares of either party, a copy of this Agreement and Plan of Merger with an officer's certificate of each of COMPANY and SAN JOSE as required by Section 1103 of the California Corporations Code shall be filed in the office of the California Secretary of State.



The date on which the merger so becomes effective is herein called the "Effective Date".

Section 3:

Governing Law

COMPANY shall be governed by the laws of the State of California.

Section 4:

Articles of Incorporation and Bylaws

Articles of Incorporation and Bylaws. The articles of incorporation and bylaws of Surviving corporation, as in effect on the Effective Date, shall be and remain (until amended or repealed as provided by law) its articles of incorporation and bylaws respectively.

Section 5:

Board of Directors and Officers

Until the election and qualification of their successors, the members of the Board of Directors of the Surviving Corporation shall be the Board of Directors of COMPANY in office on the Effective Date. The elected officers of the Surviving Corporation, who shall continue in office at the pleasure of the Board of Directors of the Surviving Corporation, shall be the elected officers of Company on the Effective Date.

Section 6:

Effect of Merger in Outstanding Shares

(a) COMPANY Each certificate evidencing ownership of shares of COMPANY Common Stock issued and outstanding on the Effective Date or held by COMPANY in its treasury shall

continue to evidence ownership of the same number of shares of COMPANY Common Stock.

(b) SAN JOSE On the Effective Date, each issued and outstanding common share of SAN JOSE shall be converted into .2134 common shares, without par value, of COMPANY, subject to adjustment as provided herein. No fractional shares of SAN JOSE shall be issued to holders of shares of SAN JOSE who would otherwise be entitled to receive a fraction of a share, but each such holder shall in lieu thereof be paid an amount in cash equal to the value of such fraction, based upon the market value of common shares of COMPANY on the Effective Date as determined by the board of directors of COMPANY in office immediately after the Effective Date; provided, however, that if the fraction of a share which any such holder would otherwise be entitled to receive is less than one-half of one percent of the total shares such person is entitled to receive, such holder shall not be entitled to receive such amount in cash but the number of shares which such holder is entitled to receive shall be rounded off to the nearest whole share (if such fraction is one-half of one share exactly, the number of shares shall be rounded up to the next higher whole share).

(c) Exchange of Certificates After the Effective Date, each holder of an outstanding certificate evidencing common shares of SAN JOSE shall surrender the same, duly endorsed as COMPANY may require, to COMPANY or its agent for cancellation. Thereupon such holder shall receive in

exchange therefor a certificate or certificates representing the number of full common shares of COMPANY to which such holder shall be entitled as provided herein and shall also be entitled to receive dividends on each such common share of COMPANY in an amount equivalent to the amount of dividends declared and paid on such shares between the Effective Date and the date of issuance to such holder of the certificate for such common shares. Such holder shall also be entitled to receive upon such surrender, the amount of cash, if any, payable in lieu of fractional shares otherwise issuable to such holder. Holders of certificates for common shares of SAN JOSE, as such, shall not be entitled to receive any dividends unless and until, and only to the extent that, said holders shall have actually been issued certificates for common shares of COMPANY as hereinabove provided.

Section 7:

Termination or Abandonment

This Agreement of Merger may be terminated and the merger hereby provided for abandoned at any time prior to the Effective Date (a) by the mutual consent of the respective boards of directors of SAN JOSE and COMPANY. In the event of termination of this Agreement as herein provided, neither SAN JOSE nor COMPANY or their respective boards of directors or shareholders shall be liable to the other or its directors or shareholders.

Section 8:

Other

(a) Governing Law This Agreement of Merger shall be governed by the laws of California.

(b) Entire Agreement This Agreement contains the entire agreement of the parties hereto, and supersedes any prior written or oral agreements between them concerning the subject matter contained herein.

(c) Headings The section and subsection headings in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(d) Assignment This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their successors and assigns; provided, however, that any assignment by either party of its rights under this Agreement without the written consent of the other party shall be void.

(e) Counterparts This Agreement of Merger may be executed in any number of counterparts and each such counterpart shall be deemed to be an original instrument, but all of such counterparts together shall constitute but one agreement.

(f) Further Assurances SAN JOSE shall from time to time upon request by COMPANY execute and deliver all such documents and instruments and take all such action as COMPANY may request in order to vest or evidence the vesting

in COMPANY of title to and possession of all rights,  
properties, assets, and business of SAN JOSE, or otherwise  
to carry out the full intent and purpose of this Agreement  
of Merger.

IN WITNESS WHEREOF, SAN JOSE and COMPANY have caused  
this Agreement of Merger to be executed as of the day and  
year first above written.

COMPANY

GUITAR CENTER MANAGEMENT COMPANY, INC.

By: 

President

SAN JOSE

GUITAR CENTER OF SAN JOSE, INC.

By: 

President

OFFICERS' CERTIFICATE OF MERGER  
FOR  
GUITAR CENTER MANAGEMENT COMPANY, INC.,  
a California Corporation

We, the undersigned, do certify that:

1. We are, and at all times herein mentioned, the duly elected and qualified President and Secretary of GUITAR CENTER MANAGEMENT COMPANY, INC., a corporation duly organized and existing under the laws of the State of California.

2. On June 3, 1981, the principal terms of the merger agreement in the form attached hereto were approved by said corporation by a vote of a number of shares of each class which equaled or exceeded the vote required, under the general corporation laws of California, for approval of the principal terms of the merger described in the attached agreement by the outstanding shares of each class of said corporation.

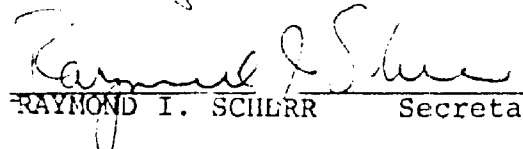
3. The total number of outstanding shares of each class of said corporation entitled to vote on the merger was and is 10,000 shares of common stock.

4. All 10,000 shares of common stock affirmatively voted in favor of the merger.

5. We declare under penalty of perjury that the foregoing matters stated in this certificate are true to our knowledge.

Executed at Los Angeles, Los Angeles County, California, on September 1, 1981.

  
WAYNE MITCHELL President

  
RAYMOND I. SCHERR Secretary

OFFICERS' CERTIFICATE OF MERGER  
FOR  
GUITAR CENTER OF SAN JOSE, INC.  
a California corporation

We, the undersigned, do certify that:

1. We are, and at all times herein mentioned, the duly elected and qualified President and Secretary of GUITAR CENTER OF SAN JOSE, INC., a corporation organized and existing under the laws of the State of California.

2. On June 3, 1981, the principal terms of the merger agreement in the form attached hereto were approved by said corporation by a vote of a number of shares of each class which equaled or exceeded the vote required, under the general corporation law of California, for approval of the principal terms of the merger described in the attached agreement by the outstanding shares of each class of said corporation.


3. The total number of outstanding shares of said corporation entitled to vote on the merger was and is 9,000 shares of common stock.

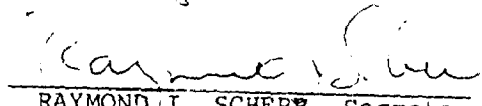
4. All 9,000 shares of common stock of said corporation entitled to vote on the merger agreement, affirmatively voted in favor of said merger.



5. We declare under penalty of perjury that the foregoing matters stated in this certificate are true to our knowledge.

Executed at Los Angeles, County, California, on  
September 1, 1981.

  
WAYNE MITCHELL President

  
RAYMOND I. SCHERR Secretary

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FILED

In the office of the Secretary of State  
of the State of California

NOV 8 1985

MARCH FUNG EU, Secretary of State

By B. [Signature]  
Deputy

AGREEMENT OF MERGER BETWEEN

GUITAR CENTER MANAGEMENT COMPANY, INC.

AND GC MERGER CORP.

AGREEMENT OF MERGER ("Agreement") dated October 31, 1985, made by and between Guitar Center Management Company, Inc., a California corporation ("Guitar Center"), and GC Merger Corp., a California corporation ("Merger"), which corporations are sometimes hereinafter collectively called the "Constituent Corporations."

W I T N E S S E T H:

WHEREAS, Guitar Center is a corporation duly organized and existing under the laws of the State of California, having authorized capital stock consisting of 1,000,000 shares of Common Stock ("Guitar Center Common Stock") of which 12,134 shares are issued and outstanding;

WHEREAS, Merger is a corporation duly organized and existing under the laws of the State of California, having authorized capital stock consisting of 20,000 shares of common stock of which 6,188.34 shares are issued and outstanding;

WHEREAS, the Board of Directors of each of the Constituent Corporations deems it advisable and in the best interest of each of the Constituent Corporations and its shareholders that Merger be merged into and with Guitar Center, as permitted by the General Corporation Law of the State of California, under and pursuant to the terms and conditions set forth below;

WHEREAS, Guitar Center and Merger entered into an Agreement and Plan of Reorganization dated as of October 31, 1985 ("Plan of Reorganization") containing various representations, warranties, covenants and conditions relating, among other things, to the merger provided for herein;

WHEREAS, the Board of Directors of each of the Constituent Corporations has approved this Agreement and directed that this Agreement be submitted to its shareholders; and

WHEREAS, the shareholders of each of the Constituent Corporations have approved and adopted this Agreement in accordance with the General Corporation Law of the State of California.

NOW, THEREFORE, in consideration of the promises and the mutual agreements and covenants herein contained and in accordance with the General Corporation Law of the State of California, the parties have agreed and covenanted, and do agree and covenant as follows:

ARTICLE I

THE MERCER

SURVIVING CORPORATION AND THE EFFECTIVE DATE

1. Merger shall be merged into and with Guitar Center, which shall survive after the merger, effective at the close of business on the date on which this Agreement together with appropriate certificates is filed with the California Secretary of State pursuant to the General Corporation Law of the State of California.

2. The date on which such merger occurs is hereby defined to be and is hereinafter called the "Effective Date."

3. Guitar Center, as the surviving corporation (herein as such called the "Surviving Corporation"), shall continue its corporate existence under the laws of the State of California and the directors and officers of Guitar Center

shall continue as the directors and officers of the Surviving Corporation until their successors are elected and qualified. On the Effective Date the separate existence and corporate organization of Merger, except insofar as it may be continued by operation of law, shall be terminated and cease.

## ARTICLE II

### ARTICLES OF INCORPORATION AND BY-LAWS OF THE SURVIVING CORPORATION

1. The Articles of Incorporation of Guitar Center shall be amended and restated in its entirety as set forth in Exhibit A hereto.

2. The by-laws of Guitar Center on the date hereof shall, on the Effective Date, be the by-laws of the Surviving Corporation, until altered, amended or repealed in accordance with the provisions thereof, of the Articles of Incorporation and of applicable law.

ARTICLE III

TREATMENT OF SHARES OF EACH OF THE  
CONSTITUENT CORPORATIONS

1. On the Effective Date:

(a) Each share of Common Stock of Merger outstanding immediately prior to the merger shall, by virtue of the merger and without any action on the part of the holder thereof, be converted into and become one share of Guitar Center Common Stock.

(b) Each share of Guitar Center Common Stock which is owned of record by Merger immediately prior to the merger shall be cancelled and retired and cease to exist, without any conversion thereof.

2. On or after the Effective Date, each holder of an outstanding certificate theretofore representing shares of Merger common stock shall surrender the same to the Surviving Corporation and each such holder shall be entitled upon such surrender to receive the shares of Guitar Center Common Stock as set forth in paragraph 1 above for each share of Merger common stock so surrendered.

ARTICLE IV

EFFECTIVENESS

1. The officers of the Constituent Corporations, subject to the satisfaction of the terms and conditions contained in the Plan of Reorganization and subject to the further provisions of this Article IV, shall take all steps necessary in order to make the merger effective.

2. This Agreement may be terminated at any time prior to the Effective Date in accordance with the provisions of Article VIII of the Plan of Reorganization.

3. In the event of termination of this Agreement as above provided, this Agreement shall become wholly void and of no effect, and there shall be no liability hereunder on the part of either Constituent Corporation or its Board of Directors or officers or its shareholders.

ARTICLE V

MISCELLANEOUS

For the convenience of the parties and to facilitate the filing and recording of this Agreement, any number

of counterparts hereof may be executed, each of which shall be deemed to be an original of this Agreement but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties to this Agreement, pursuant to the approval and authority duly given by resolutions adopted by their respective Boards of Directors, have executed this Agreement as of the day and year first above written.

GUITAR CENTER MANAGEMENT  
COMPANY, INC.

By  \_\_\_\_\_

GC MERGER CORP.

By  \_\_\_\_\_



EXHIBIT A

AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
OF  
GUITAR CENTER MANAGEMENT COMPANY, INC.

Name

One: The name of the corporation is:  
Guitar Center Management Company, Inc.

Purpose

Two: The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

Authorized Shares

Three: The total number of shares which the corporation is authorized to issue is One Million (1,000,000).

CERTIFICATE OF APPROVAL

OF


AGREEMENT OF MERGER

RAYMOND SCHERR and RONALD JOSEPH certify that:

1. They are the president and the secretary, respectively, of Guitar Center Management Company, Inc.
2. The Agreement of Merger in the form attached was duly approved by the board of directors and shareholders of the corporation.
3. The shareholder approval was by the holders of 93.4% of the outstanding shares of the corporation, the percentage vote required was more than 50%.
4. There is only one class of shares and the number of shares outstanding is 12,134.

I further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of my own knowledge.

Date: October 31, 1985.

  
Raymond Scherr, President

  
Ronald Joseph, Secretary

CERTIFICATE OF APPROVAL

OF

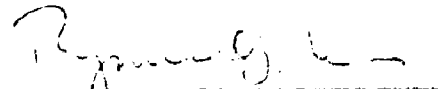
AGREEMENT OF MERGER

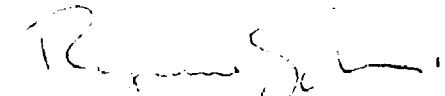
RAYMOND SCHERR certifies that:

1. He is the president and the secretary of GC MERGER CORP., a California corporation.
2. The Agreement of Merger in the form attached was duly approved by the board of directors and shareholders of the corporation.
3. The shareholder approval was by the holder of 100% of the outstanding shares of the corporation.
4. There is only one class of shares and the number of shares outstanding is 6,128.34.

I further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of my own knowledge.

Date: October 31, 1985.

  
Raymond Scherr, President

  
Raymond Scherr, Secretary

TRADEMARK

REEL: 1863 FRAME: 0281

0863106 out D530412

FILED  
In the office of the Secretary of State  
of the State of California

NOV 05 1996

*Bill Jones*  
Bill Jones, Secretary of State

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (the "Reincorporation Merger Agreement") is made as of the first day of November, 1996 by and between GUITAR CENTER MANAGEMENT COMPANY, INC., a California corporation ("GCMC"), and GUITAR CENTER, INC. ("GCI"), a Delaware corporation and a wholly-owned subsidiary of GCMC.

WHEREAS, GCMC is a corporation duly organized and existing under the laws of the State of California;

WHEREAS, GCI is a corporation duly organized and existing under the laws of the State of Delaware;

WHEREAS, on the date hereof, GCMC's authorized capital stock consists of (i) 10,000,000 shares of common stock, no par value ("Common Stock"), of which 1,400,000 shares are issued and outstanding as of the date hereof ("GCMC Common Shares"); (ii) 10,000,000 shares of preferred stock of which (a) 4,250,000 shares of Preferred Stock are designated as 14% Senior Preferred Stock ("GCMC Senior Preferred Shares") and of which 800,000 are issued and outstanding as of the date hereof, and (b) 1,500,000 shares of Preferred Stock are designated as 8% Junior Preferred Stock ("GCMC Junior Preferred Shares") and of which 1,386,000 are issued and outstanding;

WHEREAS, on the date hereof, GCI's authorized capital stock consists of (i) 10,000,000 shares of common stock, par value \$.01 per share ("GCI Common Stock"), of which 1,000 shares are issued and outstanding and owned by GCMC, and (ii) 10,000,000 shares of preferred stock, par value \$.01, of which 4,250,000 shares are designated as 14% Senior Preferred Stock ("GCI Senior Preferred Shares") and none are issued and outstanding as of the date hereof and 1,765,000 shares are designated as 8% Junior Preferred Stock ("GCI Junior Preferred Shares") and none are issued and outstanding as of the date hereof;

WHEREAS, the respective Boards of Directors of GCMC and GCI have determined that it is advisable and in the best interests of the two corporations that GCMC merge into GCI upon the terms and conditions provided herein for the purpose of effecting the reincorporation of GCMC in the State of Delaware;

WHEREAS, GCMC and GCI intend that the merger contemplated hereby qualify as a tax-free reorganization within the meaning of Section 368 of the Internal Revenue Code of 1986;

NOW, THEREFORE, in consideration of the mutual agreements and covenants set forth herein, GCMC and GCI hereby agree to merge in accordance with the following plan:

1. *Merger.* GCMC shall be merged with and into GCI and GCI shall survive the merger herein contemplated and shall continue to be governed by the laws of the State of Delaware, but the corporate existence of GCMC shall cease forthwith upon the Effective Time (as defined below). GCI is sometimes hereinafter referred to as the "Surviving Corporation."

2. *Effective Time.* This Reincorporation Merger Agreement shall become effective immediately upon compliance with the laws of the States of California and Delaware, the time of such effectiveness being hereinafter Effective Time.

3. *Certificate of Incorporation.* The Certificate of Incorporation of GCI shall be the Certificate of Incorporation of the Surviving Corporation following the Effective Time unless and until the same shall be amended or repealed in accordance with the provisions thereof, which power to amend or repeal is hereby expressly reserved, and all rights or powers of whatsoever nature conferred in such Certificate of Incorporation or herein upon any stockholder or director or officer of GCI or upon any other persons whomsoever are subject to the reserve power.

4. *Bylaws.* The Bylaws of GCI as they exist at the Effective Time shall be the Bylaws of the Surviving Corporation following the Effective Time unless and until the same shall be amended or repealed in accordance with the provisions thereof.

5. *Board of Directors and Officers.* The members of the Board of Directors and the officers of the Surviving Corporation immediately after the Effective Time of the merger shall be those persons who were the members of the Board of Directors and the officers, respectively, of GCI immediately prior to the Effective Time, and such persons shall serve in such offices, respectively, for the terms provided by law or in the Bylaws, or until their respective successors are elected and qualified.

6. *Further Assurances.* From time to time, as and when required by GCI or by its successors and assigns, there shall be executed and delivered on behalf of GCMC such deeds and other instruments, and there shall be taken or caused to be taken by it all such further and other action, as shall be appropriate or necessary in order to vest, perfect or confirm, of record or otherwise in the Surviving Corporation the title to and possession of all property, interests, assets, rights, privileges, immunities, powers, franchises and authority of GCMC, and otherwise to carry out the purposes of this Reincorporation Merger Agreement, and the officers and directors of the Surviving Corporation are fully authorized in the name and on behalf of GCMC or otherwise to take any and all such action and to execute and deliver any and all such deeds and other instruments.

7. *Common Stock of GCMC.* Upon the Effective Time, without any action on the part of the holder thereof, each GCMC Common Share outstanding immediately prior thereto

shall be changed and converted into and shall be one fully paid and nonassessable share of GCI Common Stock.

8. *Capital Stock of GCI.* Upon the Effective Time, without any action on the part of the holder thereof, each share of outstanding GCI Common Stock held by GCMC immediately prior thereto shall be cancelled and retired and shall resume the status of an authorized and unissued GCI Common Stock. No share of GCI Common Stock or other securities of GCI shall be issued in respect thereof, and no amount shall be paid or other property delivered in respect thereof.

9. *GCMC Senior Preferred Stock.* Upon the Effective Time, without any action on the part of the holder thereof, each GCMC Senior Preferred Share outstanding immediately prior thereto shall be changed and converted into and shall be one fully paid and nonassessable GCI Senior Preferred Share.

10. *GCMC Junior Preferred Stock.* Upon the Effective Time, without any action on the part of the holder thereof, each GCMC Junior Preferred Share outstanding immediately prior thereto shall be changed and converted into and shall be one fully paid and nonassessable GCI Junior Preferred Share.

11. *Common Stock Certificates.* On and after the Effective Time, all of the outstanding certificates which, prior to that time, represented GCMC Common Shares shall be deemed for all purposes to evidence ownership of and to represent an equal number of GCI Common Stock and shall be so registered on the books and records of GCI. The registered owner of any such outstanding stock certificate shall, until such certificate shall have been surrendered for transfer or conversion or otherwise accounted for to GCI, have and be entitled to exercise any and all voting and other rights with respect to, and to receive any dividends and other distributions upon, the shares of GCI Common Stock evidenced by such outstanding certificate as provided above. After the Effective Time, whenever certificates which formerly represented GCMC Common Shares are presented for exchange or registration of transfer, certificates representing an equal number of shares of GCI Common Stock shall be issued in respect thereof.

12. *Senior Preferred Stock Certificates.* On and after the Effective Time, all of the outstanding certificates which prior to that time represented GCMC Senior Preferred Shares shall be deemed for all purposes to evidence ownership of and to represent an equal number of shares of GCI Senior Preferred Shares and shall be so registered on the books and records of GCI. The registered owner of any such outstanding preferred stock certificate shall, until such certificate shall have been surrendered for transfer or conversion or otherwise accounted for to GCI have and be entitled to exercise any and all rights with respect to, and to receive any dividends and other distributions upon, the shares of GCI Senior Preferred Shares evidenced by such outstanding certificate as provided above. After the Effective Time, whenever certificates which formerly represented GCMC Senior Preferred Shares are

presented for exchange or registration of transfer, certificates representing an equal number of GCI Senior Preferred Shares shall be issued in respect thereof.

13. *Junior Preferred Stock Certificates.* On and after the Effective Time, all of the outstanding certificates which prior to that time represented GCMC Junior Preferred Shares shall be deemed for all purposes to evidence ownership of and to represent an equal number of GCI Junior Preferred Shares and shall be so registered on the books and records of GCI. The registered owner of any such outstanding preferred stock certificate shall, until such certificate shall have been surrendered for transfer or conversion or otherwise accounted for to GCI have and be entitled to exercise any and all rights with respect to, and to receive any dividends and other distributions upon, the shares of GCI Junior Preferred Shares evidenced by such outstanding certificate as provided above. After the Effective Time, whenever certificates which formerly represented GCMC Junior Preferred Shares are presented for exchange or registration of transfer, certificates representing an equal number of shares of GCI Junior Preferred Shares shall be issued in respect thereof.

14. *Outstanding Options Under Employee Plan.* Upon the Effective Time, each outstanding option to purchase Units consisting of GCMC Common Shares and GCMC Junior Preferred Shares as provided under the 1996 Performance Employee Stock Option Plan (the "Plan") shall be converted into and become an option to purchase a Unit consisting of the same number of shares of GCI Common Stock and GCI Junior Preferred Shares at the same exercise price per Unit, and upon the same terms and subject to the same conditions as set forth in the Plan, as in effect on the Effective Time. The same number of shares of GCI Common Stock and GCI Junior Preferred Shares shall be reserved for purposes of the Plan as is equal to the number of shares of GCMC Common Shares and GCMC Junior Preferred Shares so reserved as of the Effective Time. As of the Effective Time, GCI shall assume all of the obligations of GCMC under the Plan and the outstanding options or portions thereof granted pursuant to the Plan.

15. *Outstanding Options Under Management Plan.* Upon the Effective Time, each outstanding option to purchase Units consisting of GCMC Common Shares and GCMC Junior Preferred Shares as provided under its existing management agreements ("Management Agreements") shall be converted into and become an option to purchase Units consisting of the same number of shares of GCI Common Stock and GCI Junior Preferred Shares at the same exercise price per Unit, and upon the same terms and subject to the same conditions as set forth in the Management Agreement, as in effect on the Effective Time. The same number of shares of GCI Common Stock and GCI Junior Preferred Stock shall be reserved for purposes of the Management Agreements as is equal to the number of shares of GCMC Common Shares and GCMC Junior Preferred Shares so reserved as of the Effective Time. As of the Effective Time, GCI shall assume all of the obligations of GCMC under the Management Agreements and the outstanding options or portions thereof granted pursuant to the Management Agreements.

16. *Warrants.* Upon the Effective Time, each outstanding GCMC Warrant to purchase GCMC Common Shares and GCMC Junior Preferred Shares shall be converted into and become a warrant to purchase the same number of shares of GCI Common Stock and GCI Junior Preferred Shares at the same exercise price, and upon the same terms and subject to the same conditions as set forth in the GCMC Warrant as in effect on the Effective Time. The same number of shares of GCI Common Stock and GCI Junior Preferred Shares shall be reserved for purposes of the Warrants as is equal to the number of shares of GCMC Common Shares and GCMC Junior Preferred Shares so reserved as of the Effective Time. As of the Effective Time GCI shall assume all of the obligations of GCMC under the GCMC Warrants.

17. *Other Employee Benefit Plans.* As of the Effective Time, GCI hereby assumes all obligations of GCMC under any and all employee benefit plans in effect as of such time or with respect to which employee rights or accrued benefits are outstanding as of such time.

18. *Covenants of GCI.* GCI covenants and agrees that it shall, on or before the Effective Time, qualify to do business as a foreign corporation in such states and take such other actions in connection therewith, as the Board of Directors of GCMC may deem necessary for the conduct by GCI of the business previously conducted by GCMC.

19. *Book Entries.* As of the Effective Time, entries shall be made upon the books of GCI in respect of the Reincorporation Merger in accordance with the following:

a. The assets and liabilities of GCMC immediately prior to the Effective Time shall be recorded on the books of GCI immediately prior to the Effective Time, with appropriate adjustments to reflect the retirement of the outstanding shares of GCI Common Stock issued to and held by GCMC and such other adjustments as may be deemed appropriate by the Board of Directors of GCI.

b. There shall be credited as stated capital in respect of the GCI Common Stock the aggregate amount of the par value of all shares of GCI Common Stock issued as a result of the conversion of the outstanding GCMC Common Shares into shares GCI Common Stock pursuant to the Reincorporation Merger.

c. There shall be credited as surplus in respect of the capital account of GCI the excess of (i) the amount of the capital of GCMC in respect of the GCMC Common Shares plus the amount carried in the capital surplus account of GCMC immediately prior to the Effective Time over (ii) the amount credited as stated capital in respect of the GCI Common Stock pursuant to paragraph (b) of this Section 20.

d. There shall be credited as surplus in respect of retained earnings of GCI the aggregate of the amount carried in the retained earnings account of GCMC prior to the Effective Time.



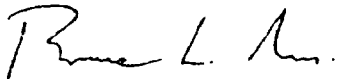
20. *Amendment.* At any time before or after approval and adoption of this Reincorporation Merger Agreement by the shareholders of GCMC and prior to the Effective Time, this Reincorporation Merger Agreement may be amended in any manner as may be determined in the judgment of the respective Boards of Directors of GCMC and GCI to be necessary, desirable or expedient; provided, however, that, after the approval of this Reincorporation Merger Agreement by the shareholders of GCMC, such amendment may not materially adversely affect the rights and interests of the shareholders of GCMC.


21. *Abandonment.* At any time before the Effective Time, this Reincorporation Merger Agreement may be terminated and the merger provided for herein may be abandoned, by the Board of Directors of either GCMC or GCI or both, notwithstanding the approval of this Reincorporation Merger Agreement by the shareholders of GCMC or GCI or both.

22. *Counterparts.* In order to facilitate the filing and recording of this Reincorporation Merger Agreement, the same may be executed in two or more counterparts, each of which shall be deemed to be an original and the same agreement.


IN WITNESS WHEREOF, this Reincorporation Merger Agreement, having first been duly approved by resolution of the Boards of Directors of GCMC and GCI, is hereby executed on behalf of GCMC and GCI by their respective officers thereunto duly authorized, as of the date first above written.

"GCMC"  
GUITAR CENTER MANAGEMENT  
COMPANY, INC.  
a California corporation

  
\_\_\_\_\_  
Bruce L. Ross, Secretary

By:   
\_\_\_\_\_  
Marty Albertson  
Executive Vice President

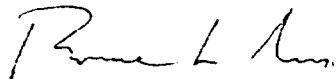
"GCI"  
GUITAR CENTER, INC.  
a Delaware corporation

  
\_\_\_\_\_  
Bruce L. Ross, Secretary

By:   
\_\_\_\_\_  
Marty Albertson  
Executive Vice President

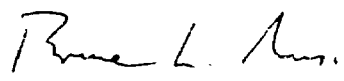
I, Bruce L. Ross, Secretary of Guitar Center, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certify, as such Secretary, that the Agreement of Merger to which this Certificate is attached, after having been first duly signed on behalf of the Corporation and after being signed on behalf of Guitar Center Management Company, Inc., a corporation organized and existing under the laws of the State of California, was duly approved and adopted pursuant to Section 228 of the General Corporation Law of Delaware, by unanimous written consent dated as of October 29, 1996 of the stockholder holding 1,000 shares of the Common Stock of the Corporation, being all of the shares issued and outstanding, which Agreement of Merger was thereby adopted as the act of the stockholder of the Corporation, and the duly adopted agreement and act of the Corporation.

IN WITNESS WHEREOF, I have duly executed this Agreement of Merger this 31st day of October, 1996.

  
\_\_\_\_\_  
Bruce L. Ross

I, Bruce L. Ross, Secretary of Guitar Center Management Company, Inc., a corporation organized and existing under the laws of the State of California (the "Corporation"), hereby certify, as such Secretary, that the Agreement of Merger to which this Certificate is attached, after having been first duly signed on behalf of the Corporation and after being signed on behalf of Guitar Center, Inc., a corporation organized and existing under the laws of the State of Delaware, was duly approved and adopted pursuant to Section 603 of the General Corporation Law of California, by the written consent of the shareholders holding a majority of the outstanding Shares of each of the Common Stock, the 14% Senior Preferred Stock and the 8% Junior Preferred Stock of the Corporation, which Agreement of Merger, upon such approval was thereby adopted as the act of the shareholders of the Corporation, and the duly adopted agreement and act of the Corporation.

IN WITNESS WHEREOF, I have duly executed this Agreement of Merger this 31st day of October, 1996.

  
\_\_\_\_\_  
Bruce L. Ross

CERTIFICATE OF APPROVAL  
OF  
AGREEMENT AND PLAN OF MERGER

Larry E. Thomas and Bruce L. Ross certify that:


1. They are the President and Secretary, respectively, of Guitar Center, Inc., a Delaware corporation.
2. The Agreement and Plan of Merger in the form attached was duly approved by the board of directors and stockholders of the corporation.
3. The shareholder approval was by the holders of 100% of the outstanding shares of the corporation.
4. There is only one class of shares and the number of shares outstanding is 1,000.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Dated: October 31, 1996



\_\_\_\_\_  
Larry E. Thomas  
President



\_\_\_\_\_  
Bruce L. Ross  
Secretary

CERTIFICATE OF APPROVAL  
OF  
AGREEMENT AND PLAN OF MERGER

Larry E. Thomas and Bruce L. Ross certify that:

1. They are the President and Secretary, respectively, of Guitar Center Management Company, Inc., a California corporation.
2. The Agreement and Plan of Merger in the form attached was duly approved by the board of directors and shareholders of the corporation.
3. A majority vote of each class of shares outstanding is required to approve the Agreement and Plan of Merger. There are only three class of shares and the number of shares outstanding are 1,400,000 shares of Common Stock, 800,000 shares of 14% Senior Preferred Stock, and 1,386,000 shares of 8% Junior Preferred Stock. A majority of the outstanding shares of Common Stock, a majority of the outstanding shares of 14% Senior Preferred Stock and a majority of the outstanding shares of 8% Junior Preferred Stock of the corporation have approved the Agreement and Plan of Merger.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Dated: October 31, 1996



Larry E. Thomas  
President



Bruce L. Ross  
Secretary



STATE OF CALIFORNIA  
FRANCHISE TAX BOARD  
P O BOX 942857  
SACRAMENTO, CA 94257-0541

## TAX CLEARANCE CERTIFICATE

October 24, 1996

EXPIRATION DATE: January 15, 1997

WILLIAM S GREGORY  
COURT PLAZA BLDG  
901 K STREET  
SUITE 400  
SACRAMENTO CA 95814-0000

ISSUED TO: GUITAR CENTER MANAGEMENT COMPANY, INC.  
Corporate Number 0863106

This is to certify that all taxes imposed under the Bank and Corporation Tax Law on this corporation have been paid, assumed, or are secured by other means.

If a final return has not been filed, one should be filed within two months and 15 days after the close of the month in which the dissolution or withdrawal takes place. If the corporation was inactive, a statement to that effect should be attached to the tax forms. All returns remain subject to audit until the expiration of the normal statutory period. Failure to file required returns may result in additional assessments.

A copy of this Tax Clearance Certificate has been sent to the Office of the the Secretary of State. This original Tax Clearance Certificate may be retained in the files of the corporation.

By the Expiration Date noted above, this corporation must have filed the documents required by the Secretary of State to dissolve, withdraw or merge. Requests for the appropriate documents must be directed to: Office of the Secretary of State at 1500 11th Street, 3rd Floor, Sacramento CA, 95814, or by telephone, (916) 657-5448.

NOTE: If the required documents are not filed with the Secretary of State prior to the Expiration Date noted above, the corporation will remain subject to the filing requirements of the Bank and Corporation Tax Law.

By K. Hermansen  
Special Audit Unit  
Corporation Audit Section  
Telephone (916) 845-4124

COPY

