



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See Attachment

Multiple horizontal lines for listing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ See Attachment

Multiple horizontal lines for providing information regarding the recognition of resulting loss.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See Attachment

Multiple horizontal lines for providing other necessary information for the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ▶  Date ▶ 1/15/25

Print your name ▶ Judith Fisher Title ▶ SVP & Chief Accounting Officer

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	<u>Ryan J. Kelly</u>		<u>1/15/25</u>		<u>P01261357</u>
	Firm's name ▶ <u>KPMG LLP</u>	Firm's address ▶ <u>1735 Market Street, Philadelphia, PA 19103</u>		Firm's EIN ▶	<u>13-5565207</u>
				Phone no.	<u>267-256-7000</u>

**Guitar Center Holdco, Inc.**  
**EIN: 33-2305957**  
**Attachment to Form 8937**

**Report of Organizational Action Affecting Basis of Securities**

Disclaimer: The information contained in Form 8937 and this attachment does not constitute tax advice and does not purport to take into account any security holder's specific circumstances. There can be no assurance that the Internal Revenue Service will agree with the tax consequences described herein. Security holders are urged to consult their own tax advisors regarding U.S. tax consequences of the transactions described herein and the impact to tax basis resulting from the transactions.

Unless otherwise specified herein, "section" references are to the Code or Treasury regulations promulgated thereunder, each in effect as of the date hereof.

**Form 8937 - Part I - Lines 9-13**

Description of Specified Security	CUSIP or Other Identification
<i>Prior Securities</i>	
1,650,708 shares of Guitar Center Holdings, Inc. Common Stock	N/A
513,880 shares of Guitar Center Holdings, Inc. Series A-1 Preferred Stock	N/A
1,086,120 shares of Guitar Center Holdings, Inc. Series A-2 Preferred Stock	
20,000 shares of Guitar Center Holdings, Inc. Series B Preferred Stock	N/A
291,176 Guitar Center Holdings, Inc. Warrants to purchase Common Stock issued pursuant to the December 22, 2020 Warrant Agreement	N/A
178,051 Guitar Center Holdings, Inc. Options to purchase Common Stock issued pursuant to the 2021 Stock Incentive Plan, effective March 2021	N/A
<i>Guitar Center Holdco, Inc. Securities</i>	
1,650,708 shares of Guitar Center Holdco, Inc. Common Stock	N/A
513,880 shares of Guitar Center Holdco, Inc. Series A-1 Preferred Stock	N/A
20,000 shares of Guitar Center Holdco, Inc. Series B Preferred Stock	N/A
291,176 Guitar Center Holdco, Inc. Warrants to purchase Common Stock	N/A
178,051 Guitar Center Holdco, Inc. Options to purchase Common Stock	N/A
\$154,297,465.58 of Guitar Center Holdco, Inc. 12.50% Senior PIK Notes due 2030	N/A

**Form 8937 - Part II - Line 14**

***Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action***

On or about December 17, 2024, Guitar Center Holdings, Inc., Guitar Center Holdco, Inc., and certain of

**Guitar Center Holdco, Inc.**

**EIN: 33-2305957**

**Attachment to Form 8937**

their subsidiaries undertook a series of organizational actions as part of a strategic restructuring plan (the "**Transactions**"). The Transactions involved a capitalization and subsequent liquidation intended to qualify as a downstream "D reorganization" of Guitar Center Holdings, Inc. under Section 368(a)(1)(D) of the Internal Revenue Code, as amended (the "**Code**").

*Formation and Capitalization*

Guitar Center Holdings, Inc. formed Guitar Center Holdco, Inc. and subsequently Guitar Center Holdings, Inc. contributed all of its assets and liabilities to Guitar Center Holdco, Inc. Following this contribution, Guitar Center HoldCo, Inc. recapitalized its equity so that Guitar Center Holdings, Inc. held the following securities of Guitar Center HoldCo, Inc.:

- 1,650,708 shares of Guitar Center Holdco, Inc. Common Stock
- 513,880 shares of Guitar Center Holdco, Inc. Series A-1 Preferred Stock
- 20,000 shares of Guitar Center Holdco, Inc. Series B Preferred Stock
- 291,176 Guitar Center Holdco, Inc. Warrants to purchase Common Stock
- 178,051 Guitar Center Holdco, Inc. Options to purchase Common Stock
- \$154,297,465.58 of Guitar Center Holdco, Inc. 12.50% Senior PIK Notes due 2030 (the "**Holdco Notes**").

Each class of Guitar Center Holdco, Inc. stock mirrored the terms of the corresponding Guitar Center Holdings, Inc. equity with its security holders.

*Liquidation*

On December 17, 2024, Guitar Center Holdings, Inc. liquidated and distributed each of the Guitar Center Holdco, Inc. securities to its equity holders as follows:

- All Guitar Center Holdings, Inc. Common Stock holders received Common Stock of Guitar Center Holdco, Inc.;
- All Guitar Center Holdings, Inc. Series B Preferred Stock holders received Guitar Center Holdco, Inc. Series B Preferred Stock;
- All Guitar Center Holdings, Inc. Warrant holders received Guitar Center Holdco, Inc. Warrants;
- All Guitar Center Holdings, Inc. Option holders received Guitar Center Holdco, Inc. Options;
- All Guitar Center Holdings, Inc. Series A-2 Preferred Stock holders received Holdco Notes; and
- All Guitar Center Holdings, Inc. Series A-1 Preferred Stock holders received Guitar Center Holdco, Inc. Series A-1 Preferred Stock.

The Holdco Notes are intended to be treated as stock, and not debt, of the Company, which stock does not constitute "preferred stock" for purposes of Section 1.305-5(a) of the U.S. Department of Treasury Regulations or Section 351(g) of the Code.

If the Transactions failed to qualify as a "D reorganization" of Guitar Center Holdings, Inc. under Section 368(a)(1)(D) of the Code, the Liquidation would instead be treated as a liquidation of Guitar Center Holdings, Inc. under Section 331, such that the security holders of Guitar Center Holdings, Inc. would be expected to be treated as selling their equity interests for the new equity of Guitar Center Holdco, Inc. in a taxable exchange. This would trigger gain or loss for such securityholder equal to the difference, if any, between (1) the fair market value of the Guitar Center Holdco, Inc. securities received by such holder and (2) such holder's adjusted tax basis in the exchanged Guitar Center Holdings, Inc.

**Form 8937 - Part II - Line 15**

***Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis***

See response to Line 14 above.

If the Transactions qualify as a "D reorganization" of Guitar Center Holdings, Inc. under Section 368(a)(1)(D) of the Code, the aggregate basis of each new Guitar Center Holdco, Inc. security holder is expected to be

**Guitar Center Holdco, Inc.**

**EIN: 33-2305957**

**Attachment to Form 8937**

the same as the aggregate basis of the consideration surrendered (i.e., old Guitar Center Holdings, Inc. interests exchanged therefor).

If the Transactions failed to qualify as a "D reorganization" of Guitar Center Holdings, Inc. under Section 368(a)(1)(D) of the Code, the aggregate basis of each new Guitar Center Holdco, Inc. security holder is expected to be the fair market value of the Guitar Center Holdco, Inc. securities received by such holder.

**Form 8937 - Part II - Line 16**

***Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates***

As discussed above on Line 15, based on Guitar Center Holdings, Inc.'s position that the Transactions qualify as a "D reorganization" of Guitar Center Holdings, Inc. under Section 368(a)(1)(D) of the Code, the aggregate basis in the new consideration received generally would be equal to the holder's basis in the consideration surrendered (i.e., old Guitar Center Holdings, Inc. interests exchanged therefor).

**Form 8937 - Part II - Line 17**

***List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based***

Sections 354, 356, 358, 368(a)(1)(D), 1001 and 1012 of the Internal Revenue Code and corresponding Treasury Regulations.

**Form 8937 - Part II - Line 18**

***Can any resulting loss be recognized?***

The steps outlined above are intended to be a tax-free exchange under Section 368(a)(1)(D), and accordingly, security holders of Guitar Center Holdings, Inc. are not expected to recognize income, gain, or loss. No loss may be recognized.

**Form 8937 - Part II - Line 19**

***Provide any other information necessary to implement the adjustment, such as the reportable tax year***

The adjustments to basis would be taken into account in the taxable year of the holder that includes the date of the restructuring. The liquidation of Guitar Center Holdings, Inc. was consummated on December 17, 2024.