

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES**

CARLOS RODRIGUEZ; et al.,)	CASE NO.: BC 322958 (CONSOLIDATED WITH
)	BC 326002)
Plaintiffs,)	CLASS ACTION
v.)	NOTICE OF PENDENCY OF CLASS ACTION,
GUITAR CENTER STORES, INC.; et al.,)	PROPOSED SETTLEMENT AND HEARING
Defendants.)	DATE FOR COURT APPROVAL
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JAMES McClAIN et al.,)	JUDGE: JAMES R. DUNN
Plaintiffs,)	DEPT.: 26
v.)	
GUITAR CENTER STORES, INC.; et al.,)	
Defendants.)	
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ATTENTION: ALL PERSONS WHO WERE EMPLOYED BY GUITAR CENTER STORES, INC. (“GUITAR CENTER”) AS HOURLY EMPLOYEES BETWEEN OCTOBER 13, 2000 THROUGH JANUARY 31, 2006:

THIS NOTICE REQUESTS THAT YOU SUBMIT A REQUEST FOR EXCLUSION ON OR BEFORE JULY 3, 2006, IF YOU WISH TO BE EXCLUDED FROM THE SETTLEMENT CLASS. IF YOU WISH TO BE INCLUDED IN THE CLASS YOU MUST SUBMIT A CLAIM FORM BY JULY 3, 2006. IF THE COURT APPROVES THE SETTLEMENT AND YOU HAVE SUBMITTED A TIMELY CLAIM FORM, YOU WILL RECEIVE A SETTLEMENT PAYMENT.

IF YOU SUBMIT A REQUEST FOR EXCLUSION WHICH IS NOT POSTMARKED BY JULY 3, 2006, YOUR EXCLUSION WILL BE REJECTED AND YOU WILL BE BOUND BY THE RELEASE OF CLAIMS AND ALL OTHER SETTLEMENT TERMS. ADDITIONALLY, IF YOU SUBMIT A CLAIM FORM WHICH IS NOT POSTMARKED BY JULY 3, 2006, YOUR CLAIM WILL BE REJECTED AND YOU WILL NOT RECEIVE ANY PORTION OF THE SETTLEMENT FUND.

PLEASE READ THIS NOTICE CAREFULLY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF CLASS ACTION LITIGATION. IF YOU ARE A CLASS MEMBER, IT CONTAINS IMPORTANT INFORMATION AS TO YOUR RIGHTS.

Pursuant to the order of the Superior Court of the State of California for the County of Los Angeles, **YOU ARE HEREBY NOTIFIED AS FOLLOWS:** A settlement has been reached between the parties in the above-captioned lawsuit pending in the Superior Court of the State of California for Los Angeles County on behalf of all individuals who were employed by Guitar Center as hourly employees between October 13, 2000 to January 31, 2006. You have received this notice because records indicate that you worked for Guitar Center within the applicable time period. This notice is to advise you how to participate in this settlement and how you can be excluded from this settlement.

I. BACKGROUND OF THE CASE

On October 13, 2004, plaintiffs filed a Class Action Complaint against defendant in the Los Angeles County Superior Court on behalf of themselves and all other employees similarly situated. The Complaint alleged causes of action for failure to allow meal periods and rest breaks to hourly paid employees pursuant to California Labor Code §226.7, accounting, failure to provide split shift pay, failure to provide reporting time pay, failure to issue checks that were payable on demand, penalties Pursuant to Labor Code §2699, waiting time penalties pursuant to Labor Code §203, failure to pay pursuant to labor code §1194 and §1199, and unfair business practices under Business & Professions Code §17200. Among other allegations, the Complaint alleged that hourly paid employees who worked one or more shifts were not allowed to take meal periods and rest breaks as required by Labor Code

§226.7 and that, therefore, such employees were entitled to be paid one hour of pay per missed meal period and one hour of pay per missed rest break. The complaint also sought recovery of unpaid wages, compensatory damages, penalties for missed meal periods and rest breaks, waiting time penalties, penalties pursuant to Labor Code §2699, prejudgment and postjudgment interest, issuance of an injunction, restitution, attorneys' fees and costs. Defendant denies all allegations.

The parties have entered into a Joint Stipulation of Settlement, which has been given preliminary approval by the Court. The Settlement Class consists of hourly employees who were employed by Guitar Center as hourly employees between October 13, 2000 through January 31, 2006, and who do not exclude themselves from the Settlement as explained herein. If you are part of the Settlement Class, you can exclude yourself ("opt out") from the Settlement.

II. SUMMARY OF THE PROPOSED SETTLEMENT

A. Settlement Formula. The total Settlement Fund is \$3,500,000.00. Defendants will pay settlement awards, as described below, to each Class Member. **All settlement awards are subject to tax.** Each class member will receive this notice. After deduction of attorneys fees, costs, claims administration and service payments the Settlement Fund will be divided on a pro rata basis based on the number of weeks that each class member worked from October 13, 2000 through January 31, 2006.

B. Release. The Joint Stipulation of Settlement and Release between Plaintiffs and Defendant contains a release, which releases Defendant, its present and former parent companies, subsidiaries, related or affiliated companies, shareholders, officers, directors, employees, agents, attorneys, insurers, successors and assigns, and any individual or entity which could be jointly liable with Defendant from all causes of action which relate to the failure of Defendant to provide Class Members meal periods and rest breaks as required by California law, the failure to pay penalties under the California Labor Code, including without limitation §§226.7 and 558, and any other wage and hour claims whatsoever, all claims for restitution and other equitable relief, wages, liquidated damages, punitive damages, waiting time penalties, penalties of any nature whatsoever, other compensation or benefits including 401K benefits or matching benefits, retirement or deferred compensation benefits, attorneys' fees and costs, whether known or unknown, from October 13, 2000 through January 31, 2006, arising from employment by Defendant within California.

C. Service Payments for the Class Representatives. The Class Representatives **Carlos Rodriguez, James McClain, Joshua Castaneda, and Vincent Musolino** will each receive a service payment of up to Five Thousand Dollars (\$5,000.00). This payment is for their services as Class Representatives.

D. Attorneys' Fees and Costs. In consideration for the Settlement and in exchange for the release by the Settlement Class, Defendants agrees to pay to Class Counsel, attorneys' fees and costs to be set by the Court up to a maximum of Thirty Three Percent (33%) of the total Settlement, which is One Million One Hundred Fifty Five Thousand Dollars (\$1,155,000.00). The Class Representatives and Class Counsel support this Settlement.

III. WHAT ARE YOUR RIGHTS AS A CLASS MEMBER?

A. Submit a Claim Form. You must submit a claim form by July 3, 2006 in order to receive a settlement payment.

B. Excluding Yourself from the Settlement. Persons who do not wish to participate in the Settlement may exclude themselves ("opt out") by requesting an exclusion. The request for exclusion must include your name, address and Social Security number. It must be sent by Registered U.S. Mail, or the equivalent, to:

Guitar Center Claims Administrator
c/o Rust Consulting, Inc.
P.O. Box 1401
Minneapolis, MN 55440-1401

The exclusion request must be postmarked no later than JULY 3, 2006. **If you submit an exclusion which is not postmarked by July 3, 2006, your exclusion will be rejected and you will be bound by the Release and all other Settlement Terms.** Do not use a postage meter as that may not result in a postmark appearing on the envelope containing your exclusion.

Any person who files a complete and timely request for exclusion shall, upon receipt, no longer be a member of the Settlement Class, shall be barred from participating in any portion of the Settlement, and shall receive no benefits from the Settlement. Any such person, at their own expense, may pursue any claims he/she may have against Defendants.

C. Objection to Settlement You can object to the terms of the Settlement before final approval. However, if the Court rejects your objection, you will still be bound by the terms of the Settlement unless you have submitted a valid and timely exclusion. To object, you must file a written objection and a notice of intention to appear at the Final Approval hearing currently set for July 24, 2006, at 8:30 a.m. in Dept. 26, with the Clerk of the Superior Court of the State of California, for the County of Los Angeles, 111 N. Hill Street, Los Angeles, California, 90017 and send copies to the following:

CLASS COUNSEL

Scott A. Miller
Steven L. Miller
Eric B. Kingsley
16133 Ventura Blvd., Ste. 1200
Encino, CA 91436
(818) 788-8081

Michael Langford
Michael Walsh
1502 N. Broadway
Santa Ana, CA 92706
(714) 953-9700

DEFENDANT'S COUNSEL

Frank Liberatore
JACKSON LEWIS LLP
725 South Figueroa Street, Suite 2500
Los Angeles, California 90017
(213) 689-0404

Any written objections must state each specific reason in support of your objection and any legal support for each objection. Your objection must also state your full name, address, date of birth, and the dates of your employment by Defendant. To be valid and effective, any objections to approval of the Settlement must be filed with the Clerk of the Court and delivered to each of the above-listed attorneys no later than **July 3, 2006**. **DO NOT TELEPHONE THE COURT.**

If you choose to file an objection to the terms of this Settlement, you may enter an appearance in propria persona (meaning you choose to represent yourself) or through your own attorney. To do so, you must file an Entry of Appearance with the Clerk of the Los Angeles County Superior Court, and deliver copies to each of the attorneys listed above. Such Entry of Appearance must be filed with the Court and delivered to the above attorneys no later than July 3, 2006. You will then continue as a Settlement Class Member either in propria persona or with representation by your own attorney, and you will be solely responsible for the fees and costs of your own attorney.

IV. EFFECT OF THE SETTLEMENT

A. Released Rights and Claims The Settlement is intended to settle all causes of action which relate to the alleged failure of Defendant to provide employees in its Guitar Center facilities during the Class Period with meal periods and rest breaks as required by California law, failure to pay all wages, claims for penalties under the California Labor Code, and all claims against Defendant that members of the Settlement Class have asserted in the Rodriguez; et al. Case number BC 322958 and McClain; et al. Case number BC 326002, from October 13, 2000 through January 31, 2006. The release will extend to defendant its present or former parent companies,

subsidiaries, related or affiliated companies, shareholders, officers, directors, employees, agents, attorneys, insurers, and successors and assigns, and any individual entity which could be jointly liable with Defendant. If you were employed as an hourly employee between October 13, 2000 and January 31, 2006, and do not elect to exclude yourself from the Settlement Class, you will be deemed to have entered into this release and to have released the above-described claims. In addition, you will be barred from ever suing Defendant again with respect to the matters covered by this Settlement. If the settlement is not approved by the Court or does not become final for some other reason, the litigation will continue.

V. FINAL SETTLEMENT APPROVAL HEARING

The Court will hold a hearing in Dept. 26 of the Los Angeles County Superior Court, 111 N. Hill Street, Los Angeles, California, 90013 on July 24, 2006, at 8:30 a.m. (Pacific Time), to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. The Court also will be asked to approve Class Counsel's request for attorneys' fees and costs and the service payments to be paid to the Class Representatives.

The hearing may be continued without further notice to the Settlement Class.

IT IS NOT NECESSARY FOR YOU TO APPEAR AT THIS HEARING.

VI. ADDITIONAL INFORMATION

The above is a summary of the basic terms of the Settlement. For the precise terms and conditions of the Settlement, you should consult the detailed "Joint Stipulation of Settlement" which is on file with the Clerk of the Court. The pleadings and other records in this litigation, including that stipulation, may be examined at any time during regular business hours at the Office of the Clerk of the Los Angeles County Superior Court, 111 N. Hill Street, Los Angeles, California, 90013.

PLEASE DO NOT TELEPHONE THE COURT OR THE OFFICE OF THE CLERK FOR INFORMATION REGARDING THIS SETTLEMENT OR THE CLAIM PROCESS!

BY ORDER OF THE SUPERIOR COURT