SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

|X| QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2005

OR

|_| TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________ to ________

Commission file number 1-13469

MediaBay, Inc.

(Exact name of Registrant as Specified in its Charter)

Florida	65-0429858
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employment Identification No.)

2 Ridgedale Avenue, Cedar Knolls, New Jersey	07927
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (973) 539-9528

Indicate by checkmark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirement for the past 90 days.

Yes |X| No |_|

Indicate by check mark whether the Registrant is an accelerated filer as defined in Rule 12b-2 of the Securities Exchange Act of 1934. Yes |_| No |X|

Indicate the number of shares outstanding of each of the Registrant's classes of common equity, as of the latest practical date. As of May 13, 2005, there were 35,406,151 shares of the Registrant's Common Stock outstanding.

MEDIABAY, INC.

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PART I: FINANCIAL INFORMATION

Item 1: Financial Statements

MEDIABAY, INC.
Condensed Consolidated Balance Sheets
(Dollars in thousands)

	(Una Ma
Assets	
Current Assets:	
Cash and cash equivalents....	$
Restricted cash....	
Accounts receivable, net of allowances for sales returns and doubtful accounts of	

$2,085 and $2,708 at March 31, 2005 and December 31, 2004, respectively............
Inventory...
Prepaid expenses and other current assets...
Royalty advances..

Total current assets..
Fixed assets, net...
Other intangibles...
Goodwill..

$

Liabilities and Stockholders' Equity

Current liabilities:
Accounts payable and accrued expenses... $
Accounts payable, related party...
Current portion of long-term debt...
Short-term debt, net of original issue discount of $54 at March 31, 2005 and December 31, 2004..

Total current liabilities...

Long-term debt, net of original issue discount of $154 and $908 at March 31, 2005 and December 31, 2004...
Related party long-term debt including accrued interest...............................

Total liabilities..

Commitments and Contingencies

Preferred stock, no par value, authorized 5,000,000 shares; 14,316 and 25,000 shares of Series A outstanding at March 31, 2005 and December 31, 2004; respectively, 200 shares of Series B issued and outstanding at March 31, 2005 and December 31, 2004; 43,527 shares of Series C issued and outstanding at March 31, 2005 and December 31, 2004; and 35,900 and no shares of Series D issued and outstanding at March 31, 2005 and December 31, 2004...
Common stock; no par value, authorized 150,000,000 shares; issued and outstanding 35,406,151 and 24,843,980 at March 31, 2005 and December 31, 2004, respectively.......
Contributed capital...
Accumulated deficit... (

Total stockholders' equity (deficit)..

$

See accompanying notes to consolidated financial statements.

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MEDIABAY, INC.
Condensed Consolidated Statements of Operations
(Dollars in thousands, except per share data)

Th

	200
Sales, net of returns, discounts and allowances of $815 and $1,926 for the three months ended March 31, 2005 and 2004, respectively	$
Cost of sales	
Gross profit	
Expenses:	
Advertising and promotion	
Bad debt expense	
General and administrative	
Depreciation and amortization	
Operating loss	
Interest expense, net of interest income of $13 for the three months ended March 31, 2005	
Loss on early extinguishment of debt	
Loss before income taxes	(
Income taxes	
Net loss	(
Dividends on preferred stock	
Deemed dividend for beneficial conversion feature of Series D Preferred Stock	1
Net loss applicable to common shares	$ (1
Basic and diluted loss per common share:	
Basic and diluted loss per common share	$
Weighted average common shares outstanding:	
Basic and diluted Weighted average common shares outstanding	25,04

See accompanying notes to consolidated financial statements.

MEDIABAY, INC.
Condensed Consolidated Statements of Cash Flows
(Dollars in thousands)

	(Unau Three months 2005
Cash flows from operating activities:	
Net loss applicable to common shares	$ (19,234)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Deemed dividend for beneficial conversion feature of Series D	

Preferred Stock	17,423
Loss on early extinguishment of debt	579
Depreciation and amortization	26
Amortization of deferred member acquisition costs	9
Amortization of deferred financing costs and original issue discount	196
Non-current accrued interest and dividends payable	306
Non-cash stock compensation	--
Changes in asset and liability accounts, net of asset acquisition:	
Decrease in accounts receivable, net	434
Decrease (increase) in inventory	111
Increase in prepaid expenses	(108)
Decrease (increase) in royalty advances	35
Increase in deferred member acquisition costs	--
(Decrease) in accounts payable and accrued expenses	(634)
Net cash used in by operating activities	(857)
Cash flows from investing activities:	
Acquisition of fixed assets, including development of websites	(175)
Net cash used in investing activities	(175)
Cash flows from financing activities:	
Proceeds from sale of Series D Preferred stock, net of cash fees and expenses	31,866
Proceeds from issuance of short-term debt	--
Payment of long-term debt, including accrued interest and dividends	(11,700)
Increase in restricted cash	(5,789)
Increase in deferred financing costs	(29)
Net cash provided by financing activities	14,348
Net increase in cash and cash equivalents	13,316
Cash and cash equivalents at beginning of period	3,122
Cash and cash equivalents at end of period	$ 16,438

See accompanying notes to consolidated financial statements.

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MEDIABAY, INC.
Notes to Consolidated Financial Statements
(Dollars in thousands, except per share data)
(Unaudited)

(1) Organization

MediaBay, Inc. ("MediaBay" or "the Company") is a Florida corporation formed on August 16, 1993. The Company is a media, marketing and publishing company specializing in spoken audio entertainment. Today, the Company is a leading reseller of audiobooks on CD and cassettes from the nation's largest publishing houses via the Audio Book Club, a mail order based, negative option book club. MBAY is also a licensee and marketer of programs from the golden age of radio. These titles are sold in physical formats through a catalog focused on

collectors, a mail order based continuity program, retail outlets, and an on-line download subscription service. The Company's strategy consist of pursuing the download opportunity through both the exclusive distribution agreement with Microsoft and the opportunity to offer its content to other websites; leveraging their agreement with Larry King to create opportunities which provide lower customer acquisition costs and higher profit potential; and exploiting their existing content and businesses.

(2) Significant Accounting Policies

Basis of Presentation
The interim unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements contained in its Annual Report on Form 10-K. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. On an ongoing basis management reviews its estimates based on current available information. Changes in facts and circumstances may result in revised estimates. In the opinion of management, the interim unaudited financial statements include all material adjustments, all of which are of a normal recurring nature, necessary to present fairly the Company's financial position, results of operations and cash flows for the periods presented. The results for any interim period are not necessarily indicative of results for the entire year or any other interim period.

Principles of Consolidation
The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts have been eliminated.

Cash, Cash Equivalents and Restricted Cash
Securities with maturities of three months or less when purchased are considered to be cash equivalents.

Fair Value of Financial Instruments
The carrying amount of cash, restricted cash, accounts receivable, accounts payable and accrued expenses approximates fair value due to the short maturity of those instruments.

The fair value of long-term debt is estimated based on the interest rates currently available for borrowings with similar terms and maturities. The carrying value of the Company's long-term debt approximates fair value.

Inventory
Inventory, consisting primarily of audiocassettes and compact discs held for resale, is valued at the lower of cost (weighted average cost method) or market.

Prepaid Expenses
Prepaid expenses consist principally of deposits and other amounts being expensed over the period of benefit. All current prepaid expenses will be expensed over a period no greater than twelve months from the date of the Balance Sheet.

Deferred Member Acquisition Costs
Promotional costs directed at current members are expensed on the date the

promotional materials are mailed. The cost of any premiums, gifts or the discounted audiobooks in the promotional offer to new members is expensed as incurred. The Company accounts for direct response advertising for the acquisition of new members in accordance with AICPA Statement of Position 93-7, "Reporting on Advertising Costs" ("SOP 93-7"). SOP 93-7 states that the cost of direct response advertising (a) whose primary purpose is to elicit sales to customers who could be shown to have responded specifically to the advertising and (b) that results in probable future benefits should be reported as assets net of accumulated amortization.

SOP 93-7 requires that the realizability of the amounts of direct-response advertising reported as assets should be evaluated at each balance sheet date by comparing the carrying amounts of the assets to their probable remaining future net revenues. At March 31, 2005, we had no direct-response advertising reported as assets, since we have determined that probable future benefits from any direct advertising we have incurred would not exceed the amounts expended.

Fixed Assets, Net
Fixed assets, consisting primarily of furniture, leasehold improvements, computer equipment, and third-party web site development costs, are recorded at cost. Depreciation and amortization, which includes the amortization of equipment under capital leases, is provided by the straight-line method over the estimated useful life of three years (the lease term) for computer equipment and five years (the lease term) for sound equipment under capital leases, five years for equipment, seven years for furniture and fixtures, five years for leasehold improvements, and two years from the date the assets are put into service for Internet web site development costs. Ongoing maintenance and other recurring charges are expensed as incurred.

Other Intangibles, Net
Intangible assets, principally consisting of purchased intellectual property, which is reviewed for impairment on each reporting date, and non-compete agreements, which are being amortized over their contractual term.

Goodwill
Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business combinations accounted for using the purchase method of accounting. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets", the Company ceased amortization of goodwill as of January 1, 2002. Goodwill is tested for impairment annually or when certain triggering events require such tests and are written down, with a resulting charge to operations, only in the period in which the recorded value of goodwill is more than its fair value.

Revenue Recognition
During the three months ended March 31, 2005 and March 31, 2004, the Company derived its principal revenue through sales of audiobooks, classic radio shows and other spoken word audio products directly to consumers principally through direct mail. The Company also sold classic radio shows to retailers either directly or through distributors. The Company derived additional revenue through rental of its proprietary database of names and addresses to non-competing third parties through list rental brokers. The Company also derived a small amount of revenue from advertisers included in its nationally syndicated classic radio shows. The Company recognizes sales to consumers, retailers and distributors upon shipment of merchandise. List rental revenue is recognized on notification by the list brokers of rental by a third party when the lists are rented. The Company recognizes advertising revenue upon notification of the airing of the advertisement by the media buying company representing the Company. Allowances for future returns are based upon historical experience and evaluation of current trends.

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Downloadable content revenue from the sale of individual content titles is recognized in the period when the content is downloaded and the customer's credit card is processed. Downloadable content revenue from the sale of downloadable content subscriptions is recognized pro rata over the term of the subscription period.

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Shipping and Handling Revenue and Costs
Amounts paid to the Company for shipping and handling by customers is included in sales. Amounts the Company incurs for shipping and handling costs are included in cost of sales. The Company recognizes shipping and handling revenue upon shipment of merchandise. Shipping and handling expenses are recognized on a monthly basis from invoices from the third party fulfillment houses, which provide the services.

Cost of Sales
Cost of sales includes the following:

- Product costs (including free audiobooks in the initial enrollment offer to prospective members)
- Royalties to publishers and rightsholders
- Fulfillment costs, including shipping and handling
- Customer service
- Direct response billing, collection and accounts receivable management

Cooperative Advertising and Related Selling Expenses
In accordance with EITF No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)", the Company classifies the cost of sales incentives as a reduction of net sales.

Bad Debt Expense
The Company records an estimate of its anticipated bad debt expense based on historical experience.

General and Administrative Costs
General and administrative costs include the following:

- Payroll and related items
- Commissions
- Insurance
- Office expenses
- Telephone and postage
- Public and investor relations
- Dues and subscriptions

- Rent and utilities
- Travel and entertainment
- Bank charges
- Professional fees, principally legal and auditing fees
- Consulting

Stock-Based Compensation
The Company accounts for employee stock options in accordance with Accounting Principles Board Opinion No. 25 ("APB 25"), "Accounting for Stock Issued to Employees." In October 1995, SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123") was issued. SFAS 123, which prescribes the recognition of compensation expense based on the fair value of options on the grant date, allows companies to continue applying APB 25 if certain pro forma disclosures are made assuming a hypothetical fair value method application. Had compensation expense for the Company's stock options been recognized on the fair value on the grant date under SFAS 123, the Company's net loss and net loss per share for the three months ended March 31, 2005 and 2004 would have been as follows:

	Three Months Ended March	
	2005	2004
Net loss applicable to common shares, as reported	$ (19,234)	$ (1,16
Add: Stock-based employee compensation expense included in reported net loss applicable to common shares, net of related tax effects	--	-
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(35)	(1,16
Pro forma net loss applicable to common shares	$ (19,269)	$ (2,33
Net loss per share		
Basic and diluted - as reported	$ (.77)	$ (.0
Basic and diluted - pro forma	$ (.77)	$ (.1

No dividend yield and the following assumptions were used in the pro forma calculation of compensation expense:

Date	No. of Shares	Exercise Price	Assumed Volatility	Risk-free Interest Rate	Fair
First Quarter 2005	100,000	$.87	41%	3.35%	

First Quarter 2004	1,650,000	$.99-$1.86	97%	4.00%	$

Income Taxes
Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date.

Royalties
The Company is liable for royalties to licensors based upon revenue earned from the respective licensed product. The Company pays certain publishers and other rightsholders advances for rights to products. Royalties earned on the sale of the products are payable only in excess of the amount of the advance. Advances, which have not been recovered through earned royalties, are recorded as an asset. Advances not expected to be recovered through royalties on sales are charged to royalty expense.

Use of Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. On an ongoing basis, management reviews its estimates based on current available information. Changes in facts and circumstances may result in revised estimate.

(3) Restricted Cash
In connection with the March 2005 sale of preferred stock and warrants (the "Financing") described in Note 6 below, the Company agreed to redeem from Norton Herrick, a principal shareholder of MediaBay, and his affiliate, Huntingdon

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(collectively the "Herrick Entities"), the balance of the Series A Preferred shares remaining after the partial conversion thereof pursuant to the terms of the Financing and all of the Series C Preferred Shares for an amount equal to the aggregate stated capital of such shares, or $1,432 and $4,355, respectively, on the earlier of the effective date of the Shareholder Consent and June 1, 2005. The Company placed funds of $5,789 in escrow to be released to the Herrick Entities, on the earlier of the effective date of the Shareholder Consent and June 1, 2005. The funds were released on May 3, 2005

(4) Goodwill and Other Intangibles
Goodwill and indefinite-lived intangible assets are tested for impairment annually or when certain triggering events require such tests and are written down, with a resulting charge to operations, only in the period in which the recorded value of goodwill and indefinite-lived intangible assets is more than their fair value.

The Company amortizes other intangible assets over their estimated useful lives.

Amortization expense for other intangible assets was $2 and $13 for the three months ended March 31, 2005 and 2004, respectively. The Company estimates intangible amortization expenses of $8 in 2005:

The following table presents details of Other Intangibles at March 31, 2005 and December 31, 2004:

	March 31, 2005			December 31, 2004		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Mailing Agreements	$ 592	$ 592	$ --	$ 592	$ 592	$ --
Customer Lists	4,380	4,380	--	4,380	4,380	--
Non-Compete Agreements	313	290	23	313	288	25
Other	25	--	25	25	--	25
Total Other Intangibles	$ 5,310	$ 5,262	$ 48	$ 5,310	$ 5,260	$ 50

Goodwill of $9,658 as of March 31, 2005 and December 31, 2004 is attributable to the Company's Radio Spirits business. The Company conducted its annual impairment test for 2004 in January 2005, utilizing the services of an independent appraiser, and its annual impairment tests for 2003 in October 2003, neither of which resulted in an impairment loss. Any future impairment losses incurred will be reported in operating results.

(5) Debt

	As of March 31, 2005	As of December 31, 2004
Credit agreement, senior secured debt, net of original issue discount	$ --	$ 8,661
Premier debt, net of original issue discount	658	670
Related party notes and related accrued interest, net of original issue discount	--	7,750
Total debt	658	17,081
Less: current portion	(30)	(229)
Long-term debt	$ 628	$ 16,852

March Transactions
On March 23, 2005, the Company completed the Financing described below.

Concurrently with the Financing, the Company repaid from the net proceeds all of the principal and accrued and unpaid interest due on the Company's outstanding senior notes issued on April 28, 2004, in the aggregate amount of approximately $9,400. The Company reported a charge in the first quarter of 2005 of $579 to reflect the write-off of unamortized financing charges related to the repayment of this debt.

Also in connection with the Financing, the Company entered into an agreement

(the "Herrick Agreement") with the Herrick Entities, described below (the "Herrick Agreement"). Pursuant to the Herrick Agreement, concurrently with the Financing, among other actions, all $5,784 principal amount of the convertible notes of the Company owned by the Herrick Entities were converted into an aggregate of approximately 10.3 million shares of Common Stock, at their stated conversion rate of $0.56 per share.

The Company also paid to Norton Herrick and Huntingdon all accrued and unpaid interest dividends due to them in the amount $2,271.

(6) Stockholders' Equity and Stock Options and Warrants

The following table presents information regarding the Company's outstanding preferred stock at March 31, 2005 and December 31, 2004:

	As of March 31, 2005	December 200
Series A Preferred Stock	$ 1,439	$ 2,50
Series B Preferred Stock	20	2
Series C Preferred Stock	4,353	4,35
Series D Preferred Stock, total issued $35,900, net of cash fees and expenses of $3,134; value ascribed to advisors' warrants of $1,986 and value ascribed ot investors' warrants of $10,852	19,928	-
Total Preferred Stock	$ 25,737	$ 6,87

March 2005 Sale of Preferred Stock and Warrants
On March 21, 2005, the Company agreed to issue an aggregate of (a) 35,900 shares (the "Offering Shares") of its Series D Convertible Preferred Stock (the "Series D Preferred") convertible into 65,272,273 shares of the Company's common stock, (b) 32,636,364 five-year common stock purchase warrants (the "Offering Warrants"), valued at $10,852 using an accepted valuation method and (c) preferred warrants (the "Over-Allotment Warrants" and, together with the Offering Shares and the Offering Warrants, the "Offering Securities") exercisable for a limited time, for additional proceeds to the Company of $8,975, to purchase (1) up to 8,975 additional shares of Series D Preferred (the "Additional Shares" and, together with the Offering Shares, the "Preferred Shares") and (2) up to 8,159,091 additional warrants identical to the Offering Warrants (the "Additional Warrants" and, together with the Offering Warrants, the "Warrants"), to accredited investors (the "Investors") for an aggregate purchase price of $35,900 (the "Financing").

Immediately prior to the Financing, holders of a majority of the Company's voting securities approved by written consent (the "Shareholder Consent") (a) an amendment to the Articles of Incorporation of the Company, increasing the number of authorized shares of the common stock of the Company ("Common Stock") from 150,000,000 to 300,000,000, (b) a change of control which may occur as a result of the Financing, and (c) the Company's issuance, in connection with the transactions contemplated by the Financing documents, of Common Stock in excess of 19.99% of the number of shares of Common Stock outstanding immediately prior to the Financing.

While such actions were approved by a majority of the shareholders prior to the

Financing, the Company was not permitted to effect them until it satisfied certain information requirements to the shareholders of the Company not party to the Shareholder Consent. As a result, the Shareholder Consent did not become effective until May 3, 2005

The Preferred Shares have a face value of $1,000 per share ("Stated Value") and are convertible at any time at the option of the holder into shares ("Conversion Shares") of common stock at the rate of $0.55 per Conversion Share, subject to certain anti-dilution adjustments, including for issuances of Common Stock for consideration below the conversion price. The Preferred Shares are also

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mandatorily convertible at the option of the Company, subject to its satisfaction of certain conditions, commencing 30 days following the later date to occur (the "Effective Date") of (a) the effective date of the Financing Registration Statement (defined below) and (b) May 3, 2005, the effective date of the Shareholder Consent. Under certain circumstances under the control of the Company, the holders will also have the right to require the Company to redeem their Preferred Shares at their Stated Value. Cumulative dividends will accrue on the Preferred Shares on an annualized basis in an amount equal to 6% of their Stated Value until they are converted or redeemed and will be payable quarterly in arrears, beginning April 1, 2005, in cash or, at the Company's option, subject to its satisfaction of certain conditions, in shares of Common Stock ("Dividend Shares") valued at 93% of the average of the daily volume weighted average per-share price of the Common Stock for the five trading days prior to the applicable payment date. The Preferred Shares are non-voting. Subject to certain exceptions for accounts receivable and equipment and capital lease financings, the Company may not incur additional indebtedness for borrowed money or issue additional securities that are senior to or pari passu to the Preferred Shares without the prior written consent of holders of at least 2/3rds of the Preferred Shares then outstanding.

Each Warrant is exercisable to purchase one share of Common Stock (collectively, the "Warrant Shares"), at an exercise price of $0.56 per share for a period of five years commencing September 23, 2005, subject to certain anti-dilution adjustments, including for issuances of Common Stock for consideration below the exercise price. In addition, once exercisable, the Warrants permit cashless exercises during any period when the Warrant Shares are not covered by an effective resale registration statement.

The Over-Allotment Warrants are exercisable until 90 days following the Effective Date for the purchase of Additional Shares and Additional Warrants, at an exercise price equal to the Stated Value of the Additional Shares purchased, with the purchase of each Additional Share including an Additional Warrant exercisable for a number of Warrant Shares equal to 50% of the Conversion Shares underlying such Additional Share.

As part of the Financing, the Forest Hill Entities exchanged 1.8 million shares of Common Stock and 400,000 common stock warrants previously purchased by them from the Company in October 2004 for $900 of the Offering Securities. The Forest Hill Entities also purchased $1,000 of the Offering Securities. The Company has agreed to include an additional 119,048 shares of Common Stock, as well as 50,000 shares of Common Stock underlying certain additional warrants, already beneficially owned and retained by Forest Hill Capital, for resale in the Financing Registration Statement.

In connection with the Financing, the Company also entered into the Herrick Agreement pursuant to which, concurrently with the Financing:

- all $5,784 principal amount of the convertible notes of the Company owned by the Herrick Entities (the "Herrick Notes") and 10,684 of their shares of the Series A Convertible Preferred Stock of the Company ("Series A Preferred") were converted into an aggregate of approximately 12.2 million shares of Common Stock (the "Herrick Shares"), at their stated conversion rate of $0.56 per share;

- the Company agreed to redeem the remaining 14,316 shares of Series A Preferred held by the Herrick Entities and all 43,527 of their shares of the Series C Convertible Preferred Stock of the Company (collectively, the "Redemption Securities") for $5,784, the aggregate stated capital of such shares, on the earlier of the effective date of the Shareholder Consent (May 3, 2005) and June 1, 2005, and both the Redemption Securities and the redemption price were placed into escrow pending such date;

- the Herrick Entities waived certain of their registration rights and the Company agreed to include the Herrick Shares for resale in the Financing Registration Statement, so long as such Herrick Shares are owned by the Herrick Entities and not otherwise transferred, including, but not limited to, in the Herrick Financing (as defined below); and

- the Herrick Entities consented to the terms of the Financing and the agreements entered into in connection with the Financing, as the Company was required to obtain such consents pursuant to the terms of the Herrick Notes, the Series A Preferred and the Series C Preferred.

- Herrick and Huntingdon also entered into a voting agreement and proxy with the Company pursuant to which they agreed not to take any action to contradict or negate the Shareholder Consent.

- the Company entered into a registration rights agreement dated the date hereof with Herrick and Huntingdon in which the parties are granted "piggy-back" registration rights and, with respect to the shares of Common Stock issuable to Herrick and Huntingdon upon conversion of the Herrick Notes and Series A Preferred Stock, Herrick and Huntingdon are granted the same automatic registration rights as the Investors under the Registration Rights Agreement.

- the Company also entered into another registration rights agreement dated March 23, 2005, with Herrick and Huntingdon in which the parties are granted "piggy-back" registration rights and, with respect to the shares of our common stock issuable to Herrick and Huntingdon upon exercise of the warrants held by Herrick and Huntingdon.

The Company received $35,000 of gross proceeds (not including the securities exchanged by the Forest Hill Entities for $900 of the purchase price) in the Financing. Merriman Curhan Ford & Co. ("Merriman") acted as a financial advisor with respect to certain of the investors in the Financing for which it received compensation from the Company of $2,625 plus a five-year warrant (the "Merriman Warrant") to purchase 7,159,091 shares of Common Stock at an exercise price of $0.69 per share commencing upon May 3, 2005, the effective date of the Shareholder Consent. Merriman also received a structuring fee from the Company with respect to the Financing in the amount of $175. In addition, the Company issued to Satellite Strategic Finance Associates, LLC and Satellite Strategic

Finance Partners, Ltd., investors in the Financing, warrants to purchase an aggregate of 250,000 shares of Common Stock (identical to the Warrants), and reimbursed them $55 for expenses, for consulting services rendered by it in connection with the Financing. The Company incurred cash fees and expenses including fees paid to advisors of $3,134. Warrants issued to advisors were valued at $1,986 using an accepted valuation method.

The Preferred Shares are convertible at any time at the option of the holder into shares ("Conversion Shares") of common stock at the rate of $0.55 per Conversion Share and each Warrant is exercisable to purchase one share of Common Stock (collectively, the "Warrant Shares"), at an exercise price of $0.56 per share. The market price for the Company's common stock at March 21, 2005 was $.69. The Company recorded as dividends an amount of $17,423 to reflect the value of the deemed dividend for beneficial conversion feature of Series D Preferred Stock.

Stock Options and Warrants
From January 1, 2005 to March 31, 2005, the Company issued options to purchase 100,000 shares of its common stock to an employee under its 2004 Stock Incentive Plan. The Company also cancelled options to purchase 223,430 shares of its common stock and options to purchase 41,000 shares of its common stock expired. The Company issued non-plan warrants to purchase 40,045,455 shares of its common stock in connection with the Financing described above. The Company cancelled non-plan warrants to purchase 460,000 shares of its common stock.

(7) Net Loss Per Share of Common Stock
Basic loss per share was computed using the weighted average number of common shares outstanding for the three months ended March 31, 2005 and 2004 of 25,045,306 and 13,060,051, respectively.

For the three months ended March 31, 2005, common equivalent shares, which were not included in the computation of diluted loss per share because they would have been anti-dilutive were 1,407,072 common equivalent shares, as calculated under the treasury stock method and 22,734,620 common equivalent shares relating to convertible subordinated debt and preferred stock calculated under the "if-converted method". Interest expense on the convertible subordinated debt added back to net loss would have been $155 and preferred dividends added back to net loss applicable to common shares would have been $205 for the three months ended March 31, 2005.

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For the three months ended March 31, 2004, common equivalent shares, which were not included in the computation of diluted loss per share because they would have been anti-dilutive were 289,943 common equivalent shares, as calculated under the treasury stock method and 21,856,353 common equivalent shares relating to convertible subordinated debt and preferred stock calculated under the "if-converted method". Interest expense on the convertible subordinated debt added back to net loss would have been $340 and preferred dividends added back to net loss applicable to common shares would have been $65 for the three months ended March 31, 2004.

(8) Supplemental Cash Flow Information
No cash has been expended for income taxes for the three months ended March 31, 2005 and 2004. Cash paid for interest expense was $2,007 and $180 for the three months ended March 31, 2005 and 2004, respectively.

The Company had the following non-cash activities for the three months ended

March 31, 2005:

	2005
Conversions of subordinated notes into common stock	$ 5,784
Conversion of preferred shares into common stock	$ 1,063
Conversion of common shares and warrants into preferred stock and warrants sold in the Financing	$ 900
Issuance of warrants in connection with the Financing	$ 12,838

(9) Segment Reporting
For the three months ended March 31, 2005 and 2004, the Company operated in four reportable segments: Corporate; Audio Book Club ("ABC") a membership-based club selling audiobooks via direct mail and on the Internet; Radio Spirits ("RSI") which produces, sells, licenses and syndicates old-time radio programs and MediaBay.com a media portal offering spoken word audio content in secure digital download formats. Segment operating income is total segment revenue reduced by operating expenses identifiable with that business segment. Corporate includes general corporate administrative costs, professional fees, interest expenses and amortization of acquisition related costs. The Company evaluates performance and allocates resources among its three operating segments based on operating income and opportunities for growth. Inter-segment sales are recorded at prevailing sales prices.

Segment Reporting
Three Months Ended March 31, 2005

	Corporate	ABC	RSI	Mbay.com	Int seg
Sales, net of returns, discounts and allowances	$ --	$ 2,240	$ 1,065	$ 47	$ -
Operating (loss) profit	(538)	183	45	(125)	
Depreciation and amortization	2	15	9	--	-
Interest expense, net	597	--	--	--	-
Loss on early retirement of debt	579	--	--	--	-
Dividends on Preferred Stock	205	--	--	--	-
Deemed dividend for beneficial conversion feature of Series D Preferred Stock	17,423				
Net (loss) income applicable to common shares	(19,342)	183	45	(125)	
Total assets	--	22,607	12,969	9	(5
Acquisition of fixed assets	--	175	--	--	-

Segment Reporting
Three Months Ended March 31, 2004

	Corporate	ABC	RSI	Mbay.com	Inter segme
Sales, net of returns, discounts and allowances	$ --	$ 3,726	$ 1,940	52	(34)
Operating profit (loss)	(522)	(90)	482	(120)	--
Depreciation and amortization	13	25	9	--	--
Interest expense	853	--	1	--	--
Dividends on Preferred Stock	64	--	--	--	--

Net (loss) income applicable to common shares	(1,439)	(90)	481	(120)	--
Total assets	--	22,065	13,983	--	(72)
Acquisition of fixed assets	--	38	9	--	--

(10) Recent Accounting Pronouncements

Share-Based Payment

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment," which is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation". SFAS 123(R) requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. The compensation cost will be measured based on the fair value of the equity or liability instruments issued. The Statement is effective as of the beginning of the first annual period beginning after June 15, 2005. We do not yet know the impact that any future share-based payment transactions will have on our financial position or results of operations.

Inventory Costs

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs." SFAS 151 amends ARB No. 43, "Inventory Pricing", to clarify the accounting for certain costs as period expense. The Statement is effective for fiscal years beginning after June 15, 2005; however, early adoption of this Statement is permitted. The Company does not anticipate an impact from the adoption of this statement.

(11) Related Party Transactions

In addition to the transactions described above with the Herrick Entities and the Forest Hill entities, as of March 31, 2005, the Company owed to Norton Herrick, and his affiliates $153 for reimbursement of certain expenses and services incurred in prior years. From December 31, 2004 through March 31, 2005, the Company paid Herrick a total of $162, and has agreed to pay Herrick $41 per month on the first of each month through and including July 2005 and $31 on August 1, 2005.

(12) Subsequent Events

Stock Options

From April 1, 2005 to May 13, 2005 options to purchase 3,770,000 shares of MediaBay common stock were issued to officers, directors, employees and consultants. Options to purchase 204,000 shares of MediaBay common stock were cancelled or expired.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking Statements

Certain statements in this Form 10-Q constitute "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included in this Report, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives

of our management for future operations are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," or "continue" or the negative thereof or variations thereon or similar terminology. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot assure you that such expectations will prove to be correct. These forward looking statements involve certain known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any results, performances or achievements expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from our expectations, include, without limitation our ability to implement our new strategy and transition our business and the risks related thereto: our history of losses and declining revenues; our ability to license and sell new spoken word content, anticipate and respond to changing customer preferences, license and produce desirable content, protect our databases and other intellectual property from unauthorized access, and collect receivables; dependence on third-party providers, suppliers and distribution channels; competition; the costs and success of our marketing strategies, product returns, member attrition; and risks relating to our capital structure. Undue reference should not be placed on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation to update any forward-looking statements.

Introduction

We are a digital media and publishing company specializing in spoken audio entertainment. We have over 75,000 hours of audio content, which we distribute via mail order, our websites, some of the nation's largest retailers, and a la carte, digital downloads and subscription services.

Today we have two principal content libraries; (1) Audiobooks: which we license from the nation's largest publishing houses to sell on CD and cassette through the Audio Book Club and which we intend to distribute via digital downloads on third-party websites and a digital download service that is under development; and (2) An archive of the history of American radio which we produce and sell on CD and cassettes through our catalog, a mail order based continuity program, retail outlets, and our on-line download subscription service and third-party websites, of which one is currently operational. We broadcasts our radio programs through a syndicated radio show on 200 commercial stations across the United States, as well as its 24-hour Radio Classics channels on Sirius and XM Satellite Radio.

We are transitioning our business from selling hard goods primarily via mail order to digital distribution via wireless and Internet downloads. Our distribution strategy is two pronged: (1) to wholesale our audio content to the leading music services and broadband companies on a white label basis, both domestically and internationally; and (2) to operate our own downloadable content stores and subscription services which are intended to be branded via partnerships with celebrities and corporate affiliates, each chosen specifically to reach the targeted demographics known to be interested in its content. We intend to use various means to market our downloadable content stores, including working with manufacturers of digital music players, smart phones, and PDA's to include samples of our audio content for consumers to preview when they purchase these new devices, with the hope that that these samples will attract consumers to our content stores.

We recently executed distribution agreements with Microsoft's MSN Music to provide our spoken word content to the MSN audience, which has 350 million

unique monthly visitors. We have also executed a distribution agreement with Loudeye Corp., a worldwide leader in business-to-business digital media solutions, to act as our digital sales agent in distributing our catalog to potentially 70 music services which that company hosts and sources content for. In addition, we expect to launch an on-demand, download and subscription service in partnership with Larry King in 2005, and have begun to make our Classic Radio library available for ring tone distribution.

Today, some of our largest digital content partners include Simon & Schuster, Random House, Harper Collins, Penguin Group (USA) Audio, Hay House, Sound Room Publishers, Oasis, Zondervan, BBC, Blackstone, and CBS Radio.

March 2005 Equity Financing

On March 23, 2005, pursuant to an agreement executed on March 21, 2005, we received an infusion of gross cash proceeds of $35 million in private equity financing from several institutional investors. We retired all of our borrowings and our cash reserves increased to approximately $16.4 million. Because of this financing, we believe that we have sufficient cash to implement our new strategy, including required marketing expenditures, for at least twelve months.

The Preferred Shares are convertible at any time at the option of the holder into shares ("Conversion Shares") of common stock at the rate of $0.55 per Conversion Share and each Warrant is exercisable to purchase one share of Common Stock (collectively, the "Warrant Shares"), at an exercise price of $0.56 per share. The market price for our common stock at March 21, 2005 was $.69. We recorded as a non-cash deemed dividend an amount of $17,423 to reflect the value of the beneficial conversion feature of the Series D Preferred Stock and increased contributed capital by $17,423. The recording of the deemed dividend had no effect on our cash or net equity.

Strategy

In response to the music industry's recent success in creating a market for legal digital downloads using digital rights management solutions that are intended to prevent piracy of copyrighted content, we intend to become a leading distributor for downloadable, spoken word audio entertainment. We intend to build this new distribution channel by utilizing our nearly twelve years of experience operating the Audio Book Club and our old-time radio business. During those twelve years, we have serviced approximately 2.9 million customer accounts and plan to leverage this list of audio buyers to attract new digital shoppers.

We intend to use the Windows Media Digital Rights Management (DRM) system, and other easy to use, rights management technologies that may evolve over time. Beginning this past Christmas season, 70 new digital devices that support the Microsoft "PlaysforSure(TM)" digital rights management and device platform became available for sale by many of the leading device manufacturers. Examples of companies offering a "PlaysforSure(TM)" device include Hewlett Packard, Dell, Creative, Rio, i-River and Samsung. Many of these devices have large file storage capacities and make, what we believe, could be a perfect match for our content, which is typically one half hour in length for our classic radio shows, to an average of 6 to10 hours for an audiobook.

In addition, the rapid evolution of cell and smart phones with hard drives and media players presents a large potential user base of digital devices for our content, as more than 500 million new handsets are sold each year in the market place. These portable devices, coupled with the ubiquitous installed base of

personal computers with CD burners and USB port memory discs are making digital audio content portable and more accessible to users.

We believe the proliferation of broadband Internet service, the Microsoft digital rights management solution, and an expanding user base of portable devices have created an inflection point where downloads are a better way to distribute audio than traditional CDs and tapes via a retail store or by mail order. Broadband Internet and ubiquitous wireless networks means companies like MediaBay can deliver audio files quickly and affordably. Downloads provide consumers a more convenient way to purchase audio in real time and provides

incredible opportunity for broad choice since there are no inventory requirements. This distribution is better for the environment and most importantly, provides real savings for the consumer.

We have determined that future investment in our mail order, hard goods based, Audio Book Club would not provide the returns adequate to justify future expenditures. Accordingly, in 2004, we discontinued marketing to attract new Audio Book Club members and are developing plans to transition current members to new programs including encouraging existing members to begin downloading spoken word.

Online Agreement with Microsoft

The first step in executing our new strategy is our agreements with Microsoft. These agreements provide for us to distribute spoken word audio content, including audiobooks from the largest publishers and our old-time radio programs, through an exclusive distribution relationship with the new MSN Music Service. Today, MSN has an audience of 350 million unique monthly visitors. Microsoft has announced that the new music service will have the largest selection of songs and audio content of any service and will be compatible with the most number of digital devices, leveraging its industry leading windows media player and windows digital rights management platform.

Online Agreement with Loudeye

We have also announced a multi-year agreement with Loudeye Corp., a worldwide leader in business-to-business digital media solutions. Loudeye is working with us to provide a solution for powering digital distribution of a wide range of audiobooks. Under the agreement, we intend to make available our audiobook content catalog to Loudeye for both domestic and international distribution, subject to obtaining appropriate international rights, to new and existing Loudeye partners. Loudeye and its OD2 services have relationships with more than 70 web storefronts and music services throughout the United States, Europe and Australia.

Larry King Opportunity

Celebrity Interactive LLC, Larry King and MediaBay have signed an endorsement and promotion agreement, which MediaBay intends to use to reach first time downloaders and the large and diverse Larry King fan base to help us build a new digital service. We intend to utilize the arrangement with Larry King to form a Larry King audio entertainment and education service. This digital service is being designed to allow consumers to shop and download a broad selection of content, including but not limited to, audiobooks, classic radio programs, educational materials, self-help titles, and current events. We anticipate that the titles will be available for download directly to the personal computer or other digital devices.

Open Standard Platform Technology

We have chosen to leverage the proliferation of the Windows Media DRM platform

as the de facto rights management standard for content owners to protect their intellectual property on the Internet. According to a report from the International Federation of the Phonographic Industry (IFPI) trade group, the number of online music stores quadrupled to more than 230 in 2004. In the United States, the overwhelming majority of these stores have adopted the Windows Media DRM as their solution to protect content owners intellectual property and to transfer files to digital hand held devices. This trend is certain to improve consumer choice as it allows consumers to shop in a broad range of stores, but maintain the flexibility to switch devices over time as functionality improves without having to worry about media format conversion issues that closed proprietary systems, such as Apple i-Tunes, create. On-line music stores in the United States that use the Window's DRM system include such companies as RealNetworks, MSN Music, Wal-Mart, Napster, Music Maker, Yahoo's Music Match, Buy.com, Music Now, and VirginDigital. The competing storefronts, which use proprietary DRM technologies or closed systems, are Sony, Apple and Audible.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On

an on-going basis we evaluate our estimates including those related to product returns, bad debts, the carrying value and net realizable value of inventories, the recoverability of advances to publishers and other rightsholders, the future revenue associated with deferred advertising and promotion costs, investments, fixed assets, the valuation allowance provided to reduce our deferred tax assets and valuation of goodwill and other intangibles.

The Securities and Exchange Commission ("SEC") defines "critical accounting policies" as those that require application of management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

Our significant accounting policies are described in Note 3 to the Notes to Consolidated Financial Statements. Not all of these significant accounting policies require management to make difficult, subjective or complex judgments or estimates. However the following policies are considered to be critical within the SEC definition:

Revenue Recognition

We derive our principal revenue through sales of audiobooks, classic radio shows and other spoken word audio products directly to consumers principally through direct mail. We also sell classic radio shows to retailers either directly or through distributors. We derive additional revenue through rental of our proprietary database of names and addresses to non-competing third parties through list rental brokers. We also derive a small amount of revenue from advertisers included in our nationally syndicated classic radio shows. We recognize sales to consumers, retailers and distributors upon shipment of merchandise. List rental revenue is recognized on notification by the list brokers of rental by a third party when the lists are rented. We recognize advertising revenue upon notification of the airing of the advertisement by the media buying company representing us. Allowances for future returns are based upon historical experience and evaluation of current trends. The historical

return rates for ABC members have been consistent for the past year and our estimate is based on a detailed historical examination of trends. Based on the current performance and historical trends, we do not expect significant changes in the estimate of returns for ABC members. The estimate of returns for wholesale sales of our old-time radio products is based on a detailed review of each significant customer, depending on the amount of products sold to a particular customer in a specific periods, the overall return rate for wholesale sales could vary.

We record reductions to our revenue for future returns and record an estimate of future bad debts arising from current sales in general and administrative expenses. These allowances are based upon historical experience and evaluation of current trends. If members and customers return products to us in the future at higher rates than in the past or than we currently anticipate, our net sales would be reduced and our operating results would be adversely affected. In November 2001, the Emerging Issues Task Force ("EITF") issued EITF No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)", which addresses the income statement classification of certain credits, allowances, adjustments, and payments given to customers for the services or benefits provided. We adopted EITF No. 01-9 effective January 1, 2002, and, as such, have classified the cost of these sales incentives as a reduction of sales.

Downloadable content revenue from the sale of individual content titles is recognized in the period when the content is downloaded and the customer's credit card is processed. Content revenue from the sale of content subscriptions is recognized pro rata over the term of the subscription period. Rebates and refunds are recorded as a reduction of revenue in the period in which the rebate or refund is paid in accordance with Emerging Issues Task Force Issue No. 01-9, Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products).

Accounts Receivable Valuation

We record an estimate of our anticipated bad debt expense and return rates based on our historical experience. If the financial condition of our customers,

including either individual consumers or retail chains, were to deteriorate, or if the payment or buying behavior were to change, resulting in either their inability or refusal to make payment to us, additional allowances would be required.

Income Taxes

The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary timing differences become deductible. We determine the utilization of deferred tax assets in the future based on current year projections by management.

Based on a change in our strategy, which we believe will result in lower sales and losses in the near term, but ultimately will be more profitable, we have determined that it is not more likely than not that we will, in the foreseeable future, be able to realize all or part of our net deferred tax asset. We have accordingly made an adjustment to the deferred tax asset recording an increase to the valuation allowance, resulting in a deferred tax expense charged against income in the fourth quarter of 2004, the period when such determination was made.

Deferred Member Acquisition Costs

Promotional costs directed at current members are expensed on the date the

promotional materials are mailed. The cost of any premiums, gifts or the discounted audiobooks in the promotional offer to new members is expensed as incurred. We account for direct response advertising for the acquisition of new members in accordance with AICPA Statement of Position 93-7, "Reporting on Advertising Costs" ("SOP 93-7"). SOP 93-7 states that the cost of direct response advertising (a) whose primary purpose is to elicit sales to customers who could be shown to have responded specifically to the advertising and (b) that results in probable future benefits should be reported as assets net of accumulated amortization Accordingly, we have capitalized direct response advertising costs and amortized these costs over the period of future benefit (the average member life), which has been determined to be generally 30 months. The costs are being amortized on accelerated basis consistent with the recognition of related revenue.

SOP 93-7 requires that the realizability of the mounts of direct-response advertising reported as assets should be evaluated at each balance sheet date by comparing the carrying amounts of the assets to their probable remaining future net revenues. Based on the change in our strategy we have determined that the future net revenue from our Audio Book Club does not support the carrying amount of the direct-response advertising reported as assets relating to the Audio Book Club.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business combinations accounted for using the purchase method of accounting. In July 2001, the Financial Accounting Standards Board issued SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 142 requires that an intangible asset that is acquired shall be initially recognized and measured based on its fair value. The statement also provides that goodwill should not be amortized, but shall be tested for impairment annually, or more frequently if circumstances indicate potential impairment, through a comparison of fair value to its carrying amount. At December 31, 2004, we had $9.7 million of goodwill, all of which relates to our Radio Spirits operations. We completed our annual impairment test as of January 2005, utilizing the services of an independent third-party appraiser, which did not result in an impairment loss. However, if conditions or circumstances were to change resulting in a deterioration of our Radio Spirits business, a future impairment of goodwill could be necessary.

Results of Operations

The following table sets forth, for the periods indicated, historical operating data as a percentage of net sales.

	Three Months Ended March 31, 2005	2004
Sales	100%	100%
Cost of sales	53.6	45.2
Gross profit	46.4	54.8
Advertising and promotion	11.5	23.9
Bad debt expense	4.2	7.0
General and administrative expense	42.8	27.4

Depreciation and amortization expense	.8	.8
Interest expense, net	17.8	15.0
Loss on early extinguishment of debt	17.2	--
Income tax expense (benefit)	--	--
Net (loss)	(47.9)	(19.4)
Dividends on preferred stock	6.1	1.1
Deemed dividend for beneficial conversion feature of Series D Preferred Stock	519.8	
Net (loss) applicable to common shares	-- (573.8)%	-- (20.5)%

Results of Operations

Three months ended March 31, 2005 compared to three months ended March 31, 2004:

Net Sales

($000's)	2004	2005	Change from 2004 to 2005	% Change
Audio Book Club	$ 3,727	$ 2,241	$ (1,486)	(39.9) %
Radio Spirits				
Catalog	923	687	(236)	(25.6) %
Wholesale	569	210	(359)	(62.9) %
Continuity	413	167	(246)	(59.6) %
	1,905	1,064	(841)	(44.1) %
MediaBay.com	52	47	(5)	(9.6) %
	$ 5,684	$ 3,352	(2,332)	(41.0) %

Audio Book Club sales decreased principally due to a decrease in club membership as a result of a substantial reduction in our advertising expenditures for new members.

The decrease in Radio Spirits catalog sales of $236,000, or 25.6%, is principally attributable to discounting of products offered in our catalogs, which has reduced average order size and fewer customers. Wholesale sales of old-time radio products decreased principally due to reduced sales at our major customers. Sales of our World's Greatest Old-Time Radio continuity program decreased for the three months ended March 31, 2005, as compared to the three months ended March 31, 2004, principally due to a reduction of advertising for new members in the first quarter of 2005 and reduced advertising in all of 2004, which resulted in fewer active customers in 2005.

Cost of Sales

$ (000's)	2004		2005		From 2004 to 2005	
	$	As a % of Net Sales	$	As a % of Net Sales	Change	% Change
Audio Book Club	$ 1,656	44.4%	$ 1,261	56.3 %	$ (395)	(23.9) %
Radio Spirits						
Catalog	387	41.9%	294	42.8 %	(93)	(24.0) %
Wholesale	348	61.2%	174	82.5 %	(174)	(50.0) %
Continuity	179	43.3%	67	40.1 %	(112)	(62.6) %
Total Radio Spirits	914	48.0%	535	50.2 %	(379)	(41.5) %
MediaBay.com	--	--	--	--	--	--
	$ 2,570	45.2%	$ 1,796	53.6 %	(774)	(30.1) %

The principal reason for the decline in cost of sales at Audio Book Club was a reduction in sales of 39.9% as described above. Cost of sales as a percentage of sales at Audio Book Club for the three months ended March 31, 2005 was 56.3%, compared to 44.4% for 2004. The increase in cost of sales as a percentage of sales is principally due to an increase in product costs as a percentage of sales since smaller active membership required us to purchase finished goods from publishers rather than the licensing and manufacture of product due to lower sales and our inability to meet manufacturing minimums and recoup advances to publishers, higher sales of unabridged and CD titles with higher costs and higher manufacturing costs due to lower volumes.

The principal reason for the decline in cost of sales at Radio Spirits was a reduction in sales of 44.1% as described above. As a percentage of sales, cost of sales at Radio Spirits increased to 50.2% for the three months ended March 31, 2005 from 48.0% for the three months ended March 31, 2004. Cost of catalog sales increased as a percentage of sales to 42.8% for the three months ended March 31, 2005 as compared to 41.9% for the three months ended March 31, 2004 principally due to sales of lower cost items with lower margins and increased discounting in the catalogs. The cost of wholesale sales as percentage of sales increased to 82.5% for the three months ended March 31, 2005 as compared to 61.2% for the three months ended March 31, 2004 principally due to a higher portion of our cost of goods sold in 2005 were fixed costs due to lower volume. The cost of World's Greatest Old-Time Radio continuity sales as a percentage of sales decreased to 40.1% from 43.3%. Since we did no new customer marketing in the three months ended March 31, 2005, very little of the product sales were of the heavily discounted introduction products.

Advertising and Promotion
$ (000's)

	2004	2005	From 2004 to 2005 Change	% Change

($000's)				
Audio Book Club				
New Member	$ 242	$ --	(242)	(100.0) %
Current Member	302	193	(109)	(36.1) %
Total Audio Book Club	544	193	(351)	(64.5) %
Radio Spirits				
Catalog	170	184	14	8.2 %
Wholesale	3	--	(3)	(100.0) %
Continuity	5	--	(5)	(100.0) %
Total Radio Spirits	178	184	6	3.4 %
New Projects	--	--	--	--
Total Spending	722	377	(345)	(47.8) %
Amount Capitalized	(218)	--	218	(100.0) %
Amount Amortized	855	9	(846)	(98.9) %
Advertising and Promotion Expense	$ 1,359	$ 386	(973)	(71.6) %

Advertising and promotion expenses decreased $973,000 to $386,000 for the three months ended March 31, 2004 as compared to $1.4 million in the prior comparable period. The decrease in advertising expense was principally due to reduced amortization expense of advertising costs incurred in prior periods and reducing spending on advertising in the current quarter. In the fourth quarter of 2004, based on the change in our strategy, described above, we determined that the future net revenue from our Audio Book Club would not support the carrying amount of the direct-response advertising reported as assets relating to the

Audio Book Club. Actual advertising expenditures for the three months ended March 31, 2005 decreased $345,000 to $377,000 from $722,000 during the three months ended March 31, 2004. Accordingly, we wrote-off the carrying amount of the asset in the fourth quarter for 2004 resulting in an increase in advertising expense of $846,000 in 2004 and lower expense in 2005. The decrease in spending was due to the lack of new member marketing for Audio Book Club new members due to our change in strategy as described above and decreased advertising to existing members due to the reduction in Audio Book Club membership because of normal member attrition with no marketing to replace leaving members.

Bad Debt Expense

	2004		2005			
$ (000's)					From 2004 to 2005	
	$	As a % of Net Sales	$	As a % of Net Sales	Change	% Change

	$	As a % Of Net Sales	$	As a % Of Net Sales	Change	% Change
Audio Book Club	$ 356	9.5%	128	5.7 %	$ (228)	(64.0) %
Radio Spirits						
Catalog	--	--	--	--	--	--
Wholesale	4	0.7%	4	1.9 %	--	--
Continuity	38	9.2%	9	5.4 %	(29)	(76.3) %
	42	2.2%	13	1.2 %	(29)	(69.0) %
MediaBay.com	--	--	--	--	--	--
	$ 398	7.00%	141	4.2 %	$ (257)	(64.6) %

The principal reason for the decline in bad debt expense at Audio Book Club was a reduction in net sales. The decrease in bad debt expense as a percentage of net sales is principally due to a reduced number of new members, who typically have higher bad debt expense and a core membership in Audio Book Club, which has demonstrated good paying behavior. The decrease in bad debt expense at the World's Greatest Old-Time Radio continuity is due to lower sales as described above and fewer new customers who typically have higher bad debt rates.

General and Administrative

$ (000's)	2004		2005		From 2004 to 2005	
	$	As a % Of Net Sales	$	As a % Of Net Sales	Change	% Change
Audio Book Club	$ 669	17.9 %	$ 459	20.5 %	(210)	(31.4) %
Radio Spirits	205	10.9 %	266	25.0 %	61	29.8 %
MediaBay.com	171	172	1	0.6 %		
Corporate	515	536	21	4.1 %		
	$ 1,560	27.3 %	$ 1,433	42.7 %	(127)	(8.1) %

The decrease in general and administrative expenses for the three months ended March 31, 2005 as compared to the three months ended March 31, 2004 at Audio Book Club is principally due to a reduction in personnel and lower consulting fees. The increase in general and administrative expenses for the three months ended March 31, 2005 as compared to the three months ended March 31, 2004 at Radio Spirits is principally due to an increase in personnel. The increase in corporate general and administrative expenses for the three months ended March 31, 2005 as compared to the three months ended March 31, 2004 is principally due to increased payroll costs and accounting fees, partially offset by lower public and investor relations costs.

Depreciation and Amortization

	2004	2005

$ (000's)		
Depreciation		
Audio Book Club	$ 25	$ 15
Radio Spirits	9	9
Total depreciation	34	24
Amortization		
Corporate	13	2
Total depreciation and amortization	$ 47	$ 26

The decrease in depreciation and amortization expenses for the three months ended March 31, 2005 as compared to the three months ended March 31, 2004 is principally attributable to reductions in the amortization of intangibles, which had been fully amortized or written off during the year ended December 31, 2004 and certain equipment, which was fully depreciated in 2004.

Interest Expense

			From 2004 to 2005	
	2004	2005	Change	% Change
$ (000's)				
Total interest paid	$ 180	2,007	1,827	1,015
Accrued interest paid this period	(74)	(1,599)	(1,525)	2,060
Current interest paid	106	415	309	291
Interest included in debt	--	(323)		(100
				323
Amortization of deferred financing costs and original issue discount	425	195	(230)	(54
Interest income	--	(13)	(13)	
Total interest expense	$ 854	597	(257)	(30

The decrease in interest expenses is principally due to the conversion of $11.6 million of debt into preferred stock and common stock in 2004.

Loss on Early Extinguishment of Debt

	2004	2005
$ (000's)		
Loss on early extinguishment of debt	$ --	$ 579

Concurrently with the Financing as described in the Liquidity and Capital Resources section below, the Company repaid from net proceeds, all of the principal and accrued and unpaid interest due on the Company's outstanding senior notes issued on April 28, 2004, in the aggregate amount of approximately $9,400. The Company reported a charge in the first quarter of 2005 of $579 reflect the write-off of unamortized financing charges related to the repayment of this debt.

Preferred Stock Dividends

$ (000's)	2004	2005
Dividends accrued on Series A Preferred Stock	$ 56	$ 51
Dividends accrued on Series B Preferred Stock	8	1
Dividends accrued on Series C Preferred Stock	--	100
Dividends accrued on Series D Preferred Stock	--	53
Deemed dividend for beneficial conversion feature of Series D Preferred Stock	--	17,423
Total dividends deemed or accrued on preferred stock	-- $ 64	$ 17,628

The Series D Preferred Shares are convertible at any time at the option of the holder into shares of our common stock at the rate of $0.55 per share and each warrant is exercisable to purchase one share of our common stock at an exercise price of $0.56 per share. The market price for our common stock at March 21, 2005 was $.69. We recorded as a non-cash deemed dividend an amount of $17,423 to reflect the value of the beneficial conversion feature of the Series D Preferred Stock and increased contributed capital by $17,423. The recording of the dividend had no effect on our cash or net equity.

The increase in the accrual of preferred stock dividends for the three months ended March 31, 2004 as compared to the three months ended March 31, 2003 is due to the accrual of dividends for Series C Preferred Stock issued May 2004 and the Series D Preferred Stock issued in March 2005, as described in the Liquidity and Capital Resources section below.

Loss Applicable to Common Stockholders
$ (000's)

			From 2004 to 2005	
$ (000's)	2004	2005	Change	% Change
Loss applicable to common stockholders	$ 1,168	$19,234	$18,066	1,546.7%

Principally due to the deemed dividend for beneficial conversion of Series D Preferred Stock of $17,423, lower sales due in large part to reduced spending on new member and customer advertising and lower wholesale sales at Radio Spirits and a loss on early extinguishment of debt of $579, partially offset by lower advertising and other expenses as described above, our net loss applicable to common shares for the three months ended March 31, 2005 increased $18.0 million to $19.2 million, or $0.77 per diluted share, as compared to a net loss applicable to common shares for the three months ended March 31, 2004 of $1.2 million, or $.09 per diluted share of common stock, for the three months ended March 31, 2004.

Liquidity and Capital Resources

March 2005 Equity Financing

On March 23, 2005, pursuant to an agreement executed on March 21, 2005, we issued an aggregate of (a) 35,900 shares (the "Offering Shares") of our Series D Convertible Preferred Stock (the "Series D Preferred") convertible into 65,272,273 of our common stock, (b) 32,636,364 five-year common stock purchase warrants (the "Offering Warrants") and (c) preferred warrants (the

"Over-Allotment Warrants" and, together with the Offering Shares and the Offering Warrants, the "Offering Securities") exercisable for a limited time, for additional proceeds to us of $8.975 million, to purchase (1) up to 8,975 additional shares of Series D Preferred (the "Additional Shares" and, together with the Offering Shares, the "Preferred Shares") and (2) up to 8,159,091 additional warrants identical to the Offering Warrants (the "Additional Warrants" and, together with the Offering Warrants, the "Warrants"), to accredited investors (the "Investors") for an aggregate purchase price of $35.9 million (the "Financing").

Immediately prior to the Financing, holders of a majority of our voting securities approved by written consent (the "Shareholder Consent") (a) an amendment to our Articles of Incorporation, increasing the number of our authorized shares of the common stock ("Common Stock") from 150,000,000 to 300,000,000, (b) a change of control which may occur as a result of the Financing, and (c) our issuance, in connection with the transactions contemplated by the Financing documents, of Common Stock in excess of 19.99% of the number of shares of Common Stock outstanding immediately prior to the Financing.

While such actions were approved by a majority of our shareholders prior to the financing, we ere not permitted to effect them until we satisfied certain information requirements to our shareholders not party to the Shareholder Consent. As a result, the Shareholder Consent did not become effective until May 3, 2005.

The Preferred Shares have a face value of $1,000 per share ("Stated Value") and are convertible at any time at the option of the holder into shares ("Conversion Shares") of common stock at the rate of $0.55 per Conversion Share, subject to certain anti-dilution adjustments, including for issuances of Common Stock for consideration below the conversion price. The Preferred Shares are also mandatorily convertible at our option, subject to satisfaction of certain conditions, commencing 30 days following the later date to occur (the "Effective Date") of (a) the effective date of the Financing Registration Statement (defined below) and (b) May 3, 2005, the effective date of the Shareholder Consent. Under certain limited circumstances within our control, the holders will also have the right to require us to redeem their Preferred Shares at their Stated Value. Cumulative dividends will accrue on the Preferred Shares on an annualized basis in an amount equal to 6% of their Stated Value until they are converted or redeemed and will be payable quarterly in arrears, beginning April 1, 2005, in cash or, at our option, subject to satisfaction of certain conditions, in shares of Common Stock ("Dividend Shares") valued at 93% of the average of the daily volume weighted average per-share price of the Common Stock for the five trading days prior to the applicable payment date. The Preferred Shares are non-voting. Subject to certain exceptions for accounts receivable and equipment and capital lease financings, we may not incur additional indebtedness for borrowed money or issue additional securities that are senior to or pari passu to the Preferred Shares without the prior written consent of holders of at least two thirds of the Preferred Shares then outstanding.

Each Warrant is exercisable to purchase one share of Common Stock (collectively, the "Warrant Shares"), at an exercise price of $0.56 per share for a period of five years commencing September 23, 2005, subject to certain anti-dilution adjustments, including for issuances of Common Stock for consideration below the exercise price. In addition, once exercisable, the Warrants permit cashless exercises during any period when the Warrant Shares are not covered by an effective resale registration statement.

The Over-Allotment Warrants are exercisable until 90 days following the Effective Date for the purchase of Additional Shares and Additional Warrants, at an exercise price equal to the Stated Value of the Additional Shares purchased, with the purchase of each Additional Share including an Additional Warrant exercisable for a number of Warrant Shares equal to 50% of the Conversion Shares underlying such Additional Share.

As part of the Financing, the Forest Hill Entities exchanged the 1.8 million shares of Common Stock and 400,000 October Warrants previously purchased by them in October 2004 for $900,000 of the Offering Securities.

In connection with the Financing, we also entered into an agreement (the "Herrick Agreement") with Herrick and Huntingdon (collectively, the "Herrick Entities"), pursuant to which, concurrently with the Financing:

- all $5.784 million principal amount of our convertible notes owned by the Herrick Entities (the "Herrick Notes") and 10,684 of their shares of our Series A Preferred Stock were converted into an aggregate of approximately 12.2 million shares of Common Stock (the "Herrick Shares"), at their stated conversion rate of $0.56 per share;

- we also agreed to redeem the remaining 14,316 shares of Series A Preferred Stock held by the Herrick Entities and all 43,527 of their shares of our Series C Convertible Preferred Stock of the Company (collectively, the "Redemption Securities") for $5.8 million, the aggregate stated capital of such shares, on the earlier of the effective date of the Shareholder Consent and June 1, 2005, and both the Redemption Securities and the redemption price were placed into escrow pending such date;

- the Herrick Entities waived certain of their registration rights and we agreed to include the Herrick Shares for resale in the Financing Registration Statement, so long as such Herrick Shares are owned by the Herrick Entities and not otherwise transferred, including, but not limited to, in the Herrick Financing (as defined below); and

- the Herrick Entities consented to the terms of the Financing and the agreements entered into in connection with the Financing, as we were required to obtain such consents pursuant to the terms of the Herrick Notes, the Series A Preferred Stock and the Series C Preferred Stock.

- Herrick and Huntingdon also entered into a voting agreement and proxy with us pursuant to which they agreed not to take any action to contradict or negate the Shareholder Consent.

We received $35 million of gross proceeds (not including the securities exchanged by the Forest Hill Entities for $900,000 of the purchase price) in the Financing. Merriman Curhan Ford & Co. ("Merriman") acted as a financial advisor with respect to certain of the investors in the Financing for which it received compensation from us of $2,625,000 plus a five-year warrant to purchase 7,159,091 shares of Common Stock at an exercise price of $0.69 per share, the market price of our common stock on March 21, 2005, commencing on May 3, 2005, the effective date of the Shareholder Consent. Merriman also received a structuring fee from us with respect to the Financing in the amount of $175,000. In addition, we issued to Satellite Strategic Finance Associates, LLC and

Satellite Finance Partners. Ltd., investors in the Financing, warrants to purchase an aggregate of 250,000 shares of our common stock (identical to the Warrants), and reimbursed them $55,000 for expenses, for consulting services rendered by it in connection with the Financing. We also incurred additional legal accounting and other costs of $279,000.

Concurrently with the Financing, we repaid from net Financing proceeds all of the principal and accrued and unpaid interest due on our outstanding senior notes issued on April 28, 2004, in the aggregate amount of approximately $9.4 million. We will report an additional charge in the first quarter of 2005 to reflect the write-off of unamortized financing charges related to the repayment of this debt.

We used approximately $2,271,000 of the proceeds from the Financing to pay all accrued and unpaid interest to the Herrick Entities on convertible notes and the Series A Preferred Stock and Series C Preferred Stock.

Activity during the three months ended March 31, 2005.

For the three months ended March 31, 2005, cash increased by $13.3 million, as we had net cash used in operating activities of $893,000, used net cash of $175,000 in investing activities and had cash provided by investing activities of $14.4 million. Net cash used in operating activities principally consisted of the net loss of $19.2 million, increases in prepaid expenses of $108,000 and a decrease in accounts payable and accrued expenses of $634,000 partially offset by the deemed dividend for beneficial conversion feature of Series D preferred Stock of $17.2 million, the loss on early extinguishment of debt of $579,000, depreciation and amortization expenses of $26,000, amortization of deferred financing costs and original issue discount of $196,000, non-current accrued interest and dividends payable of $306,000, and decreases in accounts receivable, inventory and royalty advances of $434,000, 111,000, and $35,000.

The decreases in accounts receivable and inventory are primarily attributable the reduction in sales as described above. The increase in prepaid expenses is principally due to the timing of payments of prepaid insurance and other costs and certain Radio Spirits catalog expenses.

Net cash used in investing activities consists of acquisition of fixed assets of $175,000, principally computer equipment and the cost of the development of the Larry King web site.

During the three months ended March 31, 2005, we received net cash proceeds of the sale of Series D Preferred Stock of $31.9 million, as described above, repaid all of our senior secured debt in the amount of $9.35 million, repaid accrued interest, dividends and fees relating to the debt of $2.35 million, and placed $5.8 million in escrow to redeem from the Herrick Entities the balance of the Series A Preferred shares remaining after the partial conversion thereof pursuant to the terms of the Financing and all of the Series C Preferred Shares. The $5.8 million in escrow was released to the Herrick Entities on May 3, 2005, the effective date of the Shareholder Consent.

Recent Accounting Pronouncements

Share-Based Payment

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment," which is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation". SFAS 123(R) requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. The compensation cost will be measured based on the fair value of the equity or liability instruments issued. The Statement is effective as of the beginning of the annual period

beginning after June 15, 2005. We do not yet know the impact that any future share-based payment transactions will have on our financial position or results of operations.

Inventory Costs
In November 2004, the FASB issued SFAS No. 151, "Inventory Costs." SFAS 151 amends ARB No. 43, "Inventory Pricing", to clarify the accounting for certain costs as period expense. The Statement is effective for fiscal years beginning after June 15, 2005; however, early adoption of this Statement is permitted. The Company does not anticipate an impact from the adoption of this statement.

Certain Transactions
In addition to the transactions described above with the Herrick Entities and the Forest Hill entities, as of March 31, 2005, we owed to Norton Herrick, and his affiliates approximately $152,900 for reimbursement of certain expenses and services incurred in prior years. From December 31, 2004 through March 31, 2005, we paid Herrick a total of $162,000, and have agreed to pay Herrick $40,500 per month on the first of each month through and including July 2005 and $31,410 on August 1, 2005.

Quarterly Fluctuations
Our operating results vary from period to period as a result of purchasing patterns of our members and customers, member attrition, the timing and popularity of new audiobook releases and product returns.

We believe that a significant portion of our sales of old-time radio and classic video programs are gift purchases by consumers. Therefore, we tend to experience increased sales of these products in the fourth quarter in anticipation of the holiday season and the second quarter in anticipation of Fathers' Day.

Item 3: Quantitative and Qualitative Disclosures of Market Risk

The Company's has no exposure to market risk for changes in interest rates. The Company has total debt outstanding as of May 13, 2005 of $658,000, all of which is at fixed rates. Changes in the prime rate or LIBOR would not have an impact on our fair values, cash flows, or earnings for the three months ended March 31, 2005.

Item 4. Controls and Procedures
Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 (the Act), beginning with our Annual Report on Form 10-K for the fiscal year ending December 31, 2006, we will be required to furnish a report by our management on our internal control over financial reporting. This report will contain, among other matters, an assessment of the effectiveness of our internal control over financial reporting as of the end of our fiscal year, including a statement as to whether or not any material weakness in our internal control over financial reporting identified by management. If we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert our internal control over financial reporting is effective. This report will also contain a statement that our independent registered pubic accountants have issued an attestation report on management's assessment of such internal controls and a conclusion on the operating effectiveness of those controls.

Management acknowledges its responsibility for internal controls over financial reporting and seeks to continually improve those controls. In order to achieve compliance with Section 404 of the Act within the prescribed period, we are currently performing the system and process documentation and evaluation needed

to comply with Section 404, which is both costly and challenging. We believe our process, which we began in the first quarter of 2005 and, we believe, will continue through 2006 for documenting, evaluating and monitoring our internal control over financial reporting is consistent with the objectives of Section 404 of the Act.

As of the end of the period covered by this report, an evaluation was carried out under the supervision and with the participation of our management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of our disclosure controls and procedures. Based

on that evaluation, the CEO and CFO have concluded that our disclosure controls and procedures are effective at the reasonable assurance level to timely alert them of information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934. During the quarter ended March 31, 2005 there were no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Part II - Other Information

Item 5: Other Information

On May 10, 2005, MediaBay entered into a consulting and severance agreement with John Levy, its Vice Chairman and Chief Financial Officer. Pursuant to the agreement, Mr. Levy resigned all of his positions with the Company, including Chief Financial Officer and director, and the Company's subsidiaries effective as of May 17, 2005. We agreed to pay severance payments to Levy as follows: (i) $75,000 on May 15, 2005 and (ii) $6,000 per month commencing with a payment on May 31, 2005 and ending on April 30, 2006 (collectively "Severance Payments"). We also engaged Levy to provide to MediaBay certain consulting services, including assistance with accounting and finance issues, transition of the Company's financing and accounting functions and preparation of the Company's Quarterly Report on Form 10-Q for the quarter ending June 30, 2005. We agreed to pay Levy (in addition to the Severance Payments) $10,000 per month. In addition, we agreed to reimburse Levy for business expenses he actually incurs in the performance of the consulting services and continue to provide Levy with the use of the office, cellular phone and computer Levy currently uses without charge. Levy agreed not engage in any business activity on behalf of an entity, which is a direct competitor of MediaBay without obtaining the prior written authorization of MediaBay. Levy also agreed not use or to reveal to any person or entity any trade secrets or confidential information of MediaBay or any trade secrets or confidential information of any third parties which MediaBay is under an obligation to keep confidential.

On May 10, 2005, we authorized payment of a $25,000 bonus to Robert Toro, our Senior Vice President of Finance on May 16, 2005.

On May 12, 2005, effective May 17, 2005, Robert Toro was appointed Chief Financial Officer.

Item 6: Exhibits and Reports on Form 8-K.

Exhibits

10.1 Option Agreement dated as of April 4, 2005 between the Company and Jeffrey Dittus.
10.2 Option Agreement dated as of April 4, 2005 between the Company and Joseph Rosetti.
10.3 Option Agreement dated as of April 4, 2005 between the Company and Robert Toro.
10.4 Option Agreement dated as of April 4, 2005 between the Company and Patricia Campbell.
10.5 Option Agreement dated as of April 4, 2005 between the Company and Daniel Altobello.
10.6 Option Agreement dated as of April 4, 2005 between the Company and Richard Berman.
10.7 Option Agreement dated as of April 4, 2005 between the Company and Paul Neuwirth.
10.8 Option Agreement dated as of April 4, 2005 between the Company and Stephen Yarvis.
10.9 Severance and Consulting Agreement between the Company and John Levy.
10.10 Approval of Bonus Payable to Robert Toro.
31.1 Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2 Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1 Certification of Jeffrey Dittus, Chief Executive Officer of MediaBay, Inc., pursuant to 18 U.S.C Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.1 32.2 Certification of John Levy, Vice Chairman and Chief Financial Officer of MediaBay, Inc., pursuant to 18 U.S.C Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 20

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, MediaBay, Inc. has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MediaBay, Inc.

Dated: May 16, 2005 By: /s/ Jeffrey Dittus

Jeffrey Dittus
Chief Executive Officer

Dated May 16, 2005 By: /s/ John F. Levy

John F. Levy
Chief Financial Officer
(principal accounting and financial officer)