

SECURITIES AND EXCHANGE COMMISSION

FORM 10SB12G

Form for initial registration of a class of securities for small business issuers pursuant to Section 12(g)

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FILER

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U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-SB

GENERAL FORM FOR REGISTRATION OF SECURITIES
OF SMALL BUSINESS ISSUERS
UNDER SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

GOODNOISE CORPORATION
(Name of Small Business Issuer in its charter)

FLORIDA 65-0207877
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification Number)

719 COLORADO AVENUE, PALO ALTO, CALIFORNIA 94303
(Address of principal executive offices and Zip Code)

Issuer's telephone number, including area code: (650) 322-8910

Securities to be registered pursuant to Section 12(b) of the Act: None

Securities to be registered pursuant to Section 12(g) of the Act:

COMMON STOCK, PAR VALUE \$0.01 PER SHARE
(Title of Class)

1

FORWARD-LOOKING STATEMENTS

This Form 10-SB contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to statements related to the Company's business objectives and strategy, the Company's Internet website and the development of the Company's music-related content. Such forward-looking statements are based on current expectations, estimates and projections about the Company's industry, management beliefs, and certain assumptions made by the Company's management. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict; therefore, actual results may differ materially from those expressed, forecasted, or contemplated by any such forward-looking statements.

Factors that could cause actual events or results to differ materially include, among others, the following: market acceptance of the Internet as a medium for consumers to obtain sound recordings, the Company's ability to create, license, and deliver compelling music-related content, intense competition from other providers of music-related content over the Internet, the Company's early state of development, delays or errors in the Company's ability to effect electronic commerce transactions, potential liability for defamation, negligence, intellectual property infringement, and the distribution of obscene or indecent material over the Internet, and other risks inherent in the record industry and associated with doing business over the Internet. See, "Management's Discussion and Analysis or Plan of Operation -- Factors That May Affect Future Results and Market Price of Stock." Given these uncertainties, investors are cautioned not to place undue reliance on any such forward-looking statements.

Unless required by law, the Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. However, readers should carefully review the risk factors set forth in other reports or documents the Company files from time to time with the Securities and Exchange Commission, particularly the Annual Reports on Form 10-KSB, the Quarterly Reports on Form 10-QSB and any Current Reports on Form 8-K.

ITEM 1. BUSINESS

GENERAL

GoodNoise Corporation, The Internet Record Company, is a development stage company that seeks to engage in the business of developing and marketing a compelling repertoire of musical recordings and offering such recordings by direct file transfer, or "downloading," to consumers over the Internet. The Company was formed on January 8, 1998 and has established an Internet website, but has not yet begun to offer recordings for sale. The Company's long-term objective is to establish itself as a major provider of digital music content direct to consumers over the Internet. Though the Company will also offer its musical recordings in the form of compact discs (or "CDs") distributed to the consumers through traditional retail channels, the Company foresees a gradual shift from the distribution of physical CDs through retail channels to the delivery of digitized sound recordings to consumers directly over the Internet for home recording on personal computer hard disks and other magnetic storage media, recordable CDs ("CD-Rs"), and solid-state sound recording players.

2

The Company believes that the percentage of music purchases made by direct download over the Internet will be an increasing percentage of total music purchases, and that this percentage will grow significantly during the next several years. During the transition from traditional distribution of physical CDs to the delivery of recordings by digital transmission over the Internet, the Company's strategy will be to acquire compelling music content for marketing to audiences, most likely to be early-adopters of the software and equipment necessary to use the Internet to download, record and play musical recordings on their home computers, CD-Rs, and solid-state players. During that time, the Company will seek to build a strong brand name for the delivery of music content over the Internet around the trademark GoodNoise. Later, as market acceptance of the Internet as a medium for consumers to obtain sound recordings grows, the Company will expand its repertoire of music for promotion and sale in other markets.

The Company will organize its music repertoire on its website, which is currently under development. Initially, the Company plans to design its website to enable consumers to download sound recordings, purchase music-related merchandise, obtain music news, and listen to web-radio broadcasts. Later, the Company intends to enhance its website to allow the Company to offer music reviews, live concerts, and music videos. The Company also intends to seek to attract sponsors and advertisers wishing to reach the audience for the Company's content. The Company's strategy is to increase the size of its user base, and leverage off of such increased user base to increase revenues from sales of music, related merchandise, advertising and sponsorship programs. The Company also plans to enter into strategic alliances with other online CD retailers to allow reference sales of their online catalog and to allow the sale of the Company's catalog.

Content offered on the Company's website will initially focus on modern rock and alternative music for the college-aged audience, specially tailored for the young, high-tech music consumer. In the future, the Company may offer genre-specific music websites for Jazz, Classical, and specific artists in the Company's repertoire, allowing users to view artist biographies and discographies, musicians' influences and historical information, and to hear and view cybercasts and recording and video samples. The Company believes that by providing a broad array of information in a highly-personalized, interactive context, it can create an entertaining environment that will attract traffic to its website, foster brand awareness and encourage purchases of music and related merchandise. Product purchases will be coordinated through the website, which will act as the Company's on-line retail store.

The Company plans to develop a repertoire of recording artists and to develop its own catalog, and specifically licensed third party catalogs, for sale either by downloadable track or by CD. The Company also intends to employ innovative arrangements with aspiring recording artists who might not otherwise be able to gain the attention of traditional record companies and with record labels looking for new channels for the distribution of their recording catalogs. Thus, recordings offered by the Company will include those from the Company's own repertoire, as well as masters licensed from other record labels. The Company seeks to develop a relationship with one of the major record distributors to handle domestic distribution of the Company's recordings.

The Company plans to establish its own music publishing company, GoodNoise Music Publishing, which will acquire an interest in the music publishing rights of some of the artists in the Company's repertoire. The Company's music publishing interests will be administered through an arrangement with peermusic, one of the largest music publishing companies. Ralph Peer, the Chief Executive Officer of peermusic, is a member of the Company's Board of Directors.

The Company plans to employ third-party technologies to allow the streaming downloads of samples and full songs directly from the Company's website. The Company will develop its own

3

technology where needed to facilitate the usability of CD recorder devices and sound recording player devices.

The Company was organized in January 1998. On May 11, 1998, Atlantis Ventures Corporation, a Florida corporation, acquired all of the outstanding common stock of the Company. For accounting purposes, this acquisition will be treated as a recapitalization of the Company with the Company as the acquirer (reverse acquisition). Atlantis Ventures is a publicly traded company that was organized in August 1989 and had no revenues or operations prior to the merger with the Company. Following the recapitalization, Atlantis Ventures changed its name to GoodNoise Corporation.

The Company's executive offices are located at 719 Colorado Avenue, Palo Alto, California 94303, and its telephone number is (650) 322-8910.

THE ON-LINE MUSIC INDUSTRY

The Company believes that substantial growth opportunities exist in the on-line music industry. According to Jupiter Communications ("Jupiter"), a news media research firm that focuses on on-line industries, total on-line music revenues, which include prerecorded music sales, music-related merchandising, advertising and concert ticketing, are expected to grow to \$2.8 billion by the year 2002, up from an estimated \$22.5 million in 1996 and \$71.0 million in 1997. Jupiter estimates that the number of on-line households making purchases is expected to grow from an estimated 15.2 million households in 1996 to 57.0 million households, representing over 50% of U.S. households, by the year 2002. During the same time period, Jupiter estimates that the percentage of on-line households making on-line purchases annually is expected to grow from approximately 20% to 70%. Ad revenue on music websites is expected to grow from \$12.1 million worldwide in 1997 to more than \$200 million by 2000.

The Company believes that the multimedia features available through the Internet, including audio, video and graphics, make it an ideal medium for promoting, marketing and selling music and related merchandise. Potential purchasers of music recordings can preview their purchases by listening to high-quality sound samples, viewing text and video clips (including cover art, artists' discographies, music videos and reviews) and searching from a catalog of available titles. The Internet and current technologies also allow users to digitally download music in a compressed format to a personal computer, play music from a PC or store and play it on either a CD-R drive or a solid-state sound recording player device.

Internet users can also search for music by genre or artist, access a wealth of information and events, including music history and news, artists' biographies, cybercast concerts and radio broadcasts, and participate in live interviews with artists. Because the Internet is a highly interactive medium and user responses can be tracked, the Company believes that advertisers will become increasingly attracted to opportunities to focus their marketing efforts on specific target markets.

The Company believes that Internet-based retailers have advantages over traditional retail channels. The Company believes that traditional retail stores do not have the same capability to track individual customer purchases and demographic data for use in direct marketing programs and in developing a one-to-one relationship with the consumer. Further, the "bricks and mortar" retail model is limited to consumers within the local vicinity of physical retail outlets. The Company believes it can leverage the Internet to promote less well known artists who may cater to regional or smaller market niches.

An individual electronic commerce website can maximize its awareness and traffic through the use of strategic alliances with other websites having high user traffic. Through the use of embedded hyperlinks, higher traffic websites can refer potential customers to electronic commerce websites for

4

potential purchases of goods or services. These agreements generally involve economic arrangements including up-front payments or commissions on the dollar volume of goods sold. These payments are analogous to rent paid by traditional "brick and mortar" retail locations, and can be critical to an electronic commerce website's ability to expand.

Historically, the music industry has benefited from innovations in technology, such as the introduction of the CD in 1983. Over the last ten years, much of the industry's growth resulted from consumers replacing existing music collections with the CD format. According to the Recording Industry Association of America ("RIAA"), domestic music sales grew from \$5.6 billion in 1987 to

\$12.5 billion in 1996. In recent years, however, music sales growth has slowed due to a number of factors, including a shortage of major releases by new artists and a slowdown in the rate of growth of CD sales, as consumers have replaced most of their music collections.

The Company believes, however, that another period of similar growth may occur as consumers replace their existing music collections in the CD format with new electronic formats arising from the shift to downloadable recordings. In addition, the Company believes that consumers will find it easier to purchase a downloadable recording than to convert their existing CDs to electronic formats.

Further, according to Jupiter, the major record companies have been losing market share to independent record labels for years. During the period 1992-1996, the market share of independent record labels increased from 11.6% to 21.2%. For the year 1996, the independent record labels were responsible for two-thirds of all new releases of recorded music.

BUSINESS STRATEGY

The Company's strategy includes the following key elements:

1. MARKETING STRATEGY

A. Long Term

The Company's long-term objective is to establish itself as a major provider of digital music content direct to consumers over the Internet. The Company's strategy is to make an early entry into the market for downloadable recordings, and leverage that early entry to exploit the emerging level playing field in the recording industry.

The Company believes that before CD-R recording devices, solid-state recording player devices, and high-bandwidth access to the Internet become widely available, the delivery of sound recordings for home performance will remain a small percentage of overall music sales. However, once such devices and bandwidth become common, electronic commerce in downloadable recordings will begin to cause a shift from the distribution of physical CDs through retail establishments to the downloading of recordings by the listening public directly off of the Internet.

The Company believes that the increasing percentage of recordings delivered over the Internet will open up new opportunities for the marketing and distribution of music content by independent recording companies, especially those who understand the nature of the new medium and how it will affect contractual relationships among artists, music publishers, and record companies. The Company believes its management team understands these relationships and is well positioned to execute on a plan to exploit them.

B. Short Term

Establish a "Cool" Music Web Site. The Company intends to build a well-known World Wide Web destination for music consumers, around which the Company will organize its repertoire, music programming, and music related merchandise. The Company plans for its website to contain music news, reviews, live concerts, and music related sponsorship and advertising content. Content offered on

5

the Company's website will initially cover the modern rock and alternative music genres, specially tailored for the high tech music consumer. Recordings offered will include those from the Company's record label repertoire, and the Company plans to license and acquire masters from other record labels.

Create Strong Brand Awareness. Until such time as CD-R recording devices, solid-state player devices, and high bandwidth Internet access are common, the Company intends to use the development, marketing and public relations experience of its management team to build a strong brand name around the trademark GoodNoise. The Company believes that building brand awareness of the GoodNoise website is critical to attracting and expanding its global Internet user base and its ability to attract new recording acts. GoodNoise will promote its brand through on-line and traditional media, event sponsorships, free branded software, and other marketing activities. The Company intends to enhance brand awareness of its website by providing original and proprietary content, providing consumers the ability to purchase music and related merchandise and establishing strategic and bounty relationships whereby other websites engage GoodNoise as an on-line music retail source and content provider.

Develop Key Industry and Website Alliances. The Company will seek to establish strategic alliances with global music and media companies to attract additional users to, and increase brand awareness of, the Company's websites.

Develop Free Enabling Software. The Company plans to develop and distribute free software that enables or facilitates the playing, management and storing of music files on PCs, CD recording devices and solid-state player

devices, where and when necessary or appropriate. The Company's strategy is to publish the source code of its software and use a free source code licensing methodology to encourage third party applications and improvements.

Engage in Traditional Record Promotion and Distribution. The Company plans to seek strategic alliances with other online CD retailers to allow reference sales of their online stock and to allow the sale of the Company's catalog. The Company also intends to work with major record distributors to distribute the Company's recordings in traditional retail channels in the United States.

Build User Communities and Attract Advertising. The Company plans to sell banner advertising space on its website. By leveraging its record promotion launches and fan/artist loyalty, the Company believes that it should be able to aggregate targeted demographic user groups, thereby offering advertisers and sponsors access to highly defined audiences

2. REPERTOIRE DEVELOPMENT

A. Long Term

Build GoodNoise Record Label. The Company is in the process of creating what is commonly known as a "record label," which the Company intends to use with its website, as well as record stores and other traditional distribution channels, to promote, distribute and sell original and licensed artist recordings. The Company believes that it can leverage its Internet platform by promoting and selling its own proprietary titles acquired by its A&R (Artists and Repertoire) and Business Affairs staff.

Build Music Publishing Catalog. The Company also plans to establish its own music publishing company, GoodNoise Music Publishing. Through an arrangement with peermusic, one of the world's largest international music publishing companies, the Company intends to acquire an interest in the music publishing rights of some of the artists in the Company's repertoire.

B. Short Term

Create an Effective A&R and Promotion Infrastructure. The Company plans to create a network of college students to find prospective new talent and promote the Company. These individuals, which

6

the Company intends to seek at each major university in the Company's initial target markets, will be responsible for initial screening of artist talent and distributing marketing and promotional material in their location. In this way, the Company intends to augment its international online promotional activities with a specific network of physical promotion for its online sales offerings.

Focus Marketing and Acquisition Activities. The Company plans to focus its marketing and its music acquisition demographically. Initially, the Company will concentrate its sales and marketing on the 18-34 age bracket as the Company feels that these consumers have the expertise, demand, and bandwidth to take best advantage of the Company's offerings.

SALES AND MARKETING

The Company's overall sales and marketing strategy is designed to merchandise music and related products sold through the Company's website, build brand awareness, attract repeat users and drive traffic to GoodNoise's website. The Company intends to utilize a combination of external advertising and promotion, internal promotion and product merchandising and on-line partnering programs to accomplish these objectives.

Merchandising and Customer Programs. The Company believes that a key part of its merchandising and customer acquisition and retention strategies will be its ability to link its music genre, artist and title-specific content, such as record reviews, artist profiles and special promotions, to the music ordering section of its website and stimulate and facilitate consumer purchases of downloadable music tracks, CDs, and related music merchandise.

In-Store Merchandising. The Company plans to use numerous merchandising features to encourage and enhance a consumer's buying experience. The Company believes that the user's ability to listen to audio samples is a significant incentive to purchase. Prior to making a purchase on the Company's website, the Company plans to offer a consumer the ability to access a variety of information about an artist, music group, or album.

ADVERTISING, SALES AND SPONSORSHIPS

The Company plans to position its website as an on-line music source, offering advertisers and marketers the ability to reach highly targeted communities of music fans worldwide. Advertisers will be offered a variety of advertising options which can be combined in different percentages to reach the desired advertising mix. The Company plans to implement a proprietary software

package for advertising space management, tracking of page impressions and reporting to advertisers. The Company will also track website traffic and activity through a generally available website traffic management service. The Company plans to partner with a third party Internet Advertising Bureau as soon as it is appropriate.

ORDERING, FULFILLMENT AND CUSTOMER SERVICE

The Company is designing an ordering system to be easy-to-use and simple to understand. In order to maintain high customer satisfaction and price competitiveness, the Company plans to place an emphasis on reliable product fulfillment. At any time during a visit to the Company's website, a customer will be able to click on the "order now" button to place an item in his or her personal shopping basket. The customer can continue to shop the website, adding chosen items. If not previously registered with the Company, a customer is prompted to register at the time of purchase and to enter his or her name, address and password. The customer then has the option of securely submitting credit card information on-line or calling or faxing the information to the GoodNoise Service Department. By assigning a password to every buyer, the Company's ordering process will facilitate repeat purchases by eliminating the need to re-submit credit card and shipping information for subsequent orders.

TECHNOLOGY

7

The Company plans to develop information services, delivery, and user tracking systems by integrating third-party systems, when available, and by developing proprietary tools. The Company's integrated systems and tools provide functionality in six primary areas: (i) multimedia asset management, (ii) website development, (iii) audio encoding, on-line delivery, and physical delivery, (iv) security, (v) scalability and (vi) advanced technologies. At the same time, the systems and tools will provide scalability to maintain performance as the number of users of the system and the amount of data processed increases and to add new functionality as new needs and technologies emerge.

Multimedia Asset Management. Central to the Company's system is the development of a database management system necessary to index, retrieve and manipulate the Company's growing multimedia content. The Company intends to develop a database management system to allow for rapid searching, sorting, viewing and distribution of, among other things, audio samples, video clips, cover art and photos. The Company has chosen a publicly available source distribution of an SQL and RDBMS compatible database, mSQL.

Website Development. The catalog of individual recordings, samples, and CDs stored in an SQL database, forms the core of the music entertainment content collection and contains links to related content (e.g., audio samples, images, editorial content and charts). Each individual page of the Company's website is built dynamically from these elements using a proprietary web page template technology.

Audio Encoding and Delivery. The Company uses a variety of audio compression technologies for its audio samples and downloads, tailoring them to specific applications. In light of current user patterns, the Company will use the popular Progressive Networks' RealAudio format for delivering real-time streaming 30-second audio previews and feature-length web broadcasts. The MPEG-1 layer 3 streaming format is also used for real-time preview samples, and primarily for those tracks which are available for digital distribution. The Company is exploring other download formats and plans to adjust the format of its content to stay current with moving industry trends.

Each of the Company's audio formats has certain minimum system requirements for hardware and software in order for a user to listen to the audio samples on the Company's website. A user must have a multimedia-equipped personal computer and must download software in each format. For example, the minimum system PC requirements for a user desiring to play an audio sample in the MPEG audio format are an MPEG Audio Player and a Pentium 133mhz CPU on Windows 95/NT operating system with sixteen megabytes of random access memory.

Scalability. The structure of the Company's hardware and software is built upon a distributed transaction processing model which allows software to be distributed among multiple parallel servers. This architecture allows the Company to scale by either adding new servers or increasing the capacity of existing servers. The current system is designed to easily scale from 2,000 simultaneous users currently to at least 10,000 users, while maintaining both user performance and cost per transaction. In the rapidly changing Internet environment, the ability to update the application system to stay current with new technologies is important. The system's template technology and modular database design allow the addition or replacement of server-based applications such as multimedia formats and delivery systems, and search and retrieval engines. This architecture also enables low-cost, rapid deployment of additional websites that integrate with the Company's existing sites.

Advanced Technologies. The Company continually evaluates emerging technologies, new developments in web technologies and CD/DVD (digital video disk) multimedia authoring. Technologies with which the Company is currently working include Sun's Java language, CD Writing client software,

8

Real Time Streaming Protocol (RTSP) for the orderly delivery of multimedia content over the Internet and the newly popular MPEG-4 and AAC audio compression/transmission format.

COMPETITION

The market for Internet content providers is highly competitive and rapidly changing. Since the Internet's commercialization in the early 1990's, the number of websites on the Internet competing for consumers' attention and spending has proliferated. With no substantial barriers to entry, the Company expects that competition will continue to intensify. Currently, there are more than one hundred music retailing websites on the Internet. With respect to competing for consumers' attention, in addition to intense competition from Internet content providers, the Company also faces competition from traditional media such as radio, television and print. GoodNoise competes with the major, and other independent, record labels.

The Company believes that the primary competitive factors in providing music entertainment products and services via the Internet are name recognition, variety of value-added services, ease of use, price, quality of service, availability of customer support, reliability, technical expertise and experience. The Company's success in this market will depend heavily upon its ability to provide high quality, entertaining content, along with cutting-edge technology and value-added Internet services. Other factors that will affect the Company's success include the Company's ability to attract experienced marketing, sales and management talent. In addition, the competition for advertising revenues, both on Internet websites and in more traditional media, is intense. The Company believes that its high-quality music-related content, offered free of charge, will be an important differentiation from other music-related and music-merchandising websites.

Many of the Company's current and potential competitors in the Internet and music entertainment businesses have longer operating histories, significantly greater financial, technical and marketing resources, greater name recognition and larger existing customer bases than the Company. These competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements and to devote greater resources to the development, promotion and sale of their products or services than the Company. There can be no assurance that the Company will be able to compete successfully against current or future competitors.

INTELLECTUAL PROPERTY

The Company relies on a combination of copyright law, trademark law, contract law, and other intellectual property protection methods to protect its musical content, license rights, and technology. The Company believes that its use of material on its websites is protected under current provisions of copyright law. However, legal rights to certain aspects of Internet content and commerce are not clearly settled. There can be no assurance that the Company will be able to continue to maintain rights to information, including webcasting of popular sound recordings, downloadable music samples, and artist, entertainment and other information. The failure to be able to offer such information would have a material adverse effect on the Company's business, results of operations and financial condition. The Company pursues the registration of its trademarks in the United States and internationally, and has applied for an "intent to use" trademark registration for a number of its trademarks, including "GoodNoise," in the United States Patent & Trademark Office.

Effective trademark, copyright, and other intellectual property protection may not be available in every country in which the Company's musical content and technology are distributed or made available through the Internet. There can be no assurance that the Company's means of protecting its proprietary rights in the United States or abroad will be adequate or that competitors will not independently develop similar technology.

9

There are no pending lawsuits against the Company regarding infringement of any existing patents or other intellectual property rights or any material notices that the Company is infringing the intellectual property rights of others. However, there can be no assurance that such infringement claims will not be asserted by third parties in the future. If any such claims are asserted and determined to be valid, there can be no assurance that the Company will be able to obtain licenses of the intellectual property rights in question on reasonable terms. The Company's involvement in any patent dispute or other

intellectual property dispute or action to protect proprietary rights may have a material adverse effect on the Company's business, operating results and financial condition. Adverse determinations in any litigation may subject the Company to significant liabilities to third parties, require the Company to seek licenses from third parties and prevent the Company from manufacturing and selling its products. Any of these situations can have a material adverse effect on the Company's business, operating results and financial condition.

EMPLOYEES

As of June 26, 1998, the Company had 10 full-time employees, including 7 in operations and technical and artistic development and 3 in general and administrative, and 1 part-time primarily focused on artist development. The Company's future success depends, in significant part, upon the continued service of its key technical, editorial, product development and senior management personnel and on its ability to attract and retain highly qualified employees. There is no assurance that the Company will continue to attract and retain high-caliber employees, as competition for such personnel is intense. The Company's employees are not represented by any collective bargaining organization. The Company has never experienced a work stoppage and considers relations with its employees to be good.

10

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following discussion contains forward-looking statements that are subject to significant risks and uncertainties. There are several important factors that could cause actual results to differ materially from historical results and percentages and results anticipated by the forward-looking statements. The Company has sought to identify the most significant risks to its business, but cannot predict whether or to what extent any of such risks may be realized nor can there be any assurance that the Company has identified all possible risks that might arise. Investors should carefully consider all of such risks before making an investment decision with respect to the Company's stock. In particular, investors should refer to the section entitled, "Factors That May Affect Future Results and Market Price of Stock."

OVERVIEW

GoodNoise Corporation (the "GoodNoise" or "Company") is a development stage enterprise that seeks to become one of the leading on-line music entertainment companies using the Internet as a global platform for promoting, marketing and selling music and related content. The Company plans to develop and market a compelling repertoire of musical recordings and offer such recordings to consumers by direct file transfer, or "downloading," over the Internet. The Company will also offer its musical recordings in the form of compact discs (or "CDs") distributed to the consumers over the Internet and through traditional retail channels.

The Company was organized in January 1998. On May 11, 1998, Atlantis Ventures Corporation, a Florida corporation, acquired all of the outstanding Common Stock of the Company. For accounting purposes, this acquisition will be treated as a recapitalization of the Company with the Company as the acquirer (reverse acquisition). Atlantis Ventures is a publicly traded company that was organized in August 1989 and had no revenues or operations prior to the merger with the Company. Following the recapitalization, Atlantis Ventures changed its name to GoodNoise Corporation.

The Company's executive offices are located at 719 Colorado Avenue, Palo Alto, California 94303, and its telephone number is (650) 322-8910.

RESULTS OF OPERATIONS

The Company was formed on January 8, 1998 and is a development stage enterprise that has incurred costs to organize and develop its business, but has yet to earn revenue. The Company expects to experience significant fluctuations in operating results in future periods due to a variety of factors, including, but not limited to, (i) market acceptance of the Internet as a medium for consumers to obtain sound recordings, (ii) the Company's ability to create, license, and deliver compelling music-related content, (iii) the level of traffic on the Company's website, (iv) intense competition from other providers of music-related content over the Internet, (v) delays or errors in the Company's ability to effect electronic commerce transactions, (vi) the Company's ability to upgrade and develop its systems and infrastructure in a timely and effective manner (vii) technical difficulties, system downtime or Internet brownouts, (viii) the Company's ability to attract customers at a steady rate and maintain customer satisfaction, (ix) seasonality of the recorded music industry, (x) seasonality of advertising sales, (xi) Company promotions and sales programs, (xii) the amount and timing of operating costs and capital expenditures relating to expansion of the Company's business, operations and

infrastructure and the implementation of marketing programs, key agreements and strategic alliances, (xiii) the number of recorded music releases introduced during the period, (xiv) the level of returns experienced by the Company and (xv) general economic conditions and economic conditions specific to the Internet, on-line commerce and the recorded music industry.

11

NET REVENUES

The Company is a development stage enterprise that has earned no revenue since its inception. The Company launched its first Internet website in April 1998. The Company believes that future revenues will result largely from the sale of musical recordings, the sale of advertising space on the Company's website, and related sponsorship programs.

COST OF REVENUES

Since its inception, the Company has incurred no costs of revenues. The Company expects that future cost of revenues will consist of payments to third parties for distribution of CDs and cassettes, fulfillment of customer orders, manufacturing expenses, inventory management, royalties, copyrights, credit card processing charges and profit participation payable to strategic alliance partners and others.

PRODUCT DEVELOPMENT EXPENSES

Product development expenses consist principally of website and other software engineering, audio and video production, graphic design, certain non-recoverable advances to artists, artist relations, telecommunications charges, and the cost of computer operations, including related salaries, rent and depreciation, that support the Company's music entertainment business.

The Company began its development efforts in February 1998, incurring costs of \$42,182 through March 31, 1998, related to software engineering, audio and video production, and graphic design of the Company's website and music catalogue.

SALES AND MARKETING EXPENSES

Since its inception, the Company has incurred no sales and marketing costs. The Company expects that future costs will consist primarily of costs associated with the Company's various strategic alliances, external advertising, promotion, trade show, advertising sales and personnel expenses associated with marketing of the Company's website.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses consist of executive management, accounting, legal and expenditures for applicable overhead costs, including related rent, insurance and depreciation. The Company has incurred costs of \$46,745 through March 31, 1998 related to general and administrative expenses. The Company expects general and administrative expenses to continue to increase in absolute dollars as the Company expands its staff and incurs additional costs related to the growth of its business.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 1998, the Company had a cash balance of \$25,221. Net cash of \$73,985 was used for operating activities for the period ended March 31, 1998 principally as a result of the net losses generated during the period. Purchases of property and equipment totaled \$10,794. The Company expects to incur negative cash flow from operations for the foreseeable future, as it continues to develop its market and operations.

The Company financed its operations from inception through March 31, 1998 using \$110,000 loaned to the Company by two of its Directors and a member of its Advisory Board. These loans were secured by notes with an interest rate of 10.0% per annum, due in December 1998. All outstanding principal and interest related to these notes was to have been converted at the closing of the Company's initial sale of Series A Preferred Stock. The Company did not issue the Series A Preferred Stock because of the merger and, in May 1998, these notes were converted into 275,000 shares of common stock prior to the merger.

12

In May 1998, the Company merged with Atlantis Ventures Corporation, a Florida corporation that was organized in August 1989 and had no revenues or operations of any kind prior to the merger with the Company. Prior to the merger, Atlantis Ventures issued 2,500,000 units at a price of \$0.20 per share in a private placement. Each unit consists of one share of common stock and one warrant with each five warrants entitling the holder to purchase one common share for \$1.00. Warrants to purchase 200,000 shares of common stock were

exercised in May 1998. The remaining warrants are exercisable through August 1998.

Based on current levels of operations and planned growth, the Company anticipates that its existing capital resources will not be sufficient to enable it to maintain its operations through the end of 1998. The Company will require additional funds to sustain and expand its sales and marketing and research and development activities and its strategic alliances and may need additional funding. Adequate funds for these and other purposes, whether through additional equity financing, debt financing or other sources, may not be available when needed or on terms acceptable to the Company, or may result in significant dilution to existing stockholders. The inability to obtain sufficient funds from operations and external sources would have a material adverse effect on the Company's business, results of operations and financial condition.

RISKS ASSOCIATED WITH THE YEAR 2000

The Year 2000 issue is the result of computer programs written using two digits rather than four to define the applicable year. As a result, date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failures or miscalculations causing disruptions of operations, including, among others, a temporary inability to process transactions, send invoices or engage in similar normal business activities.

The Company believes that it does not have a material exposure to the Year 2000 issue with respect to its own information systems since its existing systems correctly define the Year 2000. The Company intends to conduct an analysis in 1998 to determine the extent to which its major suppliers' systems (insofar as they relate to the Company's business) are subject to the Year 2000 issue. The Company is currently unable to predict the extent to which the Year 2000 issue will affect its suppliers, or the extent to which it would be vulnerable to its suppliers' failure to remediate any Year 2000 issues on a timely basis. The failure of a major supplier subject to the Year 2000 issue to convert its systems on a timely basis or a conversion that is incompatible with the Company's systems could have a material adverse effect on the Company. In particular, most of the purchases from the Company's Internet website will be made with credit cards and the Company's operations may be materially adversely affected to the extent its customers are unable to use their credit cards due to Year 2000 issues that are not rectified by their credit card providers.

FACTORS THAT MAY AFFECT FUTURE RESULTS AND MARKET PRICE OF STOCK

LIMITED OPERATING HISTORY; ANTICIPATED LOSSES; UNCERTAINTY OF FUTURE RESULTS. GoodNoise has only a limited operating history upon which an evaluation of the Company and its prospects can be based. The Company's prospects must be evaluated with a view to the risks encountered by a company in an early stage of development, particularly in light of the uncertainties relating to the new and evolving markets in which the Company intends to operate and acceptance of the Company's business model. The Company will be incurring costs to develop, introduce and enhance its website, to establish marketing and distribution relationships, to create and enhance its music catalog, and to build an administrative organization. To the extent that such expenses are not subsequently followed by commensurate revenues, the Company's business, results of operations and financial condition will be

13

materially adversely affected. There can be no assurance that the Company will be able to generate sufficient revenues from the sale of music recordings, related merchandise, advertising and sponsorships to achieve or maintain profitability on a quarterly or annual basis in the future. The Company expects negative cash flow from operations to continue for the foreseeable future as it continues to develop and market its business. If cash generated by operations is insufficient to satisfy the Company's liquidity requirements, the Company may be required to sell additional equity or debt securities. The sale of additional equity or convertible debt securities would result in additional dilution to the Company's stockholders.

NEED FOR ADDITIONAL FUNDS. Based on current levels of operations and planned growth, the Company anticipates that its existing capital resources will not be sufficient to enable it to maintain its operations through the end of 1998. The Company will require additional funds to sustain and expand its sales and marketing and research and development activities and its strategic alliances and may need additional funding if a well-financed competitor emerges or if there is a shift in the type of Internet services that are developed and ultimately receive customer acceptance. Adequate funds for these and other purposes, whether through additional equity financing, debt financing or other sources, may not be available when needed or on terms acceptable to the Company, or may result in significant dilution to existing stockholders. The inability to obtain sufficient funds from operations and external sources would have a material adverse effect on the Company's business, results of operations and financial condition.

POTENTIAL FLUCTUATIONS IN QUARTERLY OPERATING RESULTS. The Company's quarterly operating results may fluctuate significantly in the future as a result of a variety of factors, most of which are outside the Company's control, including the level of use of the Internet, demand for downloadable music content and Internet advertising, seasonal trends in both Internet use and advertising placements, the addition or loss of advertisers, the level of traffic on the Company's Internet sites, the amount and timing of capital expenditures and other costs relating to the expansion of the Company's Internet operations, the introduction of new sites and services by the Company or its competitors, price competition or pricing changes in the industry, technical difficulties or system downtime, general economic conditions and economic conditions specific to the Internet and Internet media. Due to the foregoing factors, among others, it is likely that the Company's operating results will fall below the expectations of the Company or investors in some future quarter.

UNCERTAIN ACCEPTANCE OF THE INTERNET AS A MUSICAL CONTENT DELIVERY MEDIUM. Use of the Internet by consumers is at a very early stage of development, and market acceptance of the Internet as a medium for obtaining recordings, information, entertainment, commerce and advertising is subject to a high level of uncertainty. If Internet-based downloading of musical content is not widely accepted by consumers and recording artists, the Company's business, financial condition and operating results will be materially adversely affected.

UNCERTAIN ACCEPTANCE OF THE COMPANY'S INTERNET CONTENT. The Company's future success will be significantly dependent upon its ability to create, license and deliver entertaining and compelling Internet music-related content in order to attract users to its websites to purchase recorded music and related merchandise and to attract advertisers to its websites. There can be no assurance that the Company's content will be attractive to a sufficient number of users to generate significant revenues. There can also be no assurance that the Company will be able to anticipate, monitor and successfully respond to rapidly changing consumer tastes and references so as to continually attract a sufficient number of users to its websites. If the Company is unable to develop Internet content that allows it to attract, retain and expand a loyal user base, its business, results of operations and financial condition will be materially adversely affected.

14

COMPETITION. The market for Internet content providers is highly competitive and rapidly changing. Since the Internet's commercialization in the early 1990's, the number of websites on the Internet competing for consumers' attention and spending has proliferated. With no substantial barriers to entry, the Company expects that competition will continue to intensify. With respect to competition for consumers' attention, in addition to intense competition from Internet content providers, the Company also faces competition from traditional media such as radio, television and print. GoodNoise expects to compete with the major, and other independent, record labels. With respect to recorded music sales, the Company expects to compete with numerous Internet retailers, including traditional music retail chains, record labels and independents with websites on the Internet. In addition, the Company expects to compete with traditional retail stores, including chains and megastores, mass merchandisers, consumer electronics stores and music clubs. The Company believes that the primary competitive factors in providing music entertainment products and services via the Internet will be name recognition, a variety of value-added services, ease of use, price, quality of service, availability of customer support, reliability, technical expertise and experience. The Company's success will depend heavily upon its ability to provide high quality, entertaining content, along with cutting-edge technology and value-added Internet services. Other factors that will affect the Company's success include the Company's ability to attract recording artists who become popular with the listening public. The Company's failure to compete successfully in the music entertainment business would have a material adverse effect on the Company's business, results of operations and financial condition. In addition, the competition for advertising revenues, both on Internet websites and in more traditional media, is intense. To the extent the Company is not able to attract significant sources of revenues from paid advertisements and sponsorships on its websites, the Company's business, results of operations and financial condition will be materially adversely affected.

Most of the Company's current and potential competitors in the Internet and music entertainment businesses have longer operating histories, significantly greater financial, technical and marketing resources, greater name recognition and larger existing customer bases than the Company. These competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements and to devote greater resources to the development, promotion and sale of their products or services than the Company. There can be no assurance that the Company will be able to compete successfully.

RISKS INHERENT IN THE RECORD LABEL INDUSTRY. The record label industry, like other creative industries, involves a substantial degree of risk. Each recording is an individual artistic work, and its commercial success is primarily determined by consumer taste, which is unpredictable and constantly

changing. Accordingly, there can be no assurance as to the financial success of any particular release, the timing of any such success or the popularity of any particular artist, or the Company's ability to attract and sign artists to the GoodNoise record label. Furthermore, the Company believes that it is standard practice for record companies to pay substantial advances to artists. The Company may incur significant expenses in connection with paying its artists such advances, which could materially adversely affect the Company's results of operations and financial position. In circumstances when the Company does not pay such advances, it will be competing for artistic talent at a disadvantage to other record labels that do pay such advances. There can be no assurance that the Company will be able to generate sufficient revenues from successful releases to cover the costs of unsuccessful releases. The record label industry is dominated by a small number of large record companies that have significantly greater experience and financial, marketing and distribution resources than the Company. There can be no assurance of the Company's ability to compete effectively in that market.

UNCERTAIN ACCEPTANCE AND MAINTENANCE OF THE GOODNOISE BRAND. The Company believes that establishing and maintaining the GoodNoise brand is a critical aspect of its efforts to attract and expand its Internet audience and that the importance of brand recognition will increase due to the

15

growing number of Internet sites and the relatively low barriers to entry in providing Internet content. If the Company is unable to provide high quality content or otherwise fails to promote and maintain its brand, or if the Company incurs excessive expenses in an attempt to improve its content or promote and maintain its brand, the Company's business, financial condition and operating results will be materially adversely affected.

MANAGING EXPENSES. The Company's future success depends upon its ability to address potential market opportunities while managing its expenses to match its ability to finance its operations. This need to manage its expenses will place a significant strain on the Company's management and operational resources. If the Company is unable to manage its expenses effectively, the Company's business, financial condition and operating results will be materially adversely affected.

DEPENDENCE ON KEY PERSONNEL. The Company's performance is substantially dependent on the services of Robert H. Kohn (Chairman), Gene Hoffman, Jr. (Chief Executive Officer), and Gary Culpepper (Executive Vice President of Business Affairs), as well as on the Company's ability to recruit, retain and motivate its other officers and key employees. The Company's success also depends on its ability to attract and retain additional qualified employees. Competition for qualified personnel is intense and there are a limited number of persons with knowledge of and experience in the Internet and music entertainment industries. There can be no assurance that the Company will be able to attract and retain key personnel. The loss of one or more key employees could have a material adverse effect on the Company.

DEPENDENCE ON THIRD PARTIES FOR INTERNET OPERATIONS. The Company's ability to advertise on other Internet sites and the willingness of the owners of such sites to direct users to the Company's Internet sites through hypertext links are critical to the success of the Company's Internet operations. The Company also relies on the cooperation of owners of copyrighted materials and Internet search services and on its relationships with third party vendors of Internet development tools and technologies. There can be no assurance that the necessary cooperation from third parties will be available on acceptable commercial terms or at all. If the Company is unable to develop and maintain satisfactory relationships with such third parties on acceptable commercial terms, or if the Company's competitors are better able to leverage such relationships, the Company's business, financial condition and operating results will be materially adversely affected.

DEPENDENCE UPON STRATEGIC ALLIANCES. The Company intends to rely on certain strategic alliances to attract users to its websites, to attract paid advertising to its websites, and to provide alternative distribution channels for music rights and licenses it hopes to acquire. For example, the Company will seek to enter into a strategic alliance with a major music publishing company for the worldwide administration of any music publishing rights the Company acquires from its recording artists. The Company will also seek to enter into a relationship with a major record distributor for the manufacture and distribution through traditional retail channels of CDs recorded by its artists and produced by the Company. The Company will seek alliances with Intel, Adaptec, Philips, 3COM and others, which the Company believes will result in increased traffic to its websites. The inability to enter into new, and to maintain any one or more of its existing, strategic alliances could have a material adverse effect on the Company's business, results of operations and financial condition.

RISKS OF TECHNOLOGY TRENDS AND EVOLVING INDUSTRY STANDARDS. The Company's success will depend upon its ability to develop and provide new services that meet customers' changing requirements. The music entertainment industry has been characterized by significant technological changes, such as the introduction of

CDs which have had a significant impact on the industry and industry participants, and further technological changes are expected to occur. The Internet is characterized by rapidly changing technology, evolving industry standards, changes in customer needs and frequent new service

16

and product introductions. The Company's future success will depend, in part, on its ability to effectively use leading technologies, to continue to develop its technological expertise, to enhance its current services, to develop new services that meet changing customer needs and to influence and respond to merging industry standards and other technological changes on a timely and cost-effective basis.

DEPENDENCE ON THE INTERNET; UNCERTAIN ACCEPTANCE OF THE INTERNET AS A MEDIUM FOR COMMERCE. Use of the Internet by consumers is at an early stage of development, and market acceptance of the Internet as a medium for commerce is subject to a high level of uncertainty. The Company's future success will depend on its ability to significantly increase revenues, which will require the development and widespread acceptance of the Internet as a medium for commerce. There can be no assurance that the Internet will be a successful retailing channel. The Internet may not prove to be a viable commercial marketplace because of inadequate development of the necessary infrastructure, such as reliable network backbones, or complementary services, such as high speed modems and security procedures for financial transactions. The viability of the Internet may prove uncertain due to delays in the development and adoption of new standards and protocols (for example, the next generation Internet Protocol) to handle increased levels of Internet activity or due to increased government regulation. If use of the Internet does not continue to grow, or if the necessary Internet infrastructure or complementary services are not developed to effectively support growth that may occur, the Company's business, results of operations and financial condition could be materially adversely affected.

CAPACITY CONSTRAINTS AND SYSTEM DISRUPTIONS. The satisfactory performance, reliability and availability of the Company's Internet sites and its network infrastructure are critical to attracting Internet users and maintaining relationships with subscribing customers. System interruptions that result in the unavailability of the Company's Internet sites or slower response times for users would reduce the number of goods and services delivered and reduce the attractiveness of the Company's Internet sites to users, subscribers and advertisers. The Company's Internet operations are also vulnerable to interruption by fire, earthquake, power loss, telecommunications failure and other events beyond the Company's control. All of the Company's servers and Internet equipment is currently located in San Francisco, California, an area that is susceptible to earthquakes.

LIABILITY FOR INTERNET AND MUSICAL CONTENT. As a publisher and a distributor of content over the Internet, the Company faces potential liability for defamation, negligence, copyright, patent or trademark infringement and other claims based on the nature and content of the materials that it publishes or distributes. The Company may be subject to the provisions of the Communications Decency Act, and similar legislation, which, among other things, may impose criminal penalties on anyone that distributes "obscene" or "indecent" material over the Internet.

RISKS ASSOCIATED WITH POTENTIAL ACQUISITIONS AND INVESTMENTS. The Company's current strategy is to broaden the number, scope and content of its Internet site through the acquisition of rights or licenses to musical content, as well as through internally developed or other licensed content. Any such investments would involve many of the same risks posed by acquisitions, particularly risks related to the diversion of resources, the inability to generate revenues, the impairment of relationships with third parties and potential additional expenses. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions or new investments.

SECURITY RISKS. A party who is able to circumvent the Company's security measures could misappropriate proprietary information or cause interruptions in the Company's Internet operations. The Company may be required to expend significant capital and resources to protect against the threat of such security breaches or to alleviate problems caused by such breaches. Consumer concern over Internet security has been, and could continue to be, a barrier to commercial activities requiring consumers to

17

send their credit card information over the Internet. Computer viruses, break-ins or other security problems could lead to misappropriation of proprietary information and interruptions, delays or cessation in service to the Company's customers. Moreover, until more comprehensive security technologies are developed, the security and privacy concerns of existing and potential customers may inhibit the growth of the Internet as a merchandising medium.

DEPENDENCE ON INTELLECTUAL PROPERTY RIGHTS; RISKS OF INFRINGEMENT. The Company relies on copyright and trade secret laws to protect its content and proprietary technologies and information, but there can be no assurance that such laws will provide sufficient protection to the Company, that others will not develop technologies that are similar or superior to the Company's, or that third parties will not copy or otherwise obtain and use the Company's content or technologies without authorization.

DEPENDENCE ON LICENSED TECHNOLOGY. The Company may rely on certain technology licensed from third parties, and there can be no assurance that these third party technology licenses will be available to the Company on acceptable commercial terms or at all.

GOVERNMENT REGULATION AND LEGAL UNCERTAINTY. Although there are currently few laws and regulations directly applicable to the Internet, it is possible that new laws and regulations will be adopted covering issues such as privacy, copyrights, obscene or indecent communications and the pricing, characteristics and quality of Internet products and services. The adoption of restrictive laws or regulations could decrease the growth of the Internet or expose the Company to significant liabilities. The Company believes that its use of material on its websites is protected under current provisions of copyright law. However, legal rights to certain aspects of Internet content and commerce are not clearly settled. There can be no assurance that the Company will be able to continue to maintain rights to information, including downloadable music samples and artist, record and other information. The failure to be able to offer such information would have a material adverse effect on the Company's business, results of operations and financial condition.

RISKS ASSOCIATED WITH INTERNATIONAL MARKETS. The future success of the Company will depend in part on its ability to generate international sales. There can be no assurance, however, that the Company will be successful in generating international sales of its products. Sales to customers in certain foreign countries will be subject to a number of risks, including foreign currency risk, the risks that agreements may be difficult or impossible to enforce and receivables difficult to collect through a foreign country's legal system; foreign customers may have longer payment cycles; or foreign countries could impose withholding taxes or otherwise tax the Company's foreign income, impose tariffs, embargoes or exchange controls, or adopt other restrictions on foreign trade. In addition, the laws of certain countries do not protect the Company's offerings and intellectual property rights to the same extent as the laws of the United States. Failure of the Company's efforts to compete successfully or to expand the distribution of its offerings in international markets could have a material adverse effect on the Company's business, operating results and financial condition.

ITEM 3. DESCRIPTION OF PROPERTY.

The Company's corporate headquarters is located in Palo Alto, California. The Company has leased its facilities and certain other equipment under operating and capital lease agreements. The Company has leased approximately 1,600 square feet of office space at these facilities. The Company believes that its existing facilities plans are adequate for its current requirements and that additional space can be obtained to meet its requirements for the foreseeable future.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as June 30, 1998 (i) by each person who is known by the Company to own beneficially more than 5% of the Company's Common Stock, (ii) by each of the Named Executive Officers and by each of the Company's directors and (iii) by all current executive officers and directors as a group. Except pursuant to applicable community property laws or as indicated in the footnotes to this table, each stockholder identified in the table possesses sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by such stockholder.

<TABLE>
<CAPTION>

NAME	BENEFICIAL OWNERSHIP (2)	
	NUMBER	PERCENT
----	-----	-----
<S>	<C>	<C>
EXECUTIVE OFFICERS AND DIRECTORS (1)		
Robert H. Kohn, Chairman of the Board	3,687,500	25.1%
Gene Hoffman, Jr., President, Chief Executive Officer and Director (3)	3,658,000	24.9%
Gary Culpepper, Executive Vice President, Business Affairs	1,062,000	7.2%
Ralph Peer, II, Director	147,500	1.0%

- (1) Unless otherwise indicated, the address of each of the named individuals is:
c/o GoodNoise Corporation, 719 Colorado Avenue, Palo Alto, California 94303.
- (2) A person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days upon the exercise of options. Calculations of percentages of beneficial ownership assume the exercise by only the respective named stockholders of all options for the purchase of Common Stock held by such stockholder which are exercisable within 60 days of June 30, 1998.
- (3) Includes 400,000 shares for which Gene Hoffman has voting rights pursuant to a voting agreement. Mr. Hoffman disclaims beneficiary ownership of such shares except to the extent of his pecuniary interest therein.
- (4) Includes 65,555 shares which are issuable upon exercise of options.

ITEM 5. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

The following are the directors and officers of the Company at June 24, 1998:

<TABLE>
<CAPTION>

NAME	AGE	TITLE
----	---	-----
<S>	<C>	<C>
Robert H. Kohn	41	Chairman of the Board, Secretary
Gene Hoffman, Jr.	22	President, Chief Executive Officer and Director
Ralph Peer, II	54	Director
Gary D. Culpepper	48	Executive Vice President, Business Affairs
Joseph H. Howell	46	Executive Vice President and Chief Financial Officer
Steven Grady	32	Vice President, Corporate Communications
Sandy Pearlman	49	Vice President, Media & Artist Development
Brett Thomas	28	Vice President, Engineering

</TABLE>

19

All Directors hold office until the next annual meeting of shareholders or the election and qualification of their successors. There is no family relationship between any of the directors or officers of the Company.

ROBERT H. KOHN, Chairman of the Board and Secretary. From October 1996 to December 1997, Mr. Kohn was Vice President, Business Development and General Counsel of Pretty Good Privacy, Inc. (PGP), a developer and marketer of Internet encryption and security software. From March 1987 to September 1996, he was Senior Vice President of Corporate Affairs, Secretary and General Counsel of Inprise Corporation (new name, formerly Borland International, Inc.), a developer and marketer of personal computer software. A member of the California Bar, Mr. Kohn co-wrote Kohn On Music Licensing, a treatise on music industry law for lawyers, music publishers and songwriters.

GENE HOFFMAN, JR., President and Chief Executive Officer. From November 1996 to December 1997, Mr. Hoffman was Director of Business Development and Director of Interactive Marketing of Pretty Good Privacy, Inc. (PGP), a developer and marketer of Internet encryption and security software. Prior to PGP, he was Executive Vice President of PrivNet, Inc., a developer and marketer of Internet encryption and security software.

RALPH PEER, II, Director, is chairman and CEO of peermusic, a global network of music publishing and production companies. In addition, Mr. Peer is vice president and director of the National Music Publishers' Association (U.S.A.) and the Harry Fox Agency. He is a lifetime director and past president of the Country Music Association and a publisher/director of ASCAP (American Society of Composers, Authors, and Publishers). Peer is a director of Fox Agency International (Singapore) and a consultant to the board of MCPS (Mechanical Copyright Protection Society, U.K.). He is a past president and a current director of ICMP (International Confederation of Music Publishers) and in 1997 was elected "President d'Honneur" of the Confederation.

GARY CULPEPPER, Executive Vice President of Business Affairs. From May 1995 to March 1998 Mr. Culpepper was in private law practice, specializing in music and entertainment transactions for recording artists, producers and songwriters. From April 1994 to April 1995 Mr. Culpepper was Senior Counsel for Sony Pictures/Columbia/TriStar Home Video. Mr. Culpepper previously served as Vice President, Business Affairs/Music for Paramount Pictures Corporation, Director, Business Affairs for Capitol Records, Inc., Senior Counsel for Casablanca Records & Filmworks and, Assistant General Counsel for ABC Records, Inc. He is a member of the California Bar.

JOSEPH H. HOWELL joined the Company in April 1998 as Executive Vice President and Chief Financial Officer. From January 1995 to April 1998, Mr. Howell was Senior Vice President and Chief Financial Officer of Merix Corporation, a leading manufacturer of high-technology, multilayer, printed circuit boards. From May 1988 to January 1995, Mr. Howell served as Vice President, Controller of Inprise Corporation (formerly Borland International, Inc.), a developer and marketer of personal computer software.

STEVEN GRADY joined the Company in May, 1998 as Vice President of Corporate Communications. From July 1997 to May 1998, Mr. Grady was Director, Corporate Communications, Inprise Corporation (formerly Borland International, Inc.), a developer and marketer of personal computer software. From July 1996 to July 1997, he was Director, Marketing Communications for Infoseek. From 1992 to June, 1995, he served as Director, Corporate Communications, Borland International, Inc.

SAMUEL "SANDY" PEARLMAN, Vice President of Media and Artist Development. Prior to joining the Company, Mr. Pearlman was president of 415 Records, an alternative record label and an

20

independent recorder producer most known for his work with The Blue Oyster Cult

and The Clash. Mr. Pearlman is also an independent songwriter and rock

journalist.

BRETT A. THOMAS joined the Company in April 1998 as Vice President of Engineering. From November 1996 to January 1998, Mr. Thomas was Principal Engineer for Pretty Good Privacy, Inc. (PGP), a developer and marketer of Internet encryption and security software. Prior to PGP, Mr. Thomas was an independent engineering consultant.

ADVISORY BOARD

- . PETER YARROW is a member of PETER, PAUL & MARY, and is co-writer of such songs as Puff The Magic Dragon, Weave Me The Sunshine, Light One Candle, Torn Between Two Lovers, and Day Is Done. In addition, Peter co-produced and co-wrote a musical called You Are What You Eat in the late 60s, and he created a number of children's videos based on Puff The Magic Dragon.
- . KEVIN CRONIN is the lead singer of REO SPEEDWAGON, and writer of the songs Keep Pushin' and Roll With The Changes and his first number one song: Keep On Loving You.
- . LEE LORENZEN, Chairman & CEO of Catalog City, Inc., an Internet commerce company. Mr. Lorenzen is also a member of the Board of Fractal Design and past CEO and Chairman of the Board of Altura Software.

ITEM 6. EXECUTIVE COMPENSATION

The Company began operations in January 1998. For the three months ended March 31, 1998, the compensation payable to Robert H. Kohn, Gene Hoffman and Gary Culpepper (the only officers compensated during such period) was \$10,000, \$12,500 and \$10,833, respectively.

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On May 11, 1998, the Registrant (GoodNoise Corporation, a Florida corporation, formerly Atlantis Ventures Corporation) entered into an Agreement and Plan of Reorganization pursuant to which it acquired GoodNoise Corporation, a Delaware corporation ("GN Delaware"). In connection with such acquisition, the Registrant exchanged 10,985,800 shares of its Common Stock for all outstanding stock of GoodNoise Delaware and assumed outstanding GN Delaware options for the purchase of an additional 2,062,050 shares of the Registrant's Common Stock. Following such transaction, the directors and officers of GN Delaware became the directors and officers of the Registrant. Of the shares issued as part of such transaction, 8,555,000 shares were issued to such directors and officers.

ITEM 8. DESCRIPTION OF SECURITIES

The authorized capital stock of the Company consists of 200,000,000 shares of Common Stock and 500,000 shares of Preferred Stock. The following summary of certain provisions of the Common Stock and the Preferred Stock of the Company does not purport to be complete and is subject to, and qualified in its entirety by, the Articles of Incorporation and Bylaws of the Company that are included as exhibits to this Form 10-SB and by the provisions of applicable law.

COMMON STOCK

As of June 24, 1998, there were approximately 14,685,800 shares of Common Stock outstanding held of record by 75 stockholders. The holders of Common Stock are entitled to one vote for each share held of record on all matters submitted to a vote of the holders of Common Stock. Subject to preferences applicable to any outstanding Preferred Stock, holders of Common Stock are entitled to receive ratably such dividends as may be declared by the Board of Directors out of funds legally available therefor. In the event of a liquidation, dissolution or winding up of the Company, the holders of Common Stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any Preferred Stock. Holders of Common Stock have no preemptive or subscription rights, and there are no redemption or conversion rights with respect to such shares. All outstanding shares of Common Stock are fully paid and non-assessable.

PREFERRED STOCK

As of June 24, 1998, no shares of Preferred Stock were designated or outstanding. The Board of Directors has the authority to issue up to 500,000 shares of Preferred Stock in one or more series and to fix the rights, preferences, privileges and restrictions granted to or imposed upon any unissued shares of Preferred Stock and to fix the number of shares constituting any series and the designations of such series, without any further vote or action by the stockholders. Although it presently has no intention to do so, the Board of Directors, without stockholder approval, can issue Preferred Stock with voting and conversion rights which could adversely affect the voting power of the holders of Common Stock. The issuance of Preferred Stock may have the effect of delaying, deferring or preventing a change in control of the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Stock is Interwest Transfer Co. Inc.

PART II

ITEM 1. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND OTHER SHAREHOLDER MATTERS.

PRICE RANGE OF COMMON STOCK

The Company's Common Stock has been quoted on the OTC Bulletin Board since May 12, 1998 under the symbol GDNO. Since commencing trading through June 30, 1998, the high and low bid prices for Common Stock on the OTC Bulletin Board has been \$0.06 and \$7.38 per share. Such amounts reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

On June 24, 1998, there were 14,685,800 shares of Common Stock outstanding, of which approximately 2.8 million are freely tradable without restriction under the Securities Act. Substantially all of the remaining shares will not be tradable under Rule 144 until May 1999.

DIVIDEND POLICY

22

The Company has paid no dividends and intends to retain all future earnings, if any, for use in the development and operation of its business and does not anticipate paying cash dividends on the Common Stock in the foreseeable future.

ITEM 2. LEGAL PROCEEDINGS

None.

ITEM 3. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

In June 1998, the Company retained PricewaterhouseCoopers LLP as the Company's independent accountants and dismissed Barry L. Friedman P.C. ("Barry Friedman"), Atlantis Ventures Corporation's former accountants. The decision to change independent accountants was ratified by the Company's Board of Directors. During the two most recent fiscal years audited by Barry Friedman through June 29, 1998, there were no disagreements with Barry Friedman regarding any matters with respect to accounting principles or practices, financial statement disclosure or audit scope or procedure, which disagreements, if not resolved to the satisfaction of the former accountants, would have caused Barry Friedman to

make reference to the subject matter of the disagreement in connection with this report. The former accountants reports for the years and periods audited by them are not part of the financial statements of the Company included in this Form 10-SB. Such reports did not contain an adverse opinion or disclaimer of opinion or qualifications or modifications as to uncertainty, audit scope or accounting principles. Prior to retaining PricewaterhouseCoopers LLP, the Company had not consulted with PricewaterhouseCoopers LLP regarding the application of accounting principles or the type of audit opinion that might be rendered on the Company's financial statements.

ITEM 4. RECENT SALES OF UNREGISTERED SECURITIES

On May 6, 1998, the Registrant (GoodNoise Corporation, a Florida corporation, formerly Atlantis Ventures Corporation) issued 2,500,000 units at a price of \$0.20 per share in a private placement. Each unit consists of one share of common stock and one warrant with each five warrants entitling the holder to purchase one common share for \$1.00. Warrants to purchase 200,000 shares of common stock were exercised in May 1998. The remaining warrants are exercisable through August 1998.

On May 11, 1998, Atlantis Ventures Corporation, a Florida corporation, acquired all of the outstanding Common Stock of the Company. For accounting purposes, this acquisition will be treated as a recapitalization of the Company with the Company as the acquirer (reverse acquisition). Atlantis Ventures is a publicly traded company that was organized in August 1989 and had no revenues or operations prior to the merger with the Company. Following the recapitalization, Atlantis Ventures changed its name to GoodNoise Corporation.

There were no underwriters employed in connection with any of the above transactions.

The issuances of securities described above were deemed to be exempt from registration under the Securities Act in reliance on Regulation D, Section 4(2) and Rule 701 of the Securities Act, respectively. The issuance of Common Stock and Warrants was exempt pursuant to Rule 504 of the Securities Act. The acquisition was a transaction by an issuer not involving any public offering. The recipients of securities in each such transaction represented their intention to acquire the securities for

23

investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates and other instruments issued in such transactions. All recipients either received adequate information about the Registrant or had access, through employment or other relationships, to such information.

ITEM 5. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Florida Business Act ("Florida Law") permits the indemnification of officers, directors, and other corporate agents under certain circumstances and subject to certain limitations. The Registrant's Articles of Incorporation and Bylaws provide that the Registrant shall indemnify its directors, officers, employees, and agents to the full extent permitted by Florida Law. In addition, the Registrant has entered into separate indemnification agreements with its directors and officers which require the Registrant, among other things, to indemnify them against certain liabilities which may arise by reason of their status or service (other than liabilities arising from willful misconduct of a culpable nature). These indemnification provisions may be sufficiently broad to permit indemnification of the Registrant's officers and directors for liabilities (including reimbursement of expenses incurred) arising under the Securities Act of 1933, as amended (the "Securities Act").

At present, there is no pending litigation or proceeding involving a director, officer, employee or other agent of the Registrant in which indemnification is being sought nor is the Registrant aware of any threatened litigation that may result in a claim for indemnification by any director, officer, employee or other agent of the Registrant.

24

PART F/S

INDEX TO FINANCIAL STATEMENTS

GOODNOISE CORPORATION

Report of Independent Accountants..... 26

Balance Sheet.....	27
Statement of Operations.....	28
Statement of Changes in Stockholders' Deficit.....	29
Statement of Cash Flows.....	30
Notes to Financial Statements.....	31

ATLANTIS VENTURES CORPORATION

Report of Independent Accountants.....	36
Balance Sheet.....	37
Statement of Operations.....	38
Statement of Changes in Stockholders' Deficit.....	39
Statement of Cash Flows.....	40
Notes to Financial Statements.....	41

PRO FORMA COMBINED BALANCE SHEET,

GOODNOISE CORPORATION

Introduction to Unaudited Pro Forma Combined Balance Sheet.....	44
Pro Forma Combined Balance Sheet (Unaudited).....	45
Notes to Pro Forma Combined Balance Sheet.....	46

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
GoodNoise Corporation

In our opinion, the accompanying balance sheet and the related statements of operations, of changes in stockholders' deficit and of cash flows present fairly, in all material respects, the financial position of GoodNoise Corporation (a development stage enterprise) at March 31, 1998, and the results of its operations and its cash flows for the period from inception (January 8, 1998) through March 31, 1998 in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred losses from operations since inception and has to obtain additional capital to fund its ongoing operations. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's plan in regard to these matters is also described

in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

PricewaterhouseCoopers LLP
San Jose, California
July 8, 1998

26

GOODNOISE CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
BALANCE SHEET

	MARCH 31, 1998

<S>	<C>
ASSETS	
Current Assets:	
Cash	\$ 25,221
Prepaid expenses and other current assets	2,576

Total current assets	27,797
Property and equipment, net	10,414
Other assets	14,020

Total assets	\$ 52,231
	=====
LIABILITIES AND STOCKHOLDERS' DEFICIT	
Current Liabilities:	
Accounts payable	\$ 25,458

Total current liabilities	25,458
Notes payable- related parties (Note 3)	110,000

Total liabilities	135,458

Commitments (Note 4)	
Stockholders' Deficit:	
Common Stock, \$0.001 par value; 10,000,000 shares authorized; 8,680,000 shares issued and outstanding	1,580
Additional paid-in capital	14,220
Notes receivable (Note 3)	(10,100)
Deficit accumulated during the development stage	(88,927)

Total stockholders' deficit	(83,227)

Total liabilities and stockholders' deficit	\$ 52,231
	=====

</TABLE>

The accompanying notes are an integral part of these financial statements.

27

GOODNOISE CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
STATEMENT OF OPERATIONS

	JANUARY 8, 1998 (INCEPTION) TO MARCH 31, 1998

<S>	<C>
Revenues	\$ -

Operating expenses:	
Product development	42,182

General and administrative	46,745

	88,927

Net loss	\$ (88,927)
	=====
Net loss per share- basic and diluted	\$ (0.01)
	=====
Weighted average number of common shares outstanding- basic and diluted	6,607,357
	=====

</TABLE>

The accompanying notes are an integral part of these financial statements.

28

GOODNOISE CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT

<TABLE>
<CAPTION>

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	NOTES RECEIVABLE	DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	TOTAL STOCKHOLDERS' DEFICIT
	SHARES	AMOUNT				
	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Issuance of common stock at formation in February 1998	7,100,000	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance of common stock in March 1998	1,010,000	1,010	9,090	(10,100)	-	-
Issuance of common stock in March 1998 in exchange for services	570,000	570	5,130	-	-	5,700
Net loss for the period from January 8, 1998 (inception) through March 31, 1998	-	-	-	-	(88,927)	(88,927)
	-----	-----	-----	-----	-----	-----
Balance at March 31, 1998	8,680,000	\$1,580	\$14,220	\$ (10,100)	\$ (88,927)	\$ (83,227)
	=====	=====	=====	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of these financial statements.

29

GOODNOISE CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

	JANUARY 8, 1998 (INCEPTION) TO MARCH 31, 1998

<S>	<C>
Cash flows from operating activities:	
Net loss	\$ (88,927)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	380
Issuance of common stock in exchange for services	5,700
Changes in assets and liabilities:	
Prepaid expenses and other current assets	(2,576)
Accounts payable	25,458
Deposits	(14,020)

Net cash used in operating activities	(73,985)

Cash flows from investing activities:	
Purchase of property and equipment	(10,794)

Cash flows from financing activities:	
Proceeds from issuance of notes payable-related parties	110,000

Net increase in cash	25,221

Cash at beginning of period

Cash at end of period

\$ 25,221
=====

</TABLE>

The accompanying notes are an integral part of these financial statements.

30

GOODNOISE CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

THE COMPANY

GoodNoise Corporation, (the "Company"), a Delaware corporation, was incorporated on January 8, 1998 to develop and market a repertoire of musical recordings offered for sale to consumers by direct file transfer, or "downloading," over the Internet. Since its inception, the Company has been in the development stage devoting its efforts primarily to organizing itself as a public reporting entity, recruiting management and technical staff, developing its product, acquiring operating assets and raising capital. The Company operates within one industry segment.

The Company has incurred losses from operations since inception and must obtain additional capital to fund its ongoing operations. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management plans to raise additional capital in 1998 to finance the Company's operations although there can be no assurance that they will be successful in such efforts. The financial statements do not include any adjustment that might result from the outcome of this uncertainty. See Note 7.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of the Company's financial instruments, including cash, accounts payable and notes payable, approximate their fair value due to the relatively short maturities.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the shorter of the estimated useful lives of the assets, generally two to three years, or the lease term of the respective assets.

INCOME TAXES

Income taxes are accounted for using an asset and liability method which requires the recognition of deferred tax assets and liabilities for the future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The measurement of current and deferred tax assets and liabilities are based on provisions of the enacted tax law; the effects of future changes in tax laws or rates are not anticipated. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

31

GOODNOISE CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

STOCK-BASED COMPENSATION

The Company accounts for stock-based employee compensation arrangements in accordance with provisions of APB No. 25 "Accounting for Stock Issued to Employees," and complies with disclosure provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." Under APB No. 25, compensation cost is

recognized based on the difference, if any, on the date of grant between the fair value of the Company's stock and the amount an employee must pay to acquire the stock.

NET LOSS PER SHARE

The Company computes net loss per share in accordance with the provisions of SFAS No. 128, "Earnings Per Share" and SEC Staff Accounting Bulletin ("SAB") No. 98. Under SFAS No. 128 and SAB No. 98, basic net loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The weighted average shares used to compute basic net loss per share include outstanding shares of common stock from the date of issuance and excludes, for the period from January 8, 1998 (inception) through March 31, 1998, 566,666 shares of common stock subject to repurchase rights. In addition, the calculation of diluted net loss per share excludes common stock issuable upon exercise of employee stock options and shares subject to repurchase as their effect is antidilutive.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1997, the Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income" and SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information." The adoption of both statements is required for fiscal years beginning after December 15, 1997.

SFAS No. 130 requires that companies report in the financial statements, in addition to net income, comprehensive income including, as applicable, foreign currency items and unrealized gains and losses on certain investments in debt and equity securities. The Company adopted SFAS No. 130 in January 1998 and there are no differences between the net loss and comprehensive income (loss) for the period from January 8, 1998 (inception) through March 31, 1998.

SFAS No. 131 requires that companies report separately in the financial statements certain financial and descriptive information about operating segments profit or loss, certain specific revenue and expense items and segment assets. Additionally, companies are required to report information about the revenues derived from their products and service groups, about geographic areas in which the Company earns revenues and holds assets, and about major customers. The adoption of SFAS No. 131 will not have any material impact on the Company's financial statements.

GOODNOISE CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2 - PROPERTY AND EQUIPMENT:

	MARCH 31, 1998
<S>	-----
Computer equipment	\$ 5,794
Furniture and fixtures	5,000

	10,794
Less: Accumulated depreciation	(380)

	\$10,414
	=====

</TABLE>

NOTE 3 - RELATED PARTY TRANSACTIONS:

In February 1998, the Company entered into an agreement with two of the Company's Directors and a member of its Advisory Board to borrow \$110,000, through the issuance of promissory notes which bear interest at 10.0% per annum, due in December 1998. All outstanding principal and interest related to these notes were to be converted at the closing of the Company's initial sale of Series A Preferred Stock at the rate of \$0.40 per share. The Company did not issue the Series A Preferred Stock and, in May 1998, these notes were converted into 275,000 shares of common stock at \$0.40 per share. The accompanying financial statements reflect the notes payable as a noncurrent liability due to the conversion.

At March 31, 1998, the Company had notes receivable related to stock purchases from certain employees of the Company totaling \$10,100. The notes are non-interest bearing and payable on demand.

NOTE 4 - COMMITMENTS:

The Company leases office space under a noncancelable operating lease that expires in March 2001. Rent expense was \$7,953 for the period from inception (January 8, 1998) through March 31, 1998.

Future minimum lease payments under the noncancelable operating lease are as follows:

<TABLE>
<CAPTION>

YEAR ENDING DECEMBER 31, <S>	<C>
1998	\$ 34,560
1999	47,117
2000	48,530
2001	12,222
Thereafter	-

	\$142,429
	=====

</TABLE>

33

GOODNOISE CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 5 - STOCK OPTION PLAN:

RESTRICTED STOCK

A total of 7,100,000 shares of common stock were issued at \$0.001 per share to the Company's founders in February 1998, of which 900,000 were issued subject to a Restricted Stock Purchase Agreement (the "Agreement") to one of the founders. The Agreement provides the Company with the right to repurchase 600,000 of these shares at \$0.01 per share subject to ratable vesting over three years. As of March 31, 1998, a total of 566,666 shares were subject to repurchase by the Company.

STOCK OPTION PLAN

On March 30, 1998, the Company adopted the 1998 Stock Option Plan that provides for the granting of either incentive or nonqualified stock options to purchase shares of the Company's common stock and for stock-based awards to officers, directors and key employees and non-employee consultants. The Company reserved 2,000,000 shares for issuance under the Plan. As of March 31, 1998, no stock options had been granted under the Plan.

NOTE 6 - INCOME TAXES:

There is no provision for income taxes for the period from January 8, 1998 (inception) through March 31, 1998 as the Company incurred a net loss. The Company's deferred tax assets at March 31, 1998 principally relate to its net operating loss and approximated \$35,000, for which a full valuation allowance was provided due to uncertainty regarding their realization.

Under the Tax Reform Act of 1986, the amounts of and the benefit from net operating losses and tax credit carryforwards that can be utilized in the future may be impaired or limited in certain circumstances, including changes in ownership, as defined.

NOTE 7 - SUBSEQUENT EVENTS:

On May 11, 1998, Atlantis Ventures Corporation, a Florida corporation, acquired 9,310,000 shares representing all of the outstanding Common Stock of the Company in exchange for 10,985,800 shares of Atlantis Ventures Corporation common stock. For accounting purposes, this transaction will be treated as a recapitalization of the Company. Atlantis Ventures is a publicly traded company that was organized in August 1989 and had no revenues or operations prior to the merger with the Company. Following the recapitalization, Atlantis Ventures changed its name to GoodNoise Corporation.

Through May 11, 1998, the Company issued options to purchase 1,747,500 common shares at prices ranging from \$0.01 to \$0.03 per share. In connection with the recapitalization, such options were exchanged for options to purchase 2,062,050 common shares of Atlantis Ventures Corporation.

34

GOODNOISE CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

In addition, in May 1998, Atlantis Ventures Corporation issued 2,500,000 units at a price of \$0.20 per share in a private placement. Each unit consists of one share of common stock and one warrant with each five warrants entitling the holder to purchase one common share for \$1.00. Warrants to purchase 200,000 shares of common stock were exercised in May 1998. The remaining warrants are exercisable through August 1998.

35

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
Atlantis Ventures Corporation

In our opinion, the accompanying balance sheet and the related statements of operations, of changes in stockholders' deficit and of cash flows present fairly, in all material respects, the financial position of Atlantis Ventures Corporation (a development stage enterprise) at March 31, 1998, December 31, 1997 and December 1996 and the results of its operations and its cash flows for the three months ended March 31, 1998, for the years ended December 31, 1997 and 1996 and for the period from inception (August 30, 1989) through March 31, 1998 in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has cumulative losses from operations since inception and has no assets and a net capital deficiency which raise substantial doubt about the Company's ability to continue as a going concern. Management's plan in regard to these matters is also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

PricewaterhouseCoopers LLP
San Jose, California
July 8, 1998

36

ATLANTIS VENTURES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
BALANCE SHEET

<TABLE>
<CAPTION>

	MARCH 31, 1998	DECEMBER 31.	
	-----	-----	-----
<S>	<C>	1997	1996
ASSETS		-----	-----
Current Assets	\$ -	\$ -	\$ -
	-----	-----	-----
Total current assets	-	-	-
	-----	-----	-----
Total assets	\$ -	\$ -	\$ -
	=====	=====	=====

LIABILITIES AND STOCKHOLDERS' DEFICIT
Current Liabilities:

Accounts payable- related party	\$ 1,650	\$ -	\$ -
	-----	-----	-----
Total current liabilities	1,650	-	-
	-----	-----	-----
Stockholders' Deficit:			
Preferred stock, \$0.01 par value; 500,000 shares authorized; none issued or outstanding	-	-	-
Common Stock, \$0.01 par value; 200,000,000, shares authorized; 1,000,000 issued and outstanding	1,000	1,000	1,000
Accumulated deficit	(2,650)	(1,000)	(1,000)
	-----	-----	-----
Total stockholders' deficit	(1,650)	-	-
	-----	-----	-----
Total liabilities and stockholders' deficit	\$ -	\$ -	\$ -
	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of these financial statements.

37

ATLANTIS VENTURES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
STATEMENT OF OPERATIONS

<TABLE>
<CAPTION>

	JAN 1, 1998 TO MARCH 31, 1998	YEAR ENDED DECEMBER 31,		AUG 30, 1989 (INCEPTION) TO MARCH 31, 1998
		1997	1996	
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Revenues	\$ -	\$ -	\$ -	\$ -
	-----	-----	-----	-----
Operating expenses:				
General and administrative	1,650	-	-	2,650
	-----	-----	-----	-----
	1,650	-	-	2,650
	-----	-----	-----	-----
Net loss	\$ (1,650)	\$ -	\$ -	\$ (2,650)
	=====	=====	=====	=====
Net loss per share- basic and diluted	\$ -	\$ -	\$ -	\$ -
	-----	-----	-----	-----
Weighted average number of common shares outstanding-basic and diluted	1,000,000	1,000,000	1,000,000	1,000,000
	-----	-----	-----	-----

</TABLE>

The accompanying notes are an integral part of these financial statements.

38

ATLANTIS VENTURES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT

<TABLE>
<CAPTION>

	SHARES	AMOUNT	ACCUMULATED DEFICIT	TOTAL STOCKHOLDERS' DEFICIT
	-----	-----	-----	-----
	<C>	<C>	<C>	<C>
<S>				
Issuance of common stock for Services in August 1991	1,000,000	\$1,000	\$ -	\$ 1,000
Net loss for year ended December 31, 1991			(1,000)	(1,000)
	-----	-----	-----	-----
Balance at December 31, 1995	1,000,000	1,000	(1,000)	-
	-----	-----	-----	-----
Balance at December 31, 1996	1,000,000	1,000	(1,000)	-
	-----	-----	-----	-----
Balance at December 31, 1997	1,000,000	1,000	(1,000)	-
	-----	-----	-----	-----
Net loss for the period from January 1, 1998 to March 31, 1998	-	-	(1,650)	(1,650)
	-----	-----	-----	-----

Balance at March 31, 1998	1,000,000	\$1,000	\$ (2,650)	\$ (1,650)
	=====	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of these financial statements.

39

ATLANTIS VENTURES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
STATEMENTS OF CASH FLOWS

<TABLE>

<CAPTION>

	JAN 1, 1998 TO MARCH 31, 1998	YEAR ENDED DECEMBER 31,		AUG 30, 1989 (INCEPTION) TO MARCH 31, 1998
		1997	1996	
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Cash flows from operating activities:				
Net loss	\$ (1,650)	\$ -	\$ -	\$ (2,650)
Adjustments to reconcile net loss to cash used in operating activities:				
Issuance of common stock in exchange for services	-	-	-	1,000
Changes in assets and liabilities:				
Accounts payable - related party	1,650	-	-	1,650
	-----	-----	-----	-----
Net cash used in operating activities	-	-	-	-
	-----	-----	-----	-----
Net change in cash	-	-	-	-
Cash at beginning of period	-	-	-	-
	-----	-----	-----	-----
Cash at end of period	\$ -	\$ -	\$ -	\$ -
	=====	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of these financial statements.

40

ATLANTIS VENTURES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

THE COMPANY

Atlantis Ventures Corporation, (the "Company"), a Florida corporation, was incorporated on August 2, 1989. Since inception, the Company has had no revenue, assets or operations.

Since inception, the Company has been in the development stage. The Company was formed to pursue an acquisition of an operating company and has been inactive since formation. The Company has incurred cumulative losses from operations since inception and has no assets and a net capital deficiency. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management plans to raise additional capital in 1998 to finance the Company's operations although there can be no assurance they will be successful in such efforts. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. See Note 4.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of the Company's financial instruments approximate their fair value due to the relatively short maturities.

INCOME TAXES

Income taxes are accounted for using an asset and liability method which requires the recognition of deferred tax assets and liabilities for the future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The measurement of deferred tax assets and liabilities are based on provisions of the enacted tax law; the effects of future changes in tax laws or rates are not anticipated. Deferred tax assets are reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

NET LOSS PER SHARE

The Company computes net loss per share in accordance with the provisions of SFAS No. 128, "Earnings Per Share". Under SFAS No. 128 and SAB No. 98, basic net loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding for the period. The calculation of diluted net loss per share excludes common stock issuable upon exercise of employee stock options, if any, as their effect is antidilutive.

41

ATLANTIS VENTURES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1997, the Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income" and SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information." The adoption of both statements is required for fiscal years beginning after December 15, 1997.

SFAS No. 130 requires that companies report in the financial statements, in addition to net income, comprehensive income including, as applicable, foreign currency items and unrealized gains and losses on certain investments in debt and equity securities. The Company adopted SFAS No. 130 in January 1998 and there are no differences between the net loss and comprehensive income (loss) for all periods presented.

SFAS No. 131 requires that companies report separately in the financial statements certain financial and descriptive information about operating segments profit or loss, certain specific revenue and expense items and segment assets. Additionally, companies are required to report information about the revenues derived from their products and service groups, about geographic areas in which the Company earns revenues and holds assets, and about major customers. The adoption of SFAS No. 131 will not have a material impact on the Company's financial statements.

NOTE 2 - RELATED PARTY TRANSACTIONS:

The Company neither owns or leases real or personal property. Office services are provided without charge by a director. The cost of such services were not material and, accordingly, are not reflected in these financial statements.

On August 2, 1991, the Company issued 1,000,000 shares of its common stock for services valued at \$1,000.

During the three months ended March 31, 1998, a stockholder paid certain fees totaling \$1,650 on behalf of the Company which remains payable to the stockholder at March 31, 1998.

NOTE 3 - INCOME TAXES:

There is no provision for income taxes for the periods from inception through March 31, 1998 as the Company incurred net losses. The Company does not have any significant deferred tax assets or liabilities for all periods presented.

42

ATLANTIS VENTURES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 4 - SUBSEQUENT EVENTS:

On May 11, 1998, the Company acquired 9,310,000 shares representing all of the outstanding common stock of GoodNoise Corporation ("GoodNoise"), a development stage enterprise, in exchange for 10,985,800 shares of the Company's common stock. For accounting purposes, this transaction will be treated as a recapitalization of GoodNoise. Following the recapitalization, the Company changed its name to GoodNoise Corporation.

Through May 11, 1998, GoodNoise Corporation issued options to purchase 1,747,500 common shares at prices ranging from \$0.01 to \$0.03 per share. Such options were exchanged for options to purchase 2,062,050 common shares of the Company.

In addition, in May 1998, the Company issued 2,500,000 units at a price of \$0.20 per share in a private placement. Each unit consists of one share of common stock and one warrant with each five warrants entitling the holder to purchase one common share for \$1.00. Warrants to purchase 200,000 shares of common stock were exercised in May 1998. The remaining warrants are exercisable through August 1998.

43

GOODNOISE CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
UNAUDITED PRO FORMA COMBINED BALANCE SHEET

The following unaudited pro forma combined financial statements give effect to the Company's private placement, exercise of stock warrants, the conversion of GoodNoise Corporation ("GoodNoise") notes payable to common stock and the Company's acquisition of GoodNoise which was accounted for as a recapitalization. The unaudited pro forma combined balance sheet is based on the individual balance sheets of the Company and GoodNoise appearing elsewhere in this Form 10-SB, and has been prepared to reflect the recapitalization as of March 31, 1998. An unaudited pro forma statements of operations is not presented since the operations of the Company prior to the recapitalization were not material. The unaudited pro forma combined balance sheet should be read in conjunction with the historical financial statements and notes thereto of GoodNoise and the Company included elsewhere in this Form 10-SB.

44

GOODNOISE CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
PRO FORMA COMBINED BALANCE SHEET
MARCH 31, 1998
(UNAUDITED)

<TABLE>
<CAPTION>

	PRO FORMA ADJUSTMENTS				
	HISTORICAL GOODNOISE	HISTORICAL ATLANTIS VENTURES	PRIVATE PLACEMENT, EXERCISE OF WARRANTS AND NOTE CONVERSION	ACQUISITION	PRO FORMA AS ADJUSTED
<S>	<C>	<C>	<C>	<C>	<C>
ASSETS					
Current Assets:					
Cash	\$ 25,221	\$ -	\$ 700,000 (a)	\$ -	\$ 725,221
Prepaid expenses and other current assets	2,576	-	-	-	2,576
Total current assets	27,797	-	700,000	-	727,797
Property and equipment, net	10,414	-	-	-	10,414
Other assets	14,020	-	-	-	14,020
Total assets	\$ 52,231	\$ -	\$ 700,000	\$ -	\$ 752,231
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)					
Current Liabilities:					
Accounts payable	\$ 25,458	\$ -	\$ -	\$ -	\$ 25,458
Accounts payable-related party	-	1,650	-	-	1,650
Total current liabilities	25,458	1,650	-	-	27,108
Notes payable-related parties	110,000	-	(110,000) (b)	-	-

Total liabilities	135,458	1,650	(110,000)	-	27,108
Stockholder' Equity (Deficit)					
Preferred stock, \$0.01 par value; 500,000 shares authorized; none issued or outstanding	-	-	-	-	-
Common stock, \$0.01 par value; 200,000,000 shares authorized; 1,000,000 shares issued and outstanding at March 31, 1998; 14,266,900 shares on a pro forma, as adjusted basis	-	1,000	8,100	(a) (b) 133,569	(c) 142,669
Common Stock, \$0.001 par value; 10,000,000 shares authorized; 8,680,000 shares issued and outstanding at March 31, 1998	1,580	-	-	(1,580)	(c) -
Additional paid-in capital	14,220	-	801,900	(a) (b) (134,639)	(c) 681,481
Notes receivable	(10,100)	-	-	-	(10,100)
Deficit accumulated during the development stage	(88,927)	(2,650)	-	2,650	(c) (88,927)
Total stockholders' equity (deficit)	(83,227)	(1,650)	810,000	-	725,123
Total liabilities and stockholders' equity (deficit)	\$ 52,231	\$ -	\$ 700,000	\$ -	\$ 752,231

</TABLE>

45

GOODNOISE CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO PRO FORMA COMBINED BALANCE SHEET
MARCH 31, 1998
(UNAUDITED)

- (a) Represents issuance of 2,500,000 units at a price of \$0.20 per share in a private placement. Each unit consists of one share of common stock and one warrant with each five warrants entitling the holder to purchase one common share for \$1.00. Warrants to purchase 200,000 shares of common stock were exercised in May 1998. The remaining warrants are exercisable through August 1998.
- (b) Represents the conversion of notes payable in the amount of \$110,000 into 275,000 shares of GoodNoise Corporation common stock prior to the acquisition.
- (c) Represents the acquisition of GoodNoise Corporation by Atlantis Ventures through the issuance of 10,242,000 shares of Atlantis Ventures common stock for all the outstanding shares of GoodNoise Corporation common stock. This transaction was treated as a recapitalization of GoodNoise Corporation.

Pro forma share outstanding assuming the recapitalization occurred as of March 31, 1998 comprise the following:

<TABLE>	
<S>	<C>
Existing Atlantis Ventures shares	1,000,000
Conversion of existing GoodNoise Corporation shares as of March 31, 1998 (8,680,000 shares x 1.18 conversion ratio)	10,242,400
Private placement (see (a) above)	2,500,000
Exercise of warrants (see (a) above)	200,000
Conversion of notes payable (275,000 shares x 1.18 conversion ratio) (see (b) above)	324,500
Total pro forma shares	14,266,900

</TABLE>

46

PART III

ITEM 1. INDEX TO EXHIBITS

2.1 Agreement and Plan of Reorganization by and among GoodNoise Corporation, Atlantis Ventures Corp., GN Acquisition Corp and certain other parties

dated as of May 11, 1998
3.1 Articles of Incorporation
3.2 Bylaws
10.1 Form of Indemnity Agreement
16.1 Letter dated July 16, 1998 from Barry L. Friedman, P.C.
21 Subsidiaries

47

In accordance with Section 12 of the Securities Exchange Act of 1934, the registrant has caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

GoodNoise CORPORATION

By /s/ Joseph H. Howell

Joseph H. Howell

Its Executive Vice President and
Chief Financial Officer

48

AGREEMENT AND PLAN OF REORGANIZATION
BY AND AMONG

GOODNOISE CORPORATION,
ATLANTIS VENTURES CORP.,
GN ACQUISITION CORP.
TIDEWATER ENTERPRISES LTD.

AND

John A. Xinos

Dated as of May 11, 1998

AGREEMENT AND PLAN OF REORGANIZATION

This AGREEMENT AND PLAN OF REORGANIZATION (the "Agreement") is made and entered into as of May 11, 1998 by and among GoodNoise Corporation, a Delaware corporation ("GoodNoise"), Atlantis Ventures Corp., a Florida corporation ("Atlantis"), GN Acquisition Corp., a Delaware corporation ("Sub"), and Tidewater Enterprises Ltd., a British Columbia corporation, and John A. Xinos (together the "Principal Shareholder").

The parties agree as follows:

1. THE MERGER.

1.1 The Merger. At the Effective Time (as defined in Section 1.2) and

subject to and upon the terms and conditions of this Agreement, Sub shall be merged into GoodNoise (the "Merger"), the separate corporate existence of Sub shall cease and GoodNoise shall continue as the surviving corporation and as a wholly-owned subsidiary of Atlantis. The surviving corporation after the Merger is hereinafter sometimes referred to as the "Surviving Corporation."

1.2 Effective Time. Unless this Agreement is earlier terminated

pursuant to Section 8.1, the closing of the Merger (the "Closing") will take place as promptly as practicable, but no later than five (5) business days following satisfaction or waiver of the conditions set forth in Section 6, at the offices of Gray Cary Ware & Freidenrich, LLP, 400 Hamilton Avenue, Palo Alto, California, unless another place or time is agreed to in writing by Atlantis and GoodNoise. The date upon which the Closing actually occurs is

herein referred to as the "Closing Date." On the Closing Date, the parties hereto shall cause the Merger to be consummated by filing Articles of Merger (or like instrument) in the form attached hereto as Exhibit A with the Secretary of

State of the State Delaware (the "Merger Articles"), in accordance with the applicable provisions of Delaware law (the time of acceptance by the Secretary of State of the State of Delaware of such filing being referred to herein as the "Effective Time").

1.3 Effect of the Merger. At the Effective Time, the effect of the

Merger shall be as provided in the applicable provisions of Delaware law. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all the property, rights, privileges, powers and franchises of Sub and GoodNoise shall vest in the Surviving Corporation, and all debts, liabilities and duties of Sub and GoodNoise shall become the debts, liabilities and duties of the Surviving Corporation.

1.4 Articles of Incorporation, Bylaws. As of the Effective Time, the

Articles of Incorporation and Bylaws of Atlantis shall be amended to read as set forth in Exhibits B-1 and B-2 hereto and the form of Indemnity Agreement set

forth in Exhibit B-3 shall have been approved by the shareholders of Atlantis.

The Certificate of Incorporation and Bylaws of GoodNoise shall be the Certificate of Incorporation and Bylaws of the Surviving Corporation.

1.5 Directors and Officers. Directors of the Surviving Corporation

and Atlantis immediately after the Effective Time shall be the directors of GoodNoise immediately

prior to the Effective Time, each to hold the office in accordance with the provisions of applicable laws and the Bylaws of the Surviving Corporation and Atlantis, respectively, until their successors are duly qualified and elected. The officers of Surviving Corporation immediately after the Effective Time shall be the officers of GoodNoise and Atlantis immediately prior to the Effective Time, each to hold office in accordance with the provisions of the Bylaws of the Surviving Corporation and Atlantis, respectively.

1.6 Conversion of GoodNoise Common Stock.

(a) At the Effective Time, each share of GoodNoise Common Stock, par value \$0.001 per share ("GoodNoise Common Stock"), upon the terms and subject to the conditions set forth below shall be converted automatically into 1.18 shares (the "Exchange Ratio") of Atlantis Common Stock par value \$0.01 per share ("Atlantis Common Stock").

(b) At the Effective Time, any outstanding options or warrants (collectively, "GoodNoise Options") to acquire GoodNoise Common Stock, will be, in connection with the Merger, assumed by Atlantis. Each GoodNoise Option so assumed or replaced by Atlantis under this Agreement shall continue to have, and be subject to, the same terms and conditions, including vesting (if applicable), set forth in the respective GoodNoise Option agreements immediately prior to the Effective Time, except that (A) such assumed or replaced GoodNoise Option will be exercisable for that number of whole shares of Atlantis Common Stock equal to the product obtained by multiplying the number of shares of GoodNoise Common Stock that were issuable upon exercise of such assumed or replaced GoodNoise Option immediately prior to the Effective Time, by the Exchange Ratio, rounded down to the nearest whole number of shares of Atlantis Common Stock and (B) the per share exercise price for the shares of Atlantis Common Stock issuable upon exercise of such assumed or replaced GoodNoise Option shall be equal to the quotient obtained by dividing the exercise price per share of GoodNoise Common Stock at which such assumed or replaced GoodNoise Option was exercisable immediately prior to the Effective Time by the Exchange Ratio, rounded up to the nearest whole cent. It is the intention of the parties that any GoodNoise Options that qualify as "incentive stock options" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), shall remain "incentive stock options" following the Effective Time. GoodNoise Options shall be assumed in accordance with the rules of Section 424(a) of the Code, and the regulations promulgated thereunder, and such rules shall apply even with respect to options that are not "incentive stock options."

(c) The Exchange Ratio shall be adjusted to reflect fully the effect of any stock split, reverse split, stock dividend (including any dividend or distribution of securities convertible into Atlantis Common Stock or GoodNoise Common Stock), reorganization, recapitalization or other like charge with respect to Atlantis Common Stock or GoodNoise Common Stock occurring after the date hereof.

2

(d) No fractional share of Atlantis Common Stock shall be issued in the Merger. In lieu thereof, any fractional share shall be rounded up to the nearest whole share of Atlantis Common Stock.

(e) Each share of Common Stock of Sub issued and outstanding immediately prior to the Effective Time shall be converted into and exchanged for one validly issued, fully paid and nonassessable share of Common Stock of the Surviving Corporation. Each stock certificate of Sub evidencing ownership of any such shares shall continue to evidence ownership of such shares of capital stock of the Surviving Corporation.

1.7 Surrender of Certificates.

(a) Exchange Agent. The Corporate Secretary of Atlantis shall

serve as exchange agent (the "Exchange Agent") in the Merger.

(b) Atlantis to Provide Cash and Common Stock. Promptly after the

Effective Time, Atlantis shall make available to the Exchange Agent for exchange in accordance with this Section, the shares of Atlantis Common Stock issuable pursuant to Section 1.6(b) in exchange for all of the outstanding shares of GoodNoise Common Stock.

(c) Exchange Procedures. On or after the Closing Date, the

holders of GoodNoise Common Stock will surrender the certificates representing their GoodNoise Common Stock (the "GoodNoise Stock Certificate") to Atlantis for cancellation together with a letter of transmittal in such form and having such provisions that Atlantis reasonably requests. Promptly following the Effective Time, Atlantis will issue to the such stockholders certificates for the number of shares of Atlantis Common Stock to which such stockholders are entitled pursuant to Section 1.6.

(d) Transfers of Ownership. If any certificate for shares of

Atlantis Common Stock is to be issued in a name other than that in which the certificate surrendered in exchange therefor is registered or if any cash is to be delivered to a person other than the person whose name is on the certificate surrendered, it will be a condition to the issuance and/or delivery thereof that the certificate so surrendered will be properly endorsed and otherwise in proper form for transfer and that the person requesting such exchange will have paid to Atlantis or any agent designated by it any transfer or other taxes required by reason or the issuance of a certificate for shares of Atlantis Common Stock or the delivery of any cash in any name other than that of the registered holder of the certificate surrendered, or established to the satisfaction of Atlantis or any agent designated by it that such tax has been paid or is not payable.

(e) No Liability. Notwithstanding anything to the contrary in

this Section 1.7, none of the Exchange Agent, the Surviving Corporation or any party hereto shall be liable to a holder of shares of Atlantis Common Stock or GoodNoise Common Stock for any amount properly paid to a public official pursuant to any applicable abandoned property, escheat or similar law.

1.8 No Further Ownership Rights in GoodNoise Common Stock. All shares

of Atlantis Common Stock issued upon the surrender for exchange of shares of GoodNoise Common Stock in accordance with the terms hereof, and any cash paid in respect thereof, shall be deemed to be full satisfaction of all rights pertaining to such shares of GoodNoise Common Stock, and there shall be no further registration of transfers on the records of the Surviving Corporation of

shares of GoodNoise Common Stock which were outstanding immediately prior to the Effective Time. If, after the Effective Time, GoodNoise Stock Certificates are presented to the Surviving Corporation for any reason, they shall be canceled and exchanged as provided in this Section 1.

1.9 Lost, Stolen or Destroyed Certificates. In the event any

certificates evidencing shares of GoodNoise Common Stock shall have been lost, stolen or destroyed, the Exchange Agent shall issue in exchange for such lost, stolen or destroyed certificates, upon the making of an affidavit of that fact by the holder thereof, such amount, if any, as may be required pursuant to Section 1.6; provided, however, that Atlantis may, in its discretion and as a

condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificates to deliver a bond or indemnity in such sum as it may reasonably direct against any claim that may be made against Atlantis or the Exchange Agent with respect to the certificates alleged to have been lost, stolen or destroyed.

1.10 Tax Consequences. It is intended by the parties hereto that the

Merger will constitute a reorganization within the meaning of Section 368 of the Internal Revenue Code of 1986, as amended. Each party has consulted with its own tax advisors with respect to the tax consequences of the Merger.

1.11 Taking of Necessary Action; Further Action. If, at any time

after the Effective Time, any such further action is necessary or desirable to carry out the purposes of this Agreement and to vest the Surviving Corporation with full right, title and possession to all assets, property, rights, privileges, powers and franchises of GoodNoise, the officers and directors of GoodNoise and Atlantis are fully authorized in the name of their respective corporations or otherwise to take, and will take, all such lawful and necessary action.

2. REPRESENTATIONS AND WARRANTIES OF ATLANTIS AND THE PRINCIPAL SHAREHOLDER.

Each of Atlantis and the Principal Shareholder hereby, jointly and severally, represents and warrants to GoodNoise, subject to such exceptions as are specifically disclosed in the Atlantis Disclosure Schedule (referencing the appropriate Section and paragraph numbers) supplied by Atlantis and the Principal Shareholder to GoodNoise (the "Atlantis Disclosure Schedule") and dated as of the date hereof, as follows:

2.1 Organization of Atlantis. Each of Atlantis and Sub is a

corporation duly organized, validly existing and in good standing under the laws of the State of Florida and Delaware, respectively. Each has the corporate power to own its properties and to carry on its business as proposed to be conducted following the Effective Date. Atlantis is duly qualified to

do business and in good standing as a foreign corporation in each jurisdiction in which the failure to be so qualified could have a material adverse effect on the business, assets (including intangible assets), condition (financial or otherwise), results of operations or prospects of Atlantis (hereinafter referred to as a "Material Adverse Effect"). GoodNoise has delivered a true and correct copy of its Articles of Incorporation and Bylaws and the Certificate of Incorporation and Bylaws of Sub, each as amended to date, to GoodNoise. Christof Koumbis is the sole director and officers of Atlantis and Sub. Neither Atlantis nor Sub has ever has never conducted any operations.

2.2 Atlantis Capital Structure.

(a) The authorized capital stock of Atlantis consists of 200,000,000 shares of authorized Common Stock, par value \$0.01 per share, of which 3,700,000 shares are issued and outstanding and 500,000 shares of preferred stock, par value \$0.01 per share, none of which are outstanding. Atlantis Common Stock is held by the persons, with the domicile addresses and in the amounts set forth on Section 2.2(a) of the Atlantis Disclosure Schedule. All outstanding shares of Atlantis Common Stock are duly authorized, validly issued, fully paid and non-assessable and not subject to preemptive rights created by statute, the Articles of Incorporation or Bylaws of Atlantis or any agreement to which Atlantis is a party or by which it is bound and have been issued in compliance with federal and state securities laws. Atlantis has no other capital stock authorized, issued or outstanding.

(b) Atlantis has outstanding warrants granted as of May 8, 1998 originally entitling the holders thereof to purchase a total of up to 500,000 shares of Atlantis Common Stock until three months following the completion of the Merger at an exercise price of \$1.00 per share (the "Atlantis Warrants"). The Atlantis Warrants have been exercised as to 200,000 shares. Except for the Atlantis Warrants, there are no options, warrants, calls, rights, commitments or agreements of any character, written or oral, to which Atlantis or any of its shareholders is a party or by which Atlantis or any of its shareholders is bound obligating Atlantis or any of its shareholders to issue, deliver, sell, repurchase or redeem, or cause to be issued, delivered, sold, repurchased or redeemed, any shares of the capital stock of Atlantis or obligating Atlantis to grant, extend, accelerate the vesting of, change the price of, otherwise amend or enter into any such option warrant, call, right, commitment or agreement. There are no outstanding or authorized stock appreciation, phantom stock, profit participation, or other similar rights with respect to Atlantis. There are no voting trusts, proxies, or other agreements or understandings with respect to the voting stock of Atlantis.

(c) The shares of Atlantis Common Stock to be issued pursuant to the Merger will be duly authorized, validly issued, fully paid, non-assessable.

(d) The Atlantis Common Stock has been duly approved for quotation on the NASD OTC Bulletin Board.

2.3 Subsidiaries. Atlantis does not have, and has never had, any

subsidiaries or affiliated companies other than Sub and does not otherwise

5

own, and has not otherwise owned, any shares in the capital of or any interest in, or control, directly or indirectly, any other corporation, partnership, association, joint venture or other business entity. Atlantis owns all of the outstanding securities of Sub.

2.4 Authority. Each of Atlantis, Sub and the Principal Shareholder

has all requisite power and authority to enter into this Agreement and any Related Agreements (as hereinafter defined) to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and any Related Agreements to which it is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of Atlantis and Sub, and no further action is required on the part of Atlantis, Sub or the Principal Shareholder to authorize the Agreement, any Related Agreements to which it is a party and the transactions contemplated hereby and thereby. This Agreement and any Related Agreements to which Atlantis, Sub or the Principal Shareholder is a party have been duly executed and delivered by Atlantis or such Principal Shareholder, as the case may be, and, assuming the due authorization, execution and delivery by the other parties hereto and thereto, constitute the valid and binding obligation of Atlantis or such Principal Shareholder, as the case may be, enforceable in accordance with their respective terms, subject to the laws of general application relating to bankruptcy, insolvency and the relief of debtors, and to rules of law governing specific performance, injunctive relief or other equitable remedies. The "Related Agreements" shall mean all such ancillary agreements required in this Agreement to be executed and delivered in connection with the transactions contemplated hereby.

2.5 Conflict. The execution and delivery of this Agreement and any

Related Agreements to which it is a party by Atlantis, Sub and the Principal Shareholder do not, and, the consummation of the transactions contemplated hereby and thereby will not, conflict with, or result in any violation of, or default under (with or without notice or lapse of time, or both), or give rise to a right of termination, cancellation, modification or acceleration of any obligation or loss of any benefit under (any such event, a "Conflict") (i) any provision of the Articles of Incorporation and Bylaws of Atlantis or Sub, (ii) any mortgage, indenture, lease, contract or other agreement or instrument, permit, concession, franchise or license to which Atlantis, Sub or the Principal Shareholder or any of their respective properties or assets are subject, or (iii) any judgment, order, decree, statute, law, ordinance, rule or regulation

applicable to Atlantis, Sub or the Principal Shareholder or their respective properties or assets.

2.6 Consents. No consent, waiver, approval, order or authorization

of, or registration, declaration or filing with, any court, administrative agency or commission or other federal, state, county, local or other foreign governmental authority, instrumentality, agency or commission ("Governmental Entity") or any third party, including a party to any agreement with Atlantis or Sub (so as not to trigger any Conflict), is required by or with respect to Atlantis or Sub in connection with the execution and delivery of this Agreement and any Related Agreements to which Atlantis or Sub or the Principal Shareholder is a party or the consummation of the transactions contemplated hereby and thereby, except for (i) such consents, waivers, approvals, orders, authorizations, registrations, declarations and filings as may be required under

applicable securities laws thereby, and (ii) the filing of the Merger Articles with the Secretary of State of the Delaware.

2.7 Atlantis Financial Statements. Atlantis has provided GoodNoise

with a copy of it's audited balance sheets as of March 13, 1998, December 31, 1997 and December 31, 1996 and the related audited statements of operations, stockholders' equity and cash flow for the periods then ended (the "Audited Financials") and Atlantis's unaudited balance sheet of April 1998 and the related unaudited statements of income and cash flow for the period from March 13, 1998 to such date (the "Unaudited Financials"). The Audited Financials and the Unaudited Financials are correct in all material respects and have been prepared in accordance with GAAP applied on a basis consistent throughout the periods indicated and consistent with each other (except that the Unaudited Financials do not contain all the notes that may be required by GAAP). The Audited Financials and Unaudited Financials present fairly the financial condition, operating results and cash flows of Atlantis as of the dates and during the periods indicated therein, subject in the case of the Unaudited Financials, to normal year-end adjustments, which will not be material in amount or significance.

2.8 No Undisclosed Liabilities. Atlantis and Sub do not have any

liability, indebtedness, obligation, expense, claim, deficiency, guaranty or endorsement of any type, whether accrued, absolute, contingent, matured, unmatured or other (whether or not required to be reflected in financial statements in accordance with GAAP).

2.9 No Changes. Since inception of Atlantis, there has not been,

occurred or arisen any:

(a) transaction, commitment or obligation by Atlantis of any kind other than the stock and warrant issuances described in paragraph (b) hereof;

(b) issuance or sale, or contract to issue or sell, by Atlantis of any shares of Atlantis Common Stock, or securities exchangeable, convertible or exercisable therefor, or any securities, warrants, options or rights to purchase any of the foregoing, except for the issuance of 3,700,000 shares of Atlantis Common Stock and the issuance of the Atlantis Warrants;

(c) negotiation or agreement by Atlantis or any officer or employees thereof to do any of the things described in the preceding clauses (a) or (b) (other than negotiations with GoodNoise and its representatives regarding the transactions contemplated by this Agreement).

2.10 Restrictions on Business Activities. There is no agreement

(noncompete or otherwise), commitment, judgment, injunction, order or decree to which Atlantis is a party or otherwise binding upon Atlantis which has or may have the effect of prohibiting or impairing any business practice of Atlantis or the Surviving Corporation, any acquisition of property (tangible

or intangible) by Atlantis or the Surviving Corporation or the conduct of business by Atlantis or the Surviving Corporation.

2.11 Agreements, Contracts and Commitments. Atlantis is not a party

to nor is it bound by any contracts, obligations or agreements or any kind. Atlantis is in compliance with and has not breached, violated or defaulted under, or received notice that it has breached, violated or defaulted under, any of the terms or conditions of any agreement, contract, covenant, instrument, lease, license or commitment to which Atlantis is a party or by which it is bound (collectively a "Contract"), nor is Atlantis or the Principal Shareholder aware of any event that would constitute such a breach, violation or default with the lapse of time, giving of notice or both. Atlantis has obtained, or will obtain prior to the Closing Date, all necessary consents, waivers and approvals as are required in connection with the Merger.

2.12 Litigation. There is no action, suit or proceeding of any nature

pending, or, to Atlantis's or the Principal Shareholder's knowledge, threatened, against Atlantis, its properties or any of its officers or directors, nor, to the knowledge of Atlantis or the Principal Shareholder, is there any reasonable basis therefor. There is no investigation pending or, to Atlantis's or the Principal Shareholder's knowledge threatened, against Atlantis, its properties or any of its officers or directors (nor, to the best knowledge of Atlantis or the Principal Shareholder, is there any reasonable basis therefor) by or before any Governmental Entity. No Governmental Entity has at any time challenged or questioned the legal right of Atlantis or any subsidiary to conduct its

operations as presently or previously conducted.

2.13 Minute Books. The minutes of Atlantis made available to counsel

for GoodNoise are the only minutes of Atlantis and contain a reasonably accurate summary of all meetings of the Board of Directors (or committees thereof) of Atlantis and its shareholders or actions by written consent since the time of incorporation of Atlantis.

2.14 Brokers' and Finders' Fees: Third Party Expenses. Atlantis has

not incurred, nor will it incur, directly or indirectly, any liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with the Agreement or any transaction contemplated hereby.

2.15 Compliance with Laws. Atlantis has complied with, is not in

violation of, and has not received any notices of violation with respect to, any foreign, federal, state or local statute, law or regulation.

2.16 Complete Copies of Materials. Atlantis has delivered or made

available true and complete copies of each document (or summaries of same) that has been requested by GoodNoise or its counsel.

2.17 Representations Complete. None of the representations or

warranties made by Atlantis or the Principal Shareholder (as modified by the Atlantis Disclosure Schedule), nor any statement made in any Schedule or certificate furnished by Atlantis or the Principal Shareholder pursuant to this Agreement or finished in or in connection with documents mailed or

delivered to the shareholders of Atlantis for use in soliciting their consent to this Agreement and the Merger contains or will contain at the Effective Time, any untrue statement of a material fact, or omits or will omit at the Effective Time to state any material fact necessary in order to make the statements contained herein or therein, in the light of the circumstances under which made, not misleading.

3. REPRESENTATIONS AND WARRANTIES OF GOODNOISE.

GoodNoise represents and warrants to Atlantis as follows:

3.1 Organization Standing and Power. GoodNoise is a corporation duly

organized, validly existing and in good standing under the laws of the State of Delaware. GoodNoise has the corporate power to own its properties and to carry on its business as now being conducted and is duly qualified to do business and

is in good standing in each jurisdiction in which the failure to be so qualified would have a material adverse effect on the ability of GoodNoise to consummate the transactions contemplated hereby.

3.2 Authority. GoodNoise has all requisite corporate power and

authority to enter into this Agreement and the Related Agreements and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Related Agreements and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of GoodNoise except that the Merger must be approved by the stockholders of GoodNoise. This Agreement has been duly executed and delivered by GoodNoise and constitutes, and the Related Agreements, when duly executed and delivered by GoodNoise, will constitute the valid and binding obligations of GoodNoise, enforceable in accordance with their terms, except as such enforceability may be limited by principles of public policy and subject to the laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies.

3.3 Capital Structure.

(a) The authorized stock of GoodNoise consists of 10,000,000 shares of Common Stock, \$0.001 par value, of which 9,207,500 shares are issued and outstanding. All such shares of GoodNoise have been duly authorized, and all such issued and outstanding shares have been validly issued, are fully paid and nonassessable and are free of any liens or encumbrances other than any liens or encumbrances created by or imposed upon the holders shares of Common Stock under applicable securities laws and except to the extent that certain of such shares are subject to a right of repurchase in favor of GoodNoise relating to a vesting schedule based upon continued service to GoodNoise.

(b) Except for options to purchase 1,540,000 shares of Common Stock granted pursuant to the GoodNoise 1998 Stock Option Plan (the "GoodNoise Option Plan"), there are no options, warrants, calls, rights, commitments or agreements of any character, written or oral, to which GoodNoise or any of its stockholders is a party or by which GoodNoise or any

of its stockholders is bound obligating GoodNoise or any of its stockholders to issue, deliver, sell, repurchase or redeem, or cause to be issued, delivered, sold, repurchased or redeemed, any shares of the capital stock of GoodNoise. There are no outstanding or authorized stock appreciation, phantom stock, profit participation, or other similar rights with respect to GoodNoise.

3.4 Conflict. The execution and delivery of this Agreement and any

Related Agreements to which it is a party by GoodNoise do not, and, the

consummation of the transactions contemplated hereby and thereby will not, conflict with, or result in any violation of, or default under (with or without notice or lapse of time, or both), or give rise to a right of termination, cancellation, modification or acceleration of any obligation or loss of any benefit under (any such event, a "Conflict") (i) any provision of the Articles of Incorporation and Bylaws of GoodNoise, (ii) any mortgage, indenture, lease, contract or other agreement or instrument, permit, concession, franchise or license to which GoodNoise or any of its properties or assets are subject, or (iii) any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to GoodNoise or its properties or assets.

3.5 Consents. No consent, waiver, approval, order or authorization

of, or registration, declaration or filing with, any court, administrative agency or commission or other federal, state, county, local or other foreign governmental authority, instrumentality, agency or commission ("Governmental Entity") or any third party, including a party to any agreement with GoodNoise (so as not to trigger any Conflict), is required by or with respect to GoodNoise in connection with the execution and delivery of this Agreement and any Related Agreements to which GoodNoise is a party or the consummation of the transactions contemplated hereby and thereby, except for (i) such consents, waivers, approvals, orders, authorizations, registrations, declarations and filings as may be required under applicable securities laws thereby, and (ii) the filing of the Merger Articles with the Secretary of State of the Delaware.

3.6 GoodNoise Financial Statements. GoodNoise has furnished Atlantis

with a true and complete copy of its unaudited balance sheet as of March 31, 1998 (the "GoodNoise Financials"). The GoodNoise Financials present fairly the financial condition of GoodNoise as of the date indicated therein, subject, to year-end adjustments.

3.7 Restrictions on Business Activities. Other than license and other

restrictions included in agreements entered into in the ordinary course of business, there is no agreement (noncompete or otherwise), commitment, judgment, injunction, order or decree to which GoodNoise is a party or otherwise binding upon GoodNoise which has or may have the effect of prohibiting or impairing any business practice of GoodNoise or the Surviving Corporation, any acquisition of property (tangible or intangible) by GoodNoise or the Surviving Corporation or the conduct of business by GoodNoise or the Surviving Corporation.

3.8 Agreements, Contracts and Commitments. GoodNoise is in compliance

with and has not breached, violated or defaulted under, or received notice that it has breached, violated or defaulted under, any of the terms or conditions of any agreement, contract, covenant,

instrument, lease, license or commitment to which GoodNoise is a party or by which it is bound (collectively a "Contract"), nor is GoodNoise aware of any event that would constitute such a breach, violation or default with the lapse of time, giving of notice or both. GoodNoise has obtained, or will obtain prior to the Closing Date, all necessary consents, waivers and approvals as are required in connection with the Merger.

3.9 Litigation. There is no action, suit or proceeding of any nature

pending, or, to GoodNoise's knowledge, threatened, against GoodNoise, its properties or any of its officers or directors, nor, to the knowledge of GoodNoise, is there any reasonable basis therefor. There is no investigation pending or, to GoodNoise's knowledge threatened, against GoodNoise, its properties or any of its officers or directors (nor, to the best knowledge of GoodNoise, is there any reasonable basis therefor) by or before any Governmental Entity. No Governmental Entity has at any time challenged or questioned the legal right of GoodNoise to conduct its operations as presently or previously conducted.

3.10 Minute Books. The minutes of GoodNoise made available to counsel

for Atlantis are the only minutes of GoodNoise and contain a reasonably accurate summary of all meetings of the Board of Directors (or committees thereof) of GoodNoise and its shareholders or actions by written consent since the time of incorporation of GoodNoise.

3.11 Brokers' and Finders' Fees: Third Party Expenses. GoodNoise has

not incurred, nor will it incur, directly or indirectly, any liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with the Agreement or any transaction contemplated hereby.

3.12 Compliance with Laws. GoodNoise has complied with in all

material respects, is not in violation of, and has not received any notices of violation with respect to, any foreign, federal, state or local statute, law or regulation.

3.13 Complete Copies of Materials. GoodNoise has delivered or made

available true and complete copies of each document (or summaries of same) that has been requested by Atlantis or its counsel.

3.14 Representations Complete. None of the representations or

warranties made by GoodNoise (as modified by the GoodNoise Disclosure Schedule), nor any statement made in any Schedule or certificate furnished by GoodNoise pursuant to this Agreement or furnished in or in connection with documents mailed or delivered to the shareholders of GoodNoise for use in soliciting their consent to this Agreement and the Merger contains or will contain at the

Effective Time, any untrue statement of a material fact, or omits or will omit at the Effective Time to state any material fact necessary in order to make the statements contained herein or therein, in the light of the circumstances under which made, not misleading.

4. CONDUCT PRIOR TO THE EFFECTIVE TIME.

11

4.1 Conduct of Business of GoodNoise. During the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement or the Effective Time, GoodNoise agrees that it shall not:

(a) issue, grant, deliver or sell or authorize or propose the issuance, grant, delivery or sale of, or purchase or propose the purchase of, any shares of its capital stock or securities convertible into, or subscriptions, rights, warrants or options to acquire, or other agreements or commitments of any character obligating it to issue any such shares or other convertible securities except if in connection therewith, it negotiates a proportionate adjustment in the Exchange Ratio.

(b) cause or permit any amendments to its Articles of Incorporation or Bylaws; or

(c) Take, or agree in writing or otherwise to take, any of the actions described in Sections 4.1 above, or any other action that would prevent GoodNoise from performing or cause GoodNoise not to perform its covenants hereunder.

4.2 Conduct of Business of Atlantis. During the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement or the Effective Time, Atlantis agrees that it shall not:

(a) issue, grant, deliver or sell or authorize or propose the issuance, grant, delivery or sale of, or purchase or propose the purchase of, any shares of its capital stock (other than shares issued upon exercise of the Atlantis Warrants) or securities convertible into, or subscriptions, rights, warrants or options to acquire, or other agreements or commitments of any character obligating it to issue any such shares or other convertible securities except if in connection therewith, it negotiates a proportionate adjustment in the Exchange Ratio;

(b) enter into any contract, arrangement or obligation of any kind;

(c) cause or permit any amendments to its Articles of Incorporation or Bylaws; or

(d) Take, or agree in writing or otherwise to take, any of the actions described in Sections 4.2 above, or any other action that would prevent

Atlantis from performing or cause Atlantis not to perform its covenants hereunder.

5. ADDITIONAL AGREEMENTS.

5.1 Sale of Shares. The parties hereto acknowledge and agree that the

shares of Atlantis Common Stock issuable to the stockholders of GoodNoise pursuant to Section 1.6 (the "Merger Shares") shall constitute "restricted securities" within the meaning of the Securities Act. The certificates for the Merger Shares shall bear appropriate legends to identify such

12

privately placed shares as being restricted under the Securities Act, to comply with applicable state securities laws and, if applicable, to notice the restrictions on transfer of such shares.

5.2 Stockholder Approval. GoodNoise and Atlantis shall promptly

submit this Agreement and the transactions contemplated hereby to their stockholders for approval and adoption as required by law. The Principal Shareholder agrees to vote in favor of the Merger.

5.3 Access to Information. Each party shall afford the other and its

accountants, counsel and other representatives, reasonable access during normal business hours during the period prior to the Effective Time to (a) all of such party's properties, books, contracts, commitments and records and (b) all other information concerning the business, properties and personnel (subject to restrictions imposed by applicable law) of such party as the other may reasonably request. No information or knowledge obtained in any investigation pursuant to this Section shall affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the parties to consummate the Merger.

5.4 Confidentiality. Each party acknowledges that in the course of

the performance of this Agreement, it may obtain the Confidential Information of the other party. The Receiving Party shall, at all times, both during the term of this Agreement and thereafter, keep in confidence and trust all of the Disclosing Party's Confidential Information received by it. The Receiving Party shall not use the Confidential Information of the Disclosing Party other than as expressly permitted under the terms of this Agreement or by a separate written agreement. The Receiving Party shall take all reasonable steps to prevent unauthorized disclosure or use of the Disclosing Party's Confidential Information and to prevent it from falling into the public domain or into the possession of unauthorized persons. The Receiving Party shall not disclose Confidential Information of the Disclosing Party to any person or entity other than its officers or employees (or outside legal, financial or accounting

advisors) who need access to such Confidential Information in order to effect the intent of this Agreement and who have entered into confidentiality agreements with such person's employer or who are subject to ethical restrictions on disclosure which protects the Confidential Information of the Disclosing Party. The Receiving Party shall immediately give notice to the Disclosing Party of any unauthorized use or disclosure of Disclosing Party's Confidential Information. The Receiving Party agrees to assist the Disclosing Party to remedy such unauthorized use or disclosure of its Confidential Information. These obligations shall not apply to the extent that Confidential Information includes information which:

(a) is already known to the Receiving Party at the time of disclosure, which knowledge the Receiving Party shall have the burden of proving;

(b) is, or through no act or failure to act of the Receiving Party becomes, publicly known;

13

(c) is received by the Receiving Party from a third party without restriction on disclosure (although this exception shall not apply if such third party is itself violating a confidentiality obligation by making such disclosure);

(d) is independently developed by the Receiving Party without reference to the Confidential Information of the Disclosing Party, which independent development the Receiving Party will have the burden of proving;

(e) is approved for release by written authorization of the Disclosing Party; or

(f) is required to be disclosed by a Government Body to further the objectives of this Agreement or by a proper order of a court of competent jurisdiction; provided, however that the Receiving Party will use its best efforts to minimize such disclosure and will consult with and assist the Disclosing Party in obtaining a protective order prior to such disclosure.

5.5 Expenses. Whether or not the Merger is consummated, all fees and

expenses incurred in connection with the Merger including, without limitation, all legal, accounting, financial advisory, consulting and all other fees and expenses of third parties ("Third Party Expenses") incurred by a party in connection with the negotiation and effectuation of the terms and conditions of this Agreement and the transactions contemplated hereby, shall be the obligation of the respective party incurring such fees and expenses. The costs and expenses incurred by Atlantis in connection with the Merger in excess of \$10,000 shall be considered costs and expenses of the shareholders of Atlantis and shall be borne by such shareholders and not Atlantis or the Surviving Corporation.

5.6 Public Disclosure. Unless otherwise required by law, prior to the

Effective Time, no disclosure (whether or not in response to an inquiry) of the subject matter of this Agreement shall be made by any party hereto unless approved by Atlantis and GoodNoise prior to release, provided that such approval shall not be unreasonably withheld.

5.7 Consents. Each party shall use its best efforts to obtain the

consents, waivers and approvals as may be required in connection with the Merger so as to preserve all rights of, and benefits to, such party following the Merger.

5.8 Reasonable Effort. Subject to the terms and conditions provided

in this Agreement, each of the parties hereto shall use commercially reasonable efforts to take promptly, or cause to be taken, all actions, and to do promptly, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to complete and make effective the transactions contemplated hereby, to obtain all necessary waivers, consents and approvals and to effect all necessary registrations and filings and to remove any injunctions or other impediments or delays, legal or otherwise, in order to consummate and make effective the transactions

14

contemplated by this Agreement for the purpose of securing to the parties hereto the benefits contemplated by this Agreement.

5.9 Notification of Certain Matters. Each party shall give prompt

notice to the other of (i) the occurrence or non-occurrence of any event, the occurrence or non-occurrence of which is likely to cause any representation or warranty of such party contained in this Agreement to be untrue or inaccurate at or prior to the Effective Time and (ii) any failure of such party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, however, that the delivery of any notice pursuant to this Section shall not limit or otherwise affect any remedies available to the party receiving such notice.

5.10 Additional Documents and Further Assurances. Each party hereto,

at the request of another party hereto, shall execute and deliver such other instruments and do and perform such other acts and things as may be necessary or desirable for effecting completely the consummation of this Agreement and the transactions contemplated hereby.

6. CONDITIONS TO THE MERGER.

6.1 Conditions to Obligations of Each Party to Effect the Merger. The

respective obligations of each party to this Agreement to effect the Merger shall be subject to the satisfaction at or prior to the Effective Time of the following conditions:

(a) No Injunctions or Restraints; Illegality. No temporary

restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Merger shall be in effect, nor shall any proceeding brought by an administrative agency or commission or other governmental authority or instrumentality, domestic or foreign, seeking any of the foregoing be pending; nor shall there be any action taken, or any statute, rule, regulation or order enacted, entered, enforced or deemed applicable to the Merger, which makes the consummation of the Merger illegal.

(b) Governmental Approval. Approvals from Governmental Entities

(if any) deemed appropriate or necessary by any party to this Agreement shall have been timely obtained.

(c) Litigation. There shall be no bona fide action, suit, claim

or proceeding of any nature pending, or overtly threatened, against the Atlantis or GoodNoise, their respective properties or any of their officers or directors, arising out of, or in any way connected with, the Merger or the other transactions contemplated by the terms of this Agreement.

(d) Warrant Exercise. The Atlantis Warrants shall have been

exercised as to not less than 200,000 shares of Atlantis Common Stock.

(e) Minimum Asset Value. Effective as of the Closing and

assuming that \$10,000 has been previously paid for expenses as permitted hereunder, Atlantis shall have

15

not less than \$690,000 of cash and shall have no commitments, obligations or liabilities, whether fixed, accrued or contingent, other than as set forth in this Agreement.

6.2 Additional Conditions to Obligations of GoodNoise. The

obligations of GoodNoise to consummate and effect this Agreement and the transactions contemplated hereby shall be subject to the satisfaction at or prior to the Effective Time of each of the following conditions, any of which may be waived, in writing, exclusively by GoodNoise:

(a) Representations, Warranties and Covenants. The

representations and warranties of Atlantis, Sub and the Principal Shareholder in this Agreement shall be true and correct in all material respects on and as of the Effective Time as though such representations and warranties were made on and as of such time and each of Atlantis, Sub the Principal Shareholder shall have performed and complied in all material respects with all covenants and obligations of this Agreement required to be performed and complied with by it as of the Effective Time.

(b) Claims. There shall not have occurred any claims (whether or

not asserted in litigation) of any kind which may adversely affect the consummation of the transactions contemplated hereby or the business, assets (including intangible assets), financial condition or results of operations of Atlantis or GoodNoise.

(c) Articles, Bylaws. The Articles of Incorporation, Bylaws and

form of Indemnity Agreement attached as Exhibits B-1, B-2, and B-3 shall have been approved by the shareholders of Atlantis.

(d) Certificate of President. GoodNoise shall have been provided

with a certificate executed on behalf of Atlantis by its President to the effect that, as of the Effective Time:

(i) all representations and warranties made by the Atlantis, Sub and the Principal Shareholder in this Agreement are true and correct in all material respects;

(ii) all covenants and obligations of this Agreement to be performed by the Atlantis, Sub and the Principal Shareholder on or before such date have been so performed in all material respects.

(iii) the conditions set forth in Section 6.1 and 6.2 have been satisfied.

(e) Officers and Directors. The officers and directors of Atlantis shall have submitted written resignations effective as of the Closing and the officers and directors of GoodNoise shall have been appointed as the officers and directors of Atlantis effective as of the Closing.

6.3 Additional Conditions to the Obligations of Atlantis. The

obligations of Atlantis to consummate and effect this Agreement and the transactions contemplated hereby shall be subject to the satisfaction at or prior to the Effective Time of each of the following conditions, any of which may be waived, in writing, exclusively by Atlantis:

(a) Representations, Warranties and Covenants. The

representations and warranties of GoodNoise in this Agreement shall be true and correct in all material respects on and as of the Effective Time as though such representations and warranties were made on and as of the Effective Time and GoodNoise shall have performed and complied in all material respects with all covenants and obligations of this Agreement required to be performed and complied with by it as of the Effective Time.

(b) Claims. There shall not have occurred any claims (whether or

not asserted in litigation) which may materially and adversely affect the consummation of the transactions contemplated hereby or may have a material adverse effect on GoodNoise.

(c) Third Party Consents. Any and all consents, waivers, and

approvals required by GoodNoise shall have been obtained.

(d) No Material Adverse Changes. There shall not have occurred

any material adverse change in the business, assets (including intangible assets), results of operations, liabilities (contingent or accrued), financial condition or prospects of GoodNoise since the date of this Agreement.

(e) Certificate of GoodNoise. Atlantis shall have been provided

with a certificate executed on behalf of GoodNoise by its President to the effect that, as of the Effective Time:

(i) all representations and warranties made by GoodNoise in this Agreement are true and correct in all material respects; and

(ii) all covenants and obligations of this Agreement to be performed by GoodNoise on or before such date have been so performed in all material respects.

(iii) the provisions set forth in Section 6.3 have been satisfied.

7. SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

7.1 Survival of Representations and Warranties. Atlantis' and the

Principal Shareholder's representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall terminate on the thirty-six (36) month anniversary of the Effective Time; provided, however, that the representations and warranties relating or pertaining to any Tax or Returns related to such Tax set forth in Section 2 hereof, shall survive until the

expiration of all applicable statutes of limitations, or extensions thereof, governing each Tax or Returns related to such Tax.

7.2 Indemnity. Atlantis and the Principal Shareholder jointly and

severally agree to indemnify and hold GoodNoise and its stockholders prior to the Effective Time (the "GoodNoise Stockholders"), and the officers, directors and affiliates of GoodNoise harmless against all claims, losses, liabilities, damages, deficiencies, costs and expenses, including reasonable attorneys' fees and expenses of investigation and defense (hereinafter individually a "Loss" and collectively "Losses") incurred by Atlantis, GoodNoise, the GoodNoise stockholders or the Surviving Corporation, or its officers, directors, or affiliates, directly or indirectly as a result of (i) any inaccuracy or breach of a representation or warranty of Atlantis, Sub, or the Principal Shareholder contained in this Agreement, or (ii) any failure by Atlantis, Sub or the Principal Shareholder to perform or comply with any covenant contained in this Agreement. The shareholders of Atlantis shall not have any right of contribution from Atlantis with respect to any Loss claimed after the Effective Time. Nothing herein shall limit the liability of Atlantis, Sub or the Principal Shareholder for any breach of any representation, warranty or covenant if the Merger does not close.

7.3 Indemnity Claims. In the event of any Loss, Atlantis or the

GoodNoise Representative, as hereinafter defined, shall deliver to the Shareholder Representative a certificate signed by any officer of Atlantis or the GoodNoise Representative (an "Officer's Certificate"): (A) stating that Atlantis has paid or properly accrued or reasonably anticipates that it will have to pay or accrue Losses, and (B) specifying in reasonable detail the individual items of Losses included in the amount so stated, the date each such item was paid or properly accrued, or the basis for such anticipated liability, and the nature of the misrepresentation, breach of warranty or covenant to which such item is related. In the event such claim is not contested by the Shareholder Representative, Atlantis shall promptly issue to the GoodNoise Stockholders, in proportion to the number of shares of GoodNoise Common Stock held by each immediately prior to the Effective Time, new shares of Atlantis Common Stock with an aggregate value equal to such Losses. For the purposes of determining the number of shares of Atlantis Common Stock to be delivered as indemnity pursuant to this Section 7, the shares of Atlantis Common Stock shall be valued at \$0.143 per share.

7.4 Objections to Claims. For a period of thirty (30) days after

delivery of an Officer's Certificate to the Shareholder Representative, Atlantis shall make no delivery to the GoodNoise Stockholders of any new Atlantis Common Stock unless Atlantis shall have received written authorization from the Shareholder Representative to make such delivery. After the expiration of such

thirty (30) day period, Atlantis shall make delivery of shares of Atlantis Common Stock in accordance with Section 7.3 hereof, provided, however, that no

such delivery may be made if the Shareholder Representative shall object in a detailed written statement to the claim made in the Officer's Certificate, and such statement shall have been delivered to Atlantis prior to the expiration of such thirty (30) day period.

18

7.5 Resolution of Conflicts; Arbitration.

(a) In case the Shareholder Representative shall object in writing to any claim or claims made in any Officer's Certificate within thirty (30) days after delivery of such Officer's Certificate, the Shareholder Representative and the GoodNoise Representative shall attempt in good faith to agree upon the rights of the respective parties with respect to each of such claims. If the Shareholder Representative and the GoodNoise Representative should so agree, a memorandum setting forth such agreement shall be prepared and signed by both parties.

(b) If no such agreement can be reached after good faith negotiation, either the Shareholder Representative or the GoodNoise Representative may demand arbitration of the matter unless the amount of the damage or Loss is at issue in pending litigation with a third party, in which event arbitration shall not be commenced until such amount is ascertained or both parties agree to arbitration; and in either such event the matter shall be settled by arbitration conducted by one arbitrator mutually agreeable to the GoodNoise Representative and the Shareholder Representative. In the event that within forty-five (45) days after submission of any dispute to arbitration, the GoodNoise Representative and the Shareholder Representative cannot mutually agree on one arbitrator the GoodNoise Representative and the Shareholder Representative shall each select one arbitrator, and the two arbitrators so selected shall select a third arbitrator. The arbitrator or arbitrators, as the case may be, shall set a limited time period and establish procedures designed to reduce the cost and time for discovery while allowing the parties an opportunity, adequate in the sole judgment of the arbitrator or majority of the three arbitrators, as the case may be, to discover relevant information from the opposing parties about the subject matter of the dispute. The arbitrator or a majority of the three arbitrators, as the case may be, shall rule upon motions to compel or limit discovery and shall have the authority to impose sanctions, including attorneys' fees and costs, to the extent as a competent court of law or equity, should the arbitrators or a majority of the three arbitrators, as the case may be, determine that discovery was sought without substantial justification or that discovery was refused or objected to without substantial justification. The decision of the arbitrator or a majority of the three arbitrators, as the case may be, as to the validity and amount of any claim in such Officer's Certificate shall be binding and conclusive upon the parties to this Agreement. Such decision shall be written and shall be supported by written

findings of fact and conclusions which shall set forth the award, judgment, decree or order awarded by the arbitrator(s).

(c) Judgment upon any award rendered by the arbitrator(s) may be entered in any court having jurisdiction. Any such arbitration shall be held in Santa Clara County, California, under the rules then in effect of the American Arbitration Association. The arbitrator(s) shall determine how all expenses relating to the arbitration shall be paid, including without limitation, the respective expenses of each party, the fees of each arbitrator and the administrative fee of the American Arbitration Association.

7.6 Third-Party Claims. In the event the GoodNoise Representative

becomes aware of a third-party claim which Atlantis believes may result in a Claim, the GoodNoise Representative shall notify the Shareholder Representative of such claim, and the Shareholder

19

Representative shall be entitled, at its expense, to participate in, but not to determine or conduct, the defense of such claim. Atlantis shall have the right in its sole discretion to conduct the defense of and settle any such claim; provided, however, that except with the consent of the Shareholder

Representative, no settlement of any such claim with third-party claimants shall be determinative of the number of shares issuable pursuant to Section 7.3. In the event that the Shareholder Representative has consented to any such settlement, the shareholders of Atlantis shall have no power or authority to object to the amount of any claim by the GoodNoise Stockholders with respect to such settlement.

7.7 Shareholder Representative.

(a) In the event that the Merger is approved, effective upon such vote, and without further act of any shareholder of Atlantis, the Principal Shareholder shall be appointed as agent and attorney-in-fact (the "Shareholder Representative") for each such shareholder, for and on behalf of shareholders, to give and receive notices and communications, to authorize delivery to the GoodNoise Stockholders of shares of Atlantis Common Stock in satisfaction of Claims, to object to such deliveries, to agree to, negotiate, enter into settlements and compromises of, and demand arbitration and comply with orders of courts and awards of arbitrators with respect to such claims, and to take all actions necessary or appropriate in the judgment of the Shareholder Representative for the accomplishment of the foregoing. Such agency may be changed by the shareholders of Atlantis prior to the Effective Time (the "Atlantis Shareholders") from time to time upon not less than thirty (30) days prior written notice to Atlantis; provided, however, that the Shareholder

Representative may not be removed unless holders of a two-thirds interest of the

Atlantis Shareholders agree to such removal and to the identity of the substituted agent. Any vacancy in the position of Shareholder Representative may be filled by approval of the holders of a majority in interest of the Atlantis Shareholders. No bond shall be required of the Shareholder Representative, and the Shareholder Representative shall not receive compensation for his or her services. Notices or communications to or from the Shareholder Representative shall constitute notice to or from each of the Atlantis Shareholders.

(b) A decision, act, consent or instruction of the Shareholder Representative shall be final, binding and conclusive upon each of the Atlantis Shareholders, and Atlantis may rely upon any such decision, act, consent or instruction of the Shareholder Representative.

7.8 GoodNoise Representative.

(a) In the event that the Merger is approved, effective upon such vote, and without further act of any shareholder of GoodNoise, Gene Hoffman shall be designated as the representative of the holders of GoodNoise Common Stock outstanding prior to the Effective Time (the "GoodNoise Representative"). The GoodNoise Representative shall be appointed as agent and attorney-in-fact for each such stockholder, for and on behalf of stockholders, to give and receive notices and communications, to approve any resolution of any matter with respect to any Losses, to agree to, negotiate, enter into settlements and compromises of, and demand

arbitration and comply with orders of courts and awards of arbitrators with respect to such claims, and to take all actions necessary or appropriate in the judgment of the GoodNoise Representative for the accomplishment of the foregoing. Such agency may be changed by the GoodNoise Stockholders from time to time upon not less than thirty (30) days prior written notice to the Shareholder Representative and Atlantis; provided, however, that the GoodNoise

Representative may not be removed unless holders of a two-thirds interest of the GoodNoise Stockholders agree to such removal and to the identity of the substituted agent. Any vacancy in the position of Stockholder Representative may be filled by approval of the holders of a majority in interest of the GoodNoise Stockholders. No bond shall be required of the GoodNoise Representative, and the GoodNoise Representative shall not receive compensation for his or her services. Notices or communications to or from the GoodNoise Representative shall constitute notice to or from each of the GoodNoise Stockholders.

(b) A decision, act, consent or instruction of the GoodNoise Representative shall be final, binding and conclusive upon each of the GoodNoise Stockholders, and Atlantis and may rely upon any such decision, act, consent or instruction of the GoodNoise Representative.

(c) Without limiting the authority of the GoodNoise

Representative as granted above, the holders of a majority of the shares held by the GoodNoise Stockholders shall have the right, on behalf of all of the GoodNoise Stockholders, to amend or waive any rights of the GoodNoise Stockholders under this Section 7.

8. TERMINATION, AMENDMENT AND WAIVER.

8.1 Termination. Except as provided in Section 8.2, this Agreement

may be terminated and the Merger abandoned at any time prior to the Effective Time:

(a) by mutual consent of GoodNoise and Atlantis;

(b) by Atlantis or GoodNoise if (i) the Effective Time has not occurred by May 15, 1998; (ii) there shall be a final nonappealable order of a federal or state court in effect preventing consummation of the Merger; or (iii) there shall be any statute, rule, regulation or order enacted, promulgated or issued or deemed applicable to the Merger by any Governmental Entity that would make consummation of the Merger illegal;

(c) by either party if there shall be any action taken, or any statute, rule, regulation or order enacted, promulgated or issued or deemed applicable to the Merger by any Governmental Entity, which would: (i) prohibit Atlantis' ownership or operation of any portion of the business of GoodNoise or (ii) compel Atlantis or GoodNoise to dispose of or hold separate all or a portion of the business or assets of GoodNoise or Atlantis as a result of the Merger;

(d) by GoodNoise if it is not in material breach of its obligations under this Agreement and there has been a material breach of any representation, warranty, covenant or

21

agreement contained in this Agreement on the part of Atlantis, Sub or the Principal Shareholder and such breach has not been cured within ten (10) calendar days after written notice to Atlantis; provided, however, that, no cure

period shall be required for a breach which by its nature cannot be cured;

(e) by Atlantis if neither it nor Sub or the Principal Shareholder is in material breach of their respective obligations under this Agreement and there has been a material breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of GoodNoise and such breach has not been cured within ten (10) calendar days after written notice to GoodNoise; provided, however, that no cure period shall be required

for a breach which by its nature cannot be cured.

Where action is taken to terminate this Agreement pursuant to this Section 8.1, it shall be sufficient for such action to be authorized by the Board of Directors (as applicable) of the party taking such action.

8.2 Effect of Termination. In the event of termination of this

Agreement as provided in Section 8.1, this Agreement shall forthwith become void and there shall be no liability or obligation on the part of Atlantis or GoodNoise, or their respective officers, directors or shareholders, provided that each party shall remain liable for any breaches of this Agreement prior to its termination; provided further that, the provisions of Sections 5.4, 5.5 and 5.6, Section 9 and this Section 8.2 shall remain in full force and effect and survive any termination of this Agreement.

8.3 Amendment. This Agreement may be amended by the parties hereto at

any time by execution of an instrument in writing signed on behalf of each of the parties hereto.

8.4 Extension; Waiver. At any time prior to the Effective Time,

Atlantis, GoodNoise and the Principal Shareholder, may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations of the other party hereto, (ii) waive any inaccuracies in the representations and warranties made to such party contained herein or in any document delivered pursuant hereto, and (iii) waive compliance with any of the agreements or conditions for the benefit of such party contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

9. GENERAL PROVISIONS.

9.1 Notices. All notices and other communications hereunder shall be

in writing and shall be deemed given if delivered personally or by commercial messenger or courier service, or mailed by registered or certified mail (return receipt requested) or sent via facsimile (with acknowledgment of complete transmission) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice), provided, however,

that notices sent by mail will not be deemed given until received:

22

(a) if to Atlantis or the Principal Shareholder, to:

Venture Law Corporation
688 West Hastings Street, Suite 618
Vancouver, BC, V6B 1P1
Attention: Alixe B. Cormick

(b) if to GoodNoise or the GoodNoise Representative, to:

GoodNoise Corporation
Palo Alto, CA 94303
Attention: President
Telephone No.: (650) 322-8910
Facsimile No.: (650) 654-0211

with a copy to:

Gray Cary Ware & Freidenrich
400 Hamilton Avenue
Palo Alto, CA 94301-1852
Telephone No: (650) 328-6561
Facsimile No.: (650) 327-3699
Attention: Peter M. Astiz, Esq.

9.2 Interpretation. The words "include," "includes" and "including"

when used herein shall be deemed in each case to be followed by the words "without limitation." The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

9.3 Counterparts. This Agreement may be executed in one or more

counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, it being understood that all parties need not sign the same counterpart.

9.4 Entire Agreement; Assignment. This Agreement, the Exhibits hereto

and the documents and instruments and other agreements among the parties hereto referenced herein: (a) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings both written and oral among the parties with respect to the subject matter hereof, (b) are not intended to confer upon any other person any rights or remedies hereunder; and (c) shall not be assigned by operation of law or otherwise.

9.5 Severability. In the event that any provision of this Agreement

or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void

or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

9.6 Other Remedies. Except as otherwise provided herein, any and all

remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy.

9.7 Governing Law. This Agreement shall be governed by and construed

in accordance with the laws of the State of California, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof. Each of the parties hereto irrevocably consents to the exclusive jurisdiction and venue of any court within Santa Clara County, State of California, in connection with any matter based upon or arising out of this Agreement or the matters contemplated herein, agrees that process may be served upon them in any manner authorized by the laws of the State of California for such persons and waives and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction, venue and such process.

9.8 Rules of Construction. The parties hereto agree that they have

been represented by counsel during the negotiation and execution of this Agreement and, therefor, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

ATLANTIS VENTURES CORP.

GOODNOISE CORPORATION

By: /s/

By: /s/

TIDEWATER ENTERPRISES LTD.

GN ACQUISITION CORP.

By: _____ /s/

By: _____ /s/

JOHN A. XINOS

_____ /s/

ARTICLES OF INCORPORATION
OF
GOODNOISE CORPORATION

The undersigned subscriber to these Articles of Incorporation, a natural person competent to contract, hereby forms a corporation under the laws of the State of Florida.

ARTICLE I

NAME

The name of this corporation is GOODNOISE CORPORATION

ARTICLE II

NATURE OF THE BUSINESS

This corporation shall have the power to transact or engage in any business permitted under the laws of the United States and of the State of Florida.

ARTICLE III

The capital stock of this corporation shall consist of 200,000 shares of common stock having a par value of \$.01 per share and 500,000 shares of Preferred Stock, \$.01 par value per share.

The Preferred Stock may be issued from time to time, with such designations, preferences, conversion rights, cumulative, relative, participating, optional or other rights, qualifications, limitations, restrictions thereof as shall be stated and expressed in the resolution or resolutions provided for the issuance of such Preferred Stock adopted by the Board of Directors pursuant to the authority in this paragraph given.

ARTICLE IV

INITIAL CAPITAL

The amount of capital with which this corporation shall commence business shall be not less than One Hundred (\$100.00) Dollars.

ARTICLE V

TERM OF EXISTENCE

This corporation shall have perpetual existence.

ARTICLE VI

INITIAL ADDRESS

The initial address of the principal place of business of this corporation in the State of Florida shall be 3167 N.W. 47th Terrace, Suite 214, Lauderdale Lakes, Florida 33319. The Board of Directors may at any time and from time to time move the principal office of this corporation to any location within or without the State of Florida.

ARTICLE VII

DIRECTORS

The business of this corporation shall be managed by its Board of Directors. The number of such directors shall be not less than one (1) and, subject to such minimum may be increased or decreased from time to time in the manner provided in the By-Laws. The number of persons constituting the initial Board of Directors shall be 1.

ARTICLE VIII

INITIAL DIRECTORS

The names and addresses of the initial Board of Directors are as follows:

Stanley Fineberg	3167 N.W. 47th Terrace Suite 214 Lauderdale Lakes, Florida 33319
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-2-

ARTICLE IX

SUBSCRIBER

The name and address of the person signing these Articles of Incorporation as subscriber is:

Eric P. Littman
Suite 202
1428 Brickell Avenue
Miami, FL 33131

ARTICLE X

VOTING FOR DIRECTORS

The Board of Directors shall be elected by the Stockholders of the

corporation at such time and in such manner as provided in the By-Laws.

ARTICLE XI

CONTRACTS

No contract or other transaction between this corporation and any person, firm or corporation shall be affected by the fact that any officer or director of this corporation is such other party or is, or at some time in the future becomes, an officer, director or partner of such other contracting party, or has now or hereafter a direct or indirect interest in such contract.

ARTICLE XII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

This corporation shall have the power, in its By-Laws or in any resolution of its stockholders or directors, to undertake to indemnify the officers and directors of this corporation against any contingency or peril as may be determined to be in the best interests of this corporation, and in conjunction therewith, to procure, at this corporation's expense, policies of insurance.

-3-

ARTICLE XIII

FLORIDA STATUTES

The corporation expressly elects not to be governed by the provisions of Sections 607.108 and 607.109, Florida Statutes.

ARTICLE XIV

RESIDENT AGENT

The name and address of the initial resident agent of this corporation is:

Berlit Corporate Services, Inc.
Suite 202
1428 Brickell Avenue
Miami, FL 33131

-4-

BYLAWS
OF
GOODNOISE CORPORATION
(A FLORIDA CORPORATION)

INDEX

<TABLE>
<CAPTION>

		PAGE NUMBER
<S>	<C>	<C>
ARTICLE ONE - OFFICES		
Section 1.	Principal Office.....	1
Section 2.	Other Offices.....	1
ARTICLE TWO - MEETINGS OF SHAREHOLDERS		
Section 1.	Place.....	1
Section 2.	Time of Annual Meeting.....	1
Section 3.	Call of Special Meetings.....	1
Section 4.	Conduct of Meetings.....	1
Section 5.	Notice and Waiver of Notice.....	1
Section 6.	Business and Nominations for Annual and Special Meetings.....	2
Section 7.	Quorum.....	2
Section 8.	Voting Rights Per Share.....	2
Section 9.	Voting of Shares.....	2
Section 10.	Proxies.....	3
Section 11.	Shareholder List.....	3
Section 12.	Action Without Meeting.....	3
Section 13.	Fixing Record Date.....	4
Section 14.	Inspectors and Judges.....	4
Section 15.	Voting for Directors.....	4
ARTICLE THREE - DIRECTORS		
Section 1.	Number; Term; Election; Qualification.....	4
Section 2.	Resignation; Vacancies; Removal.....	4
Section 3.	Powers.....	5
Section 4.	Place of Meetings.....	5
Section 5.	Annual Meetings.....	5
Section 6.	Regular Meetings.....	5
Section 7.	Special Meetings and Notice.....	5
Section 8.	Quorum and Required Vote.....	5
Section 9.	Action Without Meeting.....	5
Section 10.	Conference Telephone or Similar Communications Equipment Meetings	5
Section 11.	Committees.....	6
Section 12.	Compensation of Directors.....	6
ARTICLE FOUR - OFFICERS		
Section 1.	Positions.....	6
Section 2.	Election of Specified Officers by Board.....	6
Section 3.	Election or Appointment of Other Officers.....	6

Section 4.	Compensation.....	6
Section 5.	Term; Resignation; Removal; Vacancies.....	7
Section 6.	Chairman of the Board.....	7
Section 7.	Chief Executive Officer.....	7
Section 8.	President.....	7
Section 9.	Vice Presidents.....	7
Section 10.	Secretary.....	7
Section 11.	Chief Financial Officer.....	8
Section 12.	Treasurer.....	8
Section 13.	Other Officers; Employees and Agents.....	8

ARTICLE FIVE - CERTIFICATES FOR SHARES

Section 1.	Issue of Certificates.....	8
Section 2.	Legends for Preferences and Restrictions on Transfer.....	8
Section 3.	Facsimile Signatures.....	9
Section 4.	Lost Certificates.....	9
Section 5.	Transfer of Shares.....	9
Section 6.	Registered Shareholders.....	9
Section 7.	Redemption of Control Shares.....	9

ARTICLE SIX - GENERAL PROVISIONS

Section 1.	Dividends.....	9
Section 2.	Reserves.....	10
Section 3.	Checks.....	10
Section 4.	Fiscal Year.....	10
Section 5.	Seal.....	10
Section 6.	Gender.....	10

</TABLE>

<TABLE>

<CAPTION>

<S>

<C>

ARTICLE SEVEN - AMENDMENT OF BYLAWS.....	10
--	----

</TABLE>

BYLAWS

OF

GOODNOISE CORPORATION

ARTICLE ONE

OFFICES

Section 1. Principal Office. The principal office of GoodNoise Corporation.

a Florida corporation (the "Corporation"), shall be located at such place

determined by the Board of Directors of the Corporation (the "Board of Directors") in accordance with applicable law.

Section 2. Other Offices. The Corporation may also have offices at such

other places, either within or without the State of Florida, as the Board of Directors may from time to time determine or as the business of the Corporation may require.

ARTICLE TWO

MEETINGS OF SHAREHOLDERS -----

Section 1. Place. All annual meetings of shareholders shall be held at such

place, within or without the State of Florida, as may be designated by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof. Special meetings of shareholders may be held at such place, within or without the State of Florida, and at such time as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Time of Annual Meeting. Annual meetings of shareholders shall be

held on such date and at such time fixed, from time to time, by the Board of Directors, provided, that there shall be an annual meeting held every calendar year at which the shareholders shall elect a board of directors and transact such other business as may properly be brought before the meeting.

Section 3. Call of Special Meetings. Special meetings of the shareholders

shall be held if called in accordance with the procedures set forth in the Corporation's Articles of Incorporation (the "Articles of Incorporation") for the call of a special meeting of shareholders.

Section 4. Conduct of Meetings. The Chairman of the Board of Directors (or

in his absence, the President, or in his absence, such other designee of the Chairman of the Board of Directors) shall preside at the annual and special meetings of shareholders and shall be given full discretion in establishing the rules and procedures to be followed in conducting the meetings, except as otherwise provided by law or in these Bylaws.

Section 5. Notice and Waiver of Notice. Except as otherwise provided by

law, written or printed notice stating the place, date and time of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by first-class mail or other legally sufficient means, by or at the direction of the Chairman of the Board, President, or the persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If the notice is mailed at least thirty (30) days before the date of the meeting, it may be done by a class of United States mail other than first class. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at the address appearing on the stock transfer books of the

Corporation, with postage thereon prepaid. If a meeting is adjourned to another time and/or place, and if an announcement of the

adjourned time and/or place is made at the meeting, it shall not be necessary to give notice of the adjourned meeting unless the Board of Directors, after adjournment, fixes a new record date for the adjourned meeting. Whenever any notice is required to be given to any shareholder, a waiver thereof in writing signed by the person or persons entitled to such notice, whether signed before, during or after the time of the meeting stated therein, and delivered to the Corporation for inclusion in the minutes or filing with the corporate records, shall constitute an effective waiver of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the shareholders need be specified in any written waiver of notice. Attendance of a person at a meeting shall constitute a waiver of (a) lack of or defective notice of such meeting, unless the person objects at the beginning to the holding of the meeting or the transacting of any business at the meeting, or (b) lack of or defective notice of a particular matter at a meeting that is not within the purpose or purposes described in the meeting notice, unless the person objects to considering such matter when it is presented.

Section 6. Business and Nominations for Annual and Special Meetings.

Business transacted at any special meeting shall be confined to the purposes stated in the notice thereof. At any annual meeting of shareholders, only such business shall be conducted as shall have been properly brought before the meeting in accordance with the requirements and procedures set forth in the Articles of Incorporation. Only such persons who are nominated for election as directors of the Corporation in accordance with the requirements and procedures set forth in the Articles of Incorporation shall be eligible for election as directors of the Corporation.

Section 7. Quorum. Shares entitled to vote as a separate voting group may

take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. Except as otherwise provided in the Articles of Incorporation or applicable law, shares representing a majority of the votes pertaining to outstanding shares which are entitled to be cast on the matter by the voting group constitute a quorum of that voting group for action on that matter. If less than a quorum of shares are represented at a meeting, the holders of a majority of the shares so represented may adjourn the meeting from time to time. After a quorum has been established at any shareholders' meeting, the subsequent withdrawal of shareholders, so as to reduce the number of shares entitled to vote at the meeting below the number required for a quorum, shall not affect the validity of any action taken at the meeting or any adjournment thereof. Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

Section 8. Voting Rights Per Share. Each outstanding share, regardless of

class, shall be entitled to vote on each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares of any class are limited or denied by or pursuant to the Articles of Incorporation or the Florida Business Corporation Act.

Section 9. Voting of Shares. A shareholder may vote at any meeting of

shareholders of the Corporation, either in person or by proxy. Shares standing in the name of another corporation, domestic or foreign, may be voted by the officer, agent or proxy designated by the bylaws of such corporate shareholder or, in the absence of any applicable bylaw, by such person or persons as the board of directors of the corporate shareholder may designate. In the absence of any such designation, or, in case of conflicting designation by the corporate shareholder, the chairman of the board, the president, any vice president, the secretary and the treasurer of the corporate shareholder, in that order, shall be presumed to be fully authorized to vote such shares. Shares held by an administrator, executor, guardian, personal representative, or conservator may be voted by such person, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by such person, either in person or by proxy, but no trustee shall be entitled to vote shares held by such person without a transfer of such shares into his name or the name of his nominee. Shares held by or under the control of a receiver, a trustee in bankruptcy proceedings, or an assignee for the benefit of creditors may be voted by such person without the transfer thereof into his name. If shares stand of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety or

2

otherwise, or if two or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary of the Corporation is given notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, then acts with respect to voting shall have the following effect: (a) if only one votes, in person or by proxy, his act binds all; (b) if more than one vote, in person or by proxy, the act of the majority so voting binds all; (c) if more than one vote, in person or by proxy, but the vote is evenly split on any particular matter, each faction is entitled to vote the share or shares in question proportionally; or (d) if the instrument or order so filed shows that any such tenancy is held in unequal interest, a majority or a vote evenly split for purposes hereof shall be a majority or a vote evenly split in interest. The principles of this paragraph shall apply, insofar as possible, to execution of proxies, waivers, consents, or objections and for the purpose of ascertaining the presence of a quorum.

Section 10. Proxies. Any shareholder of the Corporation, other person

entitled to vote on behalf of a shareholder pursuant to law, or attorney-in-fact for such persons may vote the shareholder's shares in person or by proxy. Any shareholder of the Corporation may appoint a proxy to vote or otherwise act for such person by signing an appointment form, either personally or by his attorney-in-fact. An executed telegram or cablegram appearing to have been transmitted by such person, or a photographic, photostatic, or equivalent reproduction of an appointment form, shall be deemed a sufficient appointment form. An appointment of a proxy is effective when received by the Secretary of the Corporation (the "Secretary") or such other officer or agent which is authorized to tabulate votes, and shall be valid for up to 11 months, unless a longer period is expressly provided in the appointment form. The death or incapacity of the shareholder appointing a proxy does not affect the right of the Corporation to accept the proxy's authority unless notice of the death or incapacity is received by the Secretary or other officer or agent authorized to tabulate votes before the proxy authority under the appointment is exercised. An appointment of a proxy is revocable by the shareholder unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled

with an interest.

Section 11. Shareholder List. After fixing a record date for a meeting of

shareholders, the Corporation shall prepare an alphabetical list of the names of all its shareholders who are entitled to notice of the meeting, arranged by voting group with the address of, and the number and class and series, if any, of shares held by each. The shareholders' list must be available for inspection by any shareholder for a period of ten (10) days prior to the meeting or such shorter time as exists between the record date and the meeting and continuing through the meeting at the Corporation's principal office, at a place identified in the meeting notice in the city where the meeting will be held, or at the office of the Corporation's transfer agent or registrar. Any shareholder of the Corporation or such person's agent or attorney is entitled on written demand to inspect the shareholders' list (subject to the requirements of law), during regular business hours and at his expense, during the period it is available for inspection. The Corporation shall make the shareholders' list available at the meeting of shareholders, and any shareholder or agent or attorney of such shareholder is entitled to inspect the list at any time during the meeting or any adjournment. The shareholders' list is prima facie evidence of the identity of shareholders entitled to examine the shareholders' list or to vote at a meeting of shareholders.

Section 12. Action Without Meeting. Any action required or permitted by law

to be taken at a meeting of shareholders may be taken without a meeting or notice if a consent, or consents, in writing, setting forth the action so taken, shall be dated and signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all voting groups and shares entitled to vote thereon were present and voted with respect to the subject matter thereof, and such consent shall be delivered to the Corporation, within the period required by Section 607.0704 of the Florida Business Corporation Act, by delivery to its principal office in the State of Florida, its principal place of business, the Secretary or another officer or agent of the Corporation having custody of the book in which proceedings of meetings of shareholders are recorded. Within ten (10) days after obtaining such authorization by written consent, notice must be given to those shareholders who have not consented in writing or who are not entitled to vote on the action, in accordance with the requirements of Section 607.0704 of the Florida Business Corporation Act.

Section 13. Fixing Record Date. For the purpose of determining shareholders

entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purposes, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy (70) days, and, in case of a meeting of shareholders, not less than ten (10) days, before the meeting or action requiring such determination of shareholders. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders or the determination of shareholders entitled to receive payment of a dividend, the date before the day on which the first notice of the meeting is mailed or the date on which the resolutions of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders.

When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this Section, such determination shall apply to any adjournment thereof, except where the Board of Directors fixes a new record date for the adjourned meeting.

Section 14. Inspectors and Judges. The Board of Directors in advance of any

meeting may, but need not, appoint one or more inspectors of election or judges of the vote, as the case may be, to act at the meeting or any adjournment thereof. If any inspector or inspectors, or judge or judges, are not appointed, the person presiding at the meeting may, but need not, appoint one or more inspectors or judges. In case any person who may be appointed as an inspector or judge fails to appear or act, the vacancy may be filled by the Board of Directors in advance of the meeting, or at the meeting by the person presiding thereat. The inspectors or judges, if any, shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots and consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate votes, ballots and consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the person presiding at the meeting, the inspector or inspectors or judge or judges, if any, shall make a report in writing of any challenge, question or matter determined by him or them, and execute a certificate of any fact found by him or them.

Section 15. Voting for Directors. Unless otherwise provided in the Articles

of Incorporation, directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present.

ARTICLE THREE

DIRECTORS -----

Section 1. Number; Term; Election; Qualification. The number of directors

of the Corporation shall be fixed from time to time, within the limits specified by the Articles of Incorporation, by resolution of the Board of Directors. Directors shall be elected in the manner and hold office for the term as prescribed in the Articles of Incorporation. Directors must be natural persons who are 18 years of age or older but need not be residents of the State of Florida, shareholders of the Corporation or citizens of the United States.

Section 2. Resignation; Vacancies; Removal. A director may resign at any

time by giving written notice to the Board of Directors or the Chairman of the Board. Such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. In the event the notice of resignation specifies a later effective date, the Board of Directors may fill the pending vacancy (subject to the provisions of the Articles of Incorporation) before the effective date if they provide that the successor does not take office until the effective date. Director vacancies shall be filled, and directors may be removed, in the manner prescribed in the Corporation's Articles of Incorporation.

Section 3. Powers. The business and affairs of the Corporation shall be

managed by the Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised and done by the shareholders.

Section 4. Place of Meetings. Meetings of the Board of Directors, regular

or special, may be held either within or without the State of Florida.

Section 5. Annual Meetings. Unless scheduled for another time by the Board

of Directors, the first meeting of each newly elected Board of Directors shall be held, without call or notice, immediately following each annual meeting of shareholders.

Section 6. Regular Meetings. Regular meetings of the Board of Directors may

also be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors.

Section 7. Special Meetings and Notice. Special meetings of the Board of

Directors may be called by the President or Chairman of the Board and shall be called by the Secretary on the written request of any two directors. At least forty-eight (48) hours' prior written notice of the date, time and place of special meetings of the Board of Directors shall be given to each director. Except as required by law, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting. Notices to directors shall be in writing and delivered to the directors at their addresses appearing on the books of the Corporation by personal delivery, mail or other legally sufficient means. Subject to the provisions of the preceding sentence, notice to directors may also be given by telegram, teletype or other form of electronic communication. Notice by mail shall be deemed to be given at the time when the same shall be received. Whenever any notice is required to be given to any director, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before, during or after the meeting, shall constitute an effective waiver of such notice. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting and a waiver of any and all objections to the place of the meeting, the time of the meeting and the manner in which it has been called or convened, except when a director states, at the beginning of the meeting or promptly upon arrival at the meeting, any objection to the transaction of business because the meeting is not lawfully called or convened.

Section 8. Quorum and Required Vote. A majority of the prescribed number of

directors determined as provided in the Articles of Incorporation shall constitute a quorum for the transaction of business and the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless a greater number is required by the Articles of Incorporation. Whenever, for any reason, a vacancy occurs in the Board of Directors, a quorum shall consist of a majority of the remaining

directors until the vacancy has been filled. If a quorum shall not be present at any meeting of the Board of Directors, a majority of the directors present thereat may adjourn the meeting to another time and place, without notice other than announcement at the time of adjournment. At such adjourned meeting at which a quorum shall be present, any business may be transacted that might have been transacted at the meeting as originally notified and called.

Section 9. Action Without Meeting. Any action required or permitted to be

taken at a meeting of the Board of Directors or committee thereof may be taken without a meeting if a consent in writing, setting forth the action taken, is signed by all of the members of the Board of Directors or the committee, as the case may be, and such consent shall have the same force and effect as a unanimous vote at a meeting. Action taken under this Section 9 is effective when the last director signs the consent, unless the consent specifies a different effective date. A consent signed under this Section 9 shall have the effect of a meeting vote and may be described as such in any document.

Section 10. Conference Telephone or Similar Communications Equipment

Meetings. Directors and committee members may participate in and hold a meeting

by means of conference telephone or similar

communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground the meeting is not lawfully called or convened.

Section 11. Committees. The Board of Directors, by resolution adopted by a

majority of the whole Board of Directors, may designate from among its members an executive committee and one or more other committees, each of which, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the business and affairs of the Corporation except where the action of the full Board of Directors is required by applicable law. Each committee must have two or more members who serve at the pleasure of the Board of Directors. The Board of Directors, by resolution adopted in accordance with this Article Three, may designate one or more directors as alternate members of any committee, who may act in the place and stead of any absent member or members at any meeting of such committee. Vacancies in the membership of a committee may be filled only by the Board of Directors at a regular or special meeting of the Board of Directors. The executive committee shall keep regular minutes of its proceedings and report the same to the Board of Directors when required. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or such member by law.

Section 12. Compensation of Directors. The directors may be paid their

expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation

therefor. Similarly, members of special or standing committees may be allowed compensation for attendance at committee meetings or a stated salary as a committee member and payment of expenses for attending committee meetings. Directors may receive such other compensation as may be approved by the Board of Directors.

ARTICLE FOUR

OFFICERS

Section 1. Positions. The officers of the Corporation shall consist of a

Chairman of the Board, a Chief Executive Officer, a President, one or more Vice Presidents (any one or more of whom may be given the additional designation of rank of Executive Vice President or Senior Vice President), a Secretary, a Chief Financial Officer and a Treasurer. Any two or more offices may be held by the same person. Officers other than the Chairman of the Board need not be members of the Board of Directors. The Chairman of the Board must be a member of the Board of Directors.

Section 2. Election of Specified Officers by Board. The Board of Directors

at its first meeting after each annual meeting of shareholders shall elect a Chairman of the Board, a Chief Executive Officer, a President, one or more Vice Presidents (including any Senior or Executive Vice Presidents), a Secretary, a Chief Financial Officer and a Treasurer.

Section 3. Election or Appointment of Other Officers. Such other officers

and assistant officers and agents as may be deemed necessary may be elected or appointed by the Board of Directors, or, unless otherwise specified herein, appointed by the Chairman of the Board. The Board of Directors shall be advised of appointments by the Chairman of the Board at or before the next scheduled Board of Directors meeting.

Section 4. Compensation. The salaries, bonuses and other compensation of

the Chairman of the Board and all officers of the Corporation to be elected by the Board of Directors pursuant to Section 2 of this Article Four shall be fixed from time to time by the Board of Directors or pursuant to its direction. The salaries of all other elected or appointed officers of the Corporation shall be fixed from time to time by the Chairman of the Board or pursuant to his direction.

6

Section 5. Term; Resignation; Removal; Vacancies. The officers of the

Corporation shall hold office until their successors are chosen and qualified. Any officer or agent elected or appointed by the Board of Directors or the Chairman of the Board may be removed, with or without cause, by the Board of Directors, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer or agent appointed by the Chairman of the Board pursuant to Section 3 of this Article Four may also be removed from such office or position by the Board of Directors or the Chairman of the Board, with or without cause. Any vacancy occurring in any office of the

Corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors, or, in the case of an officer appointed by the Chairman of the Board, by the Chairman of the Board or the Board of Directors. Any officer of the Corporation may resign from his respective office or position by delivering notice to the Corporation, and such resignation shall be effective without acceptance. Such resignation shall be effective when delivered unless the notice specifies a later effective date. If a resignation is made effective at a later date and the Corporation accepts the future effective date, the Board of Directors may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until such effective date.

Section 6. Chairman of the Board. The Chairman of the Board shall preside

at all meetings of the shareholders and the Board of Directors. The Chairman of the Board shall also serve as the chairman of any executive committee.

Section 7. Chief Executive Officer. Subject to the control of the Board of

Directors, the Chief Executive Officer, in conjunction with the President, shall have general and active management of the business of the Corporation, shall see that all orders and resolutions of the Board of Directors are carried into effect and shall have such powers and perform such duties as may be prescribed by the Board of Directors. In the absence of the Chairman of the Board or in the event the Board of Directors shall not have designated a Chairman of the Board, the Chief Executive Officer shall preside at meetings of the shareholders and the Board of Directors. The Chief Executive Officer shall also serve as the vice-chairman of any executive committee.

Section 8. President. Subject to the control of the Board of Directors, the

President, in conjunction with the Chief Executive Officer, shall have general and active management of the business of the Corporation and shall have such powers and perform such duties as may be prescribed by the Board of Directors. In the absence of the Chairman of the Board and the Chief Executive Officer or in the event the Board of Directors shall not have designated a Chairman of the Board and a Chief Executive Officer shall not have been elected, the President shall preside at meetings of the shareholders and the Board of Directors. The President shall also serve as the vice-chairman of any executive committee.

Section 9. Vice Presidents. The Vice Presidents, in the order of their

seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the President and the Chief Executive Officer, perform the duties and exercise the powers of the President. They shall perform such other duties and have such other powers as the Board of Directors, the Chairman of the Board or the Chief Executive Officer shall prescribe or as the President may from time to time delegate. Executive Vice Presidents shall be senior to Senior Vice Presidents, and Senior Vice Presidents shall be senior to all other Vice Presidents.

Section 10. Secretary. The Secretary shall attend all meetings of the

shareholders and all meetings of the Board of Directors and record all the proceedings of the meetings of the shareholders and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the Board of Directors and shall keep in safe custody the seal of the Corporation and, when authorized by the Board of Directors, affix the same to any instrument

requiring it. The Secretary shall perform such other duties as may be prescribed by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President.

Section 11. Chief Financial Officer. The Chief Financial Officer shall be

responsible for maintaining the financial integrity of the Corporation, shall prepare the financial plans for the Corporation and shall monitor the financial performance of the Corporation and its subsidiaries, as well as performing such other duties as may be prescribed by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President.

Section 12. Treasurer. The Treasurer shall have the custody of corporate

funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chairman of the Board and the Board of Directors at its regular meetings or when the Board of Directors so requires an account of all his transactions as Treasurer and of the financial condition of the Corporation. The Treasurer shall perform such other duties as may be prescribed by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President.

Section 13. Other Officers; Employees and Agents. Each and every other

officer, employee and agent of the Corporation shall possess, and may exercise, such power and authority, and shall perform such duties, as may from time to time be assigned to such person by the Board of Directors, the officer so appointing such person or such officer or officers who may from time to time be designated by the Board of Directors to exercise such supervisory authority.

ARTICLE FIVE

CERTIFICATES FOR SHARES

Section 1. Issue of Certificates. The shares of the Corporation shall be

represented by certificates, provided that the Board of Directors of the Corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the Board of Directors, every holder of stock represented by certificates (and upon request every holder of uncertificated shares) shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman of the Board or a Vice Chairman of the Board, or the Chief Executive Officer, President or Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, representing the number of shares registered in certificate form.

Section 2. Legends for Preferences and Restrictions on Transfer. The

designations, relative rights, preferences and limitations applicable to each class of shares and the variations in rights, preferences and limitations determined for each series within a class (and the authority of the Board of Directors to determine variations for future series) shall be summarized on the front or back of each certificate. Alternatively, each certificate may state conspicuously on its front or back that the Corporation will furnish the shareholder a full statement of this information on request and without charge. Every certificate representing shares that are restricted as to the sale, disposition, or transfer of such shares shall also indicate that such shares are restricted as to transfer, and there shall be set forth or fairly summarized upon the certificate, or the certificate shall indicate that the Corporation will furnish to any shareholder upon request and without charge, a full statement of such restrictions. If the Corporation issues any shares that are not registered under the Securities Act of 1933, as amended, or not registered or qualified under the applicable state securities laws, the transfer of any such shares shall be restricted substantially in accordance with the following legend:

8

"THESE SHARES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR UNDER ANY APPLICABLE STATE LAW. THEY MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR PLEDGED WITHOUT (1) REGISTRATION UNDER THE SECURITIES ACT OF 1933 AND ANY APPLICABLE STATE LAW, OR (2) AT HOLDER'S EXPENSE, AN OPINION (SATISFACTORY TO THE CORPORATION) OF COUNSEL (SATISFACTORY TO THE CORPORATION) THAT REGISTRATION IS NOT REQUIRED."

Section 3. Facsimile Signatures. Any and all signatures on the certificate

may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 4. Lost Certificates. The Board of Directors may direct a new

certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Corporation may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

Section 5. Transfer of Shares. Upon surrender to the Corporation or the

transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 6. Registered Shareholders. The Corporation shall be entitled to

recognize the exclusive rights of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Florida.

Section 7. Redemption of Control Shares. As provided by the Florida

Business Corporation Act, if a person acquiring control shares of the Corporation does not file an acquiring person statement with the Corporation, the Corporation may, at the discretion of the Board of Directors, redeem the control shares at the fair value thereof at any time during the 60-day period after the last acquisition of such control shares. If a person acquiring control shares of the Corporation files an acquiring person statement with the Corporation, the control shares may be redeemed by the Corporation, at the discretion of the Board of Directors, only if such shares are not accorded full voting rights by the shareholders as provided by law.

ARTICLE SIX

GENERAL PROVISIONS

Section 1. Dividends. The Board of Directors may from time to time declare,

and the Corporation may pay, dividends on its outstanding shares in cash, property, stock (including its own shares) or otherwise pursuant to law and subject to the provisions of the Articles of Incorporation.

Section 2. Reserves. The Board of Directors may by resolution create a

reserve or reserves out of earned surplus for any proper purpose or purposes, and may abolish any such reserve in the same manner.

Section 3. Checks. All checks or demands for money and notes of the

Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 4. Fiscal Year. The fiscal year of the Corporation shall end on

December 31 of each year, unless otherwise fixed by resolution of the Board of Directors.

Section 5. Seal. The corporate seal shall have inscribed thereon the name

and state of incorporation of the Corporation. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

Section 6. Gender. All words used in these Bylaws in the masculine gender

shall extend to and shall include the feminine and neuter genders.

ARTICLE SEVEN

AMENDMENT OF BYLAWS

Except as otherwise set forth herein, these Bylaws may be altered, amended or repealed or new Bylaws may be adopted at any meeting of the Board of Directors at which a quorum is present, by the affirmative vote of a majority of the directors present at such meeting.

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the "Agreement") is dated as of May __, 1998 between GOODNOISE CORPORATION, a Florida corporation (the Company"), and _____ (the "Indemnitee").

WHEREAS, it is essential to the Company to retain and attract as directors and officers the most capable persons available;

WHEREAS, Indemnitee is or is proposed as a director or officer of the Company;

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of both public and private companies in today's environment; and

WHEREAS, in recognition of Indemnitee's need for substantial protection against personal liability in order to induce or enhance Indemnitee's continued service to the Company in an effective manner and in part to provide Indemnitee with specific contractual assurance that the indemnification protection provided by the Articles of Incorporation and the Bylaws of the Company will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of such Articles of Incorporation and the Bylaws or any change in the composition of the Company's Board of Directors or acquisition transaction relating to the Company), and in order to induce Indemnitee to continue to provide services to the Company as a director thereof, the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement, and, to the extent insurance is maintained, for the continued coverage of Indemnitee under the Company's directors' and officers' liability insurance policies.

NOW, THEREFORE, in consideration of the premises and of Indemnitee continuing to serve the Company directly or, at its request, another enterprise, and intending to be legally bound hereby, the parties agree as follows:

1. CERTAIN DEFINITIONS.

(a) Change in Control: shall be deemed to have occurred if (i) any _____

"person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company,

is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing twenty percent (20%) or more of the total voting power represented by the Company's then outstanding Voting Securities, or (ii) during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company and any new director whose election by the Board of Directors or

nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least eighty percent (80%) of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of all or substantially all the Company's assets.

(b) Claim: any threatened, pending or completed action, suit, proceeding

or alternate dispute resolution mechanism, or any inquiry, hearing or investigation, whether conducted by the Company or any other party, that Indemnitee in good faith believes might lead to the institution of any such action, suit, proceeding or alternate dispute resolution mechanism, whether civil, criminal, administrative, investigative or other.

(c) Expenses: include attorneys' fees and all other costs, travel

expenses, fees of experts, transcript costs, filing fees, witness fees, telephone charges, postage, delivery service fees, expenses and obligations of any nature whatsoever paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Claim relating to any Indemnifiable Event.

(d) Indemnifiable Event: any event or occurrence that takes place either

prior to or after the execution of this Agreement related to the fact that Indemnitee is or was a director, officer, employee, agent or fiduciary of the Company, or is or was serving at the request of the Company as a director, officer, employee, trustee, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, or by reason of anything done or not done by Indemnitee in any such capacity.

(e) Potential Change in Control: shall be deemed to have occurred if (i)

the Company enters into an agreement or arrangement, the consummation of which would result in the occurrence of a Change in Control; (ii) any person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control; (iii) any person, other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company acting in such capacity or a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, who is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing ten percent (10%) or more of the combined voting power of the Company's then outstanding Voting Securities, increases his beneficial ownership of such securities by five percent (5%) or more over the percentage so owned by such person on the date hereof; or (iv) the Board of Directors adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

2

(f) Reviewing Party: any appropriate person or body consisting of a

member or members of the Company's Board of Directors or any other person or body appointed by the Board who is not a party to the particular Claim for which Indemnitee is seeking indemnification, or Independent Legal Counsel.

(g) Independent Legal Counsel: Independent Legal Counsel shall refer to

an attorney who is a partner of a lawfirm with a generalized recognized expertise in corporate and securities law, selected by the Company with the prior written consent of the Indemnitee which consent shall not be unreasonably withheld, who shall not have otherwise performed services for the Company or Indemnitee within the last five years (other than in connection with seeking indemnification under this Agreement). Independent Legal Counsel shall not be any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement, nor shall Independent Legal Counsel be any person who has been sanctioned or censured for ethical violations of applicable standards of professional conduct.

(h) Voting Securities: any securities of the Company which vote generally

in the election of directors.

2. BASIC INDEMNIFICATION ARRANGEMENT.

(a) In the event Indemnitee was, is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other

participant in, a Claim by reasons of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee to the fullest extent permitted by law as soon as practicable but in any event no later than thirty (30) days after written demand is presented to the Company, against any and all Expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties or amounts paid in settlement) of such Claim and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement. If so requested by Indemnitee, the Company shall advance (within five (5) business days of such request) any and all Expenses to Indemnitee (an "Expense Advance"). Notwithstanding anything in this Agreement to the contrary and except as provided in Section 3, prior to a

Change in Control Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Claim initiated by Indemnitee against the Company or any director or officer of the Company unless the Company has joined in or consented to the initiation of such Claim.

(b) Notwithstanding the foregoing, (i) the obligations of the Company under Section 2(a) shall be subject to the condition that the Reviewing Party

shall not have determined that Indemnitee would not be permitted to be indemnified under applicable law, and (ii) the obligation of the Company to make an Expense Advance pursuant to Section 2(a) shall be subject to the condition

that, if, when and to the extent that the Reviewing Party determines that Indemnitee would not be permitted to be so indemnified under applicable law, the Company shall be entitled to

be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid; provided, however, that if Indemnitee has commenced legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed). Indemnitee's obligation to reimburse the Company for Expense Advances shall be unsecured and no interest shall be charged thereon. If there has not been a Change in Control, the Reviewing Party shall be selected by the Board of Directors, and if there has been such a Change in Control (other than a Change in Control which has been approved by a majority of the Company's Board of Directors who were directors immediately prior to such Change in Control), the Reviewing Party shall be an Independent Legal Counsel. If there has been no determination by the Reviewing Party or if the Reviewing Party determines that Indemnitee substantively would not be permitted to be indemnified in whole or in part under applicable law,

Indemnitee shall have the right to commence litigation in any court in the State of Florida having subject matter jurisdiction thereof and in which venue is proper seeking an initial determination by the court or challenging any such determination by the Reviewing Party or any aspect thereof, or the legal or factual bases therefor, and the Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party otherwise shall be conclusive and binding on the Company and Indemnitee.

3. INDEMNIFICATION FOR ADDITIONAL EXPENSES. The Company shall indemnify

Indemnitee against any and all expenses (including attorneys' fees) and, if requested by Indemnitee, shall (within five business days of such request) advance such expenses to Indemnitee, which are incurred by Indemnitee in connection with any claim asserted against or in connection with any action brought by Indemnitee for (i) indemnification or advance payment of Expenses by the Company under this Agreement or any other agreement or Articles of Incorporation or Bylaws of the Company now or hereafter in effect relating to Claims for Indemnifiable Events and/or (ii) recovery under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advance expense payment or insurance recovery, as the case may be.

4. PARTIAL INDEMNITY, ETC. If Indemnitee is entitled under any provision of

this Agreement to indemnification by the Company for some or a portion of the Expenses, judgment, fines, penalties and amounts paid in settlement of a Claim but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Moreover, notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

5. DEFENSE TO INDEMNIFICATION, BURDEN OF PROOF AND PRESUMPTIONS. It shall be

a defense to any action brought by the Indemnitee against the Company to enforce this Agreement (other than an action brought to enforce a claim for expenses incurred in defending a claim in advance of its final disposition where the required undertaking has been tendered to the Company) that the Indemnitee has not met the standards of conduct that make it permissible under the Florida Business Corporation Act for the Company to indemnify the Indemnitee for the amount claimed. In connection with any determination by the Reviewing Party or otherwise as to whether the Indemnitee is entitled to be indemnified hereunder, the burden of providing such a defense shall be on the Company. Neither the failure of the Company (including its Board of Directors, independent legal

counsel, or its stockholders) to have made a determination prior to the commencement of such action by the Indemnatee that Indemnification of the claimant is proper under the circumstances because he or she has met the applicable standard of conduct set forth in the Florida Business Corporation Act, nor an actual determination by the Company (including its Board of Directors, independent legal counsel, or its stockholders) that the Indemnatee had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the Indemnatee has not met the applicable standard of conduct. For purposes of this Agreement, the termination of any claim, action, suit or proceeding, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnatee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

6. NON-EXCLUSIVITY, ETC.. The rights of Indemnatee hereunder shall be in

addition to any other rights Indemnatee may have under the Articles of Incorporation or Bylaws of the Company or the Florida Business Corporation Act or otherwise. To the extent that a change in the Florida Business Corporation Act (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Articles of Incorporation and Bylaws of the Company and this Agreement, it is the intent of the parties hereto that Indemnatee shall be entitled by this Agreement to the greater benefits so afforded by such change.

7. NO CONSTRUCTION AS EMPLOYMENT AGREEMENT. Nothing contained herein shall

be construed as giving Indemnatee any right to be retained in the employ of the Company or its subsidiaries, if any.

8. LIABILITY INSURANCE. To the extent the Company maintains an insurance

policy or policies providing directors' and officers' liability insurance, Indemnatee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer.

9. AMENDMENTS, ETC. No supplement, modification or amendment of this

Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

10. SUBROGATION. In the event of payment under this Agreement, the Company

shall be subrogated to the extent of such payment to all of the rights of

recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

11. NO DUPLICATION OF PAYMENTS. The Company shall not be liable under this

Agreement to make any payment in connection with any claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under any insurance policy, the Articles of Incorporation or Bylaws of the Company or otherwise) of the amounts otherwise indemnifiable hereunder.

12. BINDING EFFECT, ETC. This Agreement shall be binding upon and inure to

the benefit of and be enforceable by the parties hereto and their spouses, heirs, personal and legal representatives and their respective successors and assigns, including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of the Company, by written agreement expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as a director and officer of the Company or of any other enterprise at the Company's request.

13. SEVERABILITY. The provisions of this Agreement shall be severable in the

event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) are held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of this Agreement containing any provision held to be invalid, void or otherwise unenforceable, that is not itself invalid, void or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

14. GOVERNING LAW. This Agreement shall be governed by and construed in

accordance with the laws of the State of Florida applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of laws.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the date first above written.

GOODNOISE CORPORATION

By: _____

INDEMNITEE:

BARRY L. FRIEDMAN, P.C.
Certified Public Accountant

1582 Tulita Drive
Las Vegas, Nevada 89123

OFFICE (702) 361-8414
FAX NO. (702) 396-0278

July 16, 1998

Securities and Exchange Commission
450 Fifth Street N.W.
Washington, D.C. 20549

Ladies and Gentlemen:

GoodNoise Corporation

We have read Item 3 of GoodNoise Corporation's Form 10-SB to be dated on or approximately July 17, 1998 and are in agreement with the statements contained therein.

Yours very truly,

/s/ Barry L. Friedman

Barry L. Friedman, P.C.

Subsidiaries

GoodNoise Corporation, a Delaware corporation