

Digital Music Group, Inc.
Form 8-K
January 31, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 26, 2007

DIGITAL MUSIC GROUP, INC.

(Exact name of registrant specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-51761
(Commission File Number)

20-3365526
(I.R.S. Employer
Identification No.)

2151 River Plaza Drive, Suite 200, Sacramento, California
(Address of principal executive offices)

95833
(Zip Code)

Registrant's telephone, including area code: (916) 239-6010

(Former name and former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On January 26, 2007, Digital Music Group, Inc. (DMGI) entered into a Digital Music Download Sales Agreement (the Agreement) with Apple Computer, Inc. effective April 2, 2007, for the resale of certain of DMGI s sound recordings and music video content related to its historical Digital Musicworks International business, in the U.S. and Canada.

The Agreement amends and supercedes an existing agreement with Apple that was due to expire April 1, 2007.

The Agreement has a term beginning on the expiration of the prior agreement, and that expires on the day before the third anniversary of the beginning of the term.

Pursuant to the Agreement, DMGI appointed Apple as a reseller of sound and music video recordings owned and controlled by DMGI within the U.S. and Canada, and granted Apple certain rights to market and promote DMGI s content. Apple agreed to pay DMGI wholesale prices for each individual recording and album download during the term of the Agreement. Under the Agreements, DMGI is generally responsible for all record royalties. DMGI is responsible for mechanical royalties in the U.S. and Apple is responsible for mechanical royalties in Canada. Apple will provide monthly sales reports to DMGI and to make payment based on such reports.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DIGITAL MUSIC GROUP, INC.

Date: January 31, 2007

By: /s/ Karen Davis
Name: Karen Davis
Title: Chief Financial Officer