

Cinedigm Digital Cinema Corp.  
Form DEF 14A  
July 29, 2011

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A

(Rule 14a-101)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

CINEDIGM DIGITAL CINEMA CORP.

(Name of Registrant As Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy statement, if Other Than the Registrant)

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CINEDIGM DIGITAL CINEMA CORP.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On September 15, 2011

Dear Fellow Stockholders:

We invite you to attend the 2011 Annual Meeting of Stockholders of Cinedigm Digital Cinema Corp., a Delaware corporation (the "Company"), which will be held on September 15, 2011, at 2:00 p.m., local time (the "Annual Meeting"), at the offices of Kelley Drye / White O'Connor, 10100 Santa Monica Boulevard, 23rd Floor, Los Angeles, CA 90067. At the Annual Meeting, you will be asked to vote on the following proposals (as more fully described in the Proxy Statement accompanying this Notice):

1. To elect nine (9) members of the Company's Board of Directors to serve until the 2012 Annual Meeting of Stockholders (or until successors are elected or directors resign or are removed).
  2. To ratify the appointment of EisnerAmper LLP as our independent auditors for the fiscal year ending March 31, 2012.
  3. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.
- Only stockholders of record at the close of business on July 18, 2011 are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof.

YOUR VOTE IS VERY IMPORTANT. WE HOPE YOU WILL ATTEND THIS ANNUAL MEETING IN PERSON. HOWEVER, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE PROMPTLY VOTE YOUR SHARES VIA THE INTERNET OR THE TOLL-FREE NUMBER AS DESCRIBED IN THE ENCLOSED MATERIALS. IF YOU RECEIVED A PROXY CARD BY MAIL, PLEASE SIGN, DATE AND RETURN IT IN THE ENVELOPE PROVIDED. IF YOU RECEIVED MORE THAN ONE PROXY CARD, IT IS AN INDICATION THAT YOUR SHARES ARE REGISTERED IN MORE THAN ONE ACCOUNT. PLEASE COMPLETE, DATE, SIGN AND RETURN EACH PROXY CARD YOU RECEIVE. IF YOU ATTEND THE ANNUAL MEETING AND VOTE IN PERSON, YOUR VOTE BY PROXY WILL NOT BE USED.

BY ORDER OF THE BOARD OF DIRECTORS

Christopher J. McGurk

Chairman of the Board of Directors

Morristown, New Jersey

Date: August 5, 2011

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CINEDIGM DIGITAL CINEMA CORP.  
55 Madison Avenue, Suite 300  
Morristown, New Jersey 07960

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PROXY STATEMENT

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2011 ANNUAL MEETING OF STOCKHOLDERS  
SEPTEMBER 15, 2011  
GENERAL

This Proxy Statement is being furnished to the stockholders of CINEDIGM DIGITAL CINEMA CORP. (the "Company") in connection with the solicitation of proxies by the Board of Directors of the Company (the "Board"). The proxies are for use at the 2011 Annual Meeting of Stockholders of the Company to be held on Thursday, September 15, 2011, at 2:00 p.m., local time, or at any adjournment thereof (the "Annual Meeting"). The Annual Meeting will be held at the offices of Kelley Drye / White O'Connor, 10100 Santa Monica Boulevard, 23rd Floor, Los Angeles, CA 90067. The Company's telephone number is (973) 290-0080.

The shares represented by your proxy will be voted at the Annual Meeting as therein specified (if the proxy is properly executed and returned, and not revoked).

The shares represented by your proxy will be voted as indicated on your properly executed proxy. If no directions are given on the proxy, the shares represented by your proxy will be voted:

FOR the election of the director nominees named herein (Proposal No. 1), unless you specifically withhold authority to vote for one or more of the director nominees, if you are a record holder of your shares. If you hold your shares through a broker in "street name," your broker will not be allowed to vote on Proposal No. 1 unless you direct your broker as to such vote.

FOR ratifying the appointment of EisnerAmper LLP as our independent auditors for the fiscal year ending March 31, 2012 (Proposal No. 2).

The Company knows of no other matters to be submitted to the Annual Meeting. If any other matters properly come before the Annual Meeting, it is the intention of the persons named in the accompanying form of proxy to vote the shares they represent as the Board may recommend.

These proxy solicitation materials are first being mailed to the stockholders on or about August 5, 2011.

VOTING SECURITIES

Stockholders of record at the close of business on July 18, 2011 (the "Record Date") are entitled to notice of and to vote at the Annual Meeting. As of the Record Date, (a) 37,276,295 shares of the Company's Class A Common Stock, \$0.001 par value ("Class A Common Stock"), were issued and outstanding and (b) 25,000 shares of the Company's Class B Common Stock, \$0.001 par value ("Class B Common Stock," and together with the Class A Common Stock, the "Common Stock"), were issued and outstanding.

Each holder of Class A Common Stock is entitled to one vote for each share of Class A Common Stock held as of the Record Date. Each holder of Class B Common Stock is entitled to ten (10) votes for each share of Class B Common Stock held as of the Record Date. Each share of Class B Common Stock is convertible at any time at the holder's option into one (1) share of Class A Common Stock. Stockholders do not have cumulative voting rights in the election

of directors.

**QUORUM; ABSTENTIONS; BROKER NON-VOTES**

A majority of the aggregate combined voting power of the outstanding shares of Class A Common Stock and Class B Common Stock as of the Record Date must be present, in person or by proxy, at the Annual Meeting in order to have the required quorum for the transaction of business. If the aggregate voting power of the shares of Common Stock present, in person and by proxy,

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at the Annual Meeting does not constitute the required quorum, the Annual Meeting may be adjourned to a subsequent date for the purpose of obtaining a quorum.

Shares of Common Stock that are voted "FOR," "AGAINST" or "ABSTAIN" are treated as being present at the Annual Meeting for purposes of establishing a quorum. Shares that are voted "FOR," "AGAINST" or "ABSTAIN" with respect to a matter will also be treated as shares entitled to vote at the Annual Meeting (the "Votes Cast") with respect to such matter. Abstentions will be counted for purposes of quorum and will have the same effect as a vote "AGAINST" a proposal.

Broker non-votes (i.e., votes from shares of Common Stock held as of the Record Date by brokers or other custodians as to which the beneficial owners have given no voting instructions) will be counted for purposes of determining the presence or absence of a quorum for the transaction of business, but will not be counted for purposes of determining the number of Votes Cast with respect to a particular proposal on which the broker has expressly not voted. Accordingly, broker non-votes will not affect the outcome of the voting on a proposal.

#### DEADLINE FOR RECEIPT OF STOCKHOLDER PROPOSALS TO BE PRESENTED AT NEXT ANNUAL MEETING

In order for any stockholder proposal submitted pursuant to Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), to be included in the Company's Proxy Statement to be issued in connection with the 2012 Annual Meeting of Stockholders, such stockholder proposal must be received by the Company no later than April 5, 2012. Any such stockholder proposal submitted, including any accompanying supporting statement, may not exceed 500 words, as per Rule 14a-8(d) of the Exchange Act. Any such stockholder proposals submitted outside the processes of Rule 14a-8 promulgated under the Exchange Act, which a stockholder intends to bring forth at the Company's 2012 Annual Meeting of Stockholders, will be untimely for purposes of Rule 14a-4 of the Exchange Act if received by the Company after June 21, 2012. All stockholder proposals must be made in writing addressed to the Company's Secretary, Mr. Loffredo, at 55 Madison Avenue, Suite 300, Morristown, New Jersey 07960.

#### REVOCABILITY OF PROXY

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before its use by delivering to the Company's Secretary, Mr. Loffredo, a written notice of revocation, a duly executed proxy bearing a later date or by attending the Annual Meeting and voting in person. Attending the Annual Meeting in and of itself will not constitute a revocation of a proxy.

#### DISSENTERS' RIGHT OF APPRAISAL

Under Delaware General Corporation Law and the Company's Certificate of Incorporation, stockholders are not entitled to any appraisal or similar rights of dissenters with respect to any of the proposals to be acted upon at the Annual Meeting.

#### SOLICITATION

Proxies may be solicited by certain of the Company's directors, executive officers and regular employees, without additional compensation, in person, or by telephone, e-mail or facsimile. The cost of soliciting proxies will be borne by the Company. The Company expects to reimburse brokerage firms, banks, custodians and other persons representing beneficial owners of shares of Common Stock for their reasonable out-of-pocket expenses in forwarding solicitation material to such beneficial owners.

Some banks, brokers and other record holders have begun the practice of “householding” notices, proxy statements and annual reports. “Householding” is the term used to describe the practice of delivering a single set of notices, proxy statements and annual reports to any household at which two or more stockholders reside if a company reasonably believes the stockholders are members of the same family. This procedure reduces the volume of duplicate information stockholders receive and also reduces a company's printing and mailing costs. The Company will promptly deliver an additional copy of any such document to any stockholder who writes or calls the Company. Alternatively, if you share an address with another stockholder and have received multiple copies of our notices, proxy statements and annual reports, you may contact us to request delivery of a single copy of these materials. Any such written request should be directed to Investor Relations at 55 Madison Avenue, Suite 300, Morristown, New Jersey 07960, (973) 290-0080.

#### AVAILABILITY OF PROXY MATERIALS

Our proxy materials are primarily available to stockholders on the Internet, as permitted by the rules of the Securities and

Exchange Commission (the "SEC"). A Notice of Internet Availability of Proxy Materials will be mailed to shareholders beginning approximately August 5, 2011, and this Proxy Statement and form of proxy, together with our Annual Report on Form 10-K, are first being made available to shareholders beginning approximately August 5, 2011. The Annual Report, which has been posted along with this Proxy Statement, is not a part of the proxy solicitation materials. Upon receipt of a written request, the Company will furnish to any shareholder, without charge, a copy of such Annual Report (without exhibits). Upon request and payment of \$0.10 (ten cents) per page, copies of any exhibit to such Annual Report will also be provided. Any such written request should be directed to the Company's Secretary at 55 Madison Avenue, Suite 300, Morristown, New Jersey 07960 or (973) 290-0080.

#### ELECTRONIC ACCESS TO PROXY MATERIALS

This year we are pleased to again apply the U.S. Securities and Exchange Commission rule that allows companies to furnish proxy materials to stockholders primarily over the Internet. We believe this method should expedite receipt of your proxy materials, lower costs of our Annual Meeting and help conserve natural resources. We encourage you to vote via the Internet by following the links to the Proxy Statement and Annual Report, which are both available at [www.proxyvote.com](http://www.proxyvote.com).

#### PROPOSAL ONE ELECTION OF DIRECTORS

The Board currently consists of eleven (11) directors. Nine (9) of the current members of the Board have been nominated for re-election. Gerald C. Crotty has notified us that he will not stand for re-election after the current term and Robert Davidoff will similarly not stand for re-election after the current term. The Board has determined that, immediately following the Annual Meeting, the size of the Board will be reduced to ten (10) directors and one vacancy will remain, for which the Nominating Committee will seek to identify a candidate. Even though there will be a vacancy, stockholders and their proxies cannot vote for more than nine (9) persons. Each nominee has consented to being named as a nominee for election as a director and has agreed to serve if elected. At the Annual Meeting directors will be elected to serve one-year terms expiring at the next annual meeting of stockholders or until their successors are elected or until their earlier resignation or removal.

The directors shall be elected by a plurality of the Votes Cast at the Annual Meeting. A "plurality" means that the individuals who receive the largest number of Votes Cast are elected as directors up to the maximum number of directors to be elected at the Annual Meeting. If any nominee is not available for election at the time of the Annual Meeting (which is not anticipated), the proxy holders named in the proxy, unless specifically instructed otherwise in the proxy, will vote for the election of such other person as the existing Board may recommend, unless the Board decides to reduce the number of directors of the Company. Certain information about the nominees to the Company's Board is set forth below.

Christopher J. McGurk, 54, has been the Company's Chief Executive Officer and Chairman of the Board since January 2011.

Mr. McGurk was the founder and Chief Executive Officer of Overture Films from 2006 until 2010 and also the Chief Executive Officer of Anchor Bay Entertainment, which distributed Overture Films' products to the home entertainment industry. From 1999 to 2005, Mr. McGurk was Vice Chairman of the Board and Chief Operating Officer of Metro-Goldwyn-Mayer Inc. ("MGM"), acting as the company's lead operating executive until MGM was sold for approximately \$5 billion to a consortium of investors. Mr. McGurk joined MGM from Universal Pictures, where he served in various executive capacities, including President and Chief Operating Officer, from 1996 to 1999. From 1988 to 1996, Mr. McGurk served in several senior executive roles at The Walt Disney Studios, including Studios Chief Financial Officer and President of The Walt Disney Motion Picture Group. Mr. McGurk currently serves as a director of BRE Properties, Inc. and has previously served on the boards of DivX Inc., DIC Entertainment,



Pricegrabber.com, LLC and MGM Studios, Inc. Mr. McGurk's extensive career in various sectors of the theatrical production and exhibition industry will provide the company with the benefits of his knowledge of and experience in this field, as well as his wide-spread contacts within the industry.

Adam M. Mizel, 41, has been the Company's Chief Financial Officer and Chief Strategy Officer since August 2009, the Interim Co-Chief Executive Officer from June 2010 through December 2010 and a member of the Board since March 2009. Since 2005, Mr. Mizel has been the Managing Principal at Aquifer Capital Group, LLC. Previously, Mr. Mizel was Managing Director and Chief Operating Officer of Azimuth Trust, LLC, an alternative asset management firm from 2001 until 2005. Prior to that, he was a partner at Capital Z Partners, L.P., a private equity and alternative investment firm, and Managing Director at Zurich Centre Investments, Inc., the North American private equity unit of Zurich Financial Services Group. Mr. Mizel began his investment career at Morgan Stanley Capital Partners in 1991. Mr. Mizel, having investment experience in the Company's and other industries, is familiar with relevant financing structures and the financial environment of the Company.

Gary S. Loffredo, 46, has been the Company's Senior Vice President -- Business Affairs, General Counsel and Secretary, the Interim Co-Chief Executive Officer from June 2010 through December 2010 and a member of the Board since September

2000. From March 1999 to August 2000, he had been Vice President, General Counsel and Secretary of Cablevision Cinemas d/b/a Clearview Cinemas. At Cablevision Cinemas, Mr. Loffredo was responsible for all aspects of the legal function, including negotiating and drafting commercial agreements, with emphases on real estate, construction and lease contracts. He was also significantly involved in the business evaluation of Cablevision Cinemas' transactional work, including site selection and analysis, negotiation and new theater construction oversight. Mr. Loffredo was an attorney at the law firm of Kelley Drye & Warren LLP from September 1992 to February 1999. Having been with the Company since its inception and with Clearview Cinemas prior thereto, Mr. Loffredo has over a decade of experience in the cinema exhibition industry, both on the movie theatre and studio sides, as well as legal training and general business experience, which skills and understanding are beneficial to the Company.

Peter C. Brown, 52, has been a member of the Board since September 2010. He is Chairman of Grassmere Partners, LLC, a private investment firm, which he founded in 2009. Prior to founding Grassmere Partners, Mr. Brown served as Chairman of the Board, Chief Executive Officer and President of AMC Entertainment Inc. ("AMC"), one of the world's leading theatrical exhibition and entertainment companies, from July 1999 until his retirement in February 2009. He joined AMC in 1990 and served as AMC's President from January 1997 to July 1999 and Senior Vice President and Chief Financial Officer from 1991 to 1997. Mr. Brown founded Entertainment Properties Trust, served as Chairman of the Board of Trustees from 1997 to 2003 and is currently a director. Mr. Brown also serves as a director of CenturyLink. During the past five years, Mr. Brown served on the boards of National CineMedia, Inc. and Midway Games, Inc. Mr. Brown's extensive experience in the theatrical exhibition and entertainment industry will provide the Board with valuable knowledge and experience specifically compatible with the Company's business.

Wayne L. Clevenger, 68, has been a member of the Board since October 2001. He has more than 25 years of private equity investment experience. He has been a Managing Director of MidMark Equity Partners II, L.P. ("MidMark"), a private equity fund, since 1989. Mr. Clevenger was President of Lexington Investment Company from 1985 to 1989, and, previously, had been employed by DLJ Capital Corporation (Donaldson, Lufkin & Jenrette) and INCO Securities Corporation, the venture capital arm of INCO Limited. Mr. Clevenger served as a director of Clearview Cinema from May 1996 to December 1998. Mr. Clevenger has financial expertise and experience with the Company as it has developed with the digital cinema industry and, as such, is able to provide the Company with unique insight and guidance.

Matthew W. Finlay, 44, has been a member of the Board since October 2001. Since 1997, Mr. Finlay has been a director of MidMark. Previously, he had been a Vice President with the New York merchant banking firm Juno Partners and its investment banking affiliate, Mille Capital, from 1995 to 1997. Mr. Finlay began his career in 1990 as an analyst with the investment banking firm Southport Partners. Mr. Finlay has financial expertise and experience with the Company as it has developed with the digital cinema industry and, as such, is able to provide the Company with unique insight and guidance.

Edward A. Gilhuly, 51, has been a member of the Board since August 2009 and is a designee of Sageview Capital Master, L.P., one of the Company's largest investors.. In 2006, he founded Sageview Capital L.P., which acts as the investment advisor to investment partnerships (with \$1.3 billion of equity capital), including Sageview Capital Master, L.P., organized to make long-term investments in the securities of companies through both public and private market transactions. Prior to founding Sageview, Mr. Gilhuly joined Kohlberg Kravis Roberts & Co., L.P. in 1986 and served in various capacities until 2005. Prior to joining KKR in 1986, Mr. Gilhuly worked from 1982 to 1984 at Merrill Lynch Capital Markets in the Mergers and Acquisitions Department. Mr. Gilhuly is currently a director of Legrand, SA. During the past five years, Mr. Gilhuly served as a director of MedCath Corporation and of Rockwood Holdings, Inc. In addition to his financial and investment background, as a designee of one of the Company's largest investors, he brings to the Board the perspective of a major stakeholder.

Martin B. O'Connor II, 52, has been a member of the Board since March 2010. Mr. O'Connor is the Managing Partner of the law firm of O'Connor, Morss & O'Connor, P.C., where he has practiced law since 1985. He focuses on advising his clients and their business interests regarding strategic planning, ownership and wealth management issues, as well as advising their family offices. His varied professional experiences have resulted in a practice representing individuals and entities in the financial, real estate, entertainment, sport and agricultural sectors. During the past five years, Mr. O'Connor served as a director of Rentrak Corporation. He brings to the Board a varied range of legal and professional experience and working relationships with global brands.

Laura Nisonger Sims, 32, has been a member of the Board since September 2009 and is a designee of Sageview Capital Master, L.P., one of the Company's largest investors. Since 2008, Ms. Sims has been a principal of Sageview Capital L.P. Prior to joining Sageview, Ms. Sims was with TPG Capital L.P. from 2003 until 2006, where she focused on leveraged buyout transactions across a range of industries. Prior to joining TPG, Ms. Sims was an analyst at Goldman, Sachs & Co. in the Communications, Media and Entertainment group of the Investment Banking Division. Ms. Sims' experience in investing in the entertainment industry, as well as her general financial and investment experience, is beneficial to the Board. In addition, as a

designee of one of the Company's largest investors, she brings to the Board the perspective of a major stakeholder.

Sageview is currently entitled to nominate two directors for election to the Board at each annual meeting of the Company's stockholders, subject to the loss of such nomination rights upon certain reductions in the aggregate principal amount outstanding of the 2010 promissory note issued by the Company to Sageview and the beneficial ownership of shares of Class A Common Stock by Sageview. Mr. Gilhuly and Ms. Sims are the two Sageview nominees for election at the Annual Meeting. In addition, during the period in which Sageview has such nomination rights, the Company has agreed not to increase the size of the Board above ten (10) members without Sageview's consent. The Company obtained Sageview's consent to increase the Board to eleven (11) members in connection with Mr. McGurk's joining the Board in January 2011.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE ELECTION OF THE NOMINEES NAMED ABOVE.

#### PROPOSAL TWO

##### RATIFICATION OF THE APPOINTMENT OF OUR INDEPENDENT AUDITORS

The Board has selected the firm of EisnerAmper LLP as our independent auditors for the fiscal year ending March 31, 2012, subject to ratification by our stockholders at the Annual Meeting. EisnerAmper LLP has been our independent auditors since the fiscal year ended March 31, 2005. No representative of EisnerAmper LLP is expected to be present at the Annual Meeting.

More information about our independent auditors is available under the heading "Independent Auditors" on page 24 below.

THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF EISNERAMPER LLP AS OUR INDEPENDENT AUDITORS FOR THE FISCAL YEAR ENDING MARCH 31, 2012.

#### OTHER MATTERS

The Board does not know of any other matters that may be brought before the Annual Meeting. However, if any such other matters are properly brought before the Annual Meeting, the proxies may use their own judgment to determine how to vote your shares.

#### MATTERS RELATING TO OUR GOVERNANCE

##### Board of Directors

The Board oversees the Company's risk management including understanding the risks the Company faces and what steps management is taking to manage those risks, as well as understanding what level of risk is appropriate for the Company. The Board's role in the Company's risk oversight process includes receiving regular updates from members of senior management on areas of material risk to the Company, including operational, financial, legal and regulatory, human resources, employment, and strategic risks.

The Company's leadership structure consists of the combined role of Chairman of the Board and Chief Executive Officer and a separate Lead Independent Director. Mr. Brown currently serves as our Lead Independent Director. The Lead Independent Director's responsibilities include presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors, serving as a liaison between the Chairman and the independent directors, reviewing information sent to the Board, consulting with the Nominating Committee with

regard to the membership and performance evaluations of the Board and Board committee members, calling meetings of and setting agendas for the independent directors, and serving as liaison for communications with stockholders. The Board believes that the existence of a lead director supports strong corporate governance principles while deriving the benefit of having the Company's Chief Executive Officer also serve as Chairman of the Board. The Board believes that this leadership structure enhances the Chairman of the Board and Chief Executive Officer's ability to provide insight and direction on the Company's strategic direction to both management and independent directors, and at the same time, with the support and oversight of a lead director, ensures that the appropriate level of independent oversight is applied to all management decisions. The Board believes that this structure ensures that the independent directors continue to effectively oversee management and provide effective oversight of key issues relating to strategy, risk and integrity without the need to split the roles of Chairman of the Board and Chief Executive Officer.

The Board intends to meet at least quarterly and the independent directors serving on the Board intend to meet in executive session (i.e., without the presence of any non-independent directors and management) at least twice a year immediately

following regularly scheduled Board meetings. During the fiscal year ended March 31, 2011 (the “Last Fiscal Year”), the Board held four meetings and the Board members acted 12 times by unanimous written consent in lieu of holding a meeting. Each current member of the Board, who was then serving, attended at least 75% of the total number of meetings of the Board and of the committees of the Board on which they served in the Last Fiscal Year. Messrs. Brown, Clevenger, Crotty, Davidoff, Finlay, Gilhuly and O'Connor and Ms. Sims are considered “independent” under the rules of the SEC and the Nasdaq Global Market (“Nasdaq”).

The Board currently does not provide a formal process for stockholders to send communications to the Board. In the opinion of the Board, it is appropriate for the Company not to have such a process in place because the Board believes there is currently not a need for a formal policy due to, among other things, the limited number of stockholders of the Company. While the Board will, from time to time, review the need for a formal policy, at the present time, stockholders who wish to contact the Board may do so by submitting any communications to the Company's Secretary, Mr. Loffredo, at 55 Madison Avenue, Suite 300, Morristown, New Jersey 07960, with an instruction to forward the communication to a particular director or the Board as a whole. Mr. Loffredo will receive the correspondence and forward it to any individual director or directors to whom the communication is directed.

The Company does not currently have a policy in place regarding attendance by Board members at the Company's annual meetings. However, each of the current directors, other than Mr. Davidoff, who were then serving, attended the 2010 Annual Meeting of Stockholders, and each director who is standing for re-election currently intends to attend this Annual Meeting.

The Board has three standing committees, consisting of an Audit Committee, a Compensation Committee and a Nominating Committee.

#### Audit Committee

The Audit Committee consists of Messrs. Brown, Davidoff, Finlay and Ms. Sims. Mr. Finlay is the Chairman of the Audit Committee. After the Annual Meeting, the Audit Committee will consist of Messrs. Brown and Finlay and Ms. Sims. The Audit Committee held four meetings in the Last Fiscal Year. The Audit Committee has met with the Company's management and the Company's independent registered public accounting firm to review and help ensure the adequacy of its internal controls and to review the results and scope of the auditors' engagement and other financial reporting and control matters. Messrs. Finlay and Davidoff are financially literate, and Mr. Davidoff is financially sophisticated, as those terms are defined under the rules of Nasdaq. Messrs. Davidoff and Finlay are also financial experts, as such term is defined under the Sarbanes-Oxley Act of 2002. Messrs. Brown, Davidoff and Finlay and Ms. Sims are considered “independent” under the rules of the SEC and Nasdaq.

The Audit Committee has adopted a formal written charter (the “Audit Charter”). The Audit Committee is responsible for ensuring that the Company has adequate internal controls and is required to meet with the Company's auditors to review these internal controls and to discuss other financial reporting matters. The Audit Committee is also responsible for the appointment, compensation and oversight of the auditors. Additionally, the Audit Committee is responsible for the review and oversight of all related party transactions and other potential conflict of interest situations between the Company and its officers, directors, employees and principal stockholders. The Audit Charter is available on the Company's Internet website at [www.cinedigm.com](http://www.cinedigm.com).

#### Compensation Committee

The Compensation Committee consists of Messrs. Clevenger, Crotty, Davidoff, and Gilhuly. Mr. Clevenger is the Chairman of the Compensation Committee. After the Annual Meeting, the Compensation Committee will consist of Messrs. Clevenger and Gilhuly and the Board will consider appointing a third director at that time. The Compensation

Committee met nine times during the Last Fiscal Year. The Compensation Committee approves the compensation package of the Company's Chief Executive Officer and, based on recommendation by the Company's Chief Executive Officer, approves the levels of compensation and benefits payable to the Company's other executive officers, reviews general policy matters relating to employee compensation and benefits and recommends to the entire Board, for its approval, stock option and other equity-based award grants to its executive officers, employees and consultants and discretionary bonuses to its executive officers and employees. The Compensation Committee approves the compensation package of the Company's directors. The Compensation Committee has the authority to appoint and delegate to a sub-committee the authority to make grants and administer bonus and compensation plans and programs. Messrs. Clevenger, Crotty, Davidoff and Gilhuly are considered "independent" under the rules of the SEC and the Nasdaq.

The Compensation Committee adopted a formal written charter (the "Compensation Charter"). The Compensation Charter sets

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forth the duties, authorities and responsibilities of the Compensation Committee. The Compensation Charter is available on the Company's Internet website at [www.cinedigm.com](http://www.cinedigm.com).

The Compensation Committee, when determining executive compensation (including under the executive compensation program, as discussed below under the heading Compensation Discussion and Analysis ), evaluates the potential risks associated with the compensation policies and practices. The Compensation Committee believes that the Company's compensation programs are designed with an appropriate balance of risk and reward in relation to the Company's overall compensation philosophy and do not encourage excessive or unnecessary risk-taking behavior. In general, the Company compensates its executives in a combination of cash, stock options and restricted stock units (that are payable in cash or stock at the Company's discretion). Both the stock options and the restricted stock units contain vesting provisions, typically of proportional annual vesting over a three-year period, which encourages the executives, on a long-term basis, to strive to enhance the value of such compensation as measured by the trading price of the Class A Common Stock. The Compensation Committee does not believe that this type of compensation encourages excessive or unnecessary risk-taking behavior. As a result, we do not believe that risks relating to our compensation policies and practices for our employees are reasonably likely to have a material adverse effect on the Company. The Company intends to recapture compensation as required under the Sarbanes-Oxley Act. However, there have been no instances where it needed to recapture any compensation.

During the Last Fiscal Year, the Compensation Committee engaged HR & Survey Solutions, LLC, a compensation consulting firm. The consultant met with the Compensation Committee multiple times during the Last Fiscal Year and provided guidance for cash and equity bonus compensation to executive officers and directors, which the Compensation Committee considered in reaching its determinations of such compensation. In addition, the consultant was available to respond to specific inquiries throughout the process.

#### Nominating Committee

The Nominating Committee consists of Messrs. Brown, Clevenger, Davidoff and O'Connor and Ms. Sims. Mr. O'Connor is the Chairman of the Nominating Committee. After the Annual Meeting, Nominating Committee will consist of Messrs. Brown, Clevenger and O'Connor and Ms. Sims. The Nominating Committee held two meetings during the Last Fiscal Year. The Nominating Committee evaluates and approves nominations for annual election to, and to fill any vacancies in, the Board and recommends to the Board the directors to serve on committees of the Board. Messrs. Brown, Clevenger, Davidoff and O'Connor and Ms. Simms are considered "independent" under the rules of the SEC and the Nasdaq.

The Nominating Committee adopted a formal written charter (the "Nominating Charter"). The Nominating Charter sets forth the duties and responsibilities of the Nominating Committee and the general skills and characteristics that the Nominating Committee employs to determine the individuals to nominate for election to the Board. The Nominating Charter is available on the Company's Internet website at [www.cinedigm.com](http://www.cinedigm.com).

The Nominating Committee will consider any candidates recommended by stockholders. In considering a candidate submitted by stockholders, the Nominating Committee will take into consideration the needs of the Board and the qualification of the candidate. Nevertheless, the Board may choose not to consider an unsolicited recommendation if no vacancy exists on the Board and/or the Board does not perceive a need to increase the size of the Board. Stockholders should submit any recommendations of director candidates for the Company's 2012 Annual Meeting of Stockholders to the Company's Secretary, Mr. Loffredo, at 55 Madison Avenue, Suite 300, Morristown, New Jersey 07960 in accordance with the procedures set forth above under the heading "Deadline for Receipt of Stockholder Proposals to be Presented at Next Annual Meeting."



There are no specific minimum qualifications that the Nominating Committee believes must be met by a Nominating Committee-recommended director nominee. However, the Nominating Committee believes that director candidates should, among other things, possess high degrees of integrity and honesty; have literacy in financial and business matters; have no material affiliations with direct competitors, suppliers or vendors of the Company; and preferably have experience in the Company's business and other relevant business fields (for example, finance, accounting, law and banking). The Nominating Committee considers diversity together with the other factors considered when evaluating candidates but does not have a specific policy in place with respect to diversity.

Members of the Nominating Committee meet in advance of each of the Company's annual meetings of stockholders to identify and evaluate the skills and characteristics of each director candidate for nomination for election as a director of the Company. The Nominating Committee reviews the candidates in accordance with the skills and qualifications set forth in the Nominating Charter and the rules of the Nasdaq. There are no differences in the manner in which the Nominating Committee evaluates director nominees based on whether or not the nominee is recommended by a stockholder.

## Code of Business Conduct and Ethics

We have adopted a code of ethics applicable to all members of the Board, executive officers and employees. Such code of ethics is available on our Internet website, [www.cinedigm.com](http://www.cinedigm.com). We intend to disclose any amendment to, or waiver of, a provision of our code of ethics by filing a Current Report on Form 8-K with the SEC.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of July 18, 2011, the Company's directors, executive officers and principal stockholders beneficially own, directly or indirectly, in the aggregate, approximately 48.9% of its outstanding Class A Common Stock and none of its Class B Common Stock. These stockholders have significant influence over the Company's business affairs, with the ability to control matters requiring approval by the Company's stockholders, including the two proposals set forth in this Proxy Statement as well as approvals of mergers or other business combinations.

The following table sets forth as of July 18, 2011, certain information with respect to the beneficial ownership of the Common Stock as to (i) each person known by the Company to beneficially own more than 5% of the outstanding shares of the Company's Common Stock, (ii) each of the Company's directors, (iii) each of the Company's Named Executives (as defined below) and (iv) all of the Company's directors and executive officers as a group.

## CLASS A COMMON STOCK

Name (a)	Shares Beneficially Owned (b)	
	Number	Percent
Christopher J. McGurk	199,615	*
A. Dale Mayo	610,885	(c) 1.6%
Adam M. Mizel	1,623,297	(d) 4.4%
Gary S. Loffredo	383,554	(e) 1.0%
Peter C. Brown	347,223	*
Wayne L. Clevenger c/o MidMark Equity Partners II, L.P., 177 Madison Avenue Morristown, NJ 07960	2,055,117	(f) 5.5%
Gerald C. Crotty	122,119	(g) *
Robert Davidoff	460,615	(h) 1.2%
Matthew W. Finlay c/o MidMark Equity Partners II, L.P., 177 Madison Avenue Morristown, NJ 07960	2,033,531	(i) 5.4%
Edward A. Gilhuly c/o Sageview Capital Master, L.P. 245 Lytton Avenue, Suite 250 Palo Alto, CA 94301	16,046,613	(j) 30.1%
Martin B. O'Connor II	64,936	*
Laura Nisonger Sims c/o Sageview Capital Master, L.P. 245 Lytton Avenue, Suite 250 Palo Alto, CA 94301	—	*
Aquifer Opportunity Fund, L.P. 460 Park Avenue, Suite 2101 New York, NY 10022	1,328,497	(k) 3.6%
MidMark Equity Partners II, L.P. 177 Madison Avenue Morristown, NJ 07960	2,065,117	(l) 5.5%
Federated Investors, Inc. Federated Investors Tower Pittsburgh, PA 15222-3779	4,422,787	(m)(o) 11.9%
Sageview Capital Master, L.P. 245 Lytton Avenue, Suite 250 Palo Alto, CA 94301	16,046,613	(j) 30.1%
All directors and executive officers as a group (12 persons)	21,962,388	(n) 40.7%

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\* Less than 1%

(a) Unless otherwise indicated, the business address of each person named in the table is c/o Cinedigm Digital Cinema Corp., 55 Madison Avenue, Suite 300, Morristown, New Jersey 07960.

(b) Applicable percentage of ownership is based on 37,276,295 shares of Class A Common Stock outstanding as of July 18, 2011 together with all applicable options, warrants and other securities convertible into shares of our Class A Common Stock for such stockholder. Beneficial ownership is determined in accordance with the rules of the SEC, and

includes voting and investment power with respect to shares. Shares of Class A Common Stock subject to options, warrants or other convertible securities exercisable within 60 days after July 18, 2011 are deemed outstanding for computing the percentage ownership of the person holding such options, warrants or other convertible securities, but are not deemed outstanding for computing the percentage of any other person. Except as otherwise noted, the named beneficial owner has the sole voting and investment power with respect to the shares of Common Stock shown.

(c)Includes 340,000 shares of Class A Common Stock underlying options that may be acquired upon exercise of such options.

(d) Consists of 1,328,497 shares owned by Aquifer Opportunity Fund, L.P. (“Aquifer Fund”) and 294,800 shares owned directly by Adam M. Mizel. Aquifer GP, LP (“Aquifer GP”) is a general partner of Aquifer Fund. Mr. Mizel is the managing member of Aquifer GP. Mr. Mizel is also the Chief Financial Officer and the Chief Strategy Officer and a director of the Company. Mr. Mizel disclaims beneficial ownership of the securities owned by Aquifer Fund, except to the extent of his pecuniary interest therein, if any.

(e) Includes 211,382 shares of Class A Common Stock underlying options that may be acquired upon exercise of such options.

(f) Mr. Clevenger is a managing director of MidMark and of MidMark Investments, Inc. (“MidMark Investments”) and a managing member of MidMark Advisors II, LLC. Includes 30,000 shares of Class A Common Stock owned directly, 40,000 shares of Class A Common Stock underlying options that may be acquired upon exercise of such options held by MidMark Investments and 1,985,117 shares owned by MidMark. Other than the 30,000 shares first described, Mr. Clevenger disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein.

(g) Includes 37,000 shares of Class A Common Stock underlying options that may be acquired upon exercise of such options.

(h) Includes 85,119 shares of Class A Common Stock owned directly, 37,000 shares of Class A Common Stock underlying options that may be acquired upon exercise of such options, and 338,496 shares owned by CMNY, for which Mr. Davidoff serves as a director. Other than the 122,119 shares described above, Mr. Davidoff disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein.

(i) Mr. Finlay is a director of MidMark and of MidMark Investments. Includes 8,414 shares of Class A Common Stock owned directly, 40,000 shares of Class A Common Stock underlying options that may be acquired upon exercise of such options held by MidMark Investments and 1,985,117 shares owned by MidMark. Other than the 8,414 shares first described, Mr. Finlay disclaims beneficial ownership of such shares except to the extent of any pecuniary interest therein.

(j) Includes 16,000,000 shares of Class A Common Stock subject to issuance upon exercise of currently exercisable warrants owned by Sageview Capital Master Fund, L.P. (“Sageview Master”). Sageview Capital Partners (A), L.P. (“Sageview A”), Sageview Capital Partners (B), L.P. (“Sageview B”) and Sageview Capital Partners (C) (Master), L.P. (“Sageview C”) are the sole shareholders of Sageview Master. Sageview Capital GenPar, Ltd. (“Sageview Ltd.”) is the sole general partner of each of Sageview A, Sageview B and Sageview C. Sageview Capital GenPar, L.P. (“Sageview GenPar”) is the sole shareholder of Sageview Ltd. Sageview Capital MGP, LLC (“Sageview MGP”) is the sole general partner of Sageview GenPar.