CINEDIGM CORP.

FORM 10-Q
(Quarterly Report)

Filed 11/14/13 for the Period Ending 09/30/13

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal period ended: September 30, 2013

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from --- to ---

Commission File Number: 000-31810

Cinedigm Corp.

(Exact name of registrant as specified in its charter)

Delaware	**22-3720962**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
902 Broadway, 9th Floor New York, NY	**10010**
(Address of principal executive offices)	(Zip Code)

(212) 206-8600
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of November 11, 2013, 64,329,614 shares of Class A Common Stock, $0.001 par value were outstanding.

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ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

CINEDIGM CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except for share and per share data)

	September 30, 2013	March 31, 2013
ASSETS	(Unaudited)	
Current assets		
Cash and cash equivalents	$ 12,389	$ 13,448
Accounts receivable, net	36,322	31,695
Deferred costs, current portion	1,309	1,238
Unbilled revenue, current portion	4,894	9,989
Prepaid and other current assets	7,784	6,101
Note receivable, current portion	324	331
Total current assets	63,022	62,802
Restricted cash	6,751	6,751
Security deposits	218	218
Property and equipment, net	152,563	170,511
Intangible assets, net	12,006	12,848
Capitalized software costs, net	7,509	7,083
Goodwill	12,739	12,739
Deferred costs, net of current portion	7,131	7,396
Unbilled revenue, net of current portion	460	543
Accounts receivable, long-term	1,505	1,225
Note receivable, net of current portion	123	130
Investment in non-consolidated entity, net	—	1,812
Total assets	$ 264,027	$ 284,058

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

CINEDIGM CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except for share and per share data)
(continued)

	September 30, 2013	March 31, 2013
LIABILITIES AND STOCKHOLDERS' DEFICIT	(Unaudited)	
Current liabilities		
Accounts payable and accrued expenses	$ 49,387	$ 40,320
Current portion of notes payable, non-recourse	33,992	34,447
Current portion of capital leases	151	132
Current portion of deferred revenue	3,699	3,900
Current portion of contingent consideration for business combination	—	1,500
Total current liabilities	87,229	80,299
Notes payable, non-recourse, net of current portion	183,342	203,462
Capital leases, net of current portion	4,385	4,386
Interest rate derivatives	—	544
Deferred revenue, net of current portion	10,196	10,931
Contingent consideration, net of current portion	1,846	1,750
Total liabilities	286,998	301,372
Commitments and contingencies (see Note 7)		
Stockholders' Deficit		
Preferred stock, 15,000,000 shares authorized; Series A 10% - $0.001 par value per share; 20 shares authorized; 7 shares issued and outstanding at September 30, 2013 and March 31, 2013, respectively. Liquidation preference of $3,609	3,520	3,466
Class A common stock, $0.001 par value per share; 118,759,000 shares authorized; 53,077,216 and 48,448,137 shares issued and 53,025,776 and 48,396,697 shares outstanding at September 30, 2013 and March 31, 2013, respectively	53	48
Class B common stock, $0.001 par value per share; 1,241,000 shares authorized and issued, 0 shares outstanding at September 30, 2013 and March 31, 2013	—	—
Additional paid-in capital	228,427	221,810
Treasury stock, at cost; 51,440 Class A shares	(172)	(172)
Accumulated deficit	(254,799)	(242,466)
Total stockholders' deficit	(22,971)	(17,314)
Total liabilities and stockholders' deficit	$ 264,027	$ 284,058

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

CINEDIGM CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except for share and per share data)
(Unaudited)

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2013	2012	2013	2012 (As Adjusted - See Note 1)
Revenues	$ 20,367	$ 22,609	$ 39,992	$ 43,513
Costs and expenses:				
Direct operating (exclusive of depreciation and amortization shown below)	5,470	2,928	9,961	5,363
Selling, general and administrative	5,072	6,306	12,195	12,199
Research and development	19	36	47	74
Provision for doubtful accounts	132	78	194	154
Restructuring and transition expenses	—	340	—	340
Merger and acquisition expenses	—	—	—	1,267
Depreciation and amortization of property and equipment	9,375	9,120	18,650	18,217
Amortization of intangible assets	417	223	842	381
Total operating expenses	20,485	19,031	41,889	37,995
(Loss) income from operations	(118)	3,578	(1,897)	5,518
Interest expense, net	(4,526)	(7,278)	(9,445)	(14,736)
(Loss) income on investment in non-consolidated entity	(560)	631	(1,812)	662
Other income, net	108	193	241	391
Change in fair value of interest rate derivatives	(71)	255	758	676
Loss from continuing operations before benefit from income taxes	(5,167)	(2,621)	(12,155)	(7,489)
Benefit from income taxes	—	—	—	5,019
Loss from continuing operations	(5,167)	(2,621)	(12,155)	(2,470)
Income (loss) from discontinued operations	—	10	—	(274)
Net loss	(5,167)	(2,611)	(12,155)	(2,744)
Preferred stock dividends	(89)	(89)	(178)	(178)
Net loss attributable to common stockholders	$ (5,256)	$ (2,700)	$ (12,333)	$ (2,922)
Net loss per Class A and Class B common share attributable to common shareholders - basic and diluted:				
Loss from continuing operations	$ (0.10)	$ (0.06)	$ (0.24)	$ (0.06)
Loss from discontinued operations	—	—	—	(0.01)
	$ (0.10)	$ (0.06)	$ (0.24)	$ (0.07)
Weighted average number of Class A and Class B common shares outstanding: basic and diluted	52,920,060	48,299,715	50,651,007	46,718,464

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

CINEDIGM CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	For the Six Months Ended September 30,	
	2013	2012 (As Adjusted - See Note 1)
Cash flows from operating activities		
Net loss	$ (12,155)	$ (2,744)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization of property and equipment and amortization of intangible assets	19,492	18,598
Amortization of capitalized software costs	736	527
Amortization of debt issuance costs	566	1,121
Provision for doubtful accounts	194	154
Stock-based compensation	1,277	1,319
Change in fair value of contingent consideration for business combination	(1,500)	—
Change in fair value of interest rate derivatives	(758)	(676)
Accretion and PIK interest expense added to note payable	1,076	4,950
Loss (income) on investment in non-consolidated entity	1,812	(662)
Benefit from deferred income taxes	—	(5,019)
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable	(5,101)	(635)
Unbilled revenue	5,178	(138)
Prepaid expenses and other current assets	(1,719)	(4,089)
Other assets	(358)	(103)
Accounts payable and accrued expenses	9,119	2,760
Deferred revenue	(936)	39
Other liabilities	37	(174)
Net cash provided by operating activities	16,960	15,228
Cash flows from investing activities:		
Purchase of New Video Group, Inc., net of cash acquired of $6,873	—	(3,127)
Purchases of property and equipment	(618)	(3,793)
Purchases of intangible assets	—	(22)
Additions to capitalized software costs	(1,162)	(1,366)
Sales/maturities of restricted available-for-sale investments	—	9,477
Net cash (used in) provided by investing activities	(1,780)	1,169
Cash flows from financing activities:		
Repayment of notes payable	(21,519)	(27,242)
Proceeds from notes payable	—	3,469
Principal payments on capital leases	(66)	(86)
Proceeds from issuance of Class A common stock	5,520	11,002
Costs associated with issuance of Class A common stock	(174)	(1,113)
Net cash used in financing activities	(16,239)	(13,970)
Net change in cash and cash equivalents	(1,059)	2,427
Cash and cash equivalents at beginning of period	13,448	16,614
Cash and cash equivalents at end of period	$ 12,389	$ 19,041

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

1. NATURE OF OPERATIONS

Cinedigm Corp. (formerly known as Cinedigm Digital Cinema Corp.) was incorporated in Delaware on March 31, 2000 ("Cinedigm", and collectively with its subsidiaries, the "Company").

Over the past decade, the Company has played a significant role in the digital distribution revolution that continues to transform the media landscape. In addition to its pioneering role in transitioning almost 12,000 movie screens from traditional film prints to digital distribution, the Company continues to advance worldwide cinema modernization with its suite of software products allowing exhibitors and distributors to manage their newly digital businesses with efficiency, insight and lower costs. And, as a leading distributor of independent content, the Company collaborates with producers and the exhibition community to market, source, curate and distribute quality content to targeted and profitable audiences through (i) theatrical releases, (ii) existing and emerging digital home entertainment platforms, including iTunes, Amazon Prime, Netflix, Xbox, Playstation, and cable video-on-demand ("VOD") and (iii) physical goods, including DVD and Blu-ray.

The Company reports its financial results in four primary segments as follows: (1) the first digital cinema deployment ("Phase I Deployment"), (2) the second digital cinema deployment ("Phase II Deployment"), (3) digital cinema services ("Services") and (4) media content and entertainment ("Content & Entertainment"). The Phase I Deployment and Phase II Deployment segments are the non-recourse, financing vehicles and administrators for the Company's digital cinema equipment (the "Systems") installed in movie theatres nationwide. The Services segment provides services, software and support to the Phase I Deployment and Phase II Deployment segments as well as directly to exhibitors and other third party customers. Included in these services are Systems management services for a specified fee via service agreements with Phase I Deployment and Phase II Deployment as well as third party exhibitors as buyers of their own digital cinema equipment; and software license, maintenance and consulting services to Phase I and Phase II Deployment, various other exhibitors, studios and other content organizations. These services primarily facilitate the conversion from analog to digital cinema and have positioned the Company at what it believes to be the forefront of a rapidly developing industry relating to the distribution and management of digital cinema and other content to theatres and other remote venues worldwide. The Content & Entertainment segment provides content marketing and distribution services in both theatrical and ancillary home entertainment markets to alternative and independent movie content owners and to theatrical exhibitors.

Purchase of New Video Group

On April 19, 2012, the Company entered into a stock purchase agreement for the purchase of all of the issued and outstanding capital stock of New Video Group, Inc. ("New Video"). Upon concluding the purchase price allocation for the purchase of New Video ("New Video Acquisition") in the fourth quarter of the fiscal year ended March 31, 2013, a measurement period adjustment was made to establish a deferred tax liability with a corresponding increase in goodwill at the acquisition date. As a result of this adjustment and the assessment of its consolidated tax filing status, the Company determined it was appropriate to release a portion of its deferred tax valuation allowance established prior to the New Video Acquisition. The release of the deferred tax valuation allowance was recorded outside of acquisition accounting in accordance with the accounting guidance. Accordingly, the previously reported condensed consolidated statement of operations for the six months ended September 30, 2012 has been revised as follows:

	As Previously Reported	As Adjusted	Change
Condensed consolidated statement of operations			
Loss from continuing operations before benefit from income taxes	$ (7,489)	$ (7,489)	$ —
Benefit from income taxes	—	5,019	5,019
Loss from continuing operations	(7,489)	(2,470)	5,019
Net loss	(7,763)	(2,744)	5,019
Net loss attributable to common stockholders	(7,941)	(2,922)	5,019
Net loss per Class A and Class B common share attributable to common shareholders - basic and diluted:			
Loss from continuing operations	$ (0.16)	$ (0.06)	$ 0.10
Loss from discontinued operations	(0.01)	(0.01)	—
	$ (0.17)	$ (0.07)	$ 0.10

Subsequent Events

Gaiam Acquisition

On October 17, 2013, the Company and Cinedigm Entertainment Holdings, LLC ("CEH"), a newly-formed, wholly-owned subsidiary of the Company, entered into a Membership Interest Purchase Agreement with Gaiam Americas, Inc. and Gaiam, Inc. (together, "Gaiam") for the purchase by CEH of Gaiam's division that maintains exclusive distribution rights agreements with large independent studios/content providers, and distributes entertainment content through home video, digital and television distribution channels (the "Gaiam Acquisition"). The Company agreed to an aggregate purchase price of $51,500 , subject to a working capital adjustment, with (i) $47,500 payable in cash and 666,978 shares of Class A Common Stock valued at $1,000 , subject to certain transfer restrictions, in each case upon the closing of the Gaiam Acquisition, and (ii) $3,000 payable in cash on a deferred basis. The Gaiam Acquisition was consummated on October 21, 2013. Gaiam will become part of the Company's Content & Entertainment segment.

Credit Facility

On October 17, 2013, the Company entered into a credit agreement (the "CEH Credit Agreement") with Société Générale, New York Branch, as administrative agent and collateral agent for the lenders party thereto and certain other secured parties (the "Collateral Agent"). Under the CEH Credit Agreement and subject to the terms and conditions thereof, the Company may borrow an aggregate principal amount of $55,000 , including term loans of $25,000 (the "CEH Term Loans") and revolving loans of $30,000 (the "CEH Revolving Loans"). All of the CEH Term Loans and $15,000 of the CEH Revolving Loans were drawn at closing in connection with funding the Gaiam Acquisition upon the Company's contribution of such funds to CEH. Each of the CEH Term Loans and the CEH Revolving Loans bear interest at the base rate plus 3.0% or the eurodollar rate plus 4.0% . Base rate, per annum, is equal to the highest of (a) the rate quoted by the Wall Street Journal as the "base rate on corporate loans by at least 75% of the nation's largest banks," (b) 0.50% plus the federal funds rate, and (c) the eurodollar rate plus 1.0% . All collections and revenues of CEH will be deposited into a special blocked account, from which amounts are paid out on a monthly basis to pay certain operating expenses and principal, interest, fees, costs and expenses relating to the CEH Credit Agreement according to certain designated priorities. On a quarterly basis, if funds remain after the payment of all such amounts, a portion of such funds will be applied to prepay the CEH Term Loans. The CEH Term Loans and CEH Revolving Loans mature and must be paid in full by October 21, 2016. In addition, the Company may prepay the CEH Term Loans and CEH Revolving Loans, in whole or in part, subject to paying certain breakage costs, as applicable.

Shelf Offering

On October 17, 2013, the Company conducted an underwritten public offering resulting in the sale by the Company of an aggregate of 9,089,990 shares of Class A Common Stock on October 21, 2013 and October 23, 2013 with net proceeds to the Company of approximately $12,049 .

Securities Purchase Agreements

On October 17, 2013 and October 21, 2013, the Company entered into securities purchase agreements (the "Securities Purchase Agreements") with certain investors party thereto (the "Investors") pursuant to which the Company agreed to sell to the Investors notes in the aggregate principal amount of $5,000 (the "2013 Notes") and warrants to purchase an aggregate of 1,500,000 shares of Class A Common Stock (the "2013 Warrants"). The sales were consummated on October 21, 2013. The proceeds of the sales

of the 2013 Notes and 2013 Warrants were used for working capital and general corporate purposes, including to finance, in part, the Gaiam Acquisition.

The principal amount outstanding under the 2013 Notes is due on October 21, 2018. The 2013 Notes bear interest at 9.0% per annum, payable in quarterly installments over the term of the 2013 Notes. The 2013 Notes entitle the Company to redeem the 2013 Notes any time on or after October 21, 2015, subject to certain premiums.

The 2013 Warrants will be exercisable through October 21, 2018 at an exercise price per share of $1.85 . The 2013 Warrants and 2013 Notes are subject to certain transfer restrictions. The Company has agreed to register the resale of the shares exercisable under the 2013 Warrants.

Stock Purchase Agreement

On October 17, 2013, the Company entered into a common stock purchase agreement (the "Stock Purchase Agreement") with an investor party thereto (the "Common Stock Investor") pursuant to which the Company agreed to sell to the Common Stock Investor 1,398,601 shares (the "2013 Shares") of Class A Common Stock, for an aggregate purchase price in cash of $2,000 , priced at $1.43 per share. The sale was consummated on October 21, 2013. The proceeds of the sale of the 2013 Shares will be used for working capital and general corporate purposes, including to finance, in part, the Gaiam Acquisition. In addition, the Company has agreed to register the resale of the 2013 Shares with the Securities and Exchange Commission ("SEC").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND CONSOLIDATION

The Company has incurred net losses historically and has an accumulated deficit of $254,799 as of September 30, 2013 . The Company also has significant contractual obligations related to its non-recourse debt for the fiscal year ending March 31, 2014 and beyond. The Company may continue to generate net losses for the foreseeable future. Based on the Company's cash position at September 30, 2013 , and expected cash flows from operations, management believes that the Company has the ability to meet its obligations through at least September 30, 2014 . Failure to generate additional revenues, raise additional capital or manage discretionary spending could have an adverse effect on the Company's financial position, results of operations or liquidity.

The Company's condensed consolidated financial statements include the accounts of Cinedigm, Access Digital Media, Inc. ("AccessDM"), Hollywood Software, Inc. d/b/a Cinedigm Software ("Software"), FiberSat Global Services, Inc. d/b/a Cinedigm Satellite and Support Services ("Satellite"), ADM Cinema Corporation ("ADM Cinema") d/b/a the Pavilion Theatre (certain assets and liabilities of which were sold in May 2011), Christie/AIX, Inc. ("C/AIX") d/b/a Cinedigm Digital Cinema ("Phase 1 DC"), USM (sold in September 2011), Vistachiara Productions, Inc. f/k/a The Bigger Picture, currently d/b/a Cinedigm Content and Entertainment Group, Cinedigm Entertainment Corp. f/k/a New Video Group, Inc. ("New Video"), Access Digital Cinema Phase 2 Corp. ("Phase 2 DC"), Cinedigm Digital Cinema Australia Pty Ltd, Access Digital Cinema Phase 2 B/AIX Corp. ("Phase 2 B/AIX"), Cinedigm Digital Funding I, LLC ("CDF I") and Cinedigm DC Holdings LLC ("DC Holdings LLC"). Cinedigm Content and Entertainment Group and New Video are together referred to as CEG. AccessDM and Satellite are together referred to as DMS (the majority of which was sold in November, 2011 and remaining assets of which were sold in May 2012). All intercompany transactions and balances have been eliminated in consolidation.

The condensed consolidated balance sheet as of March 31, 2013, which has been derived from audited financial statements, and
the unaudited interim condensed consolidated financial statements were prepared following the interim reporting requirements of the SEC. They do not include all disclosures normally made in financial statements contained in the Form 10-K. In management's opinion, all adjustments necessary for a fair presentation of financial position, the results of operations and cash flows in accordance with accounting principles generally accepted in the United States of America ("GAAP") for the periods presented have been made. The results of operations for the respective interim periods are not necessarily indicative of the results to be expected for the full year. The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2013 filed with the SEC on June 20, 2013 (the "Form 10-K").

INVESTMENT IN NON-CONSOLIDATED ENTITY

The Company indirectly owns 100% of the common equity of CDF2 Holdings, LLC ("Holdings"), which is a Variable Interest Entity ("VIE"), as defined in Accounting Standards Codification Topic 810 ("ASC 810"), "Consolidation". The Company has determined that it is not the primary beneficiary of Holdings in accordance with ASC 810, and it accounts for its investment in

Holdings under the equity method of accounting. The Company's net investment in Holdings is reflected as “Investment in non-consolidated entity, net" in the accompanying condensed consolidated balance sheets. See Note 4 for further discussion.

RECLASSIFICATION

Certain reclassifications, principally for income taxes, have been made to the fiscal period ended September 30, 2012 consolidated financial statements to conform to the current fiscal period ended September 30, 2013 presentation.

USE OF ESTIMATES

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates include the adequacy of accounts receivable reserves, assessment of goodwill and intangible asset impairment and valuation reserve for income taxes, among others. Actual results could differ from these estimates.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with an original maturity of three months or less to be “cash equivalents.” The Company maintains bank accounts with major banks, which from time to time may exceed the Federal Deposit Insurance Corporation’s insured limits. The Company periodically assesses the financial condition of the institutions and believes that the risk of any loss is minimal.

ACCOUNTS RECEIVABLE

The Company maintains reserves for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Reserves are recorded primarily on a specific identification basis. Allowance for doubtful accounts amounted to $844 and $699 as of September 30, 2013 and March 31, 2013 , respectively.

Accounts receivable, long-term result from up-front activation fees earned from the Company's Systems deployments with extended payment terms that are discounted to their present value at prevailing market rates.

RESTRICTED CASH

In connection with the 2013 Term Loans issued in February 2013 and the 2013 Prospect Loan Agreement issued in February 2013 (collectively, see Note 5), the Company maintains cash restricted for repaying interest on the respective loans as follows:

	As of September 30, 2013	As of March 31, 2013
Reserve account related to the 2013 Term Loans (See Note 5)	$ 5,751	$ 5,751
Reserve account related to the 2013 Prospect Loan Agreement (See Note 5)	1,000	1,000
	$ 6,751	$ 6,751

DEFERRED COSTS

Deferred costs primarily consist of unamortized debt issuance costs related to the 2013 Term Loans and 2013 Prospect Loan (see Note 5) which are amortized under the effective interest rate method over the terms of the respective debt. All other unamortized debt issuance costs are amortized on a straight-line basis over the term of the respective debt. For such debt, amortization on a straight-line basis is not materially different from the effective interest method.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation expense is recorded using the straight-line method over the estimated useful lives of the respective assets as follows:

Computer equipment and software	3 - 5 years
Digital cinema projection systems	10 years
Machinery and equipment	3 - 10 years
Furniture and fixtures	3 - 6 years

Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the leasehold improvements. Maintenance and repair costs are charged to expense as incurred. Major renewals, improvements and additions are capitalized. Upon the sale or other disposition of any property and equipment, the cost and related accumulated depreciation and amortization are removed from the accounts and the gain or loss on disposal is included in the condensed consolidated statements of operations.

ACCOUNTING FOR DERIVATIVE ACTIVITIES

Derivative financial instruments are recorded at fair value. The Company had three separate interest rate swap agreements (the "Interest Rate Swaps") to limit the Company's exposure to changes in interest rates related to the 2013 Term Loans which matured in June 2013. Additionally, the Company entered into two separate interest rate cap transactions during the fiscal year ended March 31, 2013 to limit the Company's exposure to interest rates related to the 2013 Term Loans and 2013 Prospect Loan. Changes in fair value of derivative financial instruments are either recognized in accumulated other comprehensive loss (a component of stockholders' deficit) or in the condensed consolidated statements of operations depending on whether the derivative qualifies for hedge accounting. The Company has not sought hedge accounting treatment for these instruments and therefore, changes in the value of its Interest Rate Swaps and caps were recorded in the condensed consolidated statements of operations (See Note 5).

FAIR VALUE MEASUREMENTS

The fair value measurement disclosures are grouped into three levels based on valuation factors:

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments and market corroborated inputs)
- Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

Assets and liabilities measured at fair value on a recurring basis use the market approach, where prices and other relevant information are generated by market transactions involving identical or comparable assets or liabilities.

The following tables summarize the levels of fair value measurements of the Company's financial assets and liabilities:

	As of September 30, 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Restricted cash	$ 6,751	$ —	$ —	$ 6,751
Contingent consideration	—	—	(1,846)	(1,846)
	$ 6,751	$ —	$ (1,846)	$ 4,905

	As of March 31, 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash equivalents	$ 1,004	$ —	$ —	$ 1,004
Restricted cash	6,751	—	—	6,751
Interest rate derivatives	—	(544)	—	(544)
Contingent consideration	—	—	(3,250)	(3,250)
	$ 7,755	$ (544)	$ (3,250)	$ 3,961

Contingent consideration is a liability to the sellers of New Video based upon its business unit financial performance target in each of the fiscal years ending March 31, 2014 and 2015 . The estimates of the fair value of the contingent consideration arrangement was estimated by using the current forecast of New Video adjusted EBITDA, as defined by the New Video stock purchase agreement. That measure is based on significant inputs that are not observable in the market, which are considered Level 3 inputs.

The following change in contingent consideration liabilities during the six months ended September 30, 2013 were as follows:

Balance at March 31, 2013	$	3,250
Change in fair value		(1,500)
Accretion of contingent liability		96
Balance at September 30, 2013	$	1,846

Key assumptions include a discount rate of 7% and that New Video will achieve 100% of its business unit financial performance target in each of the two fiscal years described above, resulting in a payment of 75% of the maximum contingent consideration amount. During the three months ended September 30, 2013, the Company determined that the business unit would not meet the target for the fiscal year ending March 31, 2014 as defined in the New Video stock purchase agreement. Accordingly, the fair value of the liability was reduced by $1,500 and is a reduction of selling, general and administrative expenses within the condensed consolidated statements of operations for the three and six months ended September 30, 2013 . As of September 30, 2013 , the remaining amount of contingent consideration arrangement, the range of outcomes and the assumptions used to develop the estimate had not changed for the fiscal year ending March 31, 2015.

The Company’s cash and cash equivalents, accounts receivable, unbilled revenue and accounts payable and accrued expenses are financial instruments and are recorded at cost in the condensed consolidated balance sheets. The estimated fair values of these financial instruments approximate their carrying amounts because of their short-term nature. The carrying amount of accounts receivable, long-term and notes receivable approximates fair value based on the discounted cash flows of that instrument using current assumptions at the balance sheet date. The fair value of fixed rate and variable rate debt is estimated by management based upon current interest rates available to the Company at the respective balance sheet date for arrangements with similar terms and conditions. Based on borrowing rates currently available to the Company for loans with similar terms, the carrying value of notes payable and capital lease obligations approximates fair value.

IMPAIRMENT OF LONG-LIVED AND FINITE-LIVED ASSETS

The Company reviews the recoverability of its long-lived assets and finite-lived intangible assets, when events or conditions occur that indicate a possible impairment exists. The assessment for recoverability is based primarily on the Company’s ability to recover the carrying value of its long-lived and finite-lived assets from expected future undiscounted net cash flows. If the total of expected future undiscounted net cash flows is less than the total carrying value of the assets the asset is deemed not to be recoverable and possibly impaired. The Company then estimates the fair value of the asset to determine whether an impairment loss should be recognized. An impairment loss will be recognized if the difference between the fair value and the carrying value of the asset exceeds its fair value. Fair value is determined by computing the expected future undiscounted cash flows. During the three and six months ended September 30, 2013 and 2012 , no impairment charge from continuing operations for long-lived assets or finite-lived assets was recorded.

GOODWILL AND INDEFINITE-LIVED INTANGIBLE ASSETS

Goodwill is the excess of the purchase price paid over the fair value of the net assets of an acquired business. Goodwill and intangible assets with indefinite lives are not amortized; rather, they are tested for impairment on at least an annual basis.

The Company’s process of evaluating goodwill for impairment involves the determination of fair value of its goodwill reporting units: Software and CEG. The Company conducts its annual goodwill impairment analysis during the fourth quarter of each fiscal year, measured as of March 31, unless triggering events occur which require goodwill to be tested at another date.

Information related to the goodwill allocated to the Company's reportable segments is detailed below:

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
As of March 31, 2013	$ —	$ —	$ 4,197	$ 8,542	$ —	$ 12,739
As of September 30, 2013	$ —	$ —	$ 4,197	$ 8,542	$ —	$ 12,739

CAPITALIZED SOFTWARE DEVELOPMENT COSTS

Software development costs for software to be sold, licensed or otherwise marketed that are incurred subsequent to establishing technological feasibility, when it is determined that the software can be produced to meet its design specifications, are capitalized until the product is available for general release. Amounts capitalized as software development costs are amortized using the greater of recognized revenues during the period compared to the total estimated revenues to be earned or on a straight-line basis over estimated lives, generally 5 years, except for deployment software which is for 10 years. The Company reviews capitalized software costs to determine if any impairment exists on a periodic basis. Amortization of capitalized software development costs, included in direct operating costs, for the three months ended September 30, 2013 and 2012 amounted to $422 and $396 , respectively. Amortization of capitalized software development costs, included in direct operating costs, for the six months ended September 30, 2013 and 2012 amounted to $736 and $527 , respectively.

REVENUE RECOGNITION

Phase I Deployment and Phase II Deployment

Virtual print fees (“VPFs”) are earned pursuant to contracts with movie studios and distributors, whereby amounts are payable by a studio to Phase 1 DC, CDF I and to Phase 2 DC when movies distributed by the studio are displayed on screens utilizing the Company’s Systems installed in movie theatres. VPFs are earned and payable to Phase 1 DC and CDF I based on a defined fee schedule with a reduced VPF rate year over year until the sixth year at which point the VPF rate remains unchanged through the tenth year. One VPF is payable for every digital title displayed per System. The amount of VPF revenue is dependent on the number of movie titles released and displayed using the Systems in any given accounting period. VPF revenue is recognized in the period in which the digital title first plays on a System for general audience viewing in a digitally-equipped movie theatre, as Phase 1 DC’s, CDF I’s and Phase 2 DC’s performance obligations have been substantially met at that time.

Phase 2 DC’s agreements with distributors require the payment of VPFs, according to a defined fee schedule, for ten years from the date each system is installed; however, Phase 2 DC may no longer collect VPFs once “cost recoupment,” as defined in the agreements, is achieved. Cost recoupment will occur once the cumulative VPFs and other cash receipts collected by Phase 2 DC have equaled the total of all cash outflows, including the purchase price of all Systems, all financing costs, all “overhead and ongoing costs”, as defined, and including the Company’s service fees, subject to maximum agreed upon amounts during the three-year rollout period and thereafter, plus a compounded return on any billed but unpaid overhead and ongoing costs, of 15% per year. Further, if cost recoupment occurs before the end of the eighth contract year, a one-time “cost recoupment bonus” is payable by the studios to the Company. Any other cash flows, net of expenses, received by Phase 2 DC following the achievement of cost recoupment are required to be returned to the distributors on a pro-rata basis. At this time, the Company cannot estimate the timing or probability of the achievement of cost recoupment.

Alternative content fees (“ACFs”) are earned pursuant to contracts with movie exhibitors, whereby amounts are payable to Phase 1 DC, CDF I and to Phase 2 DC, generally either a fixed amount or as a percentage of the applicable box office revenue derived from the exhibitor’s showing of content other than feature movies, such as concerts and sporting events (typically referred to as “alternative content”). ACF revenue is recognized in the period in which the alternative content first opens for audience viewing.

Revenues are deferred for up front exhibitor contributions and are recognized over the cost recoupment period, which is expected to be ten years.

Services

For software multi-element licensing arrangements that do not require significant production, modification or customization of the licensed software, revenue is recognized for the various elements as follows: revenue for the licensed software element is recognized upon delivery and acceptance of the licensed software product, as that represents the culmination of the earnings process and the Company has no further obligations to the customer, relative to the software license. Revenue earned from consulting services is recognized upon the performance and completion of these services. Revenue earned from annual software maintenance is recognized ratably over the maintenance term (typically one year).

Revenue is deferred in cases where: (1) a portion or the entire contract amount cannot be recognized as revenue, due to non-delivery or pre-acceptance of licensed software or custom programming, (2) uncompleted implementation of application service provider arrangements ("ASP Service"), or (3) unexpired pro-rata periods of maintenance, minimum ASP Service fees or website subscription fees. As license fees, maintenance fees, minimum ASP Service fees and website subscription fees are often paid in advance, a portion of this revenue is deferred until the contract ends. Such amounts are classified as deferred revenue and are recognized as earned revenue in accordance with the Company's revenue recognition policies described above.

Exhibitors who purchased and own Systems using their own financing in the Phase II Deployment, paid an upfront activation fee that is generally $2 thousand per screen to the Company (the "Exhibitor-Buyer Structure"). These upfront activation fees are recognized in the period in which these exhibitor owned Systems are ready for content, as the Company has no further obligations to the customer, and are generally paid quarterly from VPF revenues over approximately one year. Additionally, the Company recognizes activation fee revenue of between $1 thousand and $2 thousand on Phase 2 DC Systems and for Systems installed by Holdings upon installation and such fees are generally collected upfront upon installation. The Company will then manage the billing and collection of VPFs and will remit all VPFs collected to the exhibitors, less an administrative fee that will approximate up to 10% of the VPFs collected.

The administrative fee related to the Phase I Deployment approximates 5% of the VPFs collected and an incentive service fee equal to 2.5% of the VPFs earned by Phase 1 DC. This administrative fee is recognized in the period in which the billing of VPFs occurs, as performance obligations have been substantially met at that time.

Content & Entertainment

CEG earns fees for the distribution of content in the home entertainment markets via several distribution channels, including digital, video-on-demand, and physical goods (e.g. DVD and Blu-ray). The fee rate earned by the Company varies depending upon the nature of the agreements with the platform and content providers. Generally, revenues are recognized at the availability date of the content for a subscription digital platform, at the time of shipment for physical goods, or point-of-sale for transactional and video-on-demand services.

CEG also has contracts for the theatrical distribution of third party feature movies and alternative content. CEG's distribution fee revenue and CEG's participation in box office receipts is recognized at the time a feature movie and alternative content is viewed. CEG has the right to receive or bill a portion of the theatrical distribution fee in advance of the exhibition date, and therefore such amount is recorded as a receivable at the time of execution, and all related distribution revenue is deferred until the third party feature movies' or alternative content's theatrical release date.

Movie Cost Amortization

Once a movie is released, capitalized acquisition costs are amortized and participations and residual costs are accrued on an individual title basis in the proportion to the revenue recognized during the period for each title ("Period Revenue") bears to the estimated remaining total revenue to be recognized from all sources for each title ("Ultimate Revenue"). The amount of movie and other costs that is amortized each period will depend on the ratio of Period Revenue to Ultimate Revenue for each movie. The Company makes certain estimates and judgments of Ultimate Revenue to be recognized for each title. Ultimate Revenue does not include estimates of revenue that will be earned beyond 3 years of a movie's initial theatrical release date.

Estimates of Ultimate Revenue and anticipated participation and residual costs are reviewed periodically in the ordinary course of business and are revised if necessary. A change in any given period to the Ultimate Revenue for an individual title will result in an increase or decrease in the percentage of amortization of capitalized movie and other costs and accrued participation and residual costs relative to a previous period. Depending on the performance of a title, significant changes to the future Ultimate Revenue may occur, which could result in significant changes to the amortization of the capitalized acquisition costs.

DIRECT OPERATING COSTS

Direct operating costs consist of facility operating costs such as rent, utilities, real estate taxes, repairs and maintenance, royalty expenses, advertising, insurance and other related expenses, direct personnel costs, subcontractors and amortization of capitalized software development costs.

STOCK-BASED COMPENSATION

During the three months ended September 30, 2013 and 2012 , the Company recorded employee stock-based compensation of $540 and $528 , respectively. During the six months ended September 30, 2013 and 2012 , the Company recorded employee and director stock-based compensation of $1,277 and $1,319 , respectively.

The weighted-average grant-date fair value of options granted during the three months ended September 30, 2013 and 2012 was $0.84 and $0.79 , respectively. The weighted-average grant-date fair value of options granted during the six months ended September 30, 2013 and 2012 was $0.84 and $0.92 , respectively. There were no options exercised during the three months ended September 30, 2013 . There were 42,640 stock options exercised during the six months ended September 30, 2013 . During the three and six months ended September 30, 2012, there were no exercises of stock options.

The Company estimated the fair value of stock options at the date of each grant using a Black-Scholes option valuation model with the following assumptions:

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
Assumptions for Option Grants	**2013**	**2012**	**2013**	**2012**
Range of risk-free interest rates	1.4 - 1.6%	0.6 - 0.7%	0.7 - 1.6%	0.9 - 2.1%
Dividend yield	—	—	—	—
Expected life (years)	5	5	5	5
Range of expected volatilities	72.7 - 73.1%	75.2 - 75.6%	72.7- 74.0%	76.7 - 78.1%

The risk-free interest rate used in the Black-Scholes option pricing model for options granted under the Company’s stock option plan awards is the historical yield on U.S. Treasury securities with equivalent remaining lives. The Company does not currently anticipate paying any cash dividends on common stock in the foreseeable future. Consequently, an expected dividend yield of zero is used in the Black-Scholes option pricing model. The Company estimates the expected life of options granted under the Company’s stock option plans using both exercise behavior and post-vesting termination behavior, as well as consideration of outstanding options. The Company estimates expected volatility for options granted under the Company’s stock option plans based on a measure of historical volatility in the trading market for the Company’s common stock.

Employee and director stock-based compensation expense related to the Company’s stock-based awards was as follows:

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2013	**2012**	**2013**	**2012**
Direct operating	$ 16	$ 26	$ 34	$ 48
Selling, general and administrative	505	466	1,202	1,198
Research and development	19	36	41	73
	$ 540	$ 528	$ 1,277	$ 1,319

NET LOSS PER SHARE

Basic and diluted net loss per common share has been calculated as follows:

$$\text{Basic and diluted net loss per common share} = \frac{\text{Net loss + preferred dividends}}{\text{Weighted average number of common stock outstanding during the period}}$$

The sum of net loss from continuing operations per fully diluted share for the three months ended September 30, 2013 and three months ended June 30, 2013 does not equal the six months ended September 30, 2013 amount due to rounding. Shares issued and any shares that are reacquired during the period are weighted for the portion of the period that they are outstanding.

The Company incurred net losses for each of the three and six months ended September 30, 2013 and 2012 and, therefore, the impact of dilutive potential common shares from outstanding stock options and warrants, totaling 22,009,140 shares and 20,827,897 shares as of September 30, 2013 and 2012, respectively, were excluded from the computation as it would be anti-dilutive.

3. DISCONTINUED OPERATIONS

During the three and six months ended September 30, 2013, there were no discontinued operations. For the three and six months ended September 30, 2012, the loss from discontinued operations is comprised of DMS. There is no tax provision or benefit related to any of the discontinued operations. The loss from discontinued operations was as follows:

	For the Three Months Ended September 30, 2012	For the Six Months Ended September 30, 2012
Revenues	$ —	$ 67
Costs and Expenses:		
Direct operating (exclusive of depreciation and amortization shown below)	—	178
Selling, general and administrative	(10)	107
Provision for doubtful accounts	—	36
Total operating expenses	(10)	321
Income (loss) from operations	10	(254)
Other expense, net	—	(20)
Income (loss) from discontinued operations	$ 10	$ (274)

4. INVESTMENT IN NON-CONSOLIDATED ENTITY

Investment in Holdings

As discussed in Note 2, Holdings, a subsidiary of Phase 2 DC, which is wholly owned by the Company, and its wholly owned limited liability company, Cinedigm Digital Funding 2, LLC, were created for the purpose of capitalizing on the conversion of the exhibition industry from film to digital technology. Holdings assists customers in procuring the necessary equipment in the conversion of their Systems by providing the necessary financing, equipment, installation and related ongoing services. Holdings is a VIE, as defined in ASC 810, indirectly wholly owned by the Company. ASC 810 requires the consolidation of VIEs by an entity that has a controlling financial interest in the VIE which entity is thereby defined as the primary beneficiary of the VIE. To be a primary beneficiary, an entity must have the power to direct the activities of a VIE that most significantly impact the VIE's economic performance, among other factors. Although Holdings is indirectly wholly owned by the Company, a third party, which also has a variable interest in Holdings, along with an independent third party manager and the Company must mutually approve all business activities and transactions that significantly impact Holdings' economic performance. The Company has thus assessed its variable interests in Holdings and determined that it is not the primary beneficiary of Holdings and therefore accounts for its investment in Holdings under the equity method of accounting. In completing our assessment, the Company identified the activities that it considers most significant to the economic performance of Holdings and determined that we do not have the power to direct those activities. As a result, Holdings' financial position and results of operations are not consolidated in the financial position and results of operations of the Company.

The Company's maximum exposure to loss as it relates to Holdings as of September 30, 2013 and March 31, 2013 includes:

- The Company's investment in the equity of Holdings;
- As a result of operating losses for the six months ended September 30, 2013, the investment in the equity of Holdings is $0 as of September 30, 2013 . As of March 31, 2013 , the investment in the equity of Holdings was $1,812 ; and
- Accounts receivable due from Holdings for service fees under its master service agreement of $268 and $396 , respectively, included within accounts receivable, net on the accompanying condensed consolidated balance sheets.

During the three months ended September 30, 2013 and 2012, the Company received $275 and $470 in aggregate revenues through digital cinema servicing fees from Holdings, respectively, included in revenues on the accompanying condensed consolidated statements of operations. During the six months ended September 30, 2013 and 2012, such amounts were $537 and $894 , respectively. Digital cinema servicing fees earned from Holdings during the three and six months ended September 30, 2012 included one-time installation management fees of $461 and $920 , respectively.

The change in the carrying amount of our investment in Holdings for the six months ended September 30, 2013 is as follows:

Balance at March 31, 2013	$	1,812
Equity in loss of Holdings		(1,812)
Balance at September 30, 2013	$	—

5. NOTES PAYABLE

Notes payable consisted of the following:

	As of September 30, 2013				As of March 31, 2013			
Notes Payable	**Current Portion**		**Long Term Portion**		**Current Portion**		**Long Term Portion**	
2013 Term Loans, net of debt discount	$	26,062	$	81,982	$	26,250	$	96,207
2013 Prospect Loan Agreement		—		69,315		—		70,151
KBC Facilities		7,768		31,232		8,059		36,205
P2 Vendor Note		95		517		74		569
P2 Exhibitor Notes		67		296		64		330
Total non-recourse notes payable	$	33,992	$	183,342	$	34,447	$	203,462

Non-recourse debt is generally defined as debt whereby the lenders' sole recourse with respect to defaults by the Company is limited to the value of the asset collateralized by the debt. The 2013 Term Loans are not guaranteed by the Company or its other subsidiaries, other than Phase 1 DC. The 2013 Prospect Loan Agreement is not guaranteed by the Company or its other subsidiaries and the service fees of Phase 1 DC and Phase 2 DC were assigned by the Company to DC Holdings LLC. The KBC Facilities, the P2 Vendor Note and the P2 Exhibitor Notes are not guaranteed by the Company or its other subsidiaries, other than Phase 2 DC.

On February 28, 2013, CDF I entered into an amended and restated credit agreement (the "2013 Credit Agreement") with Société Générale, New York Branch, as administrative agent and collateral agent for the lenders party thereto and certain other secured parties (the "Collateral Agent"), and the lenders party thereto. The 2013 Credit Agreement amended and restated the 2010 Credit Agreement. The primary changes effected by the Amended and Restated Credit Agreement were (i) changing the aggregate principal amount of the term loans to $130,000 , which included an assignment of $5,000 of the principal balance to an affiliate of CDF I, (ii) changing the interest rate (described further below) and (iii) extending the term of the credit facility to February 2018. The proceeds of the term loans ("2013 Term Loans") under the 2013 Credit Agreement were used by CDF I to refinance the 2010 Credit Agreement.

Under the 2013 Credit Agreement, each of the 2013 Term loans bears interest, at the option of CDF I and subject to certain conditions, based on the base rate (generally, the bank prime rate) or the LIBOR rate set at a minimum of 1.00% , plus a margin of 1.75% (in the case of base rate loans) or, 2.75% (in the case of LIBOR rate loans). All collections and revenues of CDF I are deposited into designated accounts, from which amounts are paid out on a monthly basis to pay certain operating expenses and principal, interest, fees, costs and expenses relating to the 2013 Credit Agreement according to certain designated priorities. On a quarterly basis, if funds remain after the payment of all such amounts, they will be applied to prepay the 2013 Term Loans. The 2013 Term Loans mature and must be paid in full by February 28, 2018. In addition, CDF I may prepay the 2013 Term Loans, in whole or in part, subject to paying certain breakage costs, if applicable, and a 1.0% prepayment premium if a prepayment is made during the first year of the 2013 Term Loans.

The 2013 Credit Agreement also requires each of CDF I's existing and future direct and indirect domestic subsidiaries (the "Guarantors") to guarantee, under an Amended and Restated Guaranty and Security Agreement dated as of February 28, 2013 by and among CDF I, the Guarantors and the Collateral Agent (the "Guaranty and Security Agreement"), the obligations under the 2013 Credit Agreement, and all such obligations to be secured by a first priority perfected security interest in all of the collective assets of CDF I and the Guarantors, including real estate owned or leased, and all capital stock or other equity interests in C/AIX, the direct holder of CDF I's equity, CDF I and CDF I's subsidiaries. In connection with the 2013 Credit Agreement, AccessDM, a wholly-owned subsidiary of the Company and the direct parent of C/AIX, entered into an amended and restated pledge agreement dated as of February 28, 2013 (the "AccessDM Pledge Agreement") in favor of the Collateral Agent pursuant to which AccessDM pledged to the Collateral Agent all of the outstanding shares of common stock of C/AIX, and C/AIX entered into an amended and restated pledge agreement dated as of February 28, 2013 (the "C/AIX Pledge Agreement") in favor of the Collateral Agent pursuant to which C/AIX pledged to the Collateral Agent all of the outstanding membership interests of CDF I. The 2013 Credit Agreement contains customary representations, warranties, affirmative covenants, negative covenants and events of default.

All collections and revenues of CDF I are deposited into designated accounts. These amounts are included in cash and cash equivalents in the condensed consolidated balance sheets and are only available to pay certain operating expenses, principal, interest, fees, costs and expenses relating to the 2013 Credit Agreement, according to certain designated priorities, which totaled $5,104 and $6,787 as of September 30, 2013 and March 31, 2013 , respectively. The Company also set up a debt service fund under the 2013 Credit Agreement for future principal and interest payments, classified as restricted cash of $6,751 as of September 30, 2013 and March 31, 2013 .

The balance of the 2013 Term Loans, net of the original issue discount, was as follows:

	As of September 30, 2013	As of March 31, 2013
2013 Term Loans, at issuance, net	$ 125,087	$ 125,087
Payments to date	(16,746)	(2,275)
Discount on 2013 Term Loans	(297)	(355)
2013 Term Loans, net	108,044	122,457
Less current portion	(26,062)	(26,250)
Total long term portion	$ 81,982	$ 96,207

On February 28, 2013, DC Holdings LLC, AccessDM and Phase 2 DC entered into a term loan agreement (the “2013 Prospect Loan Agreement”) with Prospect Capital Corporation (“Prospect”), as administrative agent (the “Prospect Administrative Agent”) and collateral agent (the “Prospect Collateral Agent”) for the lenders party thereto, and the other lenders party thereto pursuant to which DC Holdings LLC borrowed $70,000 (the “2013 Prospect Loan”). The 2013 Prospect Loan, as subsequently amended, will bear interest annually in cash at LIBOR plus 9.00% (with a 2.00% LIBOR floor) and at 2.50% to be accrued as an increase in the aggregate principal amount of the 2013 Prospect Loan until the 2013 Credit Agreement is paid off, at which time all interest will be payable in cash.

The 2013 Prospect Loan matures on March 31, 2021. The 2013 Prospect Loan may be accelerated upon a change in control (as defined in the Term Loan Agreement) or other events of default as set forth therein and would be subject to mandatory acceleration upon an insolvency of DC Holdings LLC. The 2013 Prospect Loan is payable on a voluntary basis after the second anniversary of the initial borrowing in whole but not in part, subject to a prepayment penalty equal to 5.00% of the principal amount prepaid if the 2013 Prospect Loan is prepaid after the second anniversary but prior to the third anniversary of issuance, a prepayment penalty of 4.00% of the principal amount prepaid if the 2013 Prospect Loan is prepaid after such third anniversary but prior to the fourth anniversary of issuance, a prepayment penalty of 3.00% of the principal amount prepaid if the 2013 Prospect Loan is prepaid after such fourth anniversary but prior to the fifth anniversary of issuance, a prepayment penalty of 2.00% of the principal amount prepaid if the 2013 Prospect Loan is prepaid after such fifth anniversary but prior to the sixth anniversary of issuance, a prepayment penalty of 1.00% of the principal amount prepaid if the 2013 Prospect Loan is prepaid after such sixth anniversary but prior to the seventh anniversary of issuance, and without penalty if the 2013 Prospect Loan is prepaid thereafter, plus cash in an amount equal to the accrued and unpaid interest amount with respect to the principal amount through and including the prepayment date.

In connection with the 2013 Prospect Loan, the Company assigned to DC Holdings LLC its rights to receive servicing fees under the Company’s Phase I and Phase II deployments. Pursuant to a Limited Recourse Pledge Agreement (the “Limited Recourse Pledge”) executed by the Company and a Guaranty, Pledge and Security Agreement (the “Prospect Guaranty and Security Agreement”) among DC Holdings LLC, AccessDM, Phase 2 DC and Prospect, as Prospect Collateral Agent, the Prospect Loan is secured by, among other things, a first priority pledge of the stock of Holdings owned by the Company, the stock of AccessDM owned by DC Holdings LLC and the stock of Phase 2 DC owned by the Company, and guaranteed by AccessDM and Phase 2 DC. The Company provides limited financial support to the 2013 Prospect Loan not to exceed $1,500 per year in the event financial performance does not meet certain defined benchmarks.

The 2013 Prospect Loan Agreement contains customary representations, warranties, affirmative covenants, negative covenants and events of default. The balance of the 2013 Prospect Loan Agreement at September 30, 2013 was as follows:

	As of September 30, 2013	As of March 31, 2013
2013 Prospect Loan Agreement, at issuance	$ 70,000	$ 70,000
PIK Interest	1,038	151
Payments to date	(1,723)	—
2013 Prospect Loan Agreement, net	69,315	70,151
Less current portion	—	—
Total long term portion	$ 69,315	$ 70,151

CREDIT FACILITIES

In December 2008, Phase 2 B/AIX, a direct wholly-owned subsidiary of Phase 2 DC and an indirect wholly-owned subsidiary of the Company, began entering into multiple credit facilities to fund the purchase of Systems from Barco, Inc. to be installed in movie theatres as part of the Company’s Phase II Deployment. A summary of the credit facilities is as follows:

				Outstanding Principal Balance	
Facility [1]	Credit Facility	Interest Rate [2]	Maturity Date	As of September 30, 2013	As of March 31, 2013
1	$ 8,900	8.50%	December 2016	$ —	$ —
2	2,890	3.75%	December 2017	521	1,961
3	22,336	3.75%	September 2018	15,157	16,752
4	13,312	3.75%	September 2018	9,509	10,459
5	11,425	3.75%	March 2019	8,976	9,794
6	6,450	3.75%	December 2018	4,837	5,298
	$ 65,313			$ 39,000	$ 44,264

[1] For each facility, principal is to be repaid in twenty-eight quarterly installments.
[2] The interest rate for facilities 2 through 6 are the three month LIBOR, plus the interest rate noted above.

At September 30, 2013 , the Company was in compliance with all of its debt covenants.

6. STOCKHOLDERS’ EQUITY

CAPITAL STOCK

COMMON STOCK

As of September 30, 2013 and March 31, 2013, the Company has 118,759,000 authorized shares of Class A Common Stock and 1,241,000 shares of authorized Class B Common Stock of which none remain available for issuance.

On June 26, 2013, the Company entered into an underwriting agreement (the “Underwriting Agreement”) with Merriman Capital, Inc. and National Securities Corporation (together, the “Underwriters”) pursuant to which the Underwriters agreed to act as underwriters of 3,780,718 shares of the Company’s Class A common stock at a purchase price equal to $1.2834 per share, representing a per security discount equal to 7.0% of the public offering price per security of $1.38 (the “Offering”). In July 2013, the Underwriters’ exercised an option in full to buy up to an additional 567,108 shares from the Company under the above referenced terms (the "Over-Allotment"). The Company also agreed to bear the expenses of the Offering. The Over-Allotment shares were issued and sold on July 10, 2013. Total proceeds from the issuance of the Company's Class A common stock, including the Over-Allotment, amounted to approximately $5,520 , net of underwriting discount, during July 2013.

PREFERRED STOCK

Cumulative dividends in arrears on the preferred stock at September 30, 2013 and March 31, 2013 were $89 on each date. In October 2013, the Company paid its preferred stock dividends accrued at September 30, 2013 in the form of 62,802 shares of its Class A Common Stock.

CINEDIGM'S EQUITY INCENTIVE PLAN

During the six months ended September 30, 2013 , the Company granted stock options to purchase 1,660,000 shares of its Class A Common Stock to its employees at exercise prices ranging from $1.37 to $1.53 per share, which will vest equally over a four year period. As of September 30, 2013 , the weighted average exercise price for outstanding stock options was $1.90 and the weighted average remaining contractual life was 7.49 years.

The following table summarizes the activity of the Plan related to shares issuable pursuant to outstanding options:

	Shares Under Option	Weighted Average Exercise Price Per Share
Balance at March 31, 2013	4,053,000	$ 2.16
Granted	1,660,000	1.40
Exercised	(42,640)	1.63
Canceled	(186,220)	2.33
Balance at September 30, 2013	5,484,140	1.90

Restricted Stock Awards

The Plan also provides for the issuance of restricted stock and restricted stock unit awards. During the six months ended September 30, 2013 and 2012 , the Company did not grant any restricted stock or restricted stock units. There are currently no restricted stock units outstanding.

The following table summarizes the activity of the Plan related to restricted stock awards:

	Restricted Stock Awards	Weighted Average Market Price Per Share
Balance at March 31, 2013	16,108	$ 1.40
Vested	(15,140)	1.40
Canceled	(968)	1.40
Balance at September 30, 2013	—	—

WARRANTS

At September 30, 2013 , outstanding warrants consisted of 16,000,000 held by Sageview ("Sageview Warrants") and 525,000 held by a strategic management service provider.

The Sageview Warrants were exercisable beginning on September 30, 2009, contain a customary cashless exercise provision and anti-dilution adjustments, and expire on August 11, 2016 (subject to extension in limited circumstances).

The strategic management service provider warrants were issued in connection with a consulting management services agreement entered into with the Company. These warrants for the purchase of 525,000 shares of Class A common stock vested over 18 months commencing in July 2011 and expire on July 1, 2021.

7. COMMITMENTS AND CONTINGENCIES

We are subject to certain legal proceedings in the ordinary course of business. We do not expect any such items to have a significant impact on our financial position and results of operations and liquidity.

8. SUPPLEMENTAL CASH FLOWS DISCLOSURE

	For the Six Months Ended September 30,	
	2013	2012
Cash interest paid	$ 9,077	$ 10,408
Assets acquired under capital leases	$ 84	$ —
Accretion of preferred stock discount	$ 54	$ 55
Accrued dividends on preferred stock	$ 178	$ 178
Issuance of Class A Common Stock in connection with New Video Acquisition	$ —	$ 3,687
Issuance of common stock for payment of preferred stock dividends	$ 89	$ —

9. SEGMENT INFORMATION

The Company is comprised of four reportable segments: Phase I Deployment, Phase II Deployment, Services and Content & Entertainment. The segments were determined based on the products and services provided by each segment and how management reviews and makes decisions regarding segment operations. Performance of the segments is evaluated on the segment's income (loss) from continuing operations before interest, taxes, depreciation and amortization.

The Phase I Deployment and Phase II Deployment segments consist of the following:

Operations of:	Products and services provided:
Phase 1 DC	Financing vehicles and administrators for the Company's 3,724 Systems installed nationwide in Phase 1 DC's deployment to theatrical exhibitors. The Company retains ownership of the Systems and the residual cash flows related to the Systems after the repayment of all non-recourse debt at the expiration of exhibitor master license agreements.
Phase 2 DC	Financing vehicles and administrators for the Company's 8,697 Systems installed in the second digital cinema deployment, through Phase 2 DC. The Company retains no ownership of the residual cash flows and digital cinema equipment after the completion of cost recoupment and at the expiration of the exhibitor master license agreements.

The Services segment consists of the following:

Operations of:	Products and services provided:
Services	Provides monitoring, billing, collection, verification and other management services to the Company's Phase I Deployment, Phase II Deployment, Holdings, as well as to exhibitors who purchase their own equipment. Collects and disburses VPFs from motion picture studios and distributors and ACFs from alternative content providers, movie exhibitors and theatrical exhibitors.
Software	Develops and licenses software to the theatrical distribution and exhibition industries as well as other content owners, provides ASP services, and provides software enhancements and consulting services.

The Content & Entertainment segment consists of the following:

Operations of:	Products and services provided:
CEG	As a leading distributor of independent digital content, CEG collaborates with producers and the exhibition community to market, source, curate and distribute independent content to targeted and profitable audiences in theatres and homes, and via mobile and emerging platforms.

Information related to the segments of the Company and its subsidiaries is detailed below:

	As of September 30, 2013					
	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Total intangible assets, net	$ 321	$ 3	$ 34	$ 11,648	$ —	$ 12,006
Total goodwill	$ —	$ —	$ 4,197	$ 8,542	$ —	$ 12,739
Total assets	$ 122,808	$ 72,703	$ 21,295	$ 41,425	$ 5,796	$ 264,027
Notes payable, non-recourse	$ 177,359	$ 39,975	$ —	$ —	$ —	$ 217,334
Capital leases	—	—	—	81	4,455	4,536
Total debt	$ 177,359	$ 39,975	$ —	$ 81	$ 4,455	$ 221,870

	As of March 31, 2013					
	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Total intangible assets, net	$ 344	$ 6	$ 49	$ 12,449	$ —	$ 12,848
Total goodwill	$ —	$ —	$ 4,197	$ 8,542	$ —	$ 12,739
Total assets	$ 137,880	$ 79,139	$ 21,864	$ 39,158	$ 6,017	$ 284,058
Notes payable, non-recourse	$ 192,609	$ 45,300	$ —	$ —	$ —	$ 237,909
Capital leases	—	—	—	—	4,518	4,518
Total debt	$ 192,609	$ 45,300	$ —	$ —	$ 4,518	$ 242,427

Statements of Operations
For the Three Months Ended September 30, 2013
(Unaudited)

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Revenues from external customers	$ 9,374	$ 3,161	$ 4,114	$ 3,718		$ 20,367
Intersegment revenues (1)	—	—	71	21	—	92
Total segment revenues	9,374	3,161	4,185	3,739	—	20,459
Less: Intersegment revenues	—	—	(71)	(21)	—	(92)
Total consolidated revenues	$ 9,374	$ 3,161	$ 4,114	$ 3,718	$ —	$ 20,367
Direct operating (exclusive of depreciation and amortization shown below) (2)	202	141	788	4,339	—	5,470
Selling, general and administrative	96	40	1,177	2,772	987	5,072
Plus: Allocation of Corporate overhead	—	—	1,008	692	(1,700)	—
Research and development	—	—	19	—	—	19
Provision for doubtful accounts	102	16	14	—	—	132
Depreciation and amortization of property and equipment	7,138	1,880	199	7	151	9,375
Amortization of intangible assets	12	1	8	395	1	417
Total operating expenses	7,550	2,078	3,213	8,205	(561)	20,485
Income (loss) from operations	$ 1,824	$ 1,083	$ 901	$ (4,487)	$ 561	$ (118)

(1) Intersegment revenues principally represent personnel expenses.
(2) Included in direct operating of the Services segment is $422 for the amortization of capitalized software development costs.

The following employee and director stock-based compensation expense related to the Company’s stock-based awards is included in the above amounts as follows:

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Direct operating	$ —	$ —	$ 15	$ 1	$ —	$ 16
Selling, general and administrative	—	—	19	19	467	505
Research and development	—	—	19	—	—	19
Total stock-based compensation	$ —	$ —	$ 53	$ 20	$ 467	$ 540

Statements of Operations
For the Three Months Ended September 30, 2012
(Unaudited)

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Revenues from external customers	$ 10,087	$ 3,164	$ 5,755	$ 3,603	$ —	$ 22,609
Intersegment revenues (1)	—	—	247	11	—	258
Total segment revenues	10,087	3,164	6,002	3,614	—	22,867
Less: Intersegment revenues	—	—	(247)	(11)	—	(258)
Total consolidated revenues	$ 10,087	$ 3,164	$ 5,755	$ 3,603	$ —	$ 22,609
Direct operating (exclusive of depreciation and amortization shown below) (2)	94	158	1,280	1,396	—	2,928
Selling, general and administrative	56	26	906	2,192	3,126	6,306
Plus: Allocation of Corporate overhead	—	—	1,221	900	(2,121)	—
Research and development	—	—	36	—	—	36
Provision for doubtful accounts	53	15	10	—	—	78
Restructuring expenses	—		—	340	—	340
Depreciation and amortization of property and equipment	7,137	1,828	35	5	115	9,120
Amortization of intangible assets	12	1	6	203	1	223
Total operating expenses	7,352	2,028	3,494	5,036	1,121	19,031
Income (loss) from operations	$ 2,735	$ 1,136	$ 2,261	$ (1,433)	$ (1,121)	$ 3,578

(1) Intersegment revenues principally represent personnel expenses.
(2) Included in direct operating of the Services segment is $396 for the amortization of capitalized software development costs.

The following employee stock-based compensation expense related to the Company's stock-based awards is included in the above amounts as follows:

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Direct operating	$ —	$ —	$ 19	$ 7	$ —	$ 26
Selling, general and administrative	—	—	17	21	428	466
Research and development	—	—	36	—	—	36
Total stock-based compensation	$ —	$ —	$ 72	$ 28	$ 428	$ 528

Statements of Operations
For the Six Months Ended September 30, 2013
(Unaudited)

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Revenues from external customers	$ 18,293	$ 6,115	$ 8,592	$ 6,992	$ —	$ 39,992
Intersegment revenues (1)	—	—	141	32	—	173
Total segment revenues	18,293	6,115	8,733	7,024	—	40,165
Less: Intersegment revenues	—	—	(141)	(32)	—	(173)
Total consolidated revenues	$ 18,293	$ 6,115	$ 8,592	$ 6,992	$ —	$ 39,992
Direct operating (exclusive of depreciation and amortization shown below) (2)	357	283	1,597	7,724	—	9,961
Selling, general and administrative	159	127	2,313	5,527	4,069	12,195
Plus: Allocation of Corporate overhead	—	—	2,041	1,425	(3,466)	—
Research and development	—	—	47	—	—	47
Provision for doubtful accounts	145	30	19	—	—	194
Depreciation and amortization of property and equipment	14,275	3,761	301	10	303	18,650
Amortization of intangible assets	23	3	15	800	1	842
Total operating expenses	14,959	4,204	6,333	15,486	907	41,889
Income (loss) from operations	$ 3,334	$ 1,911	$ 2,259	$ (8,494)	$ (907)	$ (1,897)

(1) Intersegment revenues principally represent personnel expenses.
(2) Included in direct operating of the Services segment is $736 for the amortization of capitalized software development costs.

The following employee and director stock-based compensation expense related to the Company’s stock-based awards is included in the above amounts as follows:

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Direct operating	$ —	$ —	$ 31	$ 3	$ —	$ 34
Selling, general and administrative	—	—	40	42	1,120	1,202
Research and development	—	—	41	—	—	41
Total stock-based compensation	$ —	$ —	$ 112	$ 45	$ 1,120	$ 1,277

Statements of Operations
For the Six Months Ended September 30, 2012
(Unaudited)

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Revenues from external customers	$ 20,003	$ 6,323	$ 10,819	$ 6,368	$ —	$ 43,513
Intersegment revenues (1)	—	—	488	18	—	506
Total segment revenues	20,003	6,323	11,307	6,386	—	44,019
Less: Intersegment revenues	—	—	(488)	(18)	—	(506)
Total consolidated revenues	$ 20,003	$ 6,323	$ 10,819	$ 6,368	$ —	$ 43,513
Direct operating (exclusive of depreciation and amortization shown below) (2)	209	324	2,396	2,434	—	5,363
Selling, general and administrative	73	51	1,796	3,887	6,392	12,199
Plus: Allocation of Corporate overhead	—	—	2,484	1,824	(4,308)	—
Research and development	—	—	74	—	—	74
Provision for doubtful accounts	105	31	18	—	—	154
Restructuring expenses	—	—	—	340		340
Merger and acquisition expenses	—		—	—	1,267	1,267
Depreciation and amortization of property and equipment	14,275	3,629	77	10	226	18,217
Amortization of intangible assets	23	3	13	341	1	381
Total operating expenses	14,685	4,038	6,858	8,836	3,578	37,995
Income (loss) from operations	$ 5,318	$ 2,285	$ 3,961	$ (2,468)	$ (3,578)	$ 5,518

(1) Intersegment revenues principally represent personnel expenses.
(2) Included in direct operating of the Services segment is $527 for the amortization of capitalized software development costs.

The following employee stock-based compensation expense related to the Company's stock-based awards is included in the above amounts as follows:

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Direct operating	$ —	$ —	$ 37	$ 11	$ —	$ 48
Selling, general and administrative	—	—	32	38	1,128	1,198
Research and development	—	—	73	—	—	73
Total stock-based compensation	$ —	$ —	$ 142	$ 49	$ 1,128	$ 1,319

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our historical consolidated financial statements and the related notes included elsewhere in this document.

This report contains forward-looking statements within the meaning of the federal securities laws. These include statements about our expectations, beliefs, intentions or strategies for the future, which are indicated by words or phrases such as "believes," "anticipates," "expects," "intends," "plans," "will," "estimates," and similar words. Forward-looking statements represent, as of the date of this report, our judgment relating to, among other things, future results of operations, growth plans, sales, capital requirements and general industry and business conditions applicable to us. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, assumptions and other factors, some of which are beyond the Company's control that could cause actual results to differ materially from those expressed or implied by such forward-looking statements.

OVERVIEW

Cinedigm Corp. (formerly known as Cinedigm Digital Cinema Corp.) was incorporated in Delaware on March 31, 2000 ("Cinedigm", and collectively with its subsidiaries, the "Company").

Over the past decade, the Company has played a significant role in the digital distribution revolution that continues to transform the media landscape. In addition to its pioneering role in transitioning almost 12,000 movie screens from traditional film prints to digital distribution, the Company continues to advance worldwide cinema modernization with its suite of software products allowing exhibitors and distributors to manage their digital businesses with efficiency, insight and lower costs. And, as a leading distributor of independent content domestically, the Company collaborates with producers and the exhibition community to market, source, curate and distribute quality content to targeted and profitable audiences through (i) theatrical releases, (ii) existing and emerging digital home entertainment platforms, including iTunes, Amazon Prime, Netflix, Xbox, Playstation, VOD and (iii) physical goods, including DVD and Blu-ray. The Company's library of over 5,000 physical goods titles and 20,000 digital titles from more than 650 independent rights holders includes award-winning documentaries from Docurama Films®, next-generation independent movies from Flatiron Film Company® and acclaimed independent movies and festival picks through partnerships with the Sundance Institute and Tribeca Film. The Company is proud to distribute many Oscar®-nominated movies including "The Invisible War," "Hell and Back Again," "GasLand," "Waste Land" and "Paradise Lost 3: Purgatory."

The Company reports its financial results in four primary segments as follows: (1) Phase I Deployment, (2) Phase II Deployment, (3) Services and (4) Content & Entertainment. The Phase I Deployment and Phase II Deployment segments are the non-recourse, financing vehicles and administrators for the Company's Systems installed in North American movie theatres. The Services segment provides services, software and support to the Phase I Deployment and Phase II Deployment segments as well as directly to exhibitors and other third party customers. Included in these services are Systems management services for a specified fee via service agreements with Phase I Deployment and Phase II Deployment as well as third party exhibitors as buyers of their own digital cinema equipment; and software license, maintenance and consulting services to Phase I and Phase II Deployment, various other exhibitors, studios and other content organizations. These services primarily facilitate the conversion from analog to digital cinema and have positioned the Company at what it believes to be the forefront of a rapidly developing industry relating to the distribution and management of digital cinema and other content to theatres and other remote venues worldwide. The Content & Entertainment segment is a market leader in the three pillars of digital entertainment distribution - aggregation and distribution, theatrical releasing and branded and curated over-the-top entertainment channels and applications.

Gaiam Acquisition

On October 17, 2013, the Company and CEH, a newly-formed, wholly-owned subsidiary of the Company, entered into a Membership Interest Purchase Agreement with Gaiam for the purchase by CEH of Gaiam's division that maintains exclusive distribution rights agreements with large independent studios/content providers, and distributes entertainment content through home video, digital and television distribution channels. The Company agreed to an aggregate purchase price of $51,500 , subject to a working capital adjustment, with (i) $47,500 payable in cash and 666,978 shares of Class A Common Stock valued at $1,000 , subject to certain transfer restrictions, in each case upon the closing of the Gaiam Acquisition, and (ii) $3,000 payable in cash on a deferred basis. The Gaiam Acquisition was consummated on October 21, 2013. Gaiam will become part of the Company's Content & Entertainment segment.

When combined, the Company and Gaiam will have a market position as the aggregator and distributor of independent content and the fourth largest distributor of non-theatrical DVDs and Blu-Ray in the United States of America. Additionally, the combined company will have direct customer relationships with control of over 60,000 physical and digital titles and a library of over 32,000 titles and episodes of a wide range of content.

Credit Facility

On October 17, 2013, the Company entered into the CEH Credit Agreement with Société Générale, New York Branch, as administrative agent and Collateral Agent". Under the CEH Credit Agreement and subject to the terms and conditions thereof, the Company may borrow an aggregate principal amount of $55,000 , including Term Loans of $25,000 and Revolving Loans of $30,000 . All of the CEH Term Loans and $15,000 of the CEH Revolving Loans were drawn at closing in connection with funding the Gaiam Acquisition upon the Company's contribution of such funds to CEH. Each of the CEH Term Loans and the CEH Revolving Loans bear interest at Base Rate plus 3.0% or the eurodollar rate plus 4.0% . Base rate, per annum, is equal to the highest of (a) the rate quoted by the Wall Street Journal as the "base rate on corporate loans by at least 75% of the nation's largest banks," (b) 0.50% plus the federal funds rate, and (c) the eurodollar rate plus 1.0% . All collections and revenues of CEH will be deposited into a special blocked account, from which amounts are paid out on a monthly basis to pay certain operating expenses and principal, interest, fees, costs and expenses relating to the CEH Credit Agreement according to certain designated priorities. On a quarterly basis, if funds remain after the payment of all such amounts, a portion of such funds will be applied to prepay the CEH Term Loans. The CEH Term Loans and CEH Revolving Loans mature and must be paid in full by October 21, 2016. In addition, the Company may prepay the CEH Term Loans and CEH Revolving Loans, in whole or in part, subject to paying certain breakage costs, as applicable.

Shelf Offering

On October 17, 2013, the Company conducted an underwritten public offering resulting in the sale by the Company of an aggregate of 9,089,990 shares of Class A Common Stock on October 21, 2013 and October 23, 2013 with net proceeds to the Company of approximately $12,049 .

Securities Purchase Agreements

On October 17, 2013 and October 21, 2013, the Company entered into Securities Purchase Agreements with certain Investors pursuant to which the Company agreed to sell to the Investors notes in the aggregate principal amount of $5,000 and warrants to purchase an aggregate of 1,500,000 shares of Class A Common Stock. The sales were consummated on October 21, 2013. The proceeds of the sales of the 2013 Notes and 2013 Warrants were used for working capital and general corporate purposes, including to finance, in part, the Gaiam Acquisition.

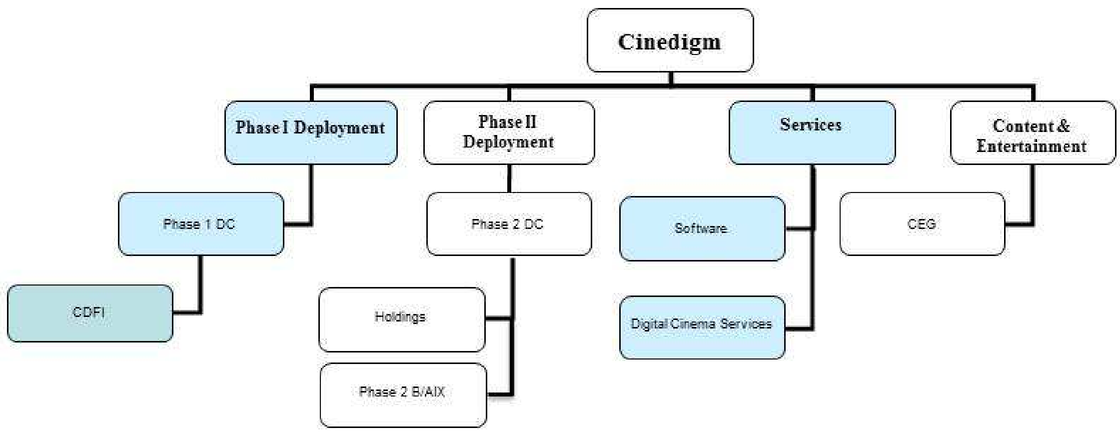
The principal amount outstanding under the 2013 Notes is due on October 21, 2018. The 2013 Notes bear interest at 9.0% per annum, payable in quarterly installments over the term of the 2013 Notes. The 2013 Notes entitle the Company to redeem the 2013 Notes any time on or after October 21, 2015, subject to certain premiums.

The 2013 Warrants will be exercisable through October 21, 2018 at an exercise price per share of $1.85 . The 2013 Warrants and 2013 Notes are subject to certain transfer restrictions. The Company has agreed to register the resale of the shares exercisable under the 2013 Warrants.

Stock Purchase Agreement

On October 17, 2013, the Company entered into a Stock Purchase Agreement with a Common Stock Investor pursuant to which the Company agreed to sell to the Common Stock Investor 1,398,601 shares of Class A Common Stock, for an aggregate purchase price in cash of $2,000 , priced at $1.43 per share. The sale was consummated on October 21, 2013. The proceeds of the sale of the Shares will be used for working capital and general corporate purposes, including to finance, in part, the Gaiam Acquisition. In addition, the Company has agreed to register the resale of the 2013 Shares with the SEC.

The following organizational chart provides a graphic representation of our business and our four reporting segments:



We have incurred consolidated losses from continuing operations of $5,167 and $12,155 during the three and six months ended September 30, 2013 and we have an accumulated deficit of $254,799 as of September 30, 2013 . We also have significant contractual obligations related to our non-recourse debt for the remainder of the fiscal year ending March 31, 2014 and beyond. We may continue generating consolidated net losses for the foreseeable future. Based on our cash position at September 30, 2013 , expected cash flows from operations and debt and equity offerings consummated in October 2013, we believe that we have the ability to meet our obligations through at least September 30, 2014 . Failure to generate additional revenues, raise additional capital or manage discretionary spending could have an adverse effect on our financial position, results of operations or liquidity.

Results of Continuing Operations for the Three Months Ended September 30, 2013 and 2012

Revenues

	For the Three Months Ended September 30,			
($ in thousands)	**2013**	**2012**	**$ Change**	**% Change**
Phase I Deployment	$ 9,374	$ 10,087	$ (713)	(7)%
Phase II Deployment	3,161	3,164	(3)	— %
Services	4,114	5,755	(1,641)	(29)%
Content & Entertainment	3,718	3,603	115	3 %
	$ 20,367	$ 22,609	$ (2,242)	(10)%

Revenues decreased $2.2 million or 10% during the three months ended September 30, 2013 . Phase 1 and Phase 2 Deployment revenues declined by $0.7 million for the three months ended September 30, 2013 as a result of (i) fewer releases by studios in the current fiscal quarter as compared to the prior year fiscal quarter as two release titles were delayed to our fiscal third and fourth quarters due to the crowded release calendar this quarter; and (ii) limited screen space to accommodate all tent-pole and wide studio releases constrained booking patterns. Phase 2 DC's financed Systems installed and ready for content were 2,497 at September 30, 2013 , increasing from 2,359 at September 30, 2012 .

In the Services segment, a $1.6 million , or 29% , decrease in revenues was primarily due to (i) the expected reduction in service revenues as the termination of the North American deployment program resulted in no activation fee revenue recognized during the current quarter as compared to $1.4 million of activation fees in the prior year quarter; (ii) lower results in Software license fees reflecting the successful in-process business model shift to a software-as-a-service ("SaaS") revenue model. We currently have in excess of 15 exhibitors in trial periods for our new software products as well as several studio customers negotiating a shift to SaaS arrangements; (iii) delays in deployments by several international exhibitors to later this fiscal year; and (iv) the continued go-live testing and conversion by a studio customer delaying revenue recognition into the fiscal third or fourth quarter. Digital cinema services revenues grew modestly year on year reflecting our expanding international servicing business and predictable and solid servicing revenues from our domestic deployment. During the three months ended September 30, 2013 , 200 Phase 2 DC Exhibitor-Buyer Structure Systems were installed and a total of 8,697 installed Phase 2 Systems were generating service fees at September 30, 2013 as compared to 7,128 Phase 2 Systems at September 30, 2012 . The Company also services an additional 3,724 screens in its Phase I deployment subsidiary. We expect growth in Services as we (i) continue with international servicing and software installations in Australia, New Zealand and Europe during remainder of the fiscal year ending March 31, 2014 from our over 150 international screen backlog; (ii) recognize additional revenues from delayed implementations for existing software customers; and (iii) achieve continued growth in software and cinema services from our sales pipeline.

The CEG business increased 3% during the seasonably slow second quarter with revenues of $3.7 million . CEG was negatively impacted by a number of timing issues that shifted revenues to the fiscal third and fourth quarters including: (i) several large digital licensing transactions delayed and several street dates for signed contracts moved into the fiscal third or fourth quarter by our digital customers; (ii) DVD shipments delayed into October by a large retailer; (iii) home entertainment released dates of CEG theatrical titles not occurring until mid-September therefore having minimal impact in our fiscal second quarter. Based on recently signed digital transactions and the strong retail placement of physical goods products we have secured going into the holiday season, we expect fiscal third quarter to show solid growth. In addition, significant CEG resources were dedicated to the completion of the Gaiam Acquisition and we expect the combined company to utilize its strong market position to accelerate growth over the next 18 months. CEG expanded its total home entertainment distribution library by 708 titles to over 22,000 titles during the second quarter. CEG is further leveraging its position to acquire the North American distribution rights in all media for independent movies as well as to launch several narrowcast entertainment networks through over-the-top video channels to all home and mobile platforms. During the three months ended September 30, 2013 , CEG released four movies theatrically, acquired the distribution rights to two independent movies and has eight movies in its upcoming release slate. CEG expects to release four of these movies during the remainder of the current fiscal year. CEG expects the slate of its releases to date to be profitable based upon ancillary revenue pre-sales, DVD pre-orders as well as projected transactional VOD results.

Direct Operating Expenses

($ in thousands)	For the Three Months Ended September 30, 2013	2012	$ Change	% Change
Phase I Deployment	$ 202	$ 94	$ 108	115 %
Phase II Deployment	141	158	(17)	(11)%
Services	788	1,280	(492)	(38)%
Content & Entertainment	4,339	1,396	2,943	211 %
	$ 5,470	$ 2,928	$ 2,542	87 %

Direct operating expenses increased by 87% primarily due to significant growth in upfront theatrical releasing, marketing and acquisitions costs as CEG released four movies in the current quarter versus none in the prior year quarter. These four releases total approximately $2.9 million of upfront releasing costs which CEG expects to fully recoup from revenues earned in home entertainment distribution during its first three-year ultimate cycle. In accordance with GAAP, Cinedigm must recognize its upfront content acquisition and marketing expenses at the time of a theatrical release of a movie. We expect to recover those expenses as well as earn our fee-based profits over the ensuing 12-36 months from revenues earned on the distribution of the movie in the ancillary home entertainment markets. This timing difference creates a “J-Curve” and will continue in future periods as we increase our distribution activities and we will also experience an increase in direct operating expenses corresponding with additional revenue growth.

The decrease in the Services segment was primarily related to (i) expense reductions in digital cinema services as the domestic installation period ended and (ii) reduced contractor expense in Software, partially offset by increased amortization of capitalized software cost.

Selling, General and Administrative Expenses

($ in thousands)	For the Three Months Ended September 30, 2013	2012	$ Change	% Change
Phase I Deployment	$ 96	$ 56	$ 40	71 %
Phase II Deployment	40	26	14	54 %
Services	1,177	906	271	30 %
Content & Entertainment	2,772	2,192	580	26 %
Corporate	987	3,126	(2,139)	(68)%
	$ 5,072	$ 6,306	$ (1,234)	(20)%

Selling, general and administrative expenses decreased $1.2 million or 20% . The increase in the Services segment was mainly due to payroll and related employee expenses for increased staffing as we added servicing resources to support the expanding international digital cinema servicing efforts as well as additional management, sales resources, software development and quality assurance staff to support the recent and expected software customer additions. The Content & Entertainment segment increased 26% primarily as a result of the full period inclusion of our theatrical releasing and marketing teams which we added in the summer and fall of 2012. We have maintained selling, general and administrative expenses at CEG relatively consistent with the previous quarters. The decrease within Corporate reflects ongoing prudent expense management and reduction of a contingent liability of $1.5 million related to a business combination. Future increases in selling, general and administrative expenses will be tied to additional revenues as we support our expanding content acquisition and distribution activities with additional sales and service headcount.

Depreciation and Amortization Expense on Property and Equipment

($ in thousands)	For the Three Months Ended September 30, 2013	2012	$ Change	% Change
Phase I Deployment	$ 7,138	$ 7,137	$ 1	—%
Phase II Deployment	1,880	1,828	52	3%
Services	199	35	164	469%
Content & Entertainment	7	5	2	40%
Corporate	151	115	36	31%
	$ 9,375	$ 9,120	$ 255	3%

Depreciation and amortization expense increased $0.3 million or 3% . The increase in the Phase II Deployment segment represents depreciation on the increased number of Phase 2 DC Systems which were not in service during the three months ended September 30, 2012. We expect the depreciation and amortization expense in the Phase II Deployment segment to remain at similar levels as the Phase 2 deployment period has ended and we do not expect to add international Systems that require inclusion on our balance sheet. In addition, we expect modest additional growth in Services and Corporate depreciation and amortization expense tied to technology investments supporting our software expansion and our upgraded corporate information technology infrastructure.

Amortization of intangible assets

Amortization of intangible assets increased to $0.4 million from $0.2 million for the three months ended September 30, 2013 , principally due to the final purchase price allocation of the April 2012 acquisition of New Video, which was still preliminary during the prior year fiscal quarter.

Interest expense, net

	For the Three Months Ended September 30,			
($ in thousands)	**2013**	**2012**	**$ Change**	**% Change**
Phase I Deployment	$ 3,733	$ 2,077	$ 1,656	80 %
Phase II Deployment	524	598	(74)	(12)%
Corporate	269	4,603	(4,334)	(94)%
	$ 4,526	$ 7,278	$ (2,752)	(38)%

Interest expense, net decreased $2.8 million or 38% due to the interest savings driven by the February 2013 refinancing and the continued repayment of debt as the company reduced principal outstanding by $12.9 million during the three months ended September 30, 2013. The 80% increase in interest paid and accrued within the non-recourse Phase I Deployment segment is the result of the shifting of the Company's corporate debt to non-recourse as part of the February 2013 refinancing. The non-recourse Phase I deployment debt was refinanced and expanded and combined with the proceeds of the non-recourse 2013 Prospect Loan to repay the recourse 2010 Note in the Company's Corporate segment. The 2013 Term Loans are at a rate of LIBOR, plus 275 basis points with a 1.0% LIBOR floor, versus the 2010 Term Loan rate of LIBOR, plus 350 basis points with a 1.75% LIBOR floor. Interest decreased within the Phase II Deployment segment related to the KBC Facilities due to the reduction of outstanding principal. Phase 2 DC’s non-recourse interest expense is expected to continue to decrease as it did during the fiscal quarter as we continue to repay the KBC Facilities from free cash flow and the benefit from the resulting reduced debt balance. The decrease in interest paid and accrued within Corporate is related to the recourse note, which was paid off in February 2013. The 2013 Prospect Loan carries an interest rate of 13.5%, including a cash rate of LIBOR, plus 9.0% with a 2.0% LIBOR floor, and a Payment In Kind ("PIK") rate of 2.5%. Interest on the prior recourse note was 8% PIK Interest and 7% per annum paid in cash.

Non-cash interest expense was approximately $0.9 million and $3.0 million for the three months ended September 30, 2013 and 2012 , respectively. PIK interest was $0.6 million and $1.9 million for the three months ended September 30, 2013 and 2012 , respectively, associated with the 2013 Prospect Loan and prior recourse note within Corporate for the prior period. Amortization of debt issuance costs were $0.3 million and $0.6 million for the three months ended September 30, 2013 and 2012 , respectively. The remaining amount for the three months ended September 30, 2012 represents the accretion of $0.4 million on the note payable discount associated with the recourse note in Corporate.

Change in fair value of interest rate derivatives

The change in fair value of the interest rate derivatives were a loss of $0.1 million and a gain of $0.3 million for the three months ended September 30, 2013 and 2012 , respectively.

Adjusted EBITDA

Adjusted EBITDA is defined by the Company for the periods presented to be earnings before interest, taxes, depreciation and amortization, other income, net, stock-based compensation, merger and acquisition costs, and certain other items.

The Company reported lower Adjusted EBITDA (including its Phase 1 DC and Phase 2 DC subsidiaries) of $10.6 million for the three months ended September 30, 2013 in comparison to $14.1 million for the three months ended September 30, 2012. This decline was due to the $0.7 million reduction in VPF revenues and related EBITDA earned in the period as a result of (i) fewer releases by studios in the current fiscal quarter as compared to the prior year fiscal quarter as two release titles were delayed to the third and fourth quarter of our current fiscal year due to the crowded release calendar this quarter; (ii) limited screen space to accommodate all tent-pole and wide studio releases constrained booking patterns in the quarter; and (iii) the additional factors described below. Adjusted EBITDA from non-deployment businesses was a loss of $1.3 million during the three months ended September 30, 2013 , declining from $1.2 million for the three months ended September 30, 2012. This decline was primarily driven by three factors: (i) $2.9 million of upfront theatrical releasing, marketing and acquisition costs recognized in the quarter ("J-curve" costs) as well as the additional theatrical releasing selling, general and administrative expenses supporting these releases (ii) timing delays in several digital licensing transactions to later this current fiscal year as well as a major DVD shipment delayed until early October at the request of the retailer; and (iii) timing delays to later this fiscal year in our software unit of installations and revenue recognition from several existing international exhibitors and domestic movie studio customers.

Phase 1 DC and Phase 2 DC revenues are expected to decline modestly this year due to the impact of an overcrowded release schedule on studio booking patterns. Other than limited Phase 2 DC contractual rate reductions, revenues going forward should be stable as the domestic deployment period ended at January 31, 2013 and any remaining international installations will be through an Exhibitor-Buyer structure or other servicing partnerships which should contribute to continued growth in digital cinema servicing. Based on recently signed digital transactions and the strong retail placement of physical goods products we have secured going into the holiday season, we expect fiscal third quarter to show solid growth. In addition, significant CEG resources were dedicated to the completion of the Gaiam Acquisition and we expect the combined company to utilize its strong market position to accelerate growth over the next 18 months. The Company intends to continue investing in the growth of its business through the acquisition of content distribution rights, related marketing related expenditures and through the continued development of additional software products and services.

Adjusted EBITDA is not a measurement of financial performance under GAAP and may not be comparable to other similarly titled measures of other companies. The Company uses Adjusted EBITDA as a financial metric to measure the financial performance of the business because management believes it provides additional information with respect to the performance of its fundamental business activities. For this reason, the Company believes Adjusted EBITDA will also be useful to others, including its stockholders, as a valuable financial metric.

Management presents Adjusted EBITDA because it believes that Adjusted EBITDA is a useful supplement to net loss from continuing operations as an indicator of operating performance. Management also believes that Adjusted EBITDA is a financial measure that is useful both to management and investors when evaluating the Company's performance and comparing our performance with the performance of our competitors. Management also uses Adjusted EBITDA for planning purposes, as well as to evaluate the Company's performance because Adjusted EBITDA excludes certain non-recurring or non-cash items, such as stock-based compensation charges, that management believes are not indicative of the Company's ongoing operating performance.

The Company believes that Adjusted EBITDA is a performance measure and not a liquidity measure, and a reconciliation between net loss from continuing operations and Adjusted EBITDA is provided in the financial results. Adjusted EBITDA should not be considered as an alternative to income from operations or net loss from continuing operations as an indicator of performance or as an alternative to cash flows from operating activities as an indicator of cash flows, in each case as determined in accordance with GAAP, or as a measure of liquidity. In addition, Adjusted EBITDA does not take into account changes in certain assets and liabilities as well as interest and income taxes that can affect cash flows. Management does not intend the presentation of these non-GAAP measures to be considered in isolation or as a substitute for results prepared in accordance with GAAP. These non-GAAP measures should be read only in conjunction with the Company's consolidated financial statements prepared in accordance with GAAP.

Following is the reconciliation of the Company's consolidated Adjusted EBITDA to consolidated GAAP net loss from continuing operations:

($ in thousands)	For the Three Months Ended September 30, 2013	2012
Net loss from continuing operations before income taxes	$ (5,167)	$ (2,621)
Add Back :		
Amortization of capitalized software costs	422	277
Depreciation and amortization of property and equipment	9,375	9,120
Amortization of intangible assets	417	223
Interest expense, net	4,526	7,278
Loss (income) on investment in non-consolidated entity	560	(631)
Other income, net	(108)	(193)
Change in fair value of interest rate derivatives	71	(255)
Stock-based compensation	540	523
Non-recurring transaction expenses	—	340
Adjusted EBITDA	$ 10,636	$ 14,061
Adjustments related to the Phase I and Phase II Deployments :		
Depreciation and amortization of property and equipment	(9,018)	(8,965)
Amortization of intangible assets	(13)	(13)
Income from operations	(2,907)	(3,871)
Intersegment services fees earned	5	9
Adjusted EBITDA from non-deployment businesses	$ (1,297)	$ 1,221

Results of Continuing Operations for the Six Months Ended September 30, 2013 and 2012

Revenues

	For the Six Months Ended September 30,			
($ in thousands)	**2013**	**2012**	**$ Change**	**% Change**
Phase I Deployment	$ 18,293	$ 20,003	$ (1,710)	(9)%
Phase II Deployment	6,115	6,323	(208)	(3)%
Services	8,592	10,819	(2,227)	(21)%
Content & Entertainment	6,992	6,368	624	10 %
	$ 39,992	$ 43,513	$ (3,521)	(8)%

Revenues decreased $3.5 million or 8% during the six months ended September 30, 2013 with 10% organic growth in revenues in Content and Entertainment of $0.6 million more than offset by decreases in Deployment and Services revenues. Phase 1 and Phase 2 Deployment revenues declined by $1.9 million for the six months ended September 30, 2013 as a result of (i) fewer releases by studios in the current period as compared to the prior year comparable period as two release titles were delayed to our current year fiscal third and fourth quarters due to the crowded release calendar; and (ii) limited screen space to accommodate all tent-pole and wide studio releases constrained booking patterns. Phase 2 DC's financed Systems installed and ready for content were 2,497 at September 30, 2013 , increasing from 2,359 at September 30, 2012 .

In the Services segment, a $2.2 million , or 21% , decrease in revenues was primarily due to (i) the expected reduction in service revenues as the termination of the North American deployment program resulted in $0.7 million of activation fee revenue recognized during the current period as compared to $2.4 million of activation fees in the prior year period; (ii) lower results in Software license fees reflecting the successful in-process business model shift to a SaaS revenue model. We currently have in excess of 15 exhibitors in trial periods for our new software products as well as several studio customers negotiating a shift to SaaS arrangements; (iii) delays in deployments by several international exhibitors to later this fiscal year; and (iv) the continued go-live testing and conversion by a studio customer delaying revenue recognition into the fiscal third or fourth quarter. Digital cinema services revenues grew modestly year on year reflecting our expanding international servicing business and predictable and solid servicing revenues from our domestic deployment. During the six months ended September 30, 2013 , 717 Phase 2 DC Exhibitor-Buyer Structure Systems were installed and a total of 8,697 installed Phase 2 Systems were generating service fees at September 30, 2013 as compared to 7,128 Phase 2 Systems at September 30, 2012 . The Company also services an additional 3,724 screens in its Phase I deployment subsidiary. We expect growth in Services as we (i) continue with international servicing and software installations in Australia, New Zealand and Europe during remainder of the fiscal year ending March 31, 2014 from our over 150 international screen backlog; (ii) recognize additional revenues from delayed implementations for existing software customers; and (iii) achieve continued growth in software and cinema services from our sales pipeline.

The CEG business expanded by $0.6 million , or 10% , period over period. This was due to strong organic growth in distribution fees earned from (i) recent acquisitions of distribution rights of home entertainment titles; (ii) expanded monetization of our library of over 22,000 movies and television episodes; and (iii) revenues from theatrical releases that have reached the home entertainment window. We expect this trend to continue as CEG is continuing to expand its physical and digital content distribution rights due to its position as the largest aggregator of digital content. CEG expanded its total home entertainment distribution library by 1,384 titles during the period. CEG growth would have accelerated more rapidly if not for a number of timing issues that shifted revenues to the fiscal third and fourth quarters including: (i) several large digital licensing transactions delayed and several street dates for signed contracts moved into the third and fourth quarters of our current fiscal year by our digital customers; (ii) DVD shipments delayed into October by a large retailer; and (iii) home entertainment released dates of CEG theatrical titles not occurring until mid-September therefore having minimal impact in fiscal second quarter. CEG, after the Gaiam Acquisition, expects to further leverage its position as the largest physical and digital goods distributor of non-theatrical released content into the home and mobile to acquire the North American distribution rights in all media for independent movies as well as to launch several narrowcast entertainment networks through over-the-top video channels to all home and mobile platforms. During the six months ended September 30, 2013 , CEG released nine movies theatrically, acquired the distribution rights to five independent movies and has eight movies in its upcoming release slate. CEG expects to release four of these movies during the during the remainder of the current fiscal year. CEG expects the slate of its releases to date to be profitable based upon ancillary revenue pre-sales, DVD pre-orders as well as projected transactional VOD results.

Direct Operating Expenses

($ in thousands)	For the Six Months Ended September 30, 2013	2012	$ Change	% Change
Phase I Deployment	$ 357	$ 209	$ 148	71 %
Phase II Deployment	283	324	(41)	(13)%
Services	1,597	2,396	(799)	(33)%
Content & Entertainment	7,724	2,434	5,290	217 %
	$ 9,961	$ 5,363	$ 4,598	86 %

Direct operating expenses decreased by 86% primarily due to significant growth in upfront theatrical releasing, marketing and acquisitions costs as CEG released nine movies during the current fiscal year versus a single small release in the prior year period. These nine releases total over $5.5 million of upfront releasing costs which CEG expects to fully recoup from revenues earned in home entertainment distribution during its first three-year ultimate cycle. In accordance with GAAP, Cinedigm must recognize its upfront content acquisition and marketing expenses at the time of a theatrical release of a movie. We expect to recover those expenses as well as earn our fee-based profits over the ensuing 12-36 months from revenues earned on the distribution of the movie in the ancillary home entertainment markets. This timing difference creates a "J-Curve" and will continue in future periods as we increase our distribution activities and we will also experience an increase in direct operating expenses corresponding with additional revenue growth.

The decrease in the Services segment was primarily related to (i) expense reductions in digital cinema services as the domestic installation period ended and (ii) reduced contractor expense in Software, partially offset by increased amortization of capitalized software cost.

Selling, General and Administrative Expenses

($ in thousands)	For the Six Months Ended September 30, 2013	2012	$ Change	% Change
Phase I Deployment	$ 159	$ 73	$ 86	118 %
Phase II Deployment	127	51	76	149 %
Services	2,313	1,796	517	29 %
Content & Entertainment	5,527	3,887	1,640	42 %
Corporate	4,069	6,392	(2,323)	(36)%
	$ 12,195	$ 12,199	$ (4)	— %

Selling, general and administrative expenses remained level for the period. The increase in the Services segment was mainly due to payroll and related employee expenses for increased staffing as we added servicing resources to support the expanding international digital cinema servicing efforts as well as additional management, sales resources, software development and quality assurance staff to support the recent and expected software customer additions. The Content & Entertainment segment increased 42% primarily as a result of the full period inclusion of our theatrical releasing and marketing teams which we added in the summer and fall of 2012 as well as increased staffing to support the rapid growth in our home entertainment acquisition and distribution volume. We have maintained selling, general and administrative expenses at CEG relatively consistent with the previous two quarters. The decrease within Corporate reflects ongoing prudent expense management and reduction of a contingent liability of $1.5 million related to a business combination. Future increases in selling, general and administrative expenses will be tied to the integration of Gaiam into CEG and the additional revenues as we support our expanding sales pipeline and our additional content acquisition and distribution activities with additional sales and service headcount.

Merger and Acquisition Expenses

Merger and acquisition expenses included in corporate expenses for the six months ended September 30, 2012 of $1.3 million include professional fees incurred which pertained to the purchase of New Video which was consummated in April 2012.

Depreciation and Amortization Expense on Property and Equipment

($ in thousands)	For the Six Months Ended September 30, 2013	2012	$ Change	% Change
Phase I Deployment	$ 14,275	$ 14,275	$ —	—%
Phase II Deployment	3,761	3,629	132	4%
Services	301	77	224	291%
Content & Entertainment	10	10	—	—%
Corporate	303	226	77	34%
	$ 18,650	$ 18,217	$ 433	2%

Depreciation and amortization expense increased $0.4 million or 2% . The increase in the Phase II Deployment segment represents depreciation on the increased number of Phase 2 DC Systems which were not in service during the six months ended September 30, 2012. We expect the depreciation and amortization expense in the Phase II Deployment segment to remain at similar levels as the Phase 2 deployment period has ended and we do not expect to add international Systems that require inclusion on our balance sheet. In addition, we expect modest additional growth in Services and Corporate depreciation and amortization expense tied to technology investments supporting our software expansion and our upgraded corporate information technology infrastructure.

Amortization of intangible assets

Amortization of intangible assets increased to $0.8 million from $0.4 million for the six months ended September 30, 2013 , principally due to the timing of the April 2012 acquisition of New Video, which was still preliminary during the prior year fiscal period.

Interest expense, net

($ in thousands)	For the Six Months Ended September 30, 2013	2012	$ Change	% Change
Phase I Deployment	$ 7,889	$ 4,386	$ 3,503	80 %
Phase II Deployment	1,040	1,210	(170)	(14)%
Corporate	516	9,140	(8,624)	(94)%
	$ 9,445	$ 14,736	$ (5,291)	(36)%

Interest expense, net decreased $5.3 million or 36% due to the interest savings driven by the February 2013 refinancing and the continued repayment of debt as the company reduced principal outstanding by $21.5 million during the current fiscal year. The 80% increase in interest paid and accrued within the non-recourse Phase I Deployment segment is the result of the shifting of the Company's corporate debt to non-recourse as part of the February 2013 refinancing. The non-recourse Phase I deployment debt was refinanced and expanded and combined with the proceeds of the non-recourse 2013 Prospect Loan to repay the recourse 2010 Note in the Company's Corporate segment. The 2013 Term Loans are at a rate of LIBOR, plus 275 basis points with a 1.0% LIBOR floor, versus the 2010 Term Loan rate of LIBOR, plus 350 basis points with a 1.75% LIBOR floor. Interest decreased within the Phase II Deployment segment related to the KBC Facilities due to the reduction of outstanding principal. Phase 2 DC’s non-recourse interest expense is expected to continue to decrease as it did during the fiscal quarter as we continue to repay the KBC Facilities from free cash flow and the benefit from the resulting reduced debt balance. The decrease in interest paid and accrued within Corporate is related to the recourse note, which was paid off in February 2013. The 2013 Prospect Loan carries an interest rate of 13.5%, including a cash rate of LIBOR, plus 9.0% with a 2.0% LIBOR floor, and a PIK rate of 2.5%. Interest on the prior recourse note was 8% PIK Interest and 7% per annum paid in cash.

Non-cash interest expense was approximately $1.6 million and $6.0 million for the six months ended September 30, 2013 and 2012 , respectively. PIK interest was $1.1 million and $3.7 million for the six months ended September 30, 2013 and 2012 , respectively, associated with the 2013 Prospect Loan and prior recourse note within Corporate for the prior period. Amortization of debt issuance costs were $0.5 million and $1.2 million for the six months ended September 30, 2013 and 2012 , respectively.The remaining amount for the six months ended September 30, 2012 represents the accretion of $1.1 million on the note payable discount associated with the recourse note in Corporate.

Change in fair value of interest rate derivatives

The change in fair value of the interest rate derivatives were gains of approximately $0.8 million and $0.7 million for the six months ended September 30, 2013 and 2012 , respectively. The interest swap associated with the 2013 Term Loans matured in June 2013.

Benefit from income taxes

A net benefit from income taxes of $5.0 million was recorded primarily from the acquisition of New Video during the six months ended September 30, 2012. A net deferred tax liability of $5.0 million was recorded upon the New Video Acquisition for the excess of the financial statement basis over the tax basis of the acquired assets and liabilities. As New Video will be included in the Company's consolidated federal and state tax returns, deferred tax liabilities assumed in the New Video Acquisition are able to offset the reversal of the Company's pre-existing deferred tax assets. Accordingly, the Company's valuation allowance has been reduced by $5.0 million and recorded as a deferred tax benefit in the accompanying condensed consolidated statements of operations for the six months ended September 30, 2012. Management will continue to assess the realizability of the deferred tax assets at each interim and annual balance sheet date based upon actual and forecasted operating results.

Adjusted EBITDA

Adjusted EBITDA is defined by the Company for the periods presented to be earnings before interest, taxes, depreciation and amortization, other income, net, stock-based compensation, merger and acquisition costs, and certain other items.

The Company reported lower Adjusted EBITDA (including its Phase 1 DC and Phase 2 DC subsidiaries) of $19.6 million for the six months ended September 30, 2013 in comparison to $27.6 million for the six months ended September 30, 2012. This decline was due to the $1.9 million reduction in VPF revenues and related EBITDA earned in the period as a result of (i) fewer releases by studios in the current fiscal year as compared to the prior year fiscal year as two release titles were delayed to the third and fourth quarter of our current fiscal year due to the crowded release calendar this year; (ii) limited screen space to accommodate all tent-pole and wide studio releases constrained booking patterns in the quarter; and (iii) the additional factors described below. Adjusted EBITDA from non-deployment businesses was a loss of $3.7 million during the six months ended September 30, 2013 , declining from $2.0 million for the six months ended September 30, 2012. This decline was primarily driven by two factors: (i) $5.5 million of upfront theatrical releasing, marketing and acquisition costs recognized in the quarter ("J-curve" costs) as well as the additional theatrical releasing selling, general and administrative expenses supporting these releases; (ii) timing delays in several digital licensing transactions to later this current fiscal year as well as a major DVD shipment delayed until early October at the request of the retailer; and (iii) timing delays to later this fiscal year in our software unit of installations and revenue recognition from several existing international exhibitors and domestic movie studio customers.

Phase 1 DC and Phase 2 DC revenues are expected to decline modestly this year due to the impact of an overcrowded release schedule on studio booking patterns. Other than limited Phase 2 DC contractual rate reductions, revenues going forward should be stable as the domestic deployment period ended at January 31, 2013 and any remaining international installations will be through an Exhibitor-Buyer structure or other servicing partnerships which should contribute to continued growth in digital cinema servicing. Based on the Gaiam Acquisition along with the expansion in CEG driven by the growth in our library of distribution rights, the recognition of revenues from recently released theatrical movies and our expanding future independent movie release slate, the Company expects Adjusted EBITDA performance to return to positive results and to improve significantly during the remainder of the fiscal year ending March 31, 2014 relative to current year results. The Company intends to continue investing in the growth of its business through the acquisition of content distribution rights, related marketing related expenditures and through the continued development of additional software products and services.

Adjusted EBITDA is not a measurement of financial performance under GAAP and may not be comparable to other similarly titled measures of other companies. The Company uses Adjusted EBITDA as a financial metric to measure the financial performance of the business because management believes it provides additional information with respect to the performance of its fundamental business activities. For this reason, the Company believes Adjusted EBITDA will also be useful to others, including its stockholders, as a valuable financial metric.

Management presents Adjusted EBITDA because it believes that Adjusted EBITDA is a useful supplement to net loss from continuing operations as an indicator of operating performance. Management also believes that Adjusted EBITDA is a financial measure that is useful both to management and investors when evaluating the Company's performance and comparing our performance with the performance of our competitors. Management also uses Adjusted EBITDA for planning purposes, as well as to evaluate the Company's performance because Adjusted EBITDA excludes certain non-recurring or non-cash items, such as stock-based compensation charges, that management believes are not indicative of the Company's ongoing operating performance.

The Company believes that Adjusted EBITDA is a performance measure and not a liquidity measure, and a reconciliation between net loss from continuing operations and Adjusted EBITDA is provided in the financial results. Adjusted EBITDA should not be considered as an alternative to income from operations or net loss from continuing operations as an indicator of performance or as an alternative to cash flows from operating activities as an indicator of cash flows, in each case as determined in accordance with GAAP, or as a measure of liquidity. In addition, Adjusted EBITDA does not take into account changes in certain assets and liabilities as well as interest and income taxes that can affect cash flows. Management does not intend the presentation of these non-GAAP measures to be considered in isolation or as a substitute for results prepared in accordance with GAAP. These non-GAAP measures should be read only in conjunction with the Company's consolidated financial statements prepared in accordance with GAAP.

Following is the reconciliation of the Company's consolidated Adjusted EBITDA to consolidated GAAP net loss from continuing operations:

	For the Six Months Ended September 30,	
($ in thousands)	**2013**	**2012**
Net loss from continuing operations before income taxes	$ (12,155)	$ (7,489)
Add Back :		
Amortization of capitalized software costs	736	527
Depreciation and amortization of property and equipment	18,650	18,217
Amortization of intangible assets	842	381
Interest expense, net	9,445	14,736
Loss (income) on investment in non-consolidated entity	1,812	(662)
Other income, net	(241)	(391)
Change in fair value of interest rate derivatives	(758)	(676)
Stock-based compensation	1,277	1,314
Non-recurring transaction expenses	—	1,607
Adjusted EBITDA	$ 19,608	$ 27,564
Adjustments related to the Phase I and Phase II Deployments :		
Depreciation and amortization of property and equipment	(18,036)	(17,904)
Amortization of intangible assets	(26)	(26)
Income from operations	(5,245)	(7,603)
Intersegment services fees earned	11	15
Adjusted EBITDA from non-deployment businesses	$ (3,688)	$ 2,046

Critical Accounting Policies

The following is a discussion of our critical accounting policies.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation expense is recorded using the straight-line method over the estimated useful lives of the respective assets as follows:

Computer equipment and software	3-5 years
Digital cinema projection systems	10 years
Machinery and equipment	3-10 years
Furniture and fixtures	3-6 years

Leasehold improvements are being amortized over the shorter of the lease term or the estimated useful life of the improvement. Maintenance and repair costs are charged to expense as incurred. Major renewals, improvements and additions are capitalized.

Useful lives are determined based on an estimate of either physical or economic obsolescence, or both. During the three and six months ended September 30, 2013 and 2012 , the Company has not made any revisions to estimated useful lives.

CAPITALIZED SOFTWARE DEVELOPMENT COSTS

Software development costs for software to be sold, licensed or otherwise marketed that are incurred subsequent to establishing technological feasibility, when it is determined that the software can be produced to meet its design specifications, are capitalized until the product is available for general release. Amounts capitalized as software development costs are amortized using the greater of revenues during the period compared to the total estimated revenues to be earned or on a straight-line basis over estimated lives, generally five years, except for deployment software which is for ten years. The Company reviews capitalized software costs to determine if any impairment exists on a periodic basis.

GOODWILL AND DEFINITE-LIVED INTANGIBLE ASSETS

Goodwill is the excess of the purchase price paid over the fair value of the net assets of an acquired business. Goodwill and intangible assets with indefinite lives are not amortized; rather, they are tested for impairment on at least an annual basis.

The Company's process of evaluating goodwill for impairment involves the determination of fair value of its goodwill reporting units: Software and CEG. The Company conducts its annual goodwill impairment analysis during the fourth quarter of each fiscal year, measured as of March 31, unless triggering events occur which require goodwill to be tested at another date.

For further details on the Company's process for evaluating goodwill for impairment, refer to the Company's Form 10-K.
Information related to the goodwill allocated to the Company is detailed below:

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
As of March 31, 2013	$ —	$ —	$ 4,197	$ 8,542	$ —	$ 12,739
As of September 30, 2013	$ —	$ —	$ 4,197	$ 8,542	$ —	$ 12,739

As of September 30, 2013 , the Company's finite-lived intangible assets consisted of customer relationships and agreements, theatre relationships, covenants not to compete, a favorable operating lease, trade names and trademarks. During the three and six months ended September 30, 2013 and 2012 , no impairment charge for finite-lived intangible assets was recorded.

REVENUE RECOGNITION

Phase I Deployment and Phase II Deployment

VPFs are earned pursuant to contracts with movie studios and distributors, whereby amounts are payable by a studio to Phase 1 DC, CDF I and to Phase 2 DC when movies distributed by the studio are displayed on screens utilizing the Company's Systems installed in movie theatres. VPFs are earned and payable to Phase 1 DC and CDF I based on a defined fee schedule with a reduced VPF rate year over year until the sixth year (calendar 2011) at which point the VPF rate remains unchanged through the tenth year. One VPF is payable for every digital title displayed per System. The amount of VPF revenue is dependent on the number of movie titles released and displayed using the Systems in any given accounting period. VPF revenue is recognized in the period in which the digital title first plays on a System for general audience viewing in a digitally-equipped movie theatre, as Phase 1 DC's, CDF I's and Phase 2 DC's performance obligations have been substantially met at that time.

Phase 2 DC's agreements with distributors require the payment of VPFs, according to a defined fee schedule, for ten years from the date each system is installed; however, Phase 2 DC may no longer collect VPFs once "cost recoupment," as defined in the contracts with movie studios and distributors, is achieved. Cost recoupment will occur once the cumulative VPFs and other cash receipts collected by Phase 2 DC have equaled the total of all cash outflows, including the purchase price of all Systems, all financing costs, all "overhead and ongoing costs", as defined, and including the Company's service fees, subject to maximum agreed upon amounts during the three-year rollout period and thereafter, plus a compounded return on any billed but unpaid overhead and ongoing costs, of 15% per year. Further, if cost recoupment occurs before the end of the eighth contract year, a one-

time "cost recoupment bonus" is payable by the studios to the Company. Any other cash flows, net of expenses, received by Phase 2 DC following the achievement of cost recoupment are required to be returned to the distributors on a pro-rata basis. At this time, the Company cannot estimate the timing or probability of the achievement of cost recoupment.

Alternative content fees ("ACFs") are earned pursuant to contracts with movie exhibitors, whereby amounts are payable to Phase 1 DC, CDF I and to Phase 2 DC, generally either a fixed amount or as a percentage of the applicable box office revenue derived from the exhibitor's showing of content other than feature movies, such as concerts and sporting events (typically referred to as "alternative content"). ACF revenue is recognized in the period in which the alternative content first opens for audience viewing.

Revenues are deferred for up front exhibitor contributions and are recognized over the cost recoupment period, which is expected to be ten years.

Services

For software multi-element licensing arrangements that do not require significant production, modification or customization of the licensed software, revenue is recognized for the various elements as follows: revenue for the licensed software element is recognized upon delivery and acceptance of the licensed software product, as that represents the culmination of the earnings process and the Company has no further obligations to the customer, relative to the software license. Revenue earned from consulting services is recognized upon the performance and completion of these services. Revenue earned from annual software maintenance is recognized ratably over the maintenance term (typically one year).

Revenue is deferred in cases where: (1) a portion or the entire contract amount cannot be recognized as revenue, due to non-delivery or pre-acceptance of licensed software or custom programming, (2) uncompleted implementation of ASP Service, or (3) unexpired pro-rata periods of maintenance, minimum ASP Service fees or website subscription fees. As license fees, maintenance fees, minimum ASP Service fees and website subscription fees are often paid in advance, a portion of this revenue is deferred until the contract ends. Such amounts are classified as deferred revenue and are recognized as earned revenue in accordance with the Company's revenue recognition policies described above.

Exhibitors who purchased and own Systems using their own financing in the Phase II Deployment, paid an upfront activation fee that is generally $2 thousand per screen to the Company (the "Exhibitor-Buyer Structure"). These upfront activation fees are recognized in the period in which these exhibitor owned Systems are ready for content, as the Company has no further obligations to the customer, and are generally paid quarterly from VPF revenues over approximately one year. Additionally, the Company recognizes activation fee revenue of between $1 thousand and $2 thousand on Phase 2 DC Systems and for Systems installed by Holdings upon installation and such fees are generally collected upfront upon installation. The Company will then manage the billing and collection of VPFs and will remit all VPFs collected to the exhibitors, less an administrative fee that will approximate up to 10% of the VPFs collected.

The administrative fee related to the Phase I Deployment approximates 5% of the VPFs collected and an incentive service fee equal to 2.5% of the VPFs earned by Phase 1 DC. This administrative fee is recognized in the period in which the billing of VPFs occurs, as performance obligations have been substantially met at that time.

Content & Entertainment

CEG earns fees for the distribution of content in the home entertainment markets via several distribution channels, including digital, video-on-demand, and physical goods (e.g. DVD and Blu-ray). The fee rate earned by the Company varies depending upon the nature of the agreements with the platform and content providers. Generally, revenues are recognized at the availability date of the content for a subscription digital platform, at the time of shipment for physical goods, or point-of-sale for transactional and video-on-demand services.

CEG also has contracts for the theatrical distribution of third party feature movies and alternative content. CEG's distribution fee revenue and CEG's participation in box office receipts is recognized at the time a feature movie and alternative content is viewed. CEG has the right to receive or bill a portion of the theatrical distribution fee in advance of the exhibition date, and therefore such amount is recorded as a receivable at the time of execution, and all related distribution revenue is deferred until the third party feature movies' or alternative content's theatrical release date.

Movie Cost Amortization

Once a movie is released, capitalized acquisition costs are amortized and participations and residual costs are accrued on an individual title basis in the proportion to the revenue recognized during the period for each title ("Period Revenue") bears to the estimated remaining total revenue to be recognized from all sources for each title ("Ultimate Revenue"). The amount of movie and other costs that is amortized each period will depend on the ratio of Period Revenue to Ultimate Revenue for each movie. The Company makes certain estimates and judgments of Ultimate Revenue to be recognized for each title. Ultimate Revenue does not include estimates of revenue that will be earned beyond 3 years of a movie's initial theatrical release date.

Estimates of Ultimate Revenue and anticipated participation and residual costs are reviewed periodically in the ordinary course of business and are revised if necessary. A change in any given period to the Ultimate Revenue for an individual title will result in an increase or decrease in the percentage of amortization of capitalized movie and other costs and accrued participation and residual costs relative to a previous period. Depending on the performance of a title, significant changes to the future Ultimate Revenue may occur, which could result in significant changes to the amortization of the capitalized acquisition costs.

Liquidity and Capital Resources

We have incurred net losses each year since we commenced our operations. Since our inception, we have financed our operations substantially through the private placement of shares of our common and preferred stock, the issuance of promissory notes, our initial public offering and subsequent private and public offerings, notes payable and common stock used to fund various acquisitions.

Our business is primarily driven by the growth in global demand for entertainment content in all forms, and in particular, the shifting consumer demand for content in digital forms within home and mobile devices as well as the maturing digital cinema marketplace. Primary revenue drivers will be the increasing number of digitally equipped screens, the growing demand for software to power these screens and drive other efficiencies and the demand for entertainment content in both theatrical and home ancillary markets. According to the Motion Picture Association of America, during 2012 there were approximately 43,000 domestic (United States and Canada) movie theatre screens and approximately 130,000 screens worldwide, of which approximately 36,000 of the domestic screens were equipped with digital cinema technology, and 12,254 of those screens contained our Systems and software. The Company's North American digital deployment period ended at January 31, 2013 other than for a modest special program for drive-in theatres. We have deployed 3,724 screens in our Phase I Deployment, and through September 30, 2013 have deployed 8,697 Phase 2 DC Systems. To date, the number of digitally-equipped screens in the marketplace has been a significant determinant of our potential revenue streams. The expansion of our content business into the ancillary distribution markets as well into the acquisition and distribution of new movie releases expands our market opportunities as the rapidly evolving digital and entertainment landscape creates significant new growth potential for the Company.

Beginning in May 2010, Phase 2 B/AIX, an indirect wholly-owned subsidiary of the Company, entered into additional credit facilities, the KBC Facilities, to fund the purchase of Systems from Barco, to be installed in movie theatres as part of the Company's Phase II Deployment. As of September 30, 2013 , the outstanding principal balance of the KBC Facilities was $39.0 million .

In February 2013, the Company refinanced its existing non-recourse senior 2010 Term Loan and recourse 2010 Note with a $125.0 million senior non-recourse credit facility led by Société Générale, New York Branch and a $70.0 million non-recourse credit facility provided by Prospect Capital Corporation. These two new non-recourse credit facilities will be supported by the cash flows of the Phase 1 deployment and the Company's digital cinema servicing business.

As of September 30, 2013 , we had negative working capital, defined as current assets less current liabilities, of $24.2 million and cash and cash equivalents and restricted cash totaling $19.1 million .

Operating activities provided net cash of $17.0 million and $15.2 million for the six months ended September 30, 2013 and 2012 , respectively. The increase is primarily the result of an increase in the change in accounts payable and accrued expenses of $9.1 million, period over period.While the Company expects to recover initial investments in movie acquisition in the next fiscal year, cash flows from VPFs are expected to remain consistent with the current fiscal year. Generally, changes in accounts receivable from our studio customers and others is a large component of operating cash flow and will vary based on the seasonality of movie release schedules by the major studios. The CEG business differs slightly from our deployment business as we will continue to build receivables, the amount of which will depend upon the success of the theatrical releases, through the end of this fiscal year which the Company expects to collect upon during the first quarter of the next fiscal year. Generally, the Company makes advances towards theatrical releases and expects to recover the initial expenditures within six to twelve months. CEG also generates additional operating cash flows during the Company's fiscal third and fourth quarter resulting from holiday revenues and distributes royalties from such revenues in the subsequent one to two fiscal quarters. The changes in the Company's trade accounts payable is also a significant factor, but the Company does not anticipate major changes in payables activity. The Company also has non-cash expense fluctuations, primarily resulting from the change in the fair value of interest rate derivative arrangements. We expect operating activities to continue to be a positive source of cash.

Investing activities used net cash of $1.8 million and provided $1.2 million for the six months ended September 30, 2013 and 2012 , respectively. The decrease is primarily attributed to activity from the six months ended September 30, 2012 where the sale of previously restricted available for sale investments, more than offset cash paid for the purchase of New Video, net of cash acquired. We expect cash used in investing activities to decline significantly as the Phase II Deployment is complete. The Company does not fund Systems capital expenditures from its operating cash flows.

Financing activities used net cash of $16.2 million and $14.0 million for the six months ended September 30, 2013 and 2012 respectively. Normal principal reduction of during the six months ended March 31, 2013 was more than offset by the combination of the sale of common stock in April 2012 and normal principal reduction during the six months ended September 30, 2012. In July 2013, the Company raised $5.5 million through the issuance of Class A Common Stock. Financing activities are expected to continue using the net cash generated from the Phase 1 and Phase 2 DC operations, primarily for principal repayments on the 2013 Term Loans, 2013 Prospect Loan and other existing debt facilities.

We have contractual obligations that include long-term debt consisting of notes payable, credit facilities, non-cancelable long-term capital lease obligations for the Pavilion Theatre and other various computer related equipment, non-cancelable operating leases consisting of real estate leases, and minimum guaranteed obligations under theatre advertising agreements with exhibitors for displaying cinema advertising. The capital lease obligation of the Pavilion Theatre is paid by an unrelated third party, although Cinedigm remains the primary lessee and would be obligated to pay if the unrelated third party were to default on its rental payment obligations.

In October 2013, the Company acquired Gaiam for $51,500. The acquisition was financed through a combination of: (i) a new $55,000 senior secured credit facility arranged and led by Société Générale Corporate and Investment Banking that included a $25,000 3-year term loan funded at closing and an up to $30,000 revolving credit facility of which $15,000 was drawn at closing; (ii) $5,000 subordinated 5-year loan facility; (iii) $3,000 of restricted Company stock of which $1,000 was issued to Gaiam and $2,000 was purchased by an existing shareholder; and (iv) a $13,000 underwritten public offering of common stock, inclusive of a $1,500 over-allotment.

The following table summarizes our significant contractual obligations as of September 30, 2013 :

	Payments Due				
Contractual Obligations ($ in thousands)	**Total**	**2014**	**2015 & 2016**	**2017 & 2018**	**Thereafter**
Long-term non-recourse debt (1)	$ 232,137	$ 33,993	$ 65,412	$ 47,799	$ 84,933
Capital lease obligations (2)	4,536	163	418	765	3,190
Debt-related obligations, principal	$ 236,673	$ 34,156	$ 65,830	$ 48,564	$ 88,123
Interest on non-recourse debt	$ 77,518	$ 13,042	$ 22,826	$ 18,999	$ 22,651
Interest on capital leases (2)	4,790	782	1,472	1,295	1,241
Total interest	$ 82,308	$ 13,824	$ 24,298	$ 20,294	$ 23,892
Total debt-related obligations	$ 318,981	$ 47,980	$ 90,128	$ 68,858	$ 112,015
Total non-recourse debt including interest	$ 309,655	$ 47,035	$ 88,238	$ 66,798	$ 107,584
Operating lease obligations (3)	$ 2,550	$ 1,179	$ 966	$ 405	$ —

(1) Non-recourse debt is generally defined as debt whereby the lenders' sole recourse with respect to defaults by the Company is limited to the value of the asset, which is collateral for the debt. The 2013 Term Loans are not guaranteed by the Company or its other subsidiaries, other than Phase 1 DC and CDF I, the 2013 Prospect Loan is not guaranteed by the Company or its other subsidiaries, other than Phase 1 DC and DC Holdings LLC and the KBC Facilities are not guaranteed by the Company or its other subsidiaries, other than Phase 2 DC.

(2) Represents the capital lease and capital lease interest for the Pavilion Theatre. The Company has remained the primary obligor on the Pavilion capital lease, and therefore, the capital lease obligation and related assets under the capital lease remain on the Company's condensed consolidated financial statements as of September 30, 2013. The Company has, however, entered into a sub-lease agreement with the unrelated third party purchaser which pays the capital lease and as such, has no continuing involvement in the operation of the Pavilion Theatre. This capital lease was previously included in discontinued operations.

(3) Includes the remaining operating lease agreement for one IDC lease now operated and paid for by FiberMedia, consisting of unrelated third parties. FiberMedia currently pays the lease directly to the landlord and the Company will attempt to obtain landlord consent to assign the facility lease to FiberMedia. Until such landlord consent is obtained, the Company will remain as the lessee.

We may continue to generate net losses for the foreseeable future primarily due to depreciation and amortization, interest on the 2013 Term Loans and 2013 Prospect Loan, software development, marketing and promotional activities and content acquisition and marketing costs. Certain of these costs, including costs of software development and marketing and promotional activities, could be reduced if necessary. The restrictions imposed by the 2013 Term Loans and 2013 Prospect Loan may limit our ability to obtain financing, make it more difficult to satisfy our debt obligations or require us to dedicate a substantial portion of our cash flow to payments on our existing debt obligations. The 2013 Prospect Loan requires certain screen turn performance from Phase 1 DC and Phase 2 DC. While such restrictions may reduce the availability of our cash flow to fund working capital, capital expenditures and other corporate requirements, we do not have similar restrictions imposed upon our Software and CEG businesses. We may seek to raise additional capital for strategic acquisitions or working capital as necessary. Failure to generate additional revenues, raise additional capital or manage discretionary spending could have an adverse effect on our financial position, results of operations or liquidity.

Seasonality

Revenues from our Phase I Deployment and Phase II Deployment segments derived from the collection of VPFs from motion picture studios are seasonal, coinciding with the timing of releases of movies by the motion picture studios. Generally, motion picture studios release the most marketable movies during the summer and the winter holiday season. The unexpected emergence of a hit movie during other periods can alter the traditional trend. The timing of movie releases can have a significant effect on our results of operations, and the results of one quarter are not necessarily indicative of results for the next quarter or any other quarter. While CEG benefits from the winter holiday season, we believe the seasonality of motion picture exhibition, however, is becoming less pronounced as the motion picture studios are releasing movies somewhat more evenly throughout the year.

Off-balance sheet arrangements

We are not a party to any off-balance sheet arrangements, other than operating leases in the ordinary course of business, which are disclosed above in the table of our significant contractual obligations, and Holdings. In addition, as discussed further in Note 2 to the Consolidated Financial Statements, the Company holds a 100% equity interest in Holdings, which is an unconsolidated variable interest entity (“VIE”), which wholly owns Cinedigm Digital Funding 2, LLC; however, the Company is not the primary beneficiary of the VIE.

Impact of Inflation

The impact of inflation on our operations has not been significant to date. However, there can be no assurance that a high rate of inflation in the future would not have an adverse impact on our operating results.

Item 4. CONTROLS AND PROCEDURES

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report.
Based on such evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of such period, the Company’s disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company’s management, including the Company’s principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

There have been no changes in the Company’s internal control over financial reporting during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The exhibits are listed in the Exhibit Index on page 47 herein.

SIGNATURES

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

CINEDIGM CORP.

Date:	November 14, 2013	By:	/s/ Christopher J. McGurk
			Christopher J. McGurk Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)
Date:	November 14, 2013	By:	/s/ Adam M. Mizel
			Adam M. Mizel Chief Operating Officer, Chief Financial Officer and Director (Principal Financial Officer)
Date:	November 14, 2013	By:	/s/ John B. Brownson
			John B. Brownson Senior Vice President – Accounting & Finance (Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Number		Description of Document
3.1	--	Fourth Amended and Restated Certificate of Incorporation of Cinedigm Corp., as amended.
31.1	--	Officer's Certificate Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	--	Officer's Certificate Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.3	--	Officer's Certificate Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	--	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	--	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.3	--	Certification of Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	--	XBRL Instance Document.*
101.SCH	--	XBRL Taxonomy Extension Schema.*
101.CAL	--	XBRL Taxonomy Extension Calculation.*
101.DEF	--	XBRL Taxonomy Extension Definition.*
101.LAB	--	XBRL Taxonomy Extension Label.*
101.PRE	--	XBRL Taxonomy Extension Presentation.*

EXHIBIT 3.1

FOURTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

ACCESS INTEGRATED TECHNOLOGIES, INC.

Gary Loffredo, Secretary of the herein named Corporation, hereby certifies that:

1. The present name of the corporation (hereinafter called the “Corporation”) is Access Integrated Technologies, Inc.

2. The date of filing of the Third Amended and Restated Certificate of Incorporation of the Corporation with the Secretary of State of the State of Delaware is November 21, 2001. The date of filing of the Second Amended and Restated Certificate of Incorporation of the Corporation with the Secretary of State of the State of Delaware is October 19, 2001. The date of filing of the Restated Certificate of Incorporation of the Corporation with the Secretary of State of the State of Delaware is August 14, 2001. The date of filing the original Certificate of Incorporation of the Corporation with the Secretary of State of the State of Delaware is March 31, 2000. The original name of the Corporation was Access Colo, Inc.

3. The Third Amended and Restated Certificate of Incorporation of the Corporation is hereby amended and restated by striking out Articles ONE through SIXTEEN and substituting in lieu thereof new Articles ONE through TEN, which Articles shall, among other things, declare a reverse stock split of the Corporation's capital stock and eliminate certain classes and series at the Corporation's capital stock (the “Third Amended and Restated Certificate of Incorporation”).

4. The provisions of the Third Amended and Restated Certificate of Incorporation of the Corporation are hereby amended, restated and integrated into the single instrument that is hereinafter set forth, and that is entitled the Fourth Amended and Restated Certificate of Incorporation of the Corporation without any further amendments other than the amendments herein certified.

5. This Fourth Amended and Restated Certificate of Incorporation herein certified has been duly adopted in accordance with the provisions of Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware. Prompt written notice of the adoption of the amendment herein certified has been given to those stockholders who have not consented in writing thereto, as provided in Section 228 of the General Corporation Law of the State of Delaware.

6. The Certificate of Incorporation, as amended and restated herein, shall, at the effective time of this Fourth Amended and Restated Certificate of Incorporation, read as follows:

FOURTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

ACCESS INTEGRATED TECHNOLOGIES, INC.

FIRST: Name : The name of the Corporation is:

Access Integrated Technologies, Inc.

SECOND: Address : The address of the Corporation's registered office in the State of Delaware is 2711 Centerville Road, Suite 400, Wilmington, County of New Castle, Delaware 19808. The name of the agent at such address is Corporation Service Company.

THIRD: Purpose : The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: Capitalization : The total number of shares of capital stock that the Corporation shall have authority to issue is Ninety-Five Million (95,000,000) shares as follows: (i) Eighty Million (80,000,000) shares of common stock, of which Forty Million (40,000,000) shares shall be Class A Common Stock, par value $.001 per share (the “Class A Common Stock”), and Fifteen Million (15,000,000) shares shall be Class B Common Stock, par value $.001 per share (the “Class B Common Stock”); and (ii) Fifteen Million (15,000,000) shares of preferred stock, par value $.001 per share (the “Preferred Stock”), of which the Board of Directors shall have the authority by resolution or resolutions to fix all of the powers, preferences and rights, and the qualifications, limitations and restrictions of the Preferred Stock permitted by the Delaware General Corporation Law and to divide the Preferred Stock into one or more class and/or classes and designate all of the powers, preferences and rights, and the qualifications, limitations and restrictions of each class permitted by the Delaware General Corporation Law.

Except as otherwise provided by law or this Fourth Amended and Restated Certificate of Incorporation (this “Certificate of Incorporation”), the holders of the Class A Common Stock and the Class B Common Stock, shall have all the same rights and privileges as Common Stock, except that the holders of Class A Common Stock and the Class B Common Stock shall be entitled to vote on all matters to be voted on by the stockholders of the Corporation on the following basis: (i) each share of the Class A Common Stock shall entitle the holder thereof to one vote, and (ii) each share of Class B Common Stock shall entitle the holder thereof to ten votes.

Each share of Class B Common Stock may also be converted, at any time at the option of the holder thereof, into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock (subject to adjustment to reflect stock splits, consolidations, recapitalizations and reorganizations). Each holder of Class B Common Stock that desires to convert its shares of Class B Common Stock, into shares of Class A Common Stock shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Class B Common Stock and shall give written notice to the

Corporation at such office that such holder elects to convert the same and shall state therein the number of shares of Class B Common Stock being converted. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date.

At the option of the holders of fifty-one (51%) percent of the shares of outstanding Class B Common Stock, voting as a class, each share of Class B Common Stock shall be converted (the “Class B Conversion”) into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock (subject to adjustment to reflect stock splits, stock dividends, consolidations, recaptializations, reorganizations or other like occurrences). All holders of record of shares of Class B Common Stock, then outstanding shall be given at least ten (10) days' prior written notice of the date fixed (the "Conversion Date") and place designated by the Corporation for mandatory conversion of all such shares of Class B Common Stock, pursuant to this paragraph. Such notice shall be sent by first-class or registered mail, postage prepaid, to each record holder of Class B Common Stock, at such holder's address last shown on the records of the Corporation or of any transfer agent for the Class B Common Stock. Each holder of Class B Common Stock shall surrender the certificate or certificates, duly endorsed, at the office of the Corporation or any transfer agent for the Class B Common Stock by the Conversion Date. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock to be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date; provided , however , that if such certificate or certificates are not surrendered by such holder by the Conversion Date, such conversion shall be deemed to have been made on the Conversion Date and such holder thereafter shall be deemed to have a right to receive only such number of shares of Class A Common Stock into which such holder's shares of Class B Common Stock shall be converted in accordance herewith.

Upon the effectiveness (the "Effective Date") of the Certificate of Amendment filed by the Corporation on September 18, 2003, each five (5) shares of Class A and B Common Stock issued and outstanding on the Effective Date (the "Old Common Stock") shall be converted into one (1) share of Class A and B Common Stock, respectively (the "New Common Stock"), subject to the treatment of fractional share interests as described below. A holder of such five (5) shares shall be entitled to receive, upon surrender of a stock certificate or stock certificates representing such Old Common Stock (the "Old Certificates," whether one or more) to the Corporation for cancellation, a certificate of certificates (the "New Certificates," whether one or more) representing the number of whole shares of the New Common Stock into which and for which the shares of the Old Common Stock formerly represented by such Old Certificates so surrendered are reclassified under the terms hereof. No certificates representing fractional share interests in New Common Stock will be issued, and no such fractional share interest will entitle the holder thereof to vote, or to any rights of a stockholder of the Corporation. In lieu of such fractional shares, each holder of Class Old Common Stock who or that would otherwise have been entitled to a fraction of a share of such common stock upon surrender of such holder's Old Certificates will be entitled to receive one sole share of such common stock. If more than one Old Certificate shall be surrendered at one time for the account of the same stockholder, the number of full shares of New Common Stock for which New Certificates shall be issued shall be computed on the basis of the aggregate number of shares represented by the Old Certificates so surrendered. In the event that the Corporation determines that a holder of Old Certificates has not tendered all his or her certificates for exchange, the Corporation shall carry forward any fractional share until all certificates of that holder have been presented for exchange such that any stockholder will not be entitled to receive more than one share of New Common Stock in lieu of fractional shares. If any New Certificate is to be issued in a name other than that in which the Old Certificates surrendered for exchange are issued, the Old Certificates so surrendered shall be properly endorsed and registered in such name or names as such holder may direct, subject to compliance with applicable laws and the Third Amended and Restated Stockholders' Agreement, as amended, supplemented, restated or otherwise modified from time to time, among the Corporation and certain of its stockholders to the extent such designation shall involve a transfer, and the person or persons requesting such exchange shall affix any requisite stock transfer tax stamps to the Old Certificates surrendered, or provide funds for their purchase, or establish to the satisfaction of the Corporation that such taxes are not payable. From and after the Effective Date, the amount of capital represented by the shares of the New Common Stock into which and for which the shares of the Old Common Stock are reclassified under the terms hereof shall be the same as the amount of capital represented by the shares of Old Common Stock so reclassified, until thereafter reduced or increased in accordance with applicable law.

FIFTH: Voting : The holders of the Common Stock shall be entitled to vote on all matters submitted to a vote of the stockholders of the Corporation for each share held by such holders in accordance with Section 4 hereof.

SIXTH: The Corporation is to have perpetual existence.

SEVENTH: In furtherance and not in limitation of the powers conferred by statute, the board of directors of the Corporation is expressly authorized to adopt, amend or repeal the by-laws of the Corporation.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the by-laws of the Corporation may provide. The books of the Corporation may be kept (subject to any provision contained in any statute) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors of the Corporation or in the by-laws of the Corporation. Elections of directors need not be by written ballot unless the by-laws of the Corporation shall so provide.

NINTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in any manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

TENTH: The Corporation shall indemnify, to the fullest extent now or hereafter permitted by law, each director, officer or other authorized representative of the Corporation who was or is made a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was an authorized representative of the Corporation, against all expenses (including attorneys' fees and disbursements), judgments, fines (including excise taxes and penalties) and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding.

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director; provided , however , that this provision shall not eliminate or limit the liability of a director to the extent that such elimination or limitation of liability is expressly prohibited by the Delaware General Corporation Law as in effect at the time of the alleged breach of duty by such director.

Any repeal or modification of this Article by the stockholders of the Corporation shall not adversely affect any right or protection existing at the time of such repeal or modification to which any person may be entitled under this Article. The rights conferred by this Article shall not be exclusive of any other right which the Corporation may now or hereafter grant, or any person may have or hereafter acquire, under any statute, provision of this Certificate of Incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise. The rights conferred by this Article shall continue as to any person who shall have ceased to be a director or officer of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person.

For the purposes of this Article, the term “authorized representative” shall mean a director, officer, employee or agent of the Corporation or of any subsidiary of the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any subsidiary of the Corporation, or a person who is or was serving another Corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the request of the Corporation.

Executed on November 14, 2003

/s/ Gary Loffredo
Gary Loffredo, Secretary

CERTIFICATE OF AMENDMENT

TO

FOURTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

OF

ACCESS INTEGRATED TECHNOLOGIES, INC.

The undersigned, being the President of Access Integrated Technologies, Inc., a Delaware corporation (the "Corporation"), pursuant to Section 242 of the General Corporation Law of the State of Delaware, as amended (the "DGCL"), does hereby certify as follows:

1. Pursuant to a unanimous written consent of the Board of Directors of the Corporation (the "Board"), the Board adopted resolutions (the "Amending Resolutions") to amend the Corporation's Fourth Amended and Restated Certificate of Incorporation of the Corporation, as filed with the Delaware Secretary of State on November 14, 2003;
2. Pursuant to a majority vote of the Corporation's Shareholders in accordance with Section 242 of the DGCL, the holders of the Corporation's outstanding capital stock voted in favor of the Amending Resolutions; and
3. The Amending Resolutions were duly adopted in accordance with Section 242 of the DGCL.

NOW, THEREFORE, to effect the Amending Resolutions, Article Fourth of the Certificate of Incorporation shall be deleted in its entirety and replaced as follows:

"FOURTH: Capitalization : The total number of shares of capital stock that the Corporation shall have authority to issue is Ninety-Five Million (95,000,000) shares as follows: (i) Eighty Million (80,000,000) shares of common stock, of which Sixty-Five Million (65,000,000) shares shall be Class A Common Stock, par value $.001 per share (the "Class A Common Stock"), and Fifteen Million (15,000,000) shares shall be Class B Common Stock, par value $.001 per share (the "Class B Common Stock"); and (ii) Fifteen Million (15,000,000) shares of preferred stock, par value $.001 per share (the "Preferred Stock"), of which the Board of Directors shall have the authority by resolution or resolutions to fix all of the powers, preferences and rights, and the qualifications, limitations and restrictions of the Preferred Stock permitted by the Delaware General Corporation Law and to divide the Preferred Stock into one or more class and/or classes and designate all of the powers, preferences and rights, and the qualifications, limitations and restrictions of each class permitted by the Delaware General Corporation Law.

Except as otherwise provided by law or this Fourth Amended and Restated Certificate of Incorporation, as amended from time to time (this "Certificate of Incorporation"), the holders of the Class A Common Stock and the Class B Common Stock, shall have all the same rights and privileges as Common Stock, except that the holders of Class A Common Stock and the Class B Common Stock shall be entitled to vote on all matters to be voted on by the stockholders of the Corporation on the following basis: (i) each share of the Class A Common Stock shall entitle the holder thereof to one vote, and (ii) each share of Class B Common Stock shall entitle the holder thereof to ten votes.

Each share of Class B Common Stock may also be converted, at any time at the option of the holder thereof, into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock (subject to adjustment to reflect stock splits, consolidations, recapitalizations and reorganizations). Each holder of Class B Common Stock that desires to convert its shares of Class B Common Stock, into shares of Class A Common Stock shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Class B Common Stock and shall give written notice to the Corporation at such office that such holder elects to convert the same and shall state therein the number of shares of Class B Common Stock being converted. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date.

At the option of the holders of fifty-one (51%) percent of the shares of outstanding Class B Common Stock, voting as a class, each share of Class B Common Stock shall be converted (the "Class B Conversion") into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock (subject to adjustment to reflect stock splits, stock dividends, consolidations, recaptializations, reorganizations or other like occurrences). All holders of record of shares of Class B Common Stock, then outstanding shall be given at least ten (10) days' prior written notice of the date fixed (the "Conversion Date") and place designated by the Corporation for mandatory conversion of all such shares of Class B Common Stock, pursuant to this paragraph. Such notice shall be sent by first-class or registered mail, postage prepaid, to each record holder of Class B Common Stock, at such holder's address last shown on the records of the Corporation or of any transfer agent for the Class B Common Stock. Each holder of Class B Common Stock shall surrender the certificate or certificates, duly endorsed, at the office of the Corporation or any transfer agent for the Class B Common Stock by the Conversion Date. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock to be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date; provided, however, that if such certificate or certificates are not surrendered by such holder by the Conversion Date, such conversion shall be deemed to have been made on the Conversion Date and such holder thereafter shall be deemed to have a right to receive only such number of shares of Class A Common Stock into which such holder's shares of Class B Common Stock shall be converted in accordance herewith.

Upon the effectiveness (the "Effective Date") of the Certificate of Amendment filed by the Corporation on September 18, 2003, each five (5) shares of Class A and B Common Stock issued and outstanding on the Effective Date (the "Old Common Stock") shall be converted into one (1) share of Class A and B Common Stock, respectively (the "New Common Stock"), subject to the treatment of fractional share interests as described below. A holder of such five (5) shares shall be entitled to receive, upon surrender of a stock certificate or stock certificates representing such Old Common Stock (the "Old Certificates," whether one or more) to the Corporation for cancellation, a certificate of certificates (the "New Certificates," whether one or more) representing the number of whole shares of the New Common Stock into which and for which the shares of the Old Common Stock formerly represented by such Old Certificates so surrendered are reclassified under the terms hereof. No certificates representing fractional share interests in New Common Stock will be issued, and no such fractional share interest will entitle the holder thereof to vote, or to any rights of a stockholder of the Corporation. In lieu of such fractional shares, each holder of Class Old Common Stock who or that would otherwise have been entitled to a fraction of a share of such common stock upon surrender of such holder's Old Certificates will be entitled to receive one sole share of such common stock. If more than one Old Certificate shall be surrendered at one time for the account of the same stockholder, the number of full shares of New Common Stock for which New Certificates shall be issued shall be computed on the basis of the aggregate number of shares represented by the Old Certificates so surrendered. In the event that the Corporation determines that a holder of Old Certificates has not tendered all his or her certificates for exchange, the Corporation shall carry forward any fractional share until all certificates of that holder have been presented for exchange such that any stockholder will not be entitled to receive more than one share of New Common Stock in lieu of fractional shares. If any New Certificate is to be issued in a name other than that in which the

Old Certificates surrendered for exchange are issued, the Old Certificates so surrendered shall be properly endorsed and registered in such name or names as such holder may direct, subject to compliance with applicable laws and the Third Amended and Restated Stockholders' Agreement, as amended, supplemented, restated or otherwise modified from time to time, among the Corporation and certain of its stockholders to the extent such designation shall involve a transfer, and the person or persons requesting such exchange shall affix any requisite stock transfer tax stamps to the Old Certificates surrendered, or provide funds for their purchase, or establish to the satisfaction of the Corporation that such taxes are not payable. From and after the Effective Date, the amount of capital represented by the shares of the New Common Stock into which and for which the shares of the Old Common Stock are reclassified under the terms hereof shall be the same as the amount of capital represented by the shares of Old Common Stock so reclassified, until thereafter reduced or increased in accordance with applicable law.

Except as specifically set forth herein, the Certificate of Incorporation shall not be amended, modified or otherwise altered by this Certificate of Amendment.

* * *

[Signature page follows]

IN WITNESS WHEREOF, the Corporation has caused this Amendment to the Certificate of Incorporation of Access Integrated Technologies, Inc. to be signed by A. Dale Mayo, its President, Chief Executive Officer and Chairman of the Board of Directors, this 4th day of September, 2008, who acknowledges that the foregoing is the act and deed of the Corporation and that the facts stated herein are true.

By: /s/ A. Dale Mayo
Name: A. Dale Mayo
Title: President, Chief Executive Officer and
Chairman of the Board of Directors

CERTIFICATE OF DESIGNATIONS
OF
SERIES A 10% NON-VOTING CUMULATIVE PREFERRED STOCK
OF
ACCESS INTEGRATED TECHNOLOGIES, INC.

(Pursuant to Section 151(g) of the
Delaware General Corporation Law)

Access Integrated Technologies, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the “Corporation”) does hereby certify that the following resolutions respecting Series A 10% Non-Voting Cumulative Preferred Stock were duly adopted by the Corporation's Board of Directors:

WHEREAS, the Fourth Amended and Restated Certificate of Incorporation, as amended, of the Corporation (the “Certificate of Incorporation”) authorizes the Corporation to issue an aggregate of 15,000,000 shares of preferred stock, par value $0.001 per share (“Preferred Stock”), which may be divided into one or more series as the Board of Directors may determine; and

WHEREAS, the Certificate of Incorporation expressly vests in the Board of Directors the authority to fix all of the powers, preferences and rights, and the qualifications, limitations and restrictions of the Preferred Stock; and

WHEREAS, the Board of Directors deems it advisable to designate a series of the Preferred Stock consisting of shares designated as Series A 10% Non-Voting Cumulative Preferred Stock.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED, that pursuant to the Certificate of Incorporation, a series of Preferred Stock be, and hereby is, created, consisting of 20 shares, par value of $0.001 per share (the “Series A Preferred Stock”), which Series A Preferred Stock shall have the voting rights, designations, powers, preferences, relative and other special rights, and the qualifications, limitations and restrictions set forth as follows:

1. Dividend Rights. The holders of Series A Preferred Stock shall be entitled to receive dividends, but only out of funds that are legally available therefor, at the rate of 10% of the Series A Original Issue Price (as defined below) per annum on each outstanding share of Series A Preferred Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares). The original issue price of the Series A Preferred Stock shall be $500,000 per share (the “ Series A Original Issue Price ”). For any share of Series A Preferred Stock, such dividends shall begin to accrue commencing upon the first date such share is issued and becomes outstanding (the “ Original Issue Date ”) and shall be payable in cash or, at the Corporation's option, by converting the cash amount of such dividends into Class A common stock, par value $0.001 per share (the “ Class A Common Stock ”), based on the value of the Class A Common Stock equal to (i) so long as the sum of the number of shares of Class A Common Stock issued by the Corporation that would be integrated with the other shares of Class A Common Stock issued under this Paragraph 1 under the rules of the NASDAQ Stock Market plus the number of shares of Class A Common Stock issued under this Paragraph 1 does not exceed 5,366,529 shares (as shall be adjusted for stock splits), the price determined by the daily volume weighted average price per share of the Class A Common Stock on its principal trading market as reported by Bloomberg Financial L.P. (the “ VWAP ”) for the five (5) day Trading Day (as defined below) period ending on the Trading Day (as defined below) immediately preceding the Dividend Payment Date (as defined below), of the Corporation, and (ii) thereafter, the greater of the Book Value Per Share (as defined below) or Market Value Per Share (as defined below) (the greater of those two amounts, the “ Market Price ”), as measured on the Original Issue Date for the initial issuance of shares of Series A Preferred Stock in connection with any shares of Series A Preferred Stock that would be integrated under the rules of the NASDAQ Stock Market. The dividends shall be payable in arrears (a) first, on the earlier of (x) September 30, 2010 or (y) the last day of the calendar quarter during which the Corporation ceases to be contractually prohibited from paying such dividends, and thereafter (b) quarterly on the last day of each calendar quarter beginning in the calendar quarter following such initial dividend payment date and continuing until such shares of Series A Preferred Stock are redeemed (each, a “Dividend Payment Date”), provided,

that, if any such Dividend Payment Date is not a Business Day (as defined below), then any such dividend shall be payable on the next Business Day. Such dividends shall accrue day-by-day and shall be cumulative, whether or not declared by the Board of Directors and whether or not there shall be funds legally available for the payment of dividends. The term “Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions in the New York, New York are authorized or required by law to be closed. Until it has paid all dividends on the Series A Preferred Stock as contemplated in this Certificate of Designations, the Corporation may not pay dividends on the Class A Common Stock, the Class B common stock, par value $0.001 per share, of the Corporation (the “ Class B Common Stock ” and, together with the Class A Common Stock, the “ Common Stock ”) or any other stock of the Corporation hereafter created that is junior in terms of dividend rights, redemption or liquidation preference to the Series A Preferred Stock (together with the Common Stock, “ Junior Stock ”). The term “Trading Day” means any day on which the Class A Common Stock is traded on its principal market; provided that the “Trading Day” shall not include any day on which the principal market is open for trading for less than 4.5 hours. The terms “Book Value Per Share” and “Market Value Per Share” shall be determined in accordance with the rules of The NASDAQ Stock Market, as in effect on the date of this Certificate of Designations.

2. Voting Rights . Except as otherwise provided herein or as required by law, the holders of Series A Preferred Stock will not have the right to vote on matters brought before the stockholders of the Corporation.

3. Liquidation Rights . Upon any liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any Junior Stock, subject to the rights of any series of Preferred Stock that may from time-to-time come into existence and which is expressly senior to the rights of the Series A Preferred Stock, the holders of Series A Preferred Stock shall be entitled to be paid in cash out of the assets of the Corporation an amount per share of Series A Preferred Stock equal to 100% of the Series A Original Issue Price (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares), plus accrued but unpaid dividends (the “Liquidation Preference”), for each share of Series A Preferred Stock held by each such holder. If, upon any such liquidation, dissolution, or winding up, the assets of the Corporation shall be insufficient to make payment in full of the Liquidation Preference to all holders of Series A Preferred Stock, then such assets shall be distributed among the holders of Series A Preferred Stock at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

4. Conversion Rights . Except as otherwise provided herein or as required by law, the holders of Series A Preferred Stock will have no rights with respect to the conversion of the Series A Preferred Stock into shares of Class A Common Stock or any other security of the Corporation.

5. Redemption . The Series A Preferred Stock may be redeemed by the Corporation at any time after the second anniversary of the Original Issue Date (the “ Redemption Date ”) upon thirty (30) days advance written notice (a “ Notice of Redemption ”) to the holder, for a price equal to One Hundred and Ten Percent (110%) of the Liquidation Preference (which Liquidation Preference shall include, for avoidance of doubt, all accrued but unpaid dividends payable to the holder of the Series A Preferred Stock for the period between the Notice of Redemption and the Redemption Date) (the “ Callable Amount ”), payable in cash or, at the Corporation's option, so long as the closing price of the Class A Common Stock is $2.18 or higher (as shall be adjusted for stock splits) for at least (90) consecutive Trading Days ending on the Trading Day immediately prior to the Notice of Redemption, by converting such Callable Amount into Class A Common Stock at the Market Price, as measured on the Original Issue Date for the initial issuance of shares of Series A Preferred Stock in connection with any shares of Series A Preferred Stock that would be integrated under the rules of the NASDAQ Stock Market. The Corporation will indicate on a Notice of Redemption whether the Corporation will redeem the Series A Preferred Stock to be so redeemed in cash or, if so permitted under the immediately preceding sentence, in Class A Common Stock.

6. Amendment . None of the powers, preferences and relative, participating, optional and other special rights of the Series A Preferred Stock as provided in this Certificate of Designations or in the Certificate of Incorporation shall be amended in any manner that would alter or change the powers, preferences, rights or privileges of the holders of Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least four-fifths of the outstanding shares of Series A Preferred Stock, voting as a separate class.

FURTHER RESOLVED, that the officers of the Corporation are authorized and are directed to file with the Secretary of State of the State of Delaware a Certificate pursuant to Section 151(a) of the General Corporate Law setting forth these resolutions in order to establish the rights and preferences set forth in the Certificate of Designations associated with the Series A Preferred Stock.

IN WITNESS WHEREOF, the undersigned duly authorized officer of the Corporation has executed this Certificate of Designations on February 2, 2009.

ACCESS INTEGRATED TECHNOLOGIES, INC.

By: /s/ A. Dale Mayo
Name: A. Dale Mayo
Title: President and Chief Executive Officer

CERTIFICATE OF DESIGNATIONS

OF

SERIES B JUNIOR PARTICIPATING PREFERRED STOCK

OF

ACCESS INTEGRATED TECHNOLOGIES, Inc.

(Pursuant to Section 151 of the
General Corporation Law of the State of Delaware)

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Access Integrated Technologies, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (hereinafter called the "Corporation"), hereby certifies that the following resolution was adopted by the Board of Directors of the Corporation as required by Section 151 of the General Corporation Law of the State of Delaware at a meeting duly called and held on August 10, 2009.

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of this Corporation (hereinafter called the "Board of Directors" or the "Board") in accordance with the provisions of the Amended and Restated Certificate of Incorporation of this Corporation the Board of Directors hereby creates a series of Preferred Stock, par value $0.001 per share (the "Preferred Stock"), of the Corporation and hereby states the designation and number of shares, and fixes the relative rights, powers and preferences, and qualifications, limitations and restrictions thereof as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series B Junior Participating Preferred Stock" (the "Series B Preferred Stock") and the number of shares constituting the Series B Preferred Stock shall be 1,000,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series B Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series B Preferred Stock.

Section 2. Dividends and Distributions.

(A) Subject to the prior and superior rights of the holders of any shares of any class or series of stock of this Corporation ranking prior and superior to the Series B Preferred Stock with respect to dividends, the holders of shares of Series B Preferred Stock, in preference to the holders of Class A Common Stock, par value $0.001 per share (the "Class A Common Stock"), of the Corporation and Class B Common Stock, par value $0.001 per share (the "Class B Common Stock," and together with Class A Common Stock, the "Common Stock"), of the Corporation, and of any other stock ranking junior to the Series B Preferred Stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series B Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $1.00 or (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series B Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series B Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series B Preferred Stock as provided in paragraph (A) of this Section 2 immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $1.00 per share on the Series B Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series B Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series B Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series B Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series B Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than sixty (60) days prior to the date fixed for the payment thereof.

Section 3. Voting Rights . The holders of shares of Series B Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series B Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series B Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in any other Certificate of Designations creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series B Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, or as otherwise provided by law, holders of Series B Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

(D) If, at the time of any annual meeting of stockholders for the election of directors, the equivalent of six quarterly dividends (whether or not consecutive) payable on any share or shares of Series B Preferred Stock are in default, the number of directors constituting the Board of Directors of the Corporation shall be increased by two. In addition to voting together with the holders of Common Stock for the election of other directors of the Corporation, the holders of record of the Series B Preferred Stock, voting separately as a class to the exclusion of the holders of Common Stock, shall be entitled at such meeting of stockholders (and at each subsequent annual meeting of stockholders), unless all dividends in arrears on the Series B Preferred Stock have been paid or declared and set apart for payment prior thereto, to vote for the election of two directors of the Corporation, the holders of any Series B Preferred Stock being entitled to cast a number of votes per share of Series B Preferred Stock as is specified in paragraph (A) of this Section 3. Each such additional director shall serve until the next annual meeting of stockholders for the election of directors, or until his successor shall be elected and shall qualify, or until his right to hold such office terminates pursuant to the provisions of this Section 3(D). Until the default in payments of all dividends which permitted the election of said directors shall cease to exist, any director who shall have been so elected pursuant to the provisions of this Section 3(D) may be removed at any time, without cause, only by the affirmative vote of the holders of the shares of Series B Preferred Stock at the time entitled to cast a majority of the votes entitled to be cast for the election of any such director at a special meeting of such holders called for that purpose, and any vacancy thereby created may be filled by the vote of such holders. If and when such default shall cease to exist, the holders of the Series B Preferred Stock shall be divested of the foregoing special voting rights, subject to revesting in the event of each and every subsequent like default in payments of dividends. Upon the termination of the foregoing special voting rights, the terms of office of all persons who may have been elected directors pursuant to said special voting rights shall forthwith terminate, and the number of directors constituting the Board of Directors shall be reduced by two. The voting rights granted by this Section 3(D) shall be in addition to any other voting rights granted to the holders of the Series B Preferred Stock in this Section 3.

Section 4. Certain Restrictions .

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series B Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series B Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series B Preferred Stock, except dividends paid ratably on the Series B Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (both as to dividends and upon dissolution, liquidation or winding up) to the Series B Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series B Preferred Stock, or any shares of stock ranking on a parity with the Series B Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series B Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Amended and Restated Certificate of Incorporation or in any other Certificate of Designations creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 6. Liquidation, Dissolution or Winding Up.

(A) Upon any liquidation, dissolution or winding up of the Corporation, voluntary or otherwise no distribution shall be made (i) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Preferred Stock unless, prior thereto, the holders of Series B Preferred Stock shall have received an amount per share (the “Series B Liquidation Preference”) equal to $10 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series B Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of Common Stock, or (ii) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series B Preferred Stock, except distributions made ratably on the Series B Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of Series B Preferred Stock were entitled immediately prior to such event under the proviso in clause (i) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that are outstanding immediately prior to such event.

(B) In the event, however, that there are not sufficient assets available to permit payment in full of the Series B Liquidation Preference and the liquidation preferences of all other classes and series of stock of the Corporation, if any, that rank on a parity with the Series B Preferred Stock in respect thereof, then the assets available for such distribution shall be distributed ratably to the holders of the Series B Preferred Stock and the holders of such parity shares in proportion to their respective liquidation preferences.

(C) Neither the merger or consolidation of the Corporation into or with another corporation nor the merger or consolidation of any other corporation into or with the Corporation shall be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 6.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series B Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of

Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series B Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The Series B Preferred Stock shall not be redeemable by the Corporation.

Section 9. Rank. The Series B Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, junior to all series of any other class of the Corporation's Preferred Stock, except to the extent that any such other series specifically provides that it shall rank on a parity with or junior to the Series B Preferred Stock.

Section 10. Amendment. At any time any shares of Series B Preferred Stock are outstanding, the Amended and Restated Certificate of Incorporation of the Corporation shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series B Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series B Preferred Stock, voting separately as a single class.

Section 11. Fractional Shares. Series B Preferred Stock may be issued in fractions of a share that shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series B Preferred Stock.

* * *

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by the undersigned this 10th day of August, 2009.

ACCESS INTEGRATED TECHNOLOGIES, INC.

By: /s/ Gary Loffredo
Name: Gary Loffredo
Title: Senior Vice President

CERTIFICATE OF AMENDMENT

TO FOURTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

OF

ACCESS INTEGRATED TECHNOLOGIES, INC.

Access Integrated Technologies, Inc., a corporation organized and existing under the laws of the State of Delaware (the " Corporation "), does hereby certify that:

1. This Amendment to the Restated Certificate of Incorporation, as amended, of the Corporation has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

2. This Amendment to the Restated Certificate of Incorporation, as amended, of the Corporation amends Article FOURTH of the Corporation's Restated Certificate of Incorporation, as amended, by deleting the existing Article FOURTH in its entirety and substituting therefore a new Article FOURTH to read in its entirety as follows:

FOURTH: CAPITALIZATION

Section 4.1 Authorized Shares .

Upon the effectiveness of the filing of the Certificate of Amendment to the Corporation's Restated Certificate of Incorporation, as amended (the " Certificate of Incorporation "), first containing this provision with the Secretary of State of the State of Delaware (the " Effective Time "), the total number of shares of capital stock that the Corporation shall have authority to issue is One Hundred Five Million (105,000,000) shares as follows: (i) Ninety Million (90,000,000) shares of existing common stock, of which Seventy-Five Million (75,000,000) shares shall be existing Class A Common Stock, par value $0.001 per share (the " Old Class A Common Stock "), and Fifteen Million (15,000,000) shares shall be existing Class B Common Stock, par value $0.001 per share (the " Old Class B Common Stock "); (ii) Ninety Million (90,000,000) shares of common stock, of which Seventy-Five Million (75,000,000) shares shall be Class A Common Stock, par value $0.001 per share (the " Class A Common Stock "), and Fifteen Million (15,000,000) shares shall be Class B Common Stock, par value $0.001 per share (the " Class B Common Stock ," and together with the Class A Common Stock, the " Common Stock "); and (iii) Fifteen Million (15,000,000) shares of preferred stock, par value $0.001 per share (the " Preferred Stock "), of which the Board of Directors shall have the authority by resolution or resolutions to fix all of the powers, preferences and rights, and the qualifications, limitations and restrictions of the Preferred Stock permitted by the Delaware General Corporation Law and to divide the Preferred Stock into one or more class and/or classes and designate all of the powers, preferences and rights, and the qualifications, limitations and restrictions of each class permitted by the Delaware General Corporation Law. Upon the Effectiveness of the Reclassification (as defined below), the total number of shares of capital stock that the Corporation shall have authority to issue is One Hundred Five Million (105,000,000) shares as follows: (i) Ninety Million (90,000,000) shares of common stock, of which Seventy-Five Million (75,000,000) shares shall be Class A Common Stock and Fifteen Million (15,000,000) shares shall be Class B Common Stock; and (ii) Fifteen Million (15,000,000) shares of Preferred Stock.

Section 4.2 Class A Common Stock and Class B Common Stock .

Except as otherwise provided by law or the Certificate of Incorporation, the holders of the Class A Common Stock and the Class B Common Stock shall have all the same rights and privileges as Common Stock, except that the holders of Class A Common Stock and the Class B Common Stock shall be entitled to vote on all matters to be voted on by the stockholders of the Corporation on the following basis: (i) each share of the Class A Common Stock shall entitle the holder thereof to one vote, and (ii) each share of Class B Common Stock shall entitle the holder thereof to ten votes.

Each share of Class B Common Stock may also be converted, at any time at the option of the holder thereof, into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock (subject to adjustment to reflect stock splits, consolidations, recapitalizations and reorganizations). Each holder of Class B Common Stock that desires to convert its shares of Class B Common Stock into shares of Class A Common Stock shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Class B Common Stock and shall give written notice to the Corporation at such office that such holder elects to convert the same and shall state therein the number of shares of Class B Common Stock being converted. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date.

At the option of the holders of fifty-one (51%) percent of the shares of outstanding Class B Common Stock, voting as a class, each share of Class B Common Stock shall be converted (the " Class B Conversion ") into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock (subject to adjustment to reflect stock splits, stock dividends, consolidations, recapitalizations, reorganizations or other like occurrences). All holders of record of shares of Class B Common Stock, then outstanding shall be given at least ten (10) days' prior written notice of the date fixed (the " Conversion Date ") and place designated by the Corporation for mandatory conversion of all such shares of Class B Common Stock, pursuant to this paragraph. Such notice shall be sent by first-class or registered mail, postage prepaid, to each record holder of Class B Common Stock, at such holder's address last shown on the records of the Corporation or of any transfer agent for the Class B Common Stock. Each holder of Class B Common Stock shall surrender the certificate or certificates, duly endorsed, at the office of the Corporation or any transfer agent for the Class B Common Stock by the Conversion Date. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock to be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date; provided , however , that if such certificate or certificates are not surrendered by such holder by the Conversion Date, such conversion shall be deemed to have been made on the Conversion Date and such holder thereafter shall be deemed to have a right to receive only such number of shares of Class A Common Stock into which such holder's shares of Class B Common Stock shall be converted in accordance herewith.

Section 4.3. Reclassification .

Immediately following the Effective Time, (a) each share of Old Class A Common Stock issued and outstanding immediately prior to the Effective Time shall be reclassified as and converted into and shall become one share of Class A Common Stock and (b) each share of Old Class B Common Stock issued and outstanding immediately prior to the Effective Time shall be reclassified as and converted into and shall become one share of Class B Common Stock (the foregoing, collectively, the " Reclassification ").

The Reclassification shall be deemed to occur immediately following the Effective Time (the " Effectiveness of the Reclassification "), regardless of when any certificate previously representing such shares of Old Class A Common Stock or Old Class B Common Stock, as the case may be (in each case, if such shares are held in certificated form), are physically surrendered to the Corporation in exchange for certificates representing shares of Class A Common Stock or Class B Common Stock, respectively. Each certificate outstanding immediately prior to the Effectiveness of the Reclassification representing shares of Old Class A Common Stock or Old Class B

Common Stock, as the case may be, shall, until surrendered to the Corporation in exchange for a certificate representing such new number of shares of Class A Common Stock or Class B Common Stock, respectively, automatically represent from and after the Effectiveness of the Reclassification the reclassified number of shares of Class A Common Stock or Class B Common Stock, respectively.

Section 4.4. Transfer Restrictions .

Section 4.4.1. Certain Definitions .

As used in this Section 4.4:

“ Acquire ” or “ Acquisition ” and similar terms means the direct or indirect acquisition of record, legal, beneficial or any other ownership of Corporation Securities by any means, including, without limitation, (a) the exercise of any rights under any option, warrant, convertible security, pledge or other security interest or similar right to acquire shares, or (b) the entering into of any swap, hedge or other arrangement that results in the acquisition of any of the economic consequences of ownership of Corporation Securities if, as a result of such direct or indirect acquisition, the acquirer would be considered an owner of Corporation Securities under the direct, indirect or constructive ownership rules of Section 382 of the Code.

“ Affiliate ” shall have the meaning set forth in the Standstill Agreement.

“ Business Day ” means any day, other than a Saturday, Sunday or day on which banks located in New York, New York, are authorized or required by law to close.

“ Code ” means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

“ Corporation Securities ” means (a) shares of Common Stock, (b) shares of Preferred Stock of any class or series of Preferred Stock, (c) warrants, rights or options (including within the meaning of Treasury Regulation Section 1.382-2T(h)(4)(v) (or any successor provision)) to purchase Stock, and (d) any other interests that would be treated as Stock.

“ Dispose ” or “ Disposition ” means any direct or indirect sale, transfer, assignment, conveyance, pledge or other disposition or other action in any manner whatsoever, whether voluntary or involuntary, by operation of law or otherwise, by any Person or group that reduces the Percentage Stock Ownership of any Person or group.

“ Effective Date ” means the date of filing of the Certificate of Amendment to the Certificate of Incorporation first containing this provision.

“ Entity ” means an entity within the meaning of Treasury Regulation Section 1.382-3(a)(1) (or any successor provision).

“ Exchange Act ” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“ Exempt Person ” means (a) each of the Purchasers and their respective Affiliates so long as, prior to the termination of the Standstill Agreement, the Purchasers (together with their respective Affiliates) do not take any action that would violate Article 2 of the Standstill Agreement or (b) any Existing Holder, unless and until such time as such Existing Holder shall (i) have a Percentage Stock Ownership that is more than the Existing Holder Ownership Cap of such Existing Holder or (ii) no longer be a “5-percent shareholder” of the Corporation Securities pursuant to Treasury Regulation Section 1.382-2T(g)(1) (or any successor provision). Notwithstanding the foregoing, no Exempt Person shall cease to be an Exempt Person solely as the result of an Acquisition of Corporation Securities by the Corporation which, by reducing the number of Corporation Securities outstanding, increases the Percentage Stock Ownership of such Person.

“ Exempt Transaction ” means the Acquisition of any Warrants (as defined in the Securities Purchase Agreement) or Warrant Shares (as defined in the Warrants) prior to such time as such Acquired warrants or Warrant Shares, as the case may be, have been distributed and sold to the public pursuant to an effective registration statement under the Securities Act or pursuant to Rule 144 promulgated by the Securities and Exchange Commission pursuant to the Securities Act.

“ Existing Holder ” means any Person who, immediately prior to the Effective Date, is a “5-percent shareholder” of the Corporation Securities pursuant to Treasury Regulation Section 1.382-2T(g)(1) (or any successor provision).

“ Existing Holder Initial Ownership ” means, with respect to any Existing Holder, the aggregate Stock Ownership of such Existing Holder immediately prior to the Effective Time (as reflected in the most recent Schedule 13D or Schedule 13G filed by such Existing Holder prior to the Effective Time).

“ Existing Holder Ownership Cap ” means, as determined from time to time with respect to any Existing Holder, the sum of (a) the difference of (i) the Existing Holder Initial Ownership of such Existing Holder minus (ii) the total shares of Stock that such Existing Holder has Disposed of on or after the Effective Time plus (b) the difference (which difference shall in no event be less than zero) of (i) 150,000 shares of Common Stock (subject to adjustment for any stock split, reverse stock split, recapitalization or similar transaction) minus (ii) the total shares of Stock that such Existing Holder has Acquired on or after the Effective Time; provided , however that in no event shall the Existing Holder Ownership Cap of such Existing Holder ever exceed the Existing Holder Initial Ownership of such Existing Holder.

“ Five Percent Shareholder ” means a Person or group of Persons that is identified as a “5-percent shareholder” of the Corporation Securities pursuant to Treasury Regulation Section 1.382-2T(g)(1) (or any successor provision), but excluding (a) any “direct public group” with respect to the Corporation, as that term is defined in Treasury Regulation Section 1.382-2T(j)(2)(ii) (or any successor provision), (b) any Exempt Person and (c) any Person or group of Persons that would be a Five Percent Shareholder solely as a result of the Acquisition of Corporation Securities in an Exempt Transaction.

“ Percentage Stock Ownership ” and similar terms means the percentage Stock Ownership of any Person or group for purposes of Section 382 of the Code as determined in accordance with Treasury Regulation Section 1.382-2T(g), (h), (j) and (k) (or any successor provisions); provided , however , that such determination shall not include any Corporation Securities Acquired in an Exempt Transaction.

“ Person ” means an individual, corporation, estate, trust, association, limited liability company, partnership, joint venture or similar organization, and also includes a syndicate or group as those terms are used for the purposes of Section 13(d)(3) of the Exchange Act.

“ Prohibited Transfer ” means any purported Transfer of Corporation Securities to the extent that such a Transfer is prohibited and/or void under this Article FOURTH.

“ Purchasers ” shall have the meaning set forth in the Securities Purchase Agreement.

“ Restriction Release Date ” means such date, after the Effective Date, that the Board of Directors determines in good faith that it is in the best interests of the Corporation and its stockholders for the transfer restrictions set forth in this Article FOURTH to terminate.

“ Restricted Holder ” means a Person or group of Persons that (a) is a Five Percent Shareholder and Acquires or proposes to Acquire Corporation Securities (other than an Acquisition of Corporation Securities in an Exempt Transaction), or (b) is proposing to Acquire Corporation Securities (other than an Acquisition of Corporation Securities in an Exempt Transaction), and following such proposed Acquisition of Corporation Securities, would be a Five Percent Shareholder.

“ Securities Act ” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“ Securities Purchase Agreement ” means the Securities Purchase Agreement, dated as of August 11, 2009, by and between the Company and the Purchasers, as it may be amended or modified from time to time.

“ Standstill Agreement ” means the Standstill Agreement, dated as of August 11, 2009, by and between the Company and Sageview Capital Master, L.P., as it may be amended or modified from time to time.

“ Stock ” means any interest that would be treated as “stock” of the Corporation pursuant to Treasury Regulation Section 1.382-2T(f)(18) (or any successor provision).

“ Stock Ownership ” means any direct or indirect ownership of Stock, including any ownership by virtue of application of constructive ownership rules, with such direct, indirect and constructive ownership determined under the provisions of Section 382 of the Code.

“ Tax Benefits ” means the net operating loss carryovers, capital loss carryovers, general business credit carryovers, alternative minimum tax credit carryovers and foreign tax credit carryovers, as well as any loss or deduction attributable to a “net unrealized built-in loss” within the meaning of Section 382 of the Code, of the Corporation or any direct or indirect subsidiary thereof.

“ Transfer ” means any direct or indirect Acquisition, sale, transfer, assignment, conveyance, pledge or other disposition or other action in any manner whatsoever, whether voluntary or involuntary, by operation of law or otherwise, by any Person or group that alters the Percentage Stock Ownership of any Person or group, or any attempt to do any of the foregoing. A Transfer shall also include the creation or grant of an option (including within the meaning of Treasury Regulation Section 1.382-2T(h)(4)(v) (or any successor provision)). A Transfer shall not include an issuance or grant of Corporation Securities by the Corporation.

“ Treasury Regulation ” means a Treasury Regulation promulgated under the Code.

Section 4.4.2. Transfer Restrictions .

(a) From and after the Effective Date and prior to the Restriction Release Date, no Transfer shall be permitted, and any such purported Transfer shall be *void ab initio* , to the extent that after giving effect to such purported Transfer (or any series of Transfers of which such Transfer is a part), either (i) any Person or group of Persons shall become a Five Percent Shareholder, or (ii) the Percentage Stock Ownership interest in the Corporation of any Five Percent Shareholder shall be increased. The prior sentence is not intended to prevent the Corporation Securities from being DTC-eligible and shall not preclude the settlement of any transactions in the Corporation Securities entered into through the facilities of a national securities exchange or any national securities quotation system, provided, that if the settlement of the transaction would result in a Prohibited Transfer, such Transfer shall nonetheless be a Prohibited Transfer.

(b) The restrictions contained in this Article 4 are for the purposes of reducing the risk that any “ownership change” (as defined in the Code) of the Corporation Securities may limit the Corporation's ability to utilize its Tax Benefits. In connection therewith, and to provide for effective policing of these provisions, a Restricted Holder who proposes to Acquire Corporation Securities (other than an Acquisition of Corporation Securities in an Exempt Transaction) shall, prior to the date of such proposed Acquisition, request in writing (a “ Request ”) that the Board of Directors of the Corporation (or a committee thereof that has been appointed by the Board of Directors) review such proposed Acquisition and authorize or not authorize such proposed Acquisition in accordance with this Section 4.4.2(b) of Article 4. A Request shall be mailed or delivered to the Secretary of the Corporation at the Corporation's principal place of business, or telecopied to the Corporation's telecopier number at its principal place of business. Such Request shall be deemed to have been received by the Corporation when actually received by the Corporation. A Request shall include (i) the name, address and telephone number of the Restricted Holder, (ii) a description of the Restricted Holder's direct and indirect ownership of Corporation

Securities, (iii) a description of the Corporation Securities that the Restricted Holder proposes to Acquire, (iv) the date on which such proposed Acquisition is expected to take place (or, if such Acquisition is proposed to be made by a Five Percent Shareholder in a transaction on a national securities exchange or any national securities quotation system, a statement to that effect), (v) the name of the proposed transferor of the Corporation Securities that the Restricted Holder proposes to Acquire (or, if such Acquisition is proposed to be made by a Five Percent Shareholder in a transaction on a national securities exchange or any national securities quotation system, a statement to that effect), and (vi) a request that the Board of Directors (or a committee thereof that has been appointed by the Board of Directors) authorize, if appropriate, such Acquisition pursuant to this Section 4.4.2 (b) of Article 4. The Board of Directors may authorize an Acquisition by a Restricted Holder, if it determines, in its sole discretion, that, after taking into account the preservation of the Tax Benefits, such Acquisition would be in the best interests of the Corporation and its stockholders and, in such case, the restrictions set forth in Section 4.4.2(a) of this Article FOURTH shall not apply to such Acquisition. Any determination by the Board of Directors not to authorize a proposed Acquisition by a Restricted Holder shall cause such proposed Acquisition to be deemed a Prohibited Transfer. The Board of Directors may, in its sole discretion, impose any conditions that it deems reasonable and appropriate in connection with authorizing any such Acquisition by a Restricted Holder. In addition, the Board of Directors may, in its sole discretion, require such representations from the Restricted Holder or such opinions of counsel to be rendered by counsel selected by the Board of Directors, in each case as to such matters as the Board of Directors may determine and, in each such case, the restrictions set forth in Section 4.4.2(a) of this Article FOURTH shall not apply to such Acquisition. Any Restricted Holder who makes a Request to the Board of Directors shall reimburse the Corporation, on demand, for all costs and expenses incurred by the Corporation with respect to any proposed Acquisition of Corporation Securities, including, without limitation, the Corporation's costs and expenses incurred in determining whether to authorize the proposed Acquisition, which costs may include, but are not limited to, any expenses of counsel and/or tax advisors engaged by the Board of Directors to advise the Board of Directors or deliver an opinion thereto.

Section 4.4.3. Treatment of Excess Securities .

(a) No employee or agent of the Corporation shall record any Prohibited Transfer, and the purported transferee of a Prohibited Transfer (the " Purported Transferee ") shall not be recognized as a stockholder of the Corporation for any purpose whatsoever in respect of the Corporation Securities that are the subject of the Prohibited Transfer (the " Excess Securities "). The Purported Transferee shall not be entitled with respect to such Excess Securities to any rights of a stockholder of the Corporation, including, without limitation, the right to vote such Excess Securities and to receive dividends or distributions, whether liquidating or otherwise, in respect thereof. Once the Excess Securities have been acquired in a Transfer that is not a Prohibited Transfer, such Corporation Securities shall cease to be Excess Securities.

(b) If the Board of Directors determines that a Prohibited Transfer has been recorded by an agent or employee of the Corporation notwithstanding the prohibition in Section 4.4.3(a) of this Article FOURTH, such recording and the Prohibited Transfer shall be *void ab initio* and have no legal effect and, upon written demand by the Corporation, the Purported Transferee shall transfer or cause to be transferred any certificate or other evidence of ownership of the Excess Securities within the Purported Transferee's possession or control, together with any dividends or other distributions that were received by the Purported Transferee from the Corporation with respect to the Excess Securities (the " Prohibited Distributions "), to an agent designated by the Board of Directors (the " Agent "). In the event of an attempted Prohibited Transfer involving the purchase or Acquisition of Corporation Securities in violation of this Article FOURTH by a Restricted Holder, the Agent shall thereupon sell to a buyer or buyers, which may include the Corporation or the purported transferor, the Excess Securities transferred to it in one or more arm's-length transactions (including over a national securities exchange or national securities quotation system on which the Corporation Securities may be traded); provided , however , that the Agent, in its sole discretion, shall effect such sale or sales in an orderly fashion and shall not be required to effect any such sale within any specific time frame if, in the Agent's discretion, such sale or sales would disrupt the market for the Corporation Securities, would adversely affect the value of the Corporation Securities or would be in violation of applicable securities laws. If the Purported Transferee has resold the Excess Securities before receiving the Corporation's demand to surrender the Excess Securities to the Agent, the Purported Transferee shall be deemed to have sold the Excess Securities for the Agent, and shall be required to transfer to the Agent any Prohibited

Distributions and proceeds of such sale, except to the extent that the Corporation grants written permission to the Purported Transferee to retain a portion of such sales proceeds not exceeding the amount that the Purported Transferee would have received from the Agent pursuant to Section 4.4.3(c) of this Article FOURTH if the Agent, rather than the Purported Transferee, had resold the Excess Securities.

(c) The Agent shall apply any proceeds of a sale by it of Excess Securities and, if the Purported Transferee had previously resold the Excess Securities, any amounts received by it from a Purported Transferee, as follows: (i) first, to reimburse itself to the extent necessary to cover its costs and expenses incurred in accordance with its duties hereunder; (ii) second, to reimburse the Purported Transferee for the amounts paid by the Purported Transferee for the Excess Securities (or in the case of any Prohibited Transfer by gift, devise or inheritance or any other Prohibited Transfer without consideration, the fair market value, calculated on the basis of the closing market price for the Corporation Securities on the day before the Prohibited Transfer), and (iii) third, the remainder, if any, to the original transferor, or, if the original transferor cannot be readily identified, to an entity designated by the Corporation's Board of Directors that is described in Section 501(c) of the Code, contributions to which must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code. The recourse of any Purported Transferee with respect of any Prohibited Transfer shall be limited to the amount payable to the Purported Transferee pursuant to clause (ii) of this Section 4.4.3(c) of this Article FOURTH. Except as may be required by law, in no event shall the proceeds of any sale of Excess Securities pursuant to this Article FOURTH inure to the benefit of the Corporation or the Agent, except to the extent used to cover expenses incurred by the Agent in performing its duties hereunder.

(d) In the event of any Transfer which does not involve a transfer of securities of the Corporation within the meaning of Delaware law (" Securities ," and individually, a " Security ") but which would cause a Five Percent Shareholder to violate a restriction on Transfers provided for in this Article FOURTH, the application of Section 4.4.3(b) and Section 4.4.3(c) shall be modified as described in this Section 4.4.3(d). In such case, no such Five Percent Shareholder shall be required to dispose of any interest that is not a Security, but such Five Percent Shareholder and/or any Person whose ownership of Securities is attributed to such Five Percent Shareholder shall be deemed to have disposed of and shall be required to dispose of sufficient Securities (which Securities shall be disposed of in the inverse order in which they were acquired) to cause such Five Percent Shareholder, following such disposition, not to be in violation of this Article FOURTH. Such disposition shall be deemed to occur simultaneously with the Transfer giving rise to the application of this provision, and such number of Securities that are deemed to be disposed of shall be considered Excess Securities and shall be disposed of through the Agent as provided in Section 4.4.3(b) and Section 4.4.3(c), except that the maximum aggregate amount payable either to such Five Percent Shareholder, or to such other Person that was the direct holder of such Excess Securities, in connection with such sale shall be the fair market value of such Excess Securities at the time of the purported Transfer. All expenses incurred by the Agent in disposing of such Excess Stock shall be paid out of any amounts due such Five Percent Shareholder or such other Person. The purpose of this Section 4.4.3(d) is to extend the restrictions in Section 4.4.2(a) and Section 4.4.3(a) to situations in which there is a Five Percent Shareholder without a direct Transfer of Securities, and this Section 4.4.3(d), along with the other provisions of this Article FOURTH, shall be interpreted to produce the same results, with differences as the context requires, as a direct Transfer of Corporation Securities.

(e) If the Purported Transferee fails to surrender the Excess Securities or the proceeds of a sale thereof to the Agent within thirty (30) days from the date on which the Corporation makes a demand pursuant to Section 4.4.3(b) of this Article FOURTH or any written demand with respect to a deemed disposition pursuant to Section 4.4.3(d) of this Article FOURTH, then the Corporation may take such actions as it deems necessary to enforce the provisions hereof, including the institution of legal proceedings to compel such surrender.

(f) If any Person shall knowingly violate, or knowingly cause any other Person under control of such Person (a " Controlled Person ") to violate this Article FOURTH, then that Person and any Controlled Person shall be jointly and severally liable for, and shall pay to the Corporation, such amount as will, after taking account of all taxes imposed with respect to the receipt or accrual of such amount and all costs incurred by the Corporation as a result of such violation, put the Corporation in the same financial position as it would have been in had such violation not occurred.

Section 4.4.4. Legends; Compliance .

(a) All certificates reflecting Corporation Securities on or after the Effective Date shall, until the Restriction Release Date, bear a conspicuous legend in substantially the following form:

> THE TRANSFER OF SECURITIES REPRESENTED HEREBY IS SUBJECT TO RESTRICTION PURSUANT TO ARTICLE FOURTH OF THE RESTATED CERTIFICATE OF INCORPORATION OF ACCESS INTEGRATED TECHNOLOGIES, INC. AS AMENDED AND IN EFFECT FROM TIME TO TIME, A COPY OF WHICH MAY BE OBTAINED FROM THE CORPORATION UPON REQUEST.

(b) The Corporation shall have the power to make appropriate notations upon its stock transfer records and to instruct any transfer agent, registrar, securities intermediary or depository with respect to the requirements of this Article FOURTH for any uncertificated Corporation Securities or Corporation Securities held in an indirect holding system. As a condition to the registration of the Transfer of any Stock, any Person who is a beneficial, legal or record holder of Stock, and any proposed transferee of such Stock and any Person controlling, controlled by or under common control with the proposed transferee of such Stock, shall provide such information as the Corporation may request from time to time in order to determine compliance with this Article FOURTH or the status of the Tax Benefits of the Corporation.

(c) Nothing contained in this Article FOURTH shall limit the authority of the Board of Directors of the Corporation to take such other action to the extent permitted by law as it deems necessary or advisable to preserve the Corporation's Tax Benefits. The Board of Directors of the Corporation shall have the power to determine all matters necessary for determining compliance with this Article 4, including, without limitation, determining (i) the identification of Five Percent Shareholders and Restricted Holders, (ii) whether a Transfer or proposed Transfer is a Prohibited Transfer, (iii) the Percentage Stock Ownership in the Corporation of any Five Percent Shareholders and Restricted Holders, (iv) whether an instrument constitutes a Corporation Security, (v) the amount (or fair market value) due to a Purported Transferee, (vi) the interpretation of the provisions of this Article FOURTH, and (vii) any other matters which the Board of Directors deems relevant. Without limiting the generality of the foregoing, for the purposes of determining the existence and identity of, and the amount of Corporation Securities owned by, any Person or group of Persons, the Corporation and the Board of Directors are entitled to rely conclusively on (a) the existence and absence of filings of Schedules 13D or 13G under the Exchange Act (or any similar schedules) as of any date, and (b) its actual knowledge of the ownership of the Corporation Securities. In the case of an ambiguity in the application of any of the provisions of this Article FOURTH, including any definition used herein, the Board of Directors shall have the power to determine the application of such provisions with respect to any situation based on its reasonable belief, understanding or knowledge of the circumstances. In the event that this Article FOURTH requires an action by the Board of Directors but fails to provide specific guidance with respect to such action, the Board of Directors shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of this Article FOURTH. All such actions, calculations, interpretations and determinations that are done or made by the Board of Directors in good faith shall be final, conclusive and binding on the Corporation, the Agent, and all other parties to a Transfer; provided , however , that the Board of Directors may delegate all or any portion of its duties and powers under this Article FOURTH to a committee of the Board of Directors as it deems advisable or necessary.

(d) Nothing contained in this Article FOURTH shall be construed to give any Person other than the Corporation or the Agent any legal or equitable right, remedy or claim under this Article FOURTH. This Article FOURTH shall be for the sole and exclusive benefit of the Corporation and the Agent.

(e) With regard to any power, remedy or right provided herein or otherwise available to the Corporation or the Agent provided under this Article FOURTH, (i) no waiver will be effective unless expressly contained in a writing signed by the waiving party; and (ii) no alternation, modification or impairment will be implied by reason of any previous waiver, extension of time, delay or omission in exercise, or other indulgence.

(f) If any provision of this Article FOURTH or the application of any such provision to any Person or under any circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Article FOURTH.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Certificate of Amendment to the Corporation's Restated Certificate of Incorporation, as amended, has been executed by a duly authorized officer of the Corporation on this the 5 th day of October 2009.

Access Integrated Technologies, Inc.

By: /s/ A. Dale Mayo
Name: A. Dale Mayo
Title: President, Chief Executive Officer and
Chairman of the Board of Directors

CERTIFICATE OF AMENDMENT

TO

FOURTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

OF

ACCESS INTEGRATED TECHNOLOGIES, INC.

The undersigned, being the President of Access Integrated Technologies, Inc., a Delaware corporation (the "Corporation"), pursuant to Section 242 of the General Corporation Law of the State of Delaware, as amended (the "DGCL"), does hereby certify as follows:

1. Pursuant to a unanimous written consent of the Board of Directors of the Corporation (the "Board"), the Board adopted resolutions (the "Amending Resolutions") to further amend the Corporation's Fourth Amended and Restated Certificate of Incorporation of the Corporation, as filed with the Delaware Secretary of State on November 14, 2003;
2. Pursuant to a majority vote of the Corporation's Shareholders in accordance with Section 242 of the DGCL, the holders of the Corporation's outstanding capital stock voted in favor of the Amending Resolutions; and
3. The Amending Resolutions were duly adopted in accordance with Section 242 of the DGCL.

NOW, THEREFORE, to effect the Amending Resolutions, Article Fourth of the Certificate of Incorporation shall be deleted in its entirety and replaced as follows:

> "FOURTH: Capitalization : The total number of shares of capital stock that the Corporation shall have authority to issue is One Hundred Five Million (105,000,000) shares as follows: (i) Ninety Million (90,000,000) shares of common stock, of which Seventy-Five Million (75,000,000) shares shall be Class A Common Stock, par value $0.001 per share (the "Class A Common Stock"), and Fifteen Million (15,000,000) shares shall be Class B Common Stock, par value $0.001 per share (the "Class B Common Stock"); and (ii) Fifteen Million (15,000,000) shares of preferred stock, par value $0.001 per share (the "Preferred Stock"), of which the Board of Directors shall have the authority by resolution or resolutions to fix all of the powers, preferences and rights, and the qualifications, limitations and restrictions of the Preferred Stock permitted by the Delaware General Corporation Law and to divide the Preferred Stock into one or more class and/or classes and designate all of the powers, preferences and rights, and the qualifications, limitations and restrictions of each class permitted by the Delaware General Corporation Law.
>
> Except as otherwise provided by law or this Fourth Amended and Restated Certificate of Incorporation, as amended from time to time (this "Certificate of Incorporation"), the holders of the Class A Common Stock and the Class B Common Stock, shall have all the same rights and privileges as Common Stock, except that the holders of Class A Common Stock and the Class B Common Stock shall be entitled to vote on all matters to be voted on by the stockholders of the Corporation on the following basis: (i) each share of the Class A Common Stock shall entitle the holder thereof to one vote, and (ii) each share of Class B Common Stock shall entitle the holder thereof to ten votes.
>
> Each share of Class B Common Stock may also be converted, at any time at the option of the holder thereof, into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock (subject to adjustment to reflect stock splits, consolidations, recapitalizations and reorganizations). Each holder of Class B Common Stock that desires to convert its shares of Class B Common Stock, into shares of Class A Common Stock shall surrender the certificate or

certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Class B Common Stock and shall give written notice to the Corporation at such office that such holder elects to convert the same and shall state therein the number of shares of Class B Common Stock being converted. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date.

At the option of the holders of fifty-one (51%) percent of the shares of outstanding Class B Common Stock, voting as a class, each share of Class B Common Stock shall be converted (the "Class B Conversion") into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock (subject to adjustment to reflect stock splits, stock dividends, consolidations, recapitalizations, reorganizations or other like occurrences). All holders of record of shares of Class B Common Stock, then outstanding shall be given at least ten (10) days' prior written notice of the date fixed (the "Conversion Date") and place designated by the Corporation for mandatory conversion of all such shares of Class B Common Stock, pursuant to this paragraph. Such notice shall be sent by first-class or registered mail, postage prepaid, to each record holder of Class B Common Stock, at such holder's address last shown on the records of the Corporation or of any transfer agent for the Class B Common Stock. Each holder of Class B Common Stock shall surrender the certificate or certificates, duly endorsed, at the office of the Corporation or any transfer agent for the Class B Common Stock by the Conversion Date. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock to be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date; provided, however, that if such certificate or certificates are not surrendered by such holder by the Conversion Date, such conversion shall be deemed to have been made on the Conversion Date and such holder thereafter shall be deemed to have a right to receive only such number of shares of Class A Common Stock into which such holder's shares of Class B Common Stock shall be converted in accordance herewith.

Except as specifically set forth herein, the Certificate of Incorporation shall not be amended, modified or otherwise altered by this Certificate of Amendment.

IN WITNESS WHEREOF, the Corporation has caused this Amendment to the Certificate of Incorporation of Access Integrated Technologies, Inc. to be signed by A. Dale Mayo, its President, Chief Executive Officer and Chairman of the Board, this 5 th day of October, 2009, who acknowledges that the foregoing is the act and deed of the Corporation and that the facts stated herein are true.

By: /s/ A. Dale Mayo
Name: A. Dale Mayo
Title: President, Chief Executive Officer and
Chairman of the Board of Directors

CERTIFICATE OF AMENDMENT

TO

FOURTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

OF

ACCESS INTEGRATED TECHNOLOGIES, INC.

Pursuant to

§ 242 of the General Corporation Law

of the State of Delaware

The undersigned, being the President of Access Integrated Technologies, Inc., a Delaware corporation (the "Corporation"), pursuant to Section 242 of the General Corporation Law of the State of Delaware, as amended (the "DGCL"), does hereby certify as follows:

1. Pursuant to a unanimous written consent of the Board of Directors of the Corporation (the "Board"), the Board adopted resolutions (the "Amending Resolutions") to further amend the Corporation's Fourth Amended and Restated Certificate of Incorporation of the Corporation, as filed with the Delaware Secretary of State on November 14, 2003 (together with any subsequent amendments and certificates of designations, the "Certificate of Incorporation");
2. Pursuant to a majority vote of the Corporation's Shareholders in accordance with Section 242 of the DGCL, the holders of the Corporation's outstanding capital stock voted in favor of the Amending Resolutions; and
3. The Amending Resolutions were duly adopted in accordance with Section 242 of the DGCL.

NOW, THEREFORE, to effect the Amending Resolutions:

1. All references to "Access Integrated Technologies, Inc." in the Certificate of Incorporation shall be deleted and the phrase "Cinedigm Digital Cinema Corp." shall be inserted in their place.

2. Article First of the Certificate of Incorporation shall be deleted in its entirety and replaced as follows:

"FIRST: Name : The name of the Corporation is:

"Cinedigm Digital Cinema Corp."

IN WITNESS WHEREOF, the Corporation has caused this Amendment to the Certificate of Incorporation of Access Integrated Technologies, Inc. to be signed by A. Dale Mayo, its President, Chief Executive Officer and Chairman of the Board of Directors, this 5 th day of October, 2009, who acknowledges that the foregoing is the act and deed of the Corporation and that the facts stated herein are true.

By: /s/ A. Dale Mayo
Name: A. Dale Mayo
Title: President, Chief Executive Officer and
Chairman of the Board of Directors

CERTIFICATE OF AMENDMENT

TO

FOURTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

OF

CINEDIGM DIGITAL CINEMA CORP.

The undersigned, being the Chief Executive Officer of Cinedigm Digital Cinema Corp., a Delaware corporation (the "Corporation"), pursuant to Section 242 of the General Corporation Law of the State of Delaware, as amended (the "DGCL"), does hereby certify as follows:

1. Pursuant to a unanimous written consent of the Board of Directors of the Corporation (the "Board"), the Board adopted resolutions (the "Amending Resolutions") to further amend the Corporation's Fourth Amended and Restated Certificate of Incorporation of the Corporation, as filed with the Delaware Secretary of State on November 14, 2003;
2. Pursuant to a majority vote of the Corporation's Shareholders in accordance with Section 242 of the DGCL, the holders of the Corporation's outstanding capital stock voted in favor of the Amending Resolutions; and
3. The Amending Resolutions were duly adopted in accordance with Section 242 of the DGCL.

NOW, THEREFORE, to effect the Amending Resolutions, Article Fourth of the Certificate of Incorporation shall be deleted in its entirety and replaced as follows:

> "FOURTH: Capitalization : The total number of shares of capital stock that the Corporation shall have authority to issue is One Hundred Thirty-Five Million (135,000,000) shares as follows: (i) One Hundred Eighteen Million, Seven Hundred Fifty-Nine Thousand (118,759,000) shares of Class A Common Stock, par value $0.001 per share (the "Class A Common Stock"); (ii) One Million Two Hundred Forty-One Thousand (1,241,000) shares of Class B Common Stock, par value $0.001 per share (the "Class B Common Stock"); and (iii) Fifteen Million (15,000,000) shares of preferred stock, par value $0.001 per share (the "Preferred Stock"), of which the Board of Directors shall have the authority by resolution or resolutions to fix all of the powers, preferences and rights, and the qualifications, limitations and restrictions of the Preferred Stock permitted by the Delaware General Corporation Law and to divide the Preferred Stock into one or more class and/or classes and designate all of the powers, preferences and rights, and the qualifications, limitations and restrictions of each class permitted by the Delaware General Corporation Law.
>
> Except as otherwise provided by law or this Fourth Amended and Restated Certificate of Incorporation (this "Certificate of Incorporation"), the holders of the Class A Common Stock and the Class B Common Stock, shall have all the same rights and privileges as Common Stock, except that the holders of Class A Common Stock and the Class B Common Stock shall be entitled to vote on all matters to be voted on by the stockholders of the Corporation on the following basis: (i) each

share of the Class A Common Stock shall entitle the holder thereof to one vote, and (ii) each share of Class B Common Stock shall entitle the holder thereof to ten votes.

Each share of Class B Common Stock may also be converted, at any time at the option of the holder thereof, into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock (subject to adjustment to reflect stock splits, consolidations, recapitalizations and reorganizations). Each holder of Class B Common Stock that desires to convert its shares of Class B Common Stock, into shares of Class A Common Stock shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Class B Common Stock and shall give written notice to the Corporation at such office that such holder elects to convert the same and shall state therein the number of shares of Class B Common Stock being converted. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date.

At the option of the holders of fifty-one (51%) percent of the shares of outstanding Class B Common Stock, voting as a class, each share of Class B Common Stock shall be converted (the "Class B Conversion") into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock (subject to adjustment to reflect stock splits, stock dividends, consolidations, recaptializations, reorganizations or other like occurrences). All holders of record of shares of Class B Common Stock, then outstanding shall be given at least ten (10) days' prior written notice of the date fixed (the "Conversion Date") and place designated by the Corporation for mandatory conversion of all such shares of Class B Common Stock, pursuant to this paragraph. Such notice shall be sent by first-class or registered mail, postage prepaid, to each record holder of Class B Common Stock, at such holder's address last shown on the records of the Corporation or of any transfer agent for the Class B Common Stock. Each holder of Class B Common Stock shall surrender the certificate or certificates, duly endorsed, at the office of the Corporation or any transfer agent for the Class B Common Stock by the Conversion Date. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock to be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date; provided, however, that if such certificate or certificates are not surrendered by such holder by the Conversion Date, such conversion shall be deemed to have been made on the Conversion Date and such holder thereafter shall be deemed to have a right to receive only such number of shares of Class A Common Stock into which such holder's shares of Class B Common Stock shall be converted in accordance herewith.

Upon the effectiveness (the "Effective Date") of the Certificate of Amendment filed by the Corporation on September 18, 2003, each five (5) shares of Class A and B Common Stock issued and outstanding on the Effective Date (the "Old Common Stock") shall be converted into one (1) share of Class A and B Common Stock, respectively (the "New Common Stock"), subject to the treatment of fractional share interests as described below. A holder of such five (5) shares shall be entitled to receive, upon surrender of a stock certificate or stock certificates representing such Old Common Stock (the "Old Certificates," whether one or more) to the Corporation for cancellation, a certificate of certificates (the "New Certificates," whether one or more) representing the number of whole shares of the New Common Stock into which and for which the shares of the Old Common Stock formerly represented by such Old Certificates so surrendered are reclassified under the terms hereof. No certificates representing fractional share interests in New Common Stock will be issued, and no such fractional share interest will entitle the holder thereof to vote, or to any rights of a stockholder of the Corporation. In lieu of such fractional shares, each holder of Class Old Common Stock who or that would otherwise have been entitled to a fraction of a share of such common stock upon surrender of such holder's Old Certificates will be entitled to receive one sole share of such common stock. If more than one Old Certificate shall be surrendered at one time for the account of the same stockholder, the number of full shares of New Common Stock for which New Certificates shall be issued shall be computed on the basis of the aggregate number of shares represented by the Old Certificates so surrendered. In the event that the Corporation determines that a holder of Old Certificates has not tendered all his or her certificates for exchange, the Corporation shall carry forward any fractional share until all certificates of that holder have been presented for exchange such that any stockholder will not be entitled to receive more than one share of New Common Stock in lieu of fractional shares. If any New Certificate is to be issued in a name other than that in which the Old Certificates surrendered for exchange are issued, the Old Certificates so surrendered shall be properly endorsed and registered in such name or names as such holder may direct, subject to compliance with applicable laws and the Third Amended and Restated Stockholders' Agreement, as amended, supplemented, restated or otherwise modified from time to time, among the Corporation and certain of its stockholders to the extent such designation shall involve a transfer, and the person or persons requesting such exchange shall affix any requisite stock transfer tax stamps to the Old Certificates surrendered, or provide funds for their purchase, or establish to the satisfaction of the Corporation that such taxes are not payable. From and after the Effective Date, the amount of capital represented by the shares of the New Common Stock into which and for which the shares of the Old Common Stock are reclassified under the terms hereof shall be the same as the amount of capital represented by the shares of Old Common Stock so reclassified, until thereafter reduced or increased in accordance with applicable law.”

Except as specifically set forth herein, the Certificate of Incorporation shall not be amended, modified or otherwise altered by this Certificate of Amendment.

IN WITNESS WHEREOF, the Corporation has caused this Amendment to the Certificate of Incorporation of Cinedigm Digital Cinema Corp. to be signed by Christopher J. McGurk, its Chief Executive Officer, this 12 th day of September, 2012, who acknowledges that the foregoing is the act and deed of the Corporation and that the facts stated herein are true.

By: /s/ Christopher J. McGurk
Name: Christopher J. McGurk
Title: Chief Executive Officer

CERTIFICATE OF AMENDMENT

TO

FOURTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

OF

CINEDIGM DIGITAL CINEMA CORP.

Pursuant to

§ 242 of the General Corporation Law

of the State of Delaware

The undersigned, being the Chief Executive Officer of Cinedigm Digital Cinema Corp., a Delaware corporation (the "Corporation"), pursuant to Section 242 of the General Corporation Law of the State of Delaware, as amended (the "DGCL"). does hereby certify as follows:

1. Pursuant to a unanimous written consent of the Board of Directors of the Corporation (the "Board"), the Board adopted resolutions (the "Amending Resolutions") to further amend the Corporation's Fourth Amended and Restated Certificate of Incorporation of the Corporation, as filed with the Delaware Secretary of State on November 14, 2003 (together with any subsequent amendments and certificates of designations, the "Certificate of Incorporation");

2. Pursuant to a majority vote of the Corporation's Shareholders in accordance with Section 242 of the DGCL, the holders of the Corporation's outstanding capital stock voted in favor of the Amending Resolutions; and

3. The Amending Resolutions were duly adopted in accordance with Section 24:2 of the DGCL.

NOW, THEREFORE, to effect the Amending Resolutions:

1. All references to "Cinedigm Digital Cinema Corp." in the Certificate of Incorporation shall be deleted and the phrase "Cinedigm Corp." shall be inserted in their place.

2. Article First of the Certificate of Incorporation shall be deleted in its entirety and replaced as follows:

"FIRST: Name : The name of the Corporation is:

"Cinedigm Corp."

IN WITNESS WHEREOF, the Corporation has caused this Amendment to the Certificate of Incorporation of Cinedigm Digital Cinema Corp. to be signed by Christopher J. McGurk, Chief Executive Officer and Chairman of the Board of Directors, this 25 th day of September, 2013, who acknowledges that the foregoing is the act and deed of the Corporation and that the facts stated herein are true.

By: /s/ Christopher J. McGurk
Name Christopher J. McGurk
Title: Chief Executive Officer and
Chairman of the Board of Directors

EXHIBIT 31.1

CERTIFICATION

I, Christopher J. McGurk, certify that:

1. I have reviewed this Form 10-Q of Cinedigm Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2013

By: /s/ Christopher J. McGurk
Christopher J. McGurk
Chief Executive Officer and Chairman of the Board of Directors
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Adam M. Mizel, certify that:

1. I have reviewed this Form 10-Q of Cinedigm Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2013

By: /s/ Adam M. Mizel

Adam M. Mizel
Chief Operating Officer and Chief Financial Officer and Director
(Principal Financial Officer)

EXHIBIT 31.3

CERTIFICATION

I, John B. Brownson, certify that:

1. I have reviewed this Form 10-Q of Cinedigm Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2013

By: /s/ John B. Brownson

John B. Brownson
Senior Vice President - Accounting & Finance
(Principal Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with Form 10-Q of Cinedigm Corp. (the "Company") for the period ended September 30, 2013 as filed with the SEC (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date:	November 14, 2013	By:	/s/ Christopher J. McGurk
			Christopher J. McGurk Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with Form 10-Q of Cinedigm Corp. (the "Company") for the period ended September 30, 2013 as filed with the SEC (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date:	November 14, 2013	By:	/s/ Adam M. Mizel
			Adam M. Mizel Chief Operating Officer and Chief Financial Officer and Director (Principal Financial Officer)

EXHIBIT 32.3

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with Form 10-Q of Cinedigm Corp. (the "Company") for the period ended September 30, 2013 as filed with the SEC (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: November 14, 2013

By: /s/ John B. Brownson

John B. Brownson
Senior Vice President - Accounting & Finance
(Principal Accounting Officer)