

# SECURITIES AND EXCHANGE COMMISSION

## FORM SC 13D

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities

Filing Date: **2013-01-14**  
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(HTML Version on [secdatabase.com](http://secdatabase.com))

### SUBJECT COMPANY

#### Digital Generation, Inc.

CIK:[934448](#) | IRS No.: **943140772** | State of Incorp.:**DE** | Fiscal Year End: **1231**  
Type: **SC 13D** | Act: **34** | File No.: **005-49603** | Film No.: **13526624**  
SIC: **7389** Business services, nec

Mailing Address  
750 WEST JOHN  
CARPENTER FREEWAY  
SUITE 700  
IRVING TX 75039

Business Address  
750 WEST JOHN  
CARPENTER FREEWAY  
SUITE 700  
IRVING TX 75039  
972 581 2000

### FILED BY

#### CLINTON GROUP INC

CIK:[1134119](#) | IRS No.: **000000000** | Fiscal Year End: **1231**  
Type: **SC 13D**

Mailing Address  
5 WEST 57TH STREET  
26TH FLOOR  
NEW YORK NY 10019

Business Address  
5 WEST 57TH STREET  
26TH FLOOR  
NEW YORK NY 10019  
2128250400

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934  
(Amendment No. )\*

Digital Generation, Inc.

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(Name of Issuer)

Common Stock, par value \$0.001 per share

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(Title of Class of Securities)

25400B108

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(CUSIP Number)

Marc Weingarten and David E. Rosewater  
Schulte Roth & Zabel LLP  
919 Third Avenue  
New York, New York 10022  
(212) 756-2000

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(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

January 9, 2013

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(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), Rule 13d-1(f) or Rule 13d-1(g), check the following box. [ ]

(Page 1 of 19 Pages)

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\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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<b>1</b>	NAME OF REPORTING PERSON Clinton Spotlight Master Fund, L.P.	
<b>2</b>	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
<b>3</b>	SEC USE ONLY	
<b>4</b>	SOURCE OF FUNDS WC	
<b>5</b>	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	<input type="checkbox"/>
<b>6</b>	CITIZENSHIP OR PLACE OF ORGANIZATION Cayman Islands	
	<b>7</b> SOLE VOTING POWER 0	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:	<b>8</b> SHARED VOTING POWER 786,023 shares of Common Stock	
	<b>9</b> SOLE DISPOSITIVE POWER 0	
	<b>10</b> SHARED DISPOSITIVE POWER 786,023 shares of Common Stock	
<b>11</b>	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON 786,023 shares of Common Stock	
<b>12</b>	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	<input type="checkbox"/>
<b>13</b>	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 2.8%	
<b>14</b>	TYPE OF REPORTING PERSON CO	

<b>1</b>	NAME OF REPORTING PERSON Clinton Magnolia Master Fund, Ltd.	
<b>2</b>	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
<b>3</b>	SEC USE ONLY	
<b>4</b>	SOURCE OF FUNDS WC	
<b>5</b>	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	<input type="checkbox"/>
<b>6</b>	CITIZENSHIP OR PLACE OF ORGANIZATION Cayman Islands	
	<b>7</b> SOLE VOTING POWER 0	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:	<b>8</b> SHARED VOTING POWER 747,215 shares of Common Stock	
	<b>9</b> SOLE DISPOSITIVE POWER 0	
	<b>10</b> SHARED DISPOSITIVE POWER 747,215 shares of Common Stock	
<b>11</b>	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON 747,215 shares of Common Stock	
<b>12</b>	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	<input type="checkbox"/>
<b>13</b>	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 2.7%	
<b>14</b>	TYPE OF REPORTING PERSON CO	

<b>1</b>	NAME OF REPORTING PERSON Clinton Special Opportunities Master Fund, Ltd.	
<b>2</b>	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
<b>3</b>	SEC USE ONLY	
<b>4</b>	SOURCE OF FUNDS WC	
<b>5</b>	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	<input type="checkbox"/>
<b>6</b>	CITIZENSHIP OR PLACE OF ORGANIZATION Cayman Islands	
	<b>7</b> SOLE VOTING POWER 0	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:	<b>8</b> SHARED VOTING POWER 14,000 shares of Common Stock	
	<b>9</b> SOLE DISPOSITIVE POWER 0	
	<b>10</b> SHARED DISPOSITIVE POWER 14,000 shares of Common Stock	
<b>11</b>	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON 14,000 shares of Common Stock	
<b>12</b>	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	<input type="checkbox"/>
<b>13</b>	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.1%	
<b>14</b>	TYPE OF REPORTING PERSON CO	

<b>1</b>	NAME OF REPORTING PERSON Clinton Relational Opportunity Master Fund, L.P.	
<b>2</b>	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
<b>3</b>	SEC USE ONLY	
<b>4</b>	SOURCE OF FUNDS WC	
<b>5</b>	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	<input type="checkbox"/>
<b>6</b>	CITIZENSHIP OR PLACE OF ORGANIZATION Cayman Islands	
	<b>7</b> SOLE VOTING POWER 0	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:	<b>8</b> SHARED VOTING POWER 84,142 shares of Common Stock	
	<b>9</b> SOLE DISPOSITIVE POWER 0	
	<b>10</b> SHARED DISPOSITIVE POWER 84,142 shares of Common Stock	
<b>11</b>	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON 84,142 shares of Common Stock	
<b>12</b>	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	<input type="checkbox"/>
<b>13</b>	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.3%	
<b>14</b>	TYPE OF REPORTING PERSON CO	

<b>1</b>	NAME OF REPORTING PERSON Clinton Group, Inc.	
<b>2</b>	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
<b>3</b>	SEC USE ONLY	
<b>4</b>	SOURCE OF FUNDS AF	
<b>5</b>	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	<input type="checkbox"/>
<b>6</b>	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	
	<b>7</b> SOLE VOTING POWER 0	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:	<b>8</b> SHARED VOTING POWER 1,631,380 shares of Common Stock	
	<b>9</b> SOLE DISPOSITIVE POWER 0	
	<b>10</b> SHARED DISPOSITIVE POWER 1,631,380 shares of Common Stock	
<b>11</b>	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON 1,631,380 shares of Common Stock	
<b>12</b>	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	<input type="checkbox"/>
<b>13</b>	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 5.9%	
<b>14</b>	TYPE OF REPORTING PERSON CO; IA	

<b>1</b>	NAME OF REPORTING PERSON George E. Hall	
<b>2</b>	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
<b>3</b>	SEC USE ONLY	
<b>4</b>	SOURCE OF FUNDS AF	
<b>5</b>	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	<input type="checkbox"/>
<b>6</b>	CITIZENSHIP OR PLACE OF ORGANIZATION United States	
	<b>7</b> SOLE VOTING POWER 0	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:	<b>8</b> SHARED VOTING POWER 1,631,380 shares of Common Stock	
	<b>9</b> SOLE DISPOSITIVE POWER 0	
	<b>10</b> SHARED DISPOSITIVE POWER 1,631,380 shares of Common Stock	
<b>11</b>	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON 1,631,380 shares of Common Stock	
<b>12</b>	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	<input type="checkbox"/>
<b>13</b>	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 5.9%	
<b>14</b>	TYPE OF REPORTING PERSON IN	



**Item 1. SECURITY AND ISSUER**

This statement on Schedule 13D (this "Schedule 13D") relates to the common stock, par value \$0.001 per share (the "Common Stock") of Digital Generation, Inc., a Delaware corporation (the "Issuer"). The address of the Issuer's principal executive office is 750 West John Carpenter Freeway, Suite 700, Irving, Texas 75039.

**Item 2. IDENTITY AND BACKGROUND**

(a) This Schedule 13D is filed by: (i) Clinton Spotlight Master Fund, L.P., a Cayman Islands exempted limited partnership ("SPOT"); (ii) Clinton Magnolia Master Fund, Ltd., a Cayman Islands exempted company ("CMAG"); (iii) Clinton Special Opportunities Master Fund, Ltd., a Cayman Islands exempted company ("CSO"); (iv) Clinton Relational Opportunity Master Fund, L.P., a Cayman Islands exempted limited partnership ("CREL"); (v) Clinton Group, Inc., a Delaware corporation, which serves as the investment manager to SPOT, CMAG, CSO and CREL ("CGI"); and (vi) George E. Hall, a United States citizen, who serves as President of CGI ("Mr. Hall" and together with SPOT, CMAG, CSO, CREL and CGI, "Clinton").

(b) The principal business address of CGI and Mr. Hall is 9 West 57th Street, 26th Floor, New York, New York 10019. The principal business address of SPOT, CMAG, CSO and CREL is c/o Fortis Fund Services (Cayman) Limited, P.O. Box 2003 GT, Grand Pavilion Commercial Centre, 802 West Bay Road, Grand Cayman, Cayman Islands.

(c) The principal business of CGI is to provide investment management services to private individuals and institutions. The principal business of SPOT, CMAG, CSO and CREL is to invest in securities. The principal business of Mr. Hall is to serve as President of CGI.

(d) None of the Reporting Persons or persons listed on Appendix A has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) None of the Reporting Persons or persons listed on Appendix A has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceedings was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Mr. Hall is a citizen of the United States.

The name, citizenship, present principal occupation or employment and business address of each director and executive officer or general partner, as applicable, of CGI, SPOT, CMAG, CSO and CREL is set forth in Schedule A attached hereto. To the best of the Reporting Persons' knowledge, except as set forth in this statement on Schedule 13D, none of such individuals owns any shares of Common Stock.

**Item 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION**

The Reporting Persons used approximately \$16,814,000 (including brokerage commissions)

in the aggregate to purchase the Common Stock reported in this Schedule 13D.

The source of the funds used to acquire the Common Stock reported herein is the working capital of SPOT, CMAG, CSO and CREL for the shares of Common Stock held by each of them, and margin borrowings described in the following sentence. Such shares of Common Stock are held by the Reporting Persons in commingled margin accounts, which may extend margin credit to the Reporting Persons from time to time, subject to applicable federal margin regulations, stock exchange rules and credit policies. In such instances, the positions held in the margin account are pledged as collateral security for the repayment of debit balances in the account. The margin accounts bear interest at a rate based upon the broker's call rate from time to time in effect. Because other securities are held in the margin accounts, it is not possible to determine the amounts, if any, of margin used to purchase the Common Stock reported herein.

**Item 4. PURPOSE OF TRANSACTION**

The Reporting Persons acquired the Common Stock for investment in the ordinary course of business. The Reporting Persons believe that the Common Stock at current market prices are undervalued and represent an attractive investment opportunity. The Reporting Persons may make further purchases of shares of Common Stock from time to time and may dispose of or sell any or all of the shares of Common Stock held by them at any time.

On August 8, 2012, CMAG, in compliance with the bylaws of the Issuer, submitted its formal notice of intent (the "Notice") to nominate directors at the 2012 annual meeting of stockholders of the Issuer (including any adjournment or postponement thereof or any special meeting held in lieu thereof, the "Annual Meeting"). The Notice stated that, at the Annual Meeting, CMAG intended to nominate for election as directors of the Issuer, (i) Joseph A. DePerio, (ii) Peter Markham and (iii) Melissa B. Fisher (collectively, the "Nominees"), as well as present proposals to adopt certain resolutions at the Annual Meeting, including amendments to the Issuer's bylaws. The foregoing summary of the Notice is qualified in its entirety by reference to the full text of the Notice, a copy of which is attached as Exhibit 1 to this Schedule 13D and is incorporated by reference herein.

On November 1, 2012, the Reporting Persons issued a press release announcing that they intended to nominate the foregoing three individuals to the Board of Directors ("Board") of the Issuer. The public announcement also indicated that the Reporting Persons understood that the Issuer was exploring a sale of the company and that the Reporting Persons "welcomed" such a sale at a fair price. In the event that a sale of the Issuer is not announced prior to the Annual Meeting, which is currently scheduled to be held on February 21, 2012, the Reporting Persons still intend to nominate and solicit proxies on behalf of Ms. Fisher and Messrs. DePerio and Markham. The foregoing summary of the press release is qualified in its entirety by reference to the full text of the press release, a copy of which is attached as Exhibit 2 to this Schedule 13D.

The Reporting Persons have, from time to time, engaged in discussions with the Board and its representatives regarding the Issuer's Board composition, management, strategic alternatives and direction and related matters. The Reporting Persons may continue to discuss such matters with the Board, or with management of the Issuer, as well as pursue other plans or proposals that relate to or would result in any of the matters set forth in subparagraphs (a)-(j) of Item 4 of Schedule 13D.

Except as set forth herein, the Reporting Persons have no present plan or proposal that would relate to or result in any of the matters set forth in subparagraphs (a) - (j) of Item 4 of Schedule 13D. The Reporting Persons intend to review their investment in the Issuer on a continuing basis. Depending on various factors including, without limitation, the Issuer's financial position and strategic direction, actions taken by the Board, price levels of the Common Stock, other investment opportunities available to the Reporting Persons, conditions in the securities market and general economic and industry conditions, the Reporting Persons may in the future take such actions with respect to their investment in the Issuer as they deem appropriate including, without limitation, purchasing additional shares of Common Stock or selling some or all of their shares of Common Stock, and, alone or with others, pursuing discussions with the management, the Board, other shareholders of the Issuer and third parties with regard to its investment in the Issuer, and/or otherwise changing their intention with respect to any and all matters referred to in Item 4 of Schedule 13D.

**Item 5. INTEREST IN SECURITIES OF THE ISSUER**

(a) The aggregate number and percentage of shares of Common Stock to which this Schedule 13D relates is 1,631,380 shares of Common Stock, constituting approximately 5.9% of the Issuer's currently outstanding Common Stock. The aggregate number and percentage of shares of Common Stock reported herein are based upon the 27,634,075 shares of Common Stock outstanding as of November 6, 2012, as reported in the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2012, filed with the Securities and Exchange Commission on November 9, 2012.

(i) SPOT:

(a) As of the date hereof, SPOT may be deemed the beneficial owner of 786,023 shares of Common Stock.

Percentage: Approximately 2.8% as of the date hereof.

- (b)
1. Sole power to vote or direct vote: 0
  2. Shared power to vote or direct vote: 786,023 shares of Common Stock
  3. Sole power to dispose or direct the disposition: 0
  4. Shared power to dispose or direct the disposition: 786,023 shares of Common Stock

(ii) CMAG:

(a) As of the date hereof, CMAG may be deemed the beneficial owner of 747,215 shares of Common Stock.

Percentage: Approximately 2.7% as of the date hereof.

- (b)
1. Sole power to vote or direct vote: 0
  2. Shared power to vote or direct vote: 747,215 shares of Common Stock
  3. Sole power to dispose or direct the disposition: 0
  4. Shared power to dispose or direct the disposition: 747,215 shares of Common Stock

(iii) CSO:

(a) As of the date hereof, CSO may be deemed the beneficial owner of 14,000 shares of Common Stock.

- Percentage: Approximately 0.1% as of the date hereof.
- (b)
1. Sole power to vote or direct vote: 0
  2. Shared power to vote or direct vote: 14,000 shares of Common Stock
  3. Sole power to dispose or direct the disposition: 0
  4. Shared power to dispose or direct the disposition: 14,000 shares of Common Stock
- (iv) CREL:
- (a) As of the date hereof, CREL may be deemed the beneficial owner of 84,142 shares of Common Stock.
- Percentage: Approximately 0.3% as of the date hereof.
- (b)
1. Sole power to vote or direct vote: 0
  2. Shared power to vote or direct vote: 84,142 shares of Common Stock
  3. Sole power to dispose or direct the disposition: 0
  4. Shared power to dispose or direct the disposition: 84,142 shares of Common Stock
- (v) CGI:
- (a) As of the date hereof, CGI may be deemed the beneficial owner of 1,631,380 shares of Common Stock.
- Percentage: Approximately 5.9% as of the date hereof.
- (b)
1. Sole power to vote or direct vote: 0
  2. Shared power to vote or direct vote: 1,631,380 shares of Common Stock
  3. Sole power to dispose or direct the disposition: 0
  4. Shared power to dispose or direct the disposition: 1,631,380 shares of Common Stock
- (vi) Mr. Hall:
- (a) As of the date hereof, Mr. Hall may be deemed the beneficial owner of 1,631,380 shares of Common Stock.
- Percentage: Approximately 5.9% as of the date hereof.
- (b)
1. Sole power to vote or direct vote: 0
  2. Shared power to vote or direct vote: 1,631,380 shares of Common Stock
  3. Sole power to dispose or direct the disposition: 0
  4. Shared power to dispose or direct the disposition: 1,631,380 shares of Common Stock
- (b) By virtue of investment management agreements with SPOT, CMAG, CSO and CREL, CGI has the power to vote or direct the voting, and to dispose or direct the disposition, of all of the 1,631,380 shares of Common Stock beneficially owned by SPOT, CMAG, CSO and CREL. By virtue of his direct and indirect control of CGI, Mr. Hall is deemed to have shared voting power and shared dispositive power with respect to all Common Stock as to which CGI has voting power or dispositive power.
- (c) Information concerning transactions in the Common Stock effected by the Reporting Persons during the past sixty days is set forth in Appendix B hereto and is incorporated herein by reference. Unless otherwise indicated, all of such transactions were effected in the open market.
- (d) No person (other than the Reporting Persons) is known to have the right to receive or

the power to direct the receipt of dividends from, or the proceeds from the sale of, the shares of Common Stock reported herein.

(e) Not applicable.

**Item 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER**

Each of the Nominees (other than Mr. DePerio) has entered into a nominee agreement with CGI (each, a "Nominee Agreement" and collectively, the "Nominee Agreements"), pursuant to which each has agreed to stand for election to the Board and to serve as a director if elected. Pursuant to the Nominee Agreements, CGI and its affiliates have agreed to pay the costs of soliciting proxies in support of the election of the Nominees to the Board, and indemnify such Nominees for claims arising from their role as a nominee for director. This summary of the Nominee Agreements is qualified in its entirety by reference to the full text of the Form of Nominee Agreement, a copy of which is attached as Annex G to the Notice (which is attached as Exhibit 1 to this Schedule 13D) and is incorporated by reference herein.

The Reporting Persons are parties to an agreement with respect to the joint filing of this Schedule 13D and any amendments thereto. A copy of such agreement is attached as Exhibit 3 to this Schedule 13D and is incorporated by reference herein.

Other than the Nominee Agreements and the joint filing agreement, there are no contracts, understandings or relationships among the Reporting Persons or between the Reporting Persons and any other person with respect to securities of the Issuer.

**Item 7. MATERIAL TO BE FILED AS EXHIBITS**

<b>Exhibit</b>	<b>Description</b>
1	Stockholder Notice of Intent to Nominate Persons for Election as Directors and Present Proposals to Adopt Resolutions at the Annual Meeting, dated August 3, 2012.
2	Press Release, dated November 1, 2012.
3	Joint Filing Agreement, dated January 14, 2013.

**SIGNATURES**

After reasonable inquiry and to the best of his or its knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: January 14, 2013

**CLINTON SPOTLIGHT MASTER FUND, L.P.**

By: Clinton Group, Inc., its investment manager

/s/ Francis Ruchalski

Name: Francis Ruchalski  
Title: Chief Financial Officer

**CLINTON MAGNOLIA MASTER FUND, LTD.**

By: Clinton Group, Inc., its investment manager

/s/ Francis Ruchalski

Name: Francis Ruchalski  
Title: Chief Financial Officer

**CLINTON SPECIAL OPPORTUNITIES MASTER FUND, LTD.**

By: Clinton Group, Inc., its investment manager

/s/ Francis Ruchalski

Name: Francis Ruchalski  
Title: Chief Financial Officer

**CLINTON RELATIONAL OPPORTUNITY MASTER FUND,  
L.P.**

By: Clinton Group, Inc., its investment manager

/s/ Francis Ruchalski

Name: Francis Ruchalski  
Title: Chief Financial Officer

**CLINTON GROUP, INC.**

/s/ Francis Ruchalski

Name: Francis Ruchalski  
Title: Chief Financial Officer

/s/ George E. Hall

**George E. Hall**

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## Appendix A

**Directors and Executive Officers of Certain Reporting Persons****CLINTON GROUP, INC.**

The following sets forth the name, position and principal occupation of each director and executive officer of CGI. Each such person is a citizen of the United States of America. The business address of each director and executive officer is 9 West 57th Street, 26th Floor, New York, New York 10019.

<u>Name</u>	<u>Position and Principal Occupation</u>
George E. Hall	Director, Chief Investment Officer and President
Francis A. Ruchalski	Director and Chief Financial Officer
John L. Hall	Director

**CLINTON SPOTLIGHT MASTER FUND, L.P.**

Clinton Spotlight GP, LLC, a Delaware limited liability company, is the general partner of SPOT. George Hall is the controlling person of Clinton Spotlight GP, LLC.

**CLINTON MAGNOLIA MASTER FUND, LTD.**

The following sets forth the name, principal occupation and business address of each director of CMAG. There are no executive officers of CMAG. Each such person is a citizen of the United Kingdom.

<u>Name</u>	<u>Principal Occupation</u>	<u>Business Address</u>
Jane Fleming	Client Accountant of Queensgate Bank & Trust Company Ltd.	c/o Queensgate Bank & Trust Company Ltd., Harbour Place, 5th Floor, 103 South Church Street, P.O. Box 30464 SMB, Grand Cayman, Cayman Islands
Dennis Hunter	Director of Queensgate Bank & Trust Company Ltd.	c/o Queensgate Bank & Trust Company Ltd., Harbour Place, 5th Floor, 103 South Church Street, P.O. Box 30464 SMB, Grand Cayman, Cayman Islands
Roger Hanson	Director of dms Management Ltd.	c/o dms Management Ltd., P.O. Box 31910 SMB, Ansbacher House, 20 Genesis Close, Grand Cayman, Cayman Islands

**CLINTON SPECIAL OPPORTUNITIES MASTER FUND, LTD.**

The following sets forth the name, principal occupation and business address of each director of CSO. There are no executive officers of CSO. Each such person is a citizen of the United Kingdom.

<u>Name</u>	<u>Principal Occupation</u>	<u>Business Address</u>
Jane Fleming	Client Accountant of Queensgate Bank & Trust Company Ltd.	c/o Queensgate Bank & Trust Company Ltd., Harbour Place, 5th Floor, 103 South Church Street, P.O. Box 30464 SMB, Grand Cayman, Cayman Islands



Dennis Hunter	Director of Queensgate Bank & Trust Company Ltd.	c/o Queensgate Bank & Trust Company Ltd., Harbour Place, 5th Floor, 103 South Church Street, P.O. Box 30464 SMB, Grand Cayman, Cayman Islands
Roger Hanson	Director of dms Management Ltd.	c/o dms Management Ltd., P.O. Box 31910 SMB, Ansbacher House, 20 Genesis Close, Grand Cayman, Cayman Islands

CLINTON RELATIONAL OPPORTUNITY MASTER FUND, L.P.

Clinton Relational Opportunity GP LLC, a Delaware limited liability company, is the general partner of CREL. George Hall is the controlling person of Clinton Relational Opportunity GP LLC.

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## Appendix B

## TRANSACTIONS IN THE ISSUER'S SHARES OF COMMON STOCK BY THE REPORTING PERSONS DURING THE PAST SIXTY DAYS

This Schedule sets forth information with respect to each purchase and sale of Common Stock that was effectuated by a Reporting Person during the past sixty days. As of the date of this Schedule 13D, SPOT, CMAG, CSO and CREL are the only Reporting Persons that directly own Common Stock. Unless otherwise indicated, all transactions were effectuated in the open market through a broker.

## SPOT

Trade Date	Shares Purchased (Sold)	Price Per Share (\$)
11/14/2012	12,500	10.02
11/16/2012	52,000	10
11/20/2012	7,500	9.6154
11/20/2012	5,000	9.7087
11/26/2012	2,500	9.9695
11/26/2012	5,000	9.871
11/26/2012	3,254	9.9822
11/29/2012	2,000	10.3799
11/29/2012	2,000	10.2408
12/4/2012	1,650	10.6887
12/4/2012	3,950	10.6973
12/4/2012	5,000	10.7476
12/10/2012	5,000	10.8979
12/10/2012	4,500	10.9196
12/10/2012	2,250	10.9188
12/11/2012	9,000	11.3031
12/12/2012	13,000	11.4347
12/20/2012	2,000	11.357
12/21/2012	(10,400)	10
12/21/2012	7,250	11.2753
12/26/2012	2,900	10.815
12/26/2012	4,600	10.7049
12/31/2012	7,500	10.7054
12/31/2012	7,700	10.9805
1/2/2013	2,500	11.2433
1/2/2013	150	11.28
1/2/2013	2,500	11.33
1/3/2013	2,000	11.2816
1/7/2013	10,000	11.3845
1/9/2013	2,400	10.7828
1/9/2013	49,350	10.5951
1/10/2013	25,000	10.3672
1/10/2013	27,500	10.486
1/10/2013	10,000	10.2256
1/11/2013	2,300	10.4963



1/11/2013	46,000	10.544
1/11/2013	2,300	10.66

**CMAG**

Trade Date	Shares Purchased (Sold)	Price Per Share (\$)
11/14/2012	12,500	10.02
11/16/2012	52,100	10
11/20/2012	7,500	9.6154
11/20/2012	5,000	9.7087
11/29/2012	2,000	10.3799
11/29/2012	2,000	10.2408
12/4/2012	1,650	10.6887
12/5/2012	346	10.81
12/5/2012	2,254	10.8754
12/5/2012	2,500	10.8496
12/7/2012	15,000	10.8119
12/7/2012	5,000	10.8662
12/10/2012	5,000	10.8979
12/10/2012	4,500	10.9196
12/10/2012	2,250	10.9188
12/11/2012	9,000	11.3031
12/12/2012	12,000	11.4347
12/20/2012	2,000	11.357
12/21/2012	(3,500)	10
12/21/2012	6,750	11.2753
12/26/2012	2,610	10.815
12/26/2012	4,140	10.7049
12/31/2012	6,750	10.7054
12/31/2012	6,930	10.9805
1/2/2013	2,500	11.2433
1/2/2013	120	11.28
1/2/2013	2,000	11.33
1/3/2013	2,000	11.2816
1/7/2013	10,000	11.3845
1/9/2013	2,250	10.7828
1/9/2013	47,250	10.5951
1/10/2013	22,500	10.3672
1/10/2013	9,000	10.2256
1/10/2013	24,750	10.486
1/11/2013	2,200	10.4963
1/11/2013	44,000	10.544
1/11/2013	2,200	10.66

**CSO**

Trade Date	Shares Purchased (Sold)	Price Per Share (\$)
11/26/2012	2,500	9.9695



11/26/2012	2,500	9.871
12/4/2012	3,950	10.6973
12/4/2012	5,000	10.7476
12/21/2012	(3,300)	10
1/11/2013	200	10.4963
1/11/2013	3,000	10.544
1/11/2013	150	10.66

**CREL**

Trade Date	Shares Purchased (Sold)	Price Per Share (\$)
11/26/2012	17,500	9.871
11/26/2012	7,592	9.9822
11/29/2012	1,000	10.3799
11/29/2012	1,000	10.2408
12/4/2012	10,000	10.7
12/5/2012	345	10.81
12/5/2012	2,255	10.8754
12/5/2012	2,500	10.8496
12/10/2012	1,000	10.9196
12/10/2012	500	10.9188
12/11/2012	2,000	11.3031
12/20/2012	1,000	11.357
12/21/2012	1,000	11.2753
12/26/2012	290	10.815
12/26/2012	460	10.7049
12/31/2012	750	10.7054
12/31/2012	770	10.9805
1/2/2013	30	11.28
1/2/2013	500	11.33
1/3/2013	1,000	11.2816
1/4/2013	5,000	11.4478
1/4/2013	5,000	11.47
1/9/2013	350	10.7828
1/9/2013	8,400	10.595
1/10/2013	2,500	10.3672
1/10/2013	1,000	10.2256
1/10/2013	2,750	10.486
1/11/2013	300	10.4963
1/11/2013	7,000	10.544
1/11/2013	350	10.66

Clinton Group, Inc.  
9 West 57th Street, 26th Floor  
New York, New York 10019

August 3, 2012

**Via Electronic Mail and Hand Delivery**

Digital Generation, Inc.  
750 West John Carpenter Freeway  
Suite 700  
Irving, Texas 75039

Attention: Omar A. Choucair, Chief Financial Officer and  
Corporate Secretary

Re: Stockholder Notice of Intent to Nominate Persons for Election as Directors and Present Proposals to Adopt Resolutions at the 2012 Annual Meeting of the Stockholders of Digital Generation, Inc. (the "Corporation").

Ladies and Gentlemen:

Clinton Magnolia Master Fund, Ltd. ("CMAG" or the "Record Holder"), hereby submits this notice (this "Notice") on the date hereof. The purpose of this Notice, as more fully set forth herein, is to provide notice to the Corporation of the Record Holder's intent to (i) nominate three persons named in Annex A for election to the Board of Directors of the Corporation (the "Board") as directors (each such person, a "Nominee" and together, the "Nominees") and (ii) present the proposals set forth in Annex B (the "Proposals"), each at the 2012 annual meeting of stockholders of the Corporation (including any adjournment or postponement thereof or any special meeting held in lieu thereof, the "Annual Meeting").

Certain information relating to each Nominee is set forth in Annex A hereto. Attached as Annex C are consents signed by each Nominee evidencing a willingness to be named in a proxy statement, if any, as a nominee and to serve as a director of the Corporation if elected. Attached as Annex D are the completed written questionnaires that are required of each individual being proposed as a director nominee and the written representations and agreements that are required of each individual being proposed as a director nominee, in each case pursuant to Article II, Section 13(f) of the Amended and Restated Bylaws of the Corporation (the "Bylaws"). The Record Holder notes, however, that the provision of this Notice and the execution of such written questionnaires and written representations and agreements as set forth in the Bylaws and in the form provided by the Corporation is not a waiver of any of the Record Holder's rights and powers as a stockholder of the Corporation or an admission that the information requested by the Bylaws is reasonable or necessary to the Corporation's stated purposes of providing adequate disclosure concerning the Nominees or determining the Nominees' qualifications to serve as directors. In addition, the Record Holder's submission of this information should not be deemed to constitute an agreement or representation by any person or entity that the Nominees, as members of the Board after an election thereto, will not seek to change any of the policies or requirements referred to or incorporated therein or that the Record Holder, any of the Nominees (before or after an election to the Board) or any other Participant (as defined below) will not seek to dispute the legal validity, interpretation

or application of the terms thereof or remedies provided for therein that the Corporation may seek to enforce.

The Record Holder is the record holder of 275 shares of common stock, par value \$0.001 per share, of the Corporation (the "Common Stock"). The Record Holder and certain related parties identified on Annex E (such related parties collectively, the "Beneficial Owners") and together with the Record Holder and the Nominees, and each of their respective affiliates and associates, the "Participants"), may be deemed to "beneficially own" (within the meaning of Rule 13d-3 under the Exchange Act) an aggregate of 105,275 shares of Common Stock as more fully described in Annex E, constituting approximately 0.4% of the Corporation's outstanding shares of Common Stock. The Participants have also sold call options on 20,000 shares of Common Stock with an exercise date of August 18, 2012 and a strike price of \$10.00, call options on 30,000 shares of Common Stock with an exercise date of August 18, 2012 and a strike price of \$12.70 and put options on 9,600 shares of Common Stock with an exercise date of August 18, 2012. Share ownership is provided in this Notice as of the close of business on August 1, 2012. The percentages contained herein are based upon 27,573,420 shares of Common Stock outstanding as of May 8, 2012, as reported in the Corporation's Quarterly Report on Form 10-Q for the period ending March 31, 2012 filed with the Securities and Exchange Commission (the "SEC") on May 10, 2012.

The Record Holder believes that the business address of the Record Holder, as it appears on the Corporation's books, is c/o Clinton Group, Inc., 9 West 57th Street, 26th Floor, New York, New York 10019. The business address of each Beneficial Owner is 9 West 57th Street, 26th Floor, New York, New York 10019. The Record Holder represents that it (i) is a stockholder of record of the Corporation as of the date hereof and intends to remain a stockholder of record on the date of the Annual Meeting and (ii) is entitled to vote at the Annual Meeting.

As of the date hereof, to the knowledge of the Record Holder, based on information contained on the Corporation's website and in various reports filed with the SEC, the current Board consists of eight directors, three of which are to be elected at the Annual Meeting. If more than three directors are to be elected at the Annual Meeting, we reserve the right to nominate additional persons to be elected (each an "Additional Nominee"). Additionally, if, due to death or disability, any Nominee or Additional Nominee is unable to stand for election at the Annual Meeting, the Record Holder reserves the right to nominate one or more alternate nominees, as applicable, in place of such Nominee(s) or Additional Nominee(s) (each an "Alternate Nominee"). In either event, the Record Holder will give prompt notice to the Corporation of its intent to nominate any Additional Nominees or Alternate Nominees at the Annual Meeting. Except where the context otherwise requires, the term "Nominee" as used in this Notice shall be deemed to include one or more Additional Nominees or Alternate Nominees, as applicable.

Each of the Participants has an interest in the election of directors and the Proposals at the Annual Meeting, as applicable, through the beneficial ownership of shares of Common Stock as described in Annex E, and/or as a Nominee. All transactions effected by the Participants in the shares of Common Stock and other securities of the Corporation during the past two years are disclosed in Annex F. Except as disclosed in this Notice, no Participant has any substantial interest, direct or indirect, by security holdings or otherwise, in the matters to be brought before the Annual Meeting pursuant to this Notice. If elected, each of the Nominees would be considered an independent director of the Corporation under (i) the NASDAQ Listing Rules, (ii) paragraph (a)(1) of Item 407 of Regulation S-K and (iii) the Corporation's Corporate Governance Guidelines, as adopted May 27, 2010, as provided on the Corporation's website.

The Record Holder hereby states that it intends to solicit proxies in connection with the nominations of the Nominees and the presentation of the Proposals hereunder. It is anticipated that the Participants and certain regular employees of the Participants will also participate in the solicitation of proxies in support of the Nominees and the Proposals. Such employees will receive no additional



consideration if they assist in the solicitation of proxies. It is anticipated that proxies will be solicited by mail, courier services, Internet advertising, e-mail, telephone, facsimile or in person. The Participants may retain the services of a professional services firm for consulting and analytic services and solicitation services in connection with the solicitation of proxies. The terms of such engagement, the anticipated costs involved in the solicitation and number of employees or other agents to be employed will be finalized only when such firm is selected and engaged. It is anticipated that the costs related to this solicitation of proxies, including expected expenditures for attorneys, accountants, public relations and financial advisors, proxy solicitors, advertising, printing, transportation and related expenses, will be borne by the Participants. The Participants intend to seek reimbursement from the Corporation for such expenses, if all or any of the Nominees are elected.

Two of the Nominees, Melissa Fisher and Peter Markham, have each entered into a nominee agreement (each a "Nominee Agreement") and collectively, the "Nominee Agreements") pursuant to which Clinton Group, Inc. ("CGI") has agreed to pay the costs of soliciting proxies in connection with the Annual Meeting, and to defend and indemnify such Nominees against, and with respect to, any losses that may be incurred by them in the event they become a party to litigation based on their nomination as candidates for election to the board of directors of the Corporation and the solicitation of proxies in support of their election. The Nominees will not receive any compensation from the Record Holder or its affiliates for their services as directors of the Corporation if elected. If elected, the Nominees will be entitled to such compensation from the Corporation as is consistent with the Corporation's practices for services of non-employee directors. A copy of the form of Nominee Agreement between CGI and each of Ms. Fisher and Mr. Markham is attached in Annex G.

Representatives of the Record Holder have had material discussions regarding the Corporation, including the nominations to be made and the Proposals to be presented at the Annual Meeting, with the Nominees. Other than as disclosed in this Notice, there have not been any material discussions regarding the business proposed to be brought before the meeting (i) between or among the Participants or (ii) between or among any Participant and any other record or beneficial holder of the shares of any class or series of the Corporation. Other than as disclosed in this Notice, there are no persons with whom the Participants are Acting in Concert (as defined in the Bylaws).

The Record Holder hereby states with respect to each Participant, as applicable, that, to the knowledge of the Record Holder, other than as described in this Notice:

- (i) each Participant is not, nor was within the past year, a party to any contract, arrangement or understanding with any person with respect to any securities of the Corporation, including, but not limited to, joint ventures, loan or option arrangements, puts or calls, guarantees against loss or guarantees of profit, division of losses or profits, or the giving or withholding of proxies;
- (ii) (a) each Participant has no position or office with the Corporation, and has no arrangement or understanding with any other person pursuant to which he was selected to be a nominee, if applicable, other than with respect to the Nominee Agreements described herein; (b) neither such Participant nor any of his "associates" (which term, for purposes of this Notice, shall have the meaning ascribed thereto in Rule 14a-1 of Regulation 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) has any arrangement or understanding with any person with respect to (1) any future employment by the Corporation or its affiliates or (2) any future transactions to which the Corporation or any of its affiliates will or may be a party; (c) there were no transactions since January 1, 2011 nor are there any currently proposed involving

such Participant or any of his associates in which the Corporation was or is to be a participant and in which such Participant, any of his associates, or any of their respective immediate family members or any persons sharing their respective households, have or will have a direct or indirect material interest that would require disclosure under Item 404(a) of Regulation S-K under the Securities Act of 1933, as amended ("Regulation S-K"); and (d) there are no material proceedings to which such Participant or any of his associates is a party adverse to the Corporation or any of its subsidiaries or has a material interest adverse to the Corporation or any of its subsidiaries;

(iii) none of the entities or organizations referred to in Annex A with which any Participant has been involved during the past five years is a parent, subsidiary or other affiliate of the Corporation;

(iv) except as set forth in Annex D or Annex E, as applicable, (a) such Participants and each of his associates is not a record owner or direct or indirect beneficial owner of any securities of the Corporation or any parent or subsidiary of the Corporation; and (b) such Participant has not purchased or sold any securities of the Corporation within the past two years;

(v) neither any Participant nor any of his associates has received any fees earned or paid in cash, stock awards, option awards, non-equity incentive plan compensation, changes in pension value or nonqualified deferred compensation earnings or any other compensation from the Corporation during the Corporation's last completed fiscal year, or is subject to any other compensation arrangement described in Item 402 of Regulation S-K;

(vi) (a) there are no relationships involving such Participant or any of his associates that would have required disclosure under Item 407(e)(4) of Regulation S-K had that Participant been a director of the Corporation; (b) there are no events required to be disclosed under Item 401(f) of Regulation S-K that have occurred during the past ten years and that are material to an evaluation of the ability or integrity of any Participant; (c) there are no "family relationships" (as defined in Item 401(d) of Regulation S-K) between any Participant and any director or executive officer of the Corporation or person known to the Record Holder to be nominated by the Corporation to become a director or executive officer; and (d) such Participant has not been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) in the past ten years;

(vii) no Participant has (a) engaged in any derivative, swap or other transaction or series of transactions, directly or indirectly, the purpose or effect of which is to give such Participant economic risk similar to ownership of shares of any class or series of the Corporation, including due to the fact that the value of such derivative, swap or other transactions are determined by reference to the price, value or volatility of any shares of any class or series of the Corporation, or which derivative, swap or other transactions provide, directly or indirectly, the opportunity to profit from any increase in the price or value of shares of

- (vii) any class or series of the Corporation (“Synthetic Equity Interests”), without regard to whether (x) the derivative, swap or other transactions convey any voting rights in such shares to such Participant, (y) the derivative, swap or other transactions are required to be, or are capable of being, settled through delivery of such shares or (z) such Participant may have entered into other transactions that hedge or mitigate the economic effect of such derivative, swap or other transactions;
- (viii) no Participant has any proxy (other than a revocable proxy or consent given in response to a solicitation made pursuant to and in accordance with, Section 14(a) of the Exchange Act by way of a solicitation statement filed on Schedule 14A), agreement, arrangement, understanding or relationship pursuant to which such Participant has or shares a right to vote any shares of any class or series of the Corporation;
- (ix) other than certain of the options disclosed in this Notice, no Participant has engaged in, directly or indirectly, any agreement, arrangement, understanding or relationship, including any repurchase or similar so-called “stock borrowing” agreement or arrangement, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of shares of any class or series of the Corporation by, manage the risk of share price changes for, or increase or decrease the voting power of, such Participant with respect to the shares of any class or series of the Corporation, or which provides, directly or indirectly, the opportunity to profit from any decrease in the price or value of the shares of any class or series of the Corporation (“Short Interests”);
- (x) no Participant beneficially owns any rights to dividends on the shares of any class or series of the Corporation that are separated or separable from the underlying shares of the Corporation;
- (xi) no Participant is entitled to any performance related fees (other than an asset based fee) based on any increase or decrease in the price or value of shares of any class or series of the Corporation, or any Synthetic Equity Interests or Short Interests, if any;
- (xii) no Participant holds any significant equity interests or any Synthetic Equity Interests or Short Interests in any principal competitor of the Corporation;
- (xiii) no Participant has any direct or indirect interest in any contract with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement);
- (xiv) no Participant is a party or material participant in any pending or threatened litigation involving the Corporation or any of its officers or directors, or any affiliate of the Corporation;
- (xv) no Participant has been party to any material transaction during the prior twelve months with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation, on the other hand; and

(xvi)

no Nominee, and no affiliate or associate of any Nominee, has received any direct or indirect compensation from, or has had any other material monetary agreements, arrangements and understandings during the past three years or any other material relationships with, any other Participant, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 under Regulation S-K if such Participant were the “registrant” for purposes of such rule and the Nominee were a director or executive officer of such registrant. Joseph De Perio is affiliated with the Record Holder and the Beneficial Owners and accordingly is not independent of such entities.

George Hall, Joseph De Perio and Gregory Taxin, as managers of affiliates of the Record Holder with lengthy professional experience in investing, are the individuals associated with the Record Holder and the Beneficial Owners responsible for the formulation of and decision to nominate the Nominees and propose the Proposals and the Annual Meeting and, as such, owe customary fiduciary duties to the equity holders and other beneficiaries of the Record Holder and the Beneficial Owners. Messrs. Hall, De Perio and Taxin are indirectly entitled to the benefit of an incentive-based fee related to the performance of the Common Stock. Other than as disclosed in this Notice, no Participant has any material interests or relationships that are not shared generally by any other record or beneficial holder of the shares of any class or series of the Corporation that reasonably could have influenced the decision of such Participant to propose such business to be brought before the meeting.

As an employee of CGI, Mr. De Perio receives an annual base salary and is entitled to receive a discretionary bonus as determined by CGI. In the event that you believe disclosure of any information related to Mr. De Perio’s arrangements with the Record Holder and Beneficial Owners is required for compliance with the nomination procedures set forth in the Bylaws, we will provide such information upon the execution of a confidentiality agreement in a form mutually acceptable to Mr. De Perio and the Corporation.

The Record Holder understands that certain information regarding the Annual Meeting (including, but not limited to, the record date, voting shares outstanding and date, time and place of the Annual Meeting) and the Corporation (including, but not limited to, its various committees and proposal deadlines and the beneficial ownership of the Corporation’s securities) will be set forth in the Corporation’s proxy statement on Schedule 14A, to be filed with the SEC by the Corporation with respect to the Annual Meeting, and in certain other SEC filings made or to be made by the Corporation and third parties under Sections 13 and 16 of the Exchange Act. To the extent the Corporation believes any such information is required to be set forth herein, the Record Holder hereby refers the Corporation to such filings. The Record Holder accepts no responsibility for any information set forth in any such filings not made by the Record Holder.

The Annexes are hereby incorporated into and made a part of this Notice. Accordingly, all matters disclosed in any part of this Notice, including the Annexes, shall be deemed disclosed for all purposes of this Notice. All capitalized terms appearing in one of the Annexes that are not defined in such Annex shall have the meaning given in the body of this Notice or in another of the Annexes, as applicable.

The Record Holder believes that this Notice is sufficient to provide adequate notice and information to the Corporation regarding the intended nomination of the Nominees and presentation of the Proposals and complies with all notification and other requirements applicable to the Corporation, if any. If, however, you believe that this Notice for any reason does not comply with such requirements or is otherwise insufficient or defective in any respect, the Record Holder requests that you so notify it on or prior to 6:00 p.m. (Eastern Standard Time) on August 3, 2012 by contacting either Marc Weingarten, Esq. or David Rosewater, Esq. of Schulte Roth & Zabel LLP by telephone at (212) 756-2280 or (212) 756-

2208, respectively. We reserve the right to withdraw the nomination of one or more Nominees, Alternate Nominees or Additional Nominees at any time and will give prompt notice to the Corporation of such withdrawal. Please be advised that neither the delivery of this Notice nor the delivery of additional information, if any, provided by or on behalf of the Record Holder, any of its affiliates or any of the Nominees to the Corporation from and after the date hereof shall be deemed to constitute (i) an admission by the Record Holder, any of its affiliates or any of the Nominees that this Notice is in any way defective, (ii) an admission as to the legality or enforceability of any particular provision of the Bylaws or any other matter or (iii) a waiver by the Record Holder, any of its affiliates or any of the Nominees of the right to, in any way, contest or challenge the enforceability of any provision of the Bylaws, or of any other matter.

Very truly yours,

**CLINTON MAGNOLIA MASTER FUND, LTD.**

By: Clinton Group, Inc., its investment manager

By: \_\_\_\_\_

Name: Joseph A. De Perio  
Title: Senior Portfolio Manager

Clinton Group Calls on Board of Digital Generation to Augment Its Board of Directors

NEW YORK, November 1, 2012 /PRNewswire/ -- Clinton Group, Inc. ("Clinton Group") today announced that intends to nominate three independent directors to the Board of Directors (the "Board") of Digital Generation, Inc. (Nasdaq: DGIT) ("Digital Generation" or the "Company").

Clinton Group noted that the share price of the Company has declined by more than 48% in the year ended October 31, 2012.

In July 2012, the Company announced that it hired Goldman Sachs to help the Company explore strategic alternatives. The Company's Executive Chairman has indicated in public filings that he may be interested in acquiring the Company and a Bloomberg News article indicated that Extreme Reach Inc. has also expressed interest in acquiring the Company.

"As a large stockholder of the Company, we welcome a sale of the business at a fair price to the Company's Executive Chairman or another buyer," said Mr. Joseph De Perio, Senior Portfolio Manager at Clinton Group. "However, if the Board cannot complete its strategic process by the annual meeting, we believe it is in the interests of all stockholders to elect directors who can sell the business quickly or help guide the Company to a brighter future as an independent Company."

About Clinton Group, Inc.

Clinton Group, Inc. is a diversified asset management firm. Clinton Group has been investing in global markets since its inception in 1991 with expertise that spans a wide range of investment styles and asset classes. Clinton Group is a Registered Investment Advisor based in New York City.

**CLINTON GROUP, INC., CLINTON MAGNOLIA MASTER FUND, LTD., CLINTON SPOTLIGHT MASTER FUND, L.P. AND GEORGE HALL (COLLECTIVELY, "CLINTON") INTEND TO FILE WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") A DEFINITIVE PROXY STATEMENT AND ACCOMPANYING PROXY CARD TO BE USED TO SOLICIT PROXIES FROM THE STOCKHOLDERS OF DIGITAL GENERATION, INC. ("DIGITAL GENERATION") IN CONNECTION WITH THE 2012 ANNUAL MEETING OF STOCKHOLDERS OF DIGITAL GENERATION. ALL STOCKHOLDERS OF DIGITAL GENERATION ARE ADVISED TO READ THE DEFINITIVE PROXY STATEMENT AND OTHER DOCUMENTS RELATED TO THE SOLICITATION OF PROXIES FROM THE STOCKHOLDERS OF DIGITAL GENERATION BY CLINTON, JOSEPH A. DE PERIO, PETER MARKHAM AND MELISSA FISHER (COLLECTIVELY, THE "PARTICIPANTS") WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION, INCLUDING ADDITIONAL INFORMATION RELATED TO THE PARTICIPANTS. WHEN COMPLETED, THE DEFINITIVE PROXY STATEMENT AND FORM OF PROXY WILL BE FURNISHED TO SOME OR ALL OF THE STOCKHOLDERS OF DIGITAL GENERATION AND WILL, ALONG WITH OTHER RELEVANT DOCUMENTS, BE AVAILABLE AT NO CHARGE ON THE SEC'S WEB SITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov). IN ADDITION, CLINTON WILL PROVIDE COPIES OF THE DEFINITIVE PROXY STATEMENT AND ACCOMPANYING PROXY CARD (WHEN AVAILABLE) WITHOUT CHARGE UPON REQUEST.**

**JOINT FILING AGREEMENT****PURSUANT TO RULE 13d-1(k)**

The undersigned acknowledge and agree that the foregoing statement on Schedule 13D is filed on behalf of each of the undersigned and that all subsequent amendments to this statement on Schedule 13D shall be filed on behalf of each of the undersigned without the necessity of filing additional joint filing agreements. The undersigned acknowledge that each shall be responsible for the timely filing of such amendments, and for the completeness and accuracy of the information concerning him or it contained herein and therein, but shall not be responsible for the completeness and accuracy of the information concerning the others, except to the extent that he or it knows or has reason to believe that such information is inaccurate.

DATE: January 14, 2013

**CLINTON SPOTLIGHT MASTER FUND, L.P.**

By: Clinton Group, Inc., its investment manager

/s/ Francis Ruchalski

Name: Francis Ruchalski  
Title: Chief Financial Officer

**CLINTON MAGNOLIA MASTER FUND, LTD.**

By: Clinton Group, Inc., its investment manager

/s/ Francis Ruchalski

Name: Francis Ruchalski  
Title: Chief Financial Officer

**CLINTON SPECIAL OPPORTUNITIES MASTER FUND, LTD.**

By: Clinton Group, Inc., its investment manager

/s/ Francis Ruchalski

Name: Francis Ruchalski  
Title: Chief Financial Officer

**CLINTON RELATIONAL OPPORTUNITY MASTER FUND,  
L.P.**

By: Clinton Group, Inc., its investment manager

/s/ Francis Ruchalski

Name: Francis Ruchalski  
Title: Chief Financial Officer

**CLINTON GROUP, INC.**

/s/ Francis Ruchalski



Name: Francis Ruchalski  
Title: Chief Financial Officer

/s/ George E. Hall

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**George E. Hall**