May 17, 2022

180 Degree Capital Corp. Issues Open Letter to the Board and Preferred Stockholders of Comscore, Inc.

MONTCLAIR, N.J., May 17, 2022 (GLOBE NEWSWIRE) -- 180 Degree Capital Corp. (NASDAQ:TURN) ("180" and the "Company"), today issued the following open letter to the Board of Directors and Preferred Stockholders of Comscore, Inc. ("SCOR").

Board of Directors and Preferred Stockholders of Comscore, Inc.

180 Degree Capital Corp. is currently the fifth largest holder of SCOR's common stock. As we have discussed in our prior private letters to the SCOR's board, 180 Degree Capital Corp. is a publicly traded closed end fund focused on investing in microcap companies with a Graham and Dodd value and constructive activist approach. We seek to use our constructive activism to help our investee companies unlock value for all stakeholders, not just ourselves, nor one class of stock. We are issuing this public letter because unfortunately the Board of SCOR and its Preferred Stockholders, all of whom have seats on the Board of SCOR, missed an important opportunity to demonstrate that they are truly focused on unlocking value for all stakeholders of SCOR. Instead, the common stockholders have suffered significant near-term value destruction resulting from SCOR's deletion from the Russell indices that could have been averted if all interests were aligned. We have included our prior letter delivered to you privately on April 5, 2022, for all to see.

For a bit of background for current and prospective investors reading this letter, SCOR's capital structure currently has preferred and common stock outstanding. The holders of the preferred stock, Charter, Liberty Media and Cerberus, have the right to appoint six members to SCOR's board, and the preferred holders receive approximately $15 million of dividends per year in aggregate as long as the preferred stock is outstanding. Additionally, the terms of the preferred stock allow for those holders to demand additional payments from the company beginning January 1, 2022, up to a cumulative payout between ordinary and special dividends of $100 million. Let's be clear, there is no doubt in our, or likely the mind of any other shareholder, that the refinancing of the company led by these preferred holders in 2021 was a transformational event that could have enhanced the company's prospects for success. Unfortunately, not only have we as common stockholders not seen the benefit, but we are also now experiencing the opposite. With the passage of time from this event, many stockholders, including ourselves, have voiced concerns that the continued existence of the preferred stock creates an incentive structure that has created a distinct misalignment between the differing owners of the business. For instance, the preferred stockholders are happy enough to collect their interest payments year after year knowing that in any sale of the company, they get paid back before any proceeds are distributed to common stockholders. In addition, SCOR may be obligated to obtain debt financing in order to effectuate the discussed above. This is a potentially onerous event for common stockholders. We are deeply concerned that the preferred holders can take a substantial amount of cash out of the company at any given time. We and other common stockholders would like to know what the current plan is regarding to this special dividend.

You might ask, why did we invest in SCOR knowing such terms were in place following the refinancing of the company. We believe SCOR is a data-rich company that is well positioned to grow as its business undergoes operational improvements. We view it as an interesting turnaround that trades at a valuation that is at a significant discount to every other company that it competes with. Most recently for example, Nielsen Holdings PLC ("NLSN") agreed to be taken over by a consortium led by Elliot Management at a value for Nielsen of approximately 4.5x TTM revenue. SCOR currently trades at less than 1x of TTM revenue. While there are a number of financial metrics that, from a pure financial perspective, make NLSN look like a significantly better business than SCOR today, the company's recent results show ongoing improvement and, to us, shouldn't equate to that large of a difference in valuation. We wouldn't own the stock if we didn't think there was material upside as the company focuses on improving its income statement and overall operations. We also believed the new Board would strategically help the business, not just take cash out of the company.

This brings us back to alignment of interests and the missed opportunity for the Preferred Stockholders to demonstrate their commitment to building value for all stakeholders in SCOR. In our private letters, we proposed that the preferred stockholders convert a portion of their outstanding preferred stock into common stock so that the market capitalization based on outstanding shares of common stock would be above the threshold required to remain in the Russell indices. We recognize that the preferred stock has valuable rights and our recommendations included ways to compensate those holders for the rights they would give up upon conversion. Asking the preferred holders to give up those rights without compensation would not be fair, and it demonstrates our approach to working with all stakeholders to level the playing field.

As an aside, the first thing we did at 180 when we took over the company in 2017 was to convert the company from a business development company to a closed-end fund. That decision was solely made to benefit our common stockholders as it allowed us to significantly reduce operating expenses of the entity. The offset was that management could not be compensated with stock or stock options, so we as management were monetarily negatively impacted. We put our stockholders' interests first. We believe it is important to "walk the walk" when asking other companies to make similar decisions.

Unfortunately, May 6, 2022, came and passed with no action by the preferred stockholders. We are now faced with a stock that has declined by over 50% this year and over 35% since the end of 2020, and will come out of the Russell indices. We as common stockholders are left to understand that SCOR is being run for the benefit of the preferred stockholders, not all stakeholders in the company. The Board and Preferred Stockholders knew of the issue and elected not to act. Nobody can force the Preferred Stockholders to act as there is no forcing mechanism, but they chose to do nothing. Which again, we repeat is their right.

For us, the Board and the Preferred Stockholders drew a line in the sand and have told the market that common stockholders cannot at this point expect to have appropriate representation. The Board intentionally presided over ensuring the stock would lose material value because of the Russell issue. So, while conversion or better aligning with stockholders is a choice for the Preferred Stockholders to make, it also tells the story of the type of stewardship we can expect from SCOR with the Preferred Stockholder representatives on SCOR's Board.

Despite the fact that conversion was not something anyone could force to occur, that doesn't give the Board the right to shirk your responsibilities of creating value for stockholders. As seen with Nielsen and others, the industry is ripe with M&A for companies in this space. What is the Board's view of these transactions? Have you conducted a thorough strategic review process? How do you justify SCOR's valuation with the value of every other company in the industry, and what are you doing about that? Ignoring the current industry dynamics because you wish to ensure you get paid dividends for the next three years is not following proper governance. You have intentionally allowed the stock price to drop, and that has far greater consequences for the business as it relates to employee morale, the ability to keep retain and hire talent, and the opportunity to use your stock as currency to grow the business faster. You are in your seats and are there to provide support for the management team that exists. In fact, it is apparent to us and all common stockholders that all you have done is make management's job harder and more complicated. That is unacceptable.

As another example of serving preferred shareholder interests over common stockholders' interests we note the following information from SCOR's SEC filings:

> Concurrent with the closing of the Transactions on March 10, 2021, the Company entered into a ten-year Data License Agreement ("DLA") with Charter Communications Operating, LLC ("Charter Operating"), an affiliate of Charter. Under the DLA, Charter Operating will bill the Company for license fees according to a payment schedule that gradually increases from $10.0 million in the first year of the term to $32.3 million in the tenth year of the term. The Company recognizes expense for the license fees ratably over the term. A portion of the annual license fees is allocated to a base license comparable to the Company's prior license with Charter Operating. The remaining fees are allocated to the additional data sets contemplated by the DLA and the designation and related endorsement of the Company as Charter Operating's preferred data measurement partner for the term.

This agreement would have been acceptable except for the fact Charter is selling the same exact data to competitors of SCOR. I understand how that helps Charter get every industry participant to have access to its data, but how does that help SCOR? Using your preferred status to enter into an arm's length transaction (and selling the same data to its competitors) is putting Charter first, not SCOR. That is incomprehensible to us and a violation of your duties to serve all stakeholders of SCOR. Additionally, the license fees are a significant amount of cash transferred from SCOR to one of its biggest holders (in addition to the preferred dividend and potential special dividend), and yet, it doesn't feel like SCOR is getting any preferential treatment that would be expected to come through Charter owning a significant portion of SCOR's preferred stock. That seems incredibly unbalanced. Is there anything that SCOR has received other than an investment from Charter that warrants SCOR providing preferential treatment to Charter? Did the company get favorable terms? Charter is getting paid $200 million over 10 years for access to this data. How does SCOR benefit from paying such fees?

To further illustrate our point, we are aware that Charter provides the same data to 605, a company that competes with SCOR in the local markets. To provide further strategic direction, enhance collaboration, and drive the growth of the business, Charter had the ability to appoint two members to the Board of Directors of 605. Charter owns equity in 605 and sits on its Board. How is that not an egregious conflict of interest with respect to SCOR and 605?

To think we would serve on “Company A” Board, while at the same time serving on a Board of a competitor of “Company A’s” Board, and at the same time having each company buy the same product from us (or close to it) is unfathomable to us. And yet, that is what is happening here. Whose interests is Charter serving? Is SCOR receiving the exact value add from this partnership that they expected? Who else do you sell your data to? Has this helped SCOR’s business grow? Is the data demonstrably different and more valuable than the data others are receiving? Did Charter use its position as a preferred holder to extract more value from SCOR than the data provided and/or at a higher cost than other customers are paying? Of course, through all of this, what matters to Charter is that contract and their dividends. Who cares about the common stockholders of SCOR?

As constructive activists, we will no longer stand by and let the value destruction you are responsible for continue. While the Russell issue has passed, the preferred holders still have the opportunity to demonstrate that they and the full Board are committed to building value for all stakeholders in SCOR, not just the preferred stockholders. We are no longer interested in being told the Board cares deeply about common stockholders; rather we would like to see material action to convince us. Your lack of action has led to the stock price declining to an all-time low. It is apparent to us that the onus is on the Board to show its alignment with all stockholders; because recent actions causing the equity to crater have shown you are failing in your duties as board members of a US exchange-listed public company. We are hopeful the Board will alter its path and we will always welcome engagement on any topic specific to shareholder value creation for SCOR. We never think we have all the answers but we will absolutely not bear witness to this Board using the company as a piggy bank and putting the management of the business in a bad position. To be clear, the collapse in the share price falls at the feet of the Board, not the management team. You received preferred status as a shareholder, and we would like to hear specifics about how your investment is creating preferred status for the company that we all own. Preferred treatment needs to go both ways to fulfil your fiduciary duties and obligations to be stewards for all stockholders, not just yourselves. We are past the point of frustration and have moved ourselves towards the point of making our views known to the public. Absent any material action designed to improve the share price, this letter will be made public.

Never more than today are we convinced that SCOR is materially undervalued. It is up to the Preferred Stockholders and the Board to take the steps necessary to unlock this value for all stakeholders in the company. We expect that process will start today. We will continue to be constructive in any ways we can.

Regards,

/s/ Kevin M. Rendino	/s/ Daniel B. Wolfe
Kevin M. Rendino	Daniel B. Wolfe
Chief Executive Officer	President

As referenced above, the full text of the letter 180 sent to the Board of Directors of SCOR privately on April 5, 2022, is copied below:

Board of Directors of Comscore, Inc.,

We would first like to thank you for your consideration and attention to our initial letter of March 4, 2022. We appreciated the time from Brent Rosenthal and Itzhak Fisher to speak with us about the content of our letter. We are reaching out today to provide additional thoughts and perspectives from a significant common stockholder of SCOR that we believe could be useful as you consider options for the business in both the short and long term.

One of the triggers for us writing to you again is the recent announcement of the acquisition of Nielsen Holdings PLC by a consortium led by Elliot Management. The terms of the transaction place a value on Nielsen of approximately 4.5x TTM revenue. SCOR currently trades at approximately 1.2x TTM revenue. While there are a number of financial metrics that, from a pure financial perspective, make NLSN look like a significantly better business than SCOR , to us these differences shouldn't equate to a 3.2x difference in valuation. The valuation discount to Nielsen is just the tip of the iceberg. On the other side sits companies like DoubleVerify which trades at approximately 10x 2022 revenue and over 30x 2022 EBITDA. As the Board of SCOR, we would expect that you would ask the same questions we have as to why this significant discrepancy in valuation exists and to be exploring ways to remedy it as quickly as possible. Clearly, you need to run a better business from a margin perspective. Another way that you have described and are actively working on is to hire a well-regarded CEO that would immediately enhance the valuation by improving the psychology around the company. We agree this is a clear and important step to act on quickly. Another way to unlock value is to sell the business. Additionally, there is one structural issue that we briefly addressed in our last letter, SCOR's outstanding preferred stock, that is causing a significant overhang of the common stock price. We expect SCOR'S Board is already focused on every alternative for enhancing value; but we want to do a deeper dive on this structural issue that we believe needs to garner your immediate attention.

Preferred Stock Overhang

We spoke in our last letter about how 180 Degree would be carefully watching to ensure that this business is being run for all stockholders, not just the preferred stockholders that reside on the Board. We insist on good proper governance for all of our holdings. For the most part, we rarely will invest in a company that has a lopsided capital structure that seemingly favors a class of stock over the common stock. In SCOR's case, we believe the valuation discrepancy between SCOR and the entirety of your competition is compelling; and given our view that your data is so valuable, we are now one of your top institutional and non-insider stockholders. There is no doubt in our, or likely any shareholder's, mind that the refinancing of the company led by Charter, Liberty and Cerberus in 2021 was a transformational event that enhanced the company's prospects for success. With the passage of time from this event, many stockholders, including ourselves, have voiced concerns that the continued existence of the preferred stock creates an incentive structure that has created a distinct misalignment between the differing owners of the business. For instance, the preferred stockholders are happy enough to collect their interest payments year after year knowing that in any sale of the company, they get paid back before any proceeds are distributed to common stockholders. In addition, after January 1, 2022, the holders of Preferred Stock are entitled to request, and the Company will take all actions reasonably necessary to pay, a one-time dividend ("Special Dividend") equal to the highest dividend that the Company's Board determines can be paid at the applicable time (or a lesser amount agreed upon by the holders), subject to additional conditions and limitations set forth in a Stockholders Agreement entered into by the Company and the holders on the Closing Date (the "Stockholders Agreement"). As set forth in the Stockholders Agreement, the Company may be obligated to obtain debt financing in order to effectuate the Special Dividend. This is a potentially onerous event for common stock stockholders. We are deeply concerned, and it is an obvious overhang, that you can take a substantial amount of cash out of the company at any given time and have the ability to force the company to take on additional debt to finance such distribution.

SCOR is a public entity and yet the capital structure and Board structure reflect a business that is privately held. We think there is a better path to unlocking immediate value if you would consider converting all or at least a portion of the preferred to common today. If you do so, it is our view you would make more money from your investment than if you did nothing. Over the last five years, we have worked with companies who had the same imbalance in their capital structure. In the cases of TheStreet.com (TST) and Turtle Beach (HEAR), we participated in the retirement of either part or all of the senior liquidation instruments that were acting as an overhang from building value for all stockholders. Two things happened on the day of the announcement: 1) stockholders applauded the improved corporate governance of the Board of Directors in ensuring that there would be better balance between common and preferred stockholders, and 2) because of better governance, value creation was unlocked. In the case of TST, the share price went up 150% in the ensuing year, while HEAR rose 300% in 42 days.

We realize that by converting the preferred shares, those preferred stockholders would be giving up your right to annual dividends and the special dividend. If we assume that full payment of the remaining dividends is completed over the ensuing period before the company can force conversion (and assuming SCOR's stock price is at the level required to force conversion), including the maximum special dividend that would result in a total of $100,000,000 to be paid to preferred holders, in the aggregate, that amount equates to a return of approximately $1.15 per preferred share. The present value of those future cash flows is approximately $0.97-1.01 depending on the timing of the potential maximum special dividend and using a discount rate the dividend rate of 7.5%. We recognize that the preferred holders would need to get incentivized to convert their preferred stock, and that incentive can come in the form of a reduced conversion price, more shares, etc.

Based on our historical experience with the removal of preferred stock overhangs, we believe that the removal of the overhang created by the preferred stock has the potential to lift the price of SCOR's common stock by substantially more than the total potential cash flows from dividends through March 2026. From a time-value and total return perspective, such a gain would be beneficial for all of SCOR's stockholders and we believe likely lead to greater returns on investment for the preferred holders. We also note that removing the preferred stock overhang for TST opened up the opportunity to realize value for all stockholders through the sale of the company. The same scenario could occur for SCOR should that be a path pursued by the Board.

Index Inclusion/Deletion

As you know, currently SCOR is a member of the Russell 2000 Index, arguably the most cited and leading index for small and micro capitalization companies. The first index rebalance determination is May 6, 2022. As of today, SCOR is dangerously close in terms of market capitalization to be removed from the Russell 2000 Index. We've attached an analysis prepared by JP Morgan that indicates the potential for 6.5 million shares of SCOR needing to be sold from various index funds on the rebalance date. That is 8x SCOR's current average daily trading volume, and 7% of the SCOR's outstanding stock. Furthermore, a significant part of the buy-side universe will be excluded from owning the company at least for the next year.

For most companies in this position there is no alternative to consider that would eliminate this risk and enable the company to remain in the index. SCOR is one of the few companies able to control its own destiny as the analysis above, and the determinations for inclusion or exclusion in the indices, are made based on common stock outstanding and not on an as-converted to common stock basis. Conversion of all or some of the outstanding preferred stock to common stock would immediately increase the market capitalization of SCOR, thereby allowing it to reach at least the minimum market capitalization to continue to be included in the index. What is the downside for SCOR from being removed from the Russell 2000 Index? The average change in total return for stocks that remained in the Russell 2000 Index following the 2021 rebalance outperformed those that were deleted from the index on average by over 500 basis points.

In addition to good corporate governance, we believe the conversion of all or some of the outstanding preferred stock would be extremely well received by investment community and SCOR's common stock would begin the process of narrowing the valuation gap between SCOR and every other company that you compete with. We don't need to tell you the importance of having a higher share price (employee retention, enhanced currency for M&A, ability to sell the company at much higher prices, etc.) This action would be a win/win for all and would go a long way of changing the view that this company is being managed only for the preferred stockholders. We told you in our last letter that while we are "activists," we are collegial and always attempt to work collaboratively with our portfolio companies. That is our intent today. We applaud you for many of the changes you have made and continue to encourage you to run faster and make decisions quicker. The underperformance of the stock has to stop and the value discrepancy between you and your competition has to be immediately addressed. We encourage the Board and its preferred holders to act quickly on our specific views for conversion. We have done enough spreadsheet work on this topic to know that: 1) SCOR's share price is capped due to the preferred stock; 2) if converted, SCOR's share price would be unlocked to reflect the progress and improvements in SCOR's business that has not yet translated to an increase in the price of its common equity; and 3) with such conversion, the preferred investors have a better chance of having a higher return on your investment than they do now. Lastly, there is an acute need to address this issue today given the timing of Russell index rebalances. If you are removed from the indices, and the stock declines from here as a result with you having the potential to have controlled that situation, we will be greatly disappointed. We would be happy to talk more about our assumptions on all of this; although I am sure you have capable people that have done the same work that we have. There is already a view that SCOR's Board doesn't care about the share price and that they are happy to allow the preferred stockholders to clip their coupons and do nothing for four years. You can a deliver a sharp rebuke to that impression if you and the preferred stockholders act in the best interests of all stockholders of SCOR.

We appreciate your time and attention and are available to discuss any of the points above with you at your convenience.

Respectfully,

/s/ Kevin M. Rendino
Kevin M. Rendino
Chief Executive Officer

/s/ Daniel B. Wolfe
Daniel B. Wolfe
President

About 180 Degree Capital Corp.

180 Degree Capital Corp. is a publicly traded registered closed-end fund focused on investing in and providing value-added assistance through constructive activism to what we believe are substantially undervalued small, publicly traded companies that have potential for significant turnarounds. Our goal is that the result of our constructive activism leads to a reversal in direction for the share price of these investee companies, i.e., a 180-degree turn. Detailed information about 180 and its holdings can be found on its website at www.180degreecapital.com.

Press Contact:
Daniel B. Wolfe
180 Degree Capital Corp.
973-746-4500
ir@180degreecapital.com

Armel Leslie
Peaks Strategies
aleslie@peaksstrategies.com

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This press release may contain statements of a forward-looking nature relating to future events. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. These statements reflect the Company's current beliefs, and a number of important factors could cause actual results to differ materially from those expressed in this press release. Please see the Company's securities filings filed with the Securities and Exchange Commission for a more detailed discussion of the risks and uncertainties associated with the Company's business and other significant factors that could affect the Company's actual results. Except as otherwise required by Federal securities laws, the Company undertakes no obligation to update or revise these forward-looking statements to reflect new events or uncertainties. The reference and link to the website www.180degreecapital.com has been provided as a convenience, and the information contained on such website is not incorporated by reference into this press release. 180 is not responsible for the contents of third-party websites.

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