

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): August 9, 2018 (August 8, 2018)

comScore, Inc.
(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction
of incorporation)

001-33520
(Commission
File Number)

54-1955550
(IRS Employer
Identification No.)

11950 Democracy Drive
Suite 600
Reston, Virginia 20190
(Address of principal executive offices, including zip code)

(703) 438-2000
(Registrant's telephone number, including area code)

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

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On August 8, 2018 (the “Closing Date”), comScore, Inc. (the “Company”) and certain funds affiliated with or managed by Starboard Value LP (the “Buyers”), the holders of the Company’s senior secured convertible notes due January 16, 2022 (as amended to date, the “Notes”), entered into a Second Amendment to Senior Secured Convertible Notes (the “Amendment”). Pursuant to the Amendment, the terms of the Notes were amended to provide the Company with additional financial flexibility, among other things. Specifically, through March 31, 2019, the minimum cash balance required to be maintained by the Company has been reduced to \$20.0 million, subject to certain limitations. In connection with and as consideration for this modification, and pursuant to the Amendment, on the Closing Date the Company issued to the Buyers \$2.0 million in additional aggregate principal amount of senior secured convertible notes (the “Additional Notes”). The terms of the Additional Notes are identical to the terms of the Notes, except with regard to the date from which interest shall begin to accrue thereon, which is the Closing Date.

The foregoing summary of the Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Amendment, which is filed herewith as Exhibit 10.1 and is incorporated herein by reference.

Starboard Value LP and its affiliates (collectively, “Starboard”) own less than 5% of the Company’s outstanding shares of common stock. As previously disclosed, pursuant to an Agreement dated as of September 28, 2017 (as amended on April 18, 2018), by and among the Company and Starboard (the “September Agreement”), Starboard has, and has previously exercised, certain rights to recommend nominees for appointment to the Company’s Board of Directors. Pursuant to the September Agreement, and also as previously disclosed, the Company also granted to Starboard an offering participation right for certain private and public offerings of equity or equity-linked securities of the Company.

Item 2.02 Results of Operations and Financial Condition.

On August 9, 2018, the Company issued a press release announcing its financial results for the period ended June 30, 2018. A copy of the press release announcing the foregoing is furnished as Exhibit 99.1 hereto and is incorporated herein by reference.

The information in this Item 2.02, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 (the “Securities Act”) or the Exchange Act, regardless of any general incorporation language in such filing.

Item 3.02 Unregistered Sales of Equity Securities

The information included in the first paragraph of Item 1.01 of this Current Report on Form 8-K is hereby incorporated by reference into this Item 3.02.

The issuance of the Additional Notes was, and the issuance of any shares of the Company’s common stock upon conversion of such notes will be, exempt from registration under the Securities Act pursuant to Section 4(a)(2) and Rule 506 of Regulation D promulgated under the Securities Act.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Second Amendment to Senior Secured Convertible Notes, dated as of August 8, 2018, by and between the Company and each of the investors listed on the signature pages attached thereto
99.1	Press release dated August 9, 2018

SIGNATURES

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

comScore, Inc.

By: /s/ Carol A. DiBattiste

Carol A. DiBattiste

General Counsel & Chief Compliance, Privacy and
People Officer

Date: August 9, 2018

SECOND AMENDMENT TO SENIOR SECURED CONVERTIBLE NOTES

SECOND AMENDMENT TO SENIOR SECURED CONVERTIBLE NOTES, dated as of August 8, 2018 (this "**Amendment**"), by and between comScore, Inc., a Delaware corporation (the "**Company**"), and each of the investors listed on the signature pages attached hereto (individually, a "**Buyer**" and collectively, the "**Buyers**").

WHEREAS, the Company and the Buyers have entered into, among others: (i) that certain Securities Purchase Agreement, dated as of January 16, 2018 (the "**Securities Purchase Agreement**") and (ii) that certain Registration Rights Agreement, dated as of January 16, 2018 (the "**Registration Rights Agreement**");

WHEREAS, pursuant to the Securities Purchase Agreement: (i) on January 16, 2018 the Company issued to each Buyer a Senior Secured Convertible Note in the aggregate principal amount set forth opposite such Buyer's name in column 3(a) of the Schedule of Buyers attached to the Securities Purchase Agreement (as amended prior to the date hereof, the "**Initial Notes**") and (ii) on May 17, 2018 the Company issued to each Buyer a Senior Secured Convertible Note (the "**Additional Notes**" and together with the Initial Notes, the "**Notes**") in the aggregate principal amount set forth opposite such Buyer's name in column 3(b) of the Schedule of Buyers attached to the Securities Purchase Agreement;

WHEREAS, Section 16 of the Notes provides that written consent of the Required Holders (as defined therein) shall be required for any change or amendment to the Notes;

WHEREAS, Section 10 of the Registration Rights Agreement provides that written consent of the Required Holders (as defined therein) shall be required for any change or amendment to the Registration Rights Agreement; and

WHEREAS, in compliance with Section 16 of the Notes and Section 10 of the Registration Rights Agreement, the Company and the Buyers, which together represent the Required Holders (as defined in each of the Notes and the Registration Rights Agreement), desire to amend each of the Notes and the Registration Rights Agreement as set forth herein, which amendments shall be binding on the holders of all Notes as of the execution and delivery of this Amendment by the Company and the Buyers (such time, the "**Effective Time**").

NOW, THEREFORE, in consideration of the premises and the mutual agreements, provisions and covenants contained herein, the parties hereby agree as follows:

1. Definitions. Unless otherwise specified herein, all capitalized terms used and not defined herein shall have the meanings ascribed to them in the Notes or the Registration Rights Agreement, as applicable.
2. Amendments.
 - a. Section 15(c) of the Notes is hereby amended and restated in its entirety, as follows:

"(c) The Company shall maintain on deposit cash and/or cash equivalents (as defined in GAAP) in an aggregate amount equal to:

(i) not less than \$40,000,000 from and after the Initial Closing Date to and excluding the earlier to occur of (x) the consummation of the Rights Offering (as defined in the Securities Purchase Agreement) and (y) the Maturity Date (such earlier date, the "**Cash Measuring Date**"); provided, however, that such amount shall be not less than \$20,000,000 from August 8, 2018 to and excluding the earlier of (x) April 1, 2019 and (y) the Cash Measuring Date;

(ii) solely if the Cash Measuring Date is determined by clause (x) of such definition:

(1) not less than \$75,000,000 from and after the Cash Measuring Date through and excluding January 1, 2020; provided, however, that such amount shall be not less than \$55,000,000 for the period, if any, from and after the Cash Measuring Date to and excluding April 1, 2019; and

(2) not less than \$50,000,000 from and after January 1, 2020 through and including the Maturity Date."

b. From and after the Effective Time, the principal amounts of the Initial Notes and the Additional Notes of each Buyer shall be increased by the principal amounts set forth in Exhibit A attached hereto, with Interest on such additional principal amounts accruing in accordance with the terms of the Notes from and after the Effective Time.

3. Effectiveness. This Amendment shall become effective as of the Effective Time. Upon effectiveness of this Amendment, this Amendment shall be considered one and the same "instrument" for purposes of Section 16 of the Notes and shall amend the Notes as provided herein.

4. Ratifications. Except as otherwise expressly provided herein, the Notes, the Registration Rights Agreement, the Security Documents and each other Transaction Document, are, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, except that on and after the Effective Time (i) all references in the Notes to "this Note", "hereto", "hereof", "hereunder" or words of like import referring to the Notes shall mean the Notes as amended by this Amendment, (ii) all references in the Registration Rights Agreement to "the Notes", "the Initial Notes", the "Additional Notes", "hereto", "hereof", "hereunder" or words of like import referring to the Notes, the Initial Notes and/or the Additional Notes shall mean the Notes, the Initial Notes and/or the Additional Notes, as applicable, as amended by this Amendment and (iii) all references in the Security Documents and in the other Transaction Documents, to the "Notes" (and corollary references to "thereto", "thereof", "thereunder" or words of like import referring to the Notes) shall mean the Notes as amended by this Amendment. For the avoidance of doubt and further to the preceding clause (ii), the Company hereby acknowledges and agrees that the additional Conversion Shares and the Interest Shares which may be issuable pursuant to the terms of the Notes by

virtue of the amendment of the Notes set forth in Section 2(b) above shall be treated as "Registrable Securities" under the Registration Rights Agreement and the Buyers shall be granted the same registration rights with respect to such additional shares as if the Initial Notes and the Additional Notes, as applicable, were initially issued for such increased principal amounts. The Company hereby agrees and acknowledges that it shall undertake any necessary action in order to give effect to the foregoing, including, without limitation, amending the registration statement on Form S-1 currently on file with the SEC (No. 333-226246) prior to effectiveness to disclose this Amendment and to increase the number of shares being registered for resale by the Buyers as a result of this Amendment.

5. Representations and Warranties. Each Buyer, severally and not jointly, represents and warrants to the Company, and the Company represents and warrants to each Buyer as of the date hereof and as of the Effective Time that: Such Person is an entity duly organized and validly existing under the laws of the jurisdiction of its formation, has the requisite power and authority to execute and deliver this Amendment and to carry out and perform all of its obligations under the terms of this Amendment; This Amendment has been duly executed and delivered on behalf of such Person, and this Amendment constitutes the valid and legally binding obligation of such Person enforceable against such Person in accordance with its terms, except as such enforceability may be limited by general principles of equity or to applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies; The execution, delivery and performance by such Person of this Amendment and the consummation by such Person of the transactions contemplated hereby will not (i) result in a violation of the organizational documents of such Person, (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which such Person is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws) applicable to such Person, except in the case of clause (ii) and (iii) above, for such conflicts, defaults, rights or violations which would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of such Person to perform its obligations hereunder.
6. Disclosure. On or before 9:30 a.m., New York City time, on August 10, 2018 (the "**Filing Date**"), the Company shall file: (i) its Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 (the "**10-Q Filing**") and (ii) a Current Report on Form 8-K describing the terms of the transactions contemplated hereby in the form required by the 1934 Act and attaching this Amendment as an exhibit to such filing (the "**8-K Filing**" and together with the 10-Q Filing, the "**Company Filings**"). From and after the filing by the Company of the Company Filings on or prior to the Filing Date, the Company hereby acknowledges and agrees that no Buyer shall be in possession of any material, nonpublic information received from the Company, any of its Subsidiaries or any of their respective officers, directors, affiliates, employees or agents, that has not been publicly disclosed. The Company understands and confirms that the Buyers will rely on the foregoing in effecting transactions in securities of the Company.

7. Fees and Expenses. The Company shall reimburse counsel to Starboard Value and Opportunity Master Fund Ltd. or its designee(s) its reasonable, actually incurred legal fees and expenses within two (2) Business Days of this Amendment by wire transfer of immediately available funds in accordance with the written instructions of Schulte Roth & Zabel LLP delivered to the Company. Except as otherwise set forth herein, each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party.
8. Governing Law; Jurisdiction; Jury Trial. All questions concerning the construction, validity, enforcement and interpretation of this Amendment shall be governed by the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under the Securities Purchase Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof to the fullest extent enforceable under applicable law. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. **EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.**
9. Counterparts; Headings. This Amendment may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. The headings of this Amendment are for convenience of reference and shall not form part of, or affect the interpretation of, this Amendment.
10. Severability. If any provision of this Amendment is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Amendment so long as this Amendment as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or

the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

11. Amendments. Any amendments or modifications hereto must be executed in writing by all parties hereto.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have duly executed this Amendment as of the date first above written.

COMPANY:

COMSCORE, INC.

By: /s/ Gregory A. Fink

Name: Gregory A. Fink

Title: Chief Financial Officer

[Signature Page to Amendment]

IN WITNESS WHEREOF, the parties have duly executed this Amendment as of the date first above written.

BUYER:

**STARBOARD VALUE AND OPPORTUNITY MASTER FUND
LTD.**

By: Starboard Value LP, its investment manager

By: /s/ Peter A. Feld

Name: Peter A. Feld

Title: Authorized Signatory

[Signature Page to Amendment]

IN WITNESS WHEREOF, the parties have duly executed this Amendment as of the date first above written.

BUYER:

STARBOARD VALUE AND OPPORTUNITY C LP

By: Starboard Value R LP, its general partner

By: /s/ Peter A. Feld
Name: Peter A. Feld
Title: Authorized Signatory

[Signature Page to Amendment]

IN WITNESS WHEREOF, the parties have duly executed this Amendment as of the date first above written.

BUYER:

STARBOARD VALUE AND OPPORTUNITY S LLC

By: Starboard Value LP, its manager

By: /s/ Peter A. Feld
Name: Peter A. Feld
Title: Authorized Signatory

[Signature Page to Amendment]

IN WITNESS WHEREOF, the parties have duly executed this Amendment as of the date first above written.

BUYER:

STARBOARD VALUE LP, in its capacity as the investment manager of a certain managed account

By: Starboard Value GP LLC, its general partner

By: /s/ Peter A. Feld
Name: Peter A. Feld
Title: Authorized Signatory

[Signature Page to Amendment]

Exhibit A

Buyer	Increase in Principal Amount of Initial Notes	Increase in Principal Amount of Additional Notes
Starboard Value and Opportunity Master Fund Ltd.	\$1,148,497.97	\$382,832.65
Starboard Value and Opportunity S LLC	\$130,003.55	\$43,334.52
Starboard Value and Opportunity C LP	\$72,658.05	\$24,219.35
Account Managed by Starboard Value LP	\$148,840.43	\$49,613.48
TOTAL	\$1,500,000.00	\$500,000.00

[Signature Page to Amendment]

**Investor Contact:**

Hattie Young

press@comscore.com**comScore Reports Second Quarter 2018 Results**

RESTON, VA, August 9, 2018 - comScore, Inc. (Nasdaq: SCOR), a trusted partner for planning, transacting, and evaluating media across platforms, today reported financial results for the second quarter of 2018, ended June 30, 2018.

Revenue in the second quarter of 2018 was \$101.4 million, up from \$99.4 million reported in the same period of 2017. GAAP net loss for the second quarter of 2018 was \$56.0 million, or \$(1.02) per share as compared to \$38.6 million, or \$(0.67) per share reported in the same period for 2017.

Revenue from the digital audience product offering in the second quarter of 2018 was \$49.9 million, down 8% from the same period of 2017. TV and cross-platform revenue increased 16% year-over-year to \$29.5 million. In the second quarter of 2018, the company recorded \$1.9 million in revenue related to a change in accounting estimate for certain contracts in its TV and cross-platform offering and increased its cost of sales by the same amount. Excluding this impact, revenue growth from TV and cross-platform would have been 9% compared to the same period of 2017. Advertising product revenue increased 12% year-over-year to \$11.7 million as a result of emerging products, and movies revenue increased 13% year-over-year to \$10.4 million.

On a non-GAAP basis, net loss for the second quarter of 2018 was \$17.5 million, excluding \$23.0 million in stock-based compensation expense related to the issuance of equity awards to employees, directors and consultants; a charge of \$5.3 million for a legal settlement associated with the conclusion of certain litigation; a restructuring charge of \$3.8 million; and other items as presented in the accompanying tables. Non-GAAP net loss in the second quarter of 2018 compares to a non-GAAP net loss of \$19.4 million reported in the same period for 2017.

For the second quarter of 2018, comScore generated adjusted EBITDA of \$1.3 million, excluding the above-mentioned items as presented in the accompanying tables. This compares to an adjusted EBITDA loss of \$3.7 million reported in the same period one year ago.

“In the second quarter, we continued to push forward on our mission to build momentum in the market through a focused vision, accelerated product development, and a demonstrably streamlined and simplified operating model, which was reflected in our ability to post positive adjusted EBITDA for the second straight quarter,” said Bryan Wiener, CEO of comScore. “Our turnaround is moving with velocity, and we are rallying around a renewed strategic plan that continues to establish comScore as currency and the new standard for cross-platform measurement.”

Conference Call information for today, Thursday, August 9 at 5:00 p.m. ET:

Management will provide commentary on the company’s results in a conference call today at 5:00 p.m. ET. To access this call, dial +1 844-229-7593 (domestic) or +1 314-888-4258 (international) and reference conference ID #2839798. Participants are advised to dial in at least 10 minutes prior to the call to register. Additionally, a live webcast of the conference call will be available on the Investor Relations section of the company's website at ir.comscore.com/events-presentations. Following the conference call, a replay will be available by dialing +1 855-859-2056 (domestic) or +1 404-537-3406 (international) with passcode #2839798. The replay will also be available via webcast at ir.comscore.com/events-presentations.

About comScore

comScore (Nasdaq: SCOR) is a trusted partner for planning, transacting and evaluating media across platforms. With a data footprint that combines digital, linear TV, over-the-top and theatrical viewership intelligence with advanced audience insights, comScore allows media buyers and sellers to quantify their multiscreen behavior and make business decisions with confidence. A proven leader in measuring digital and set-top box audiences and advertising at scale, comScore is the industry's emerging, third-party source for reliable and comprehensive cross-platform measurement. To learn more about comScore, please visit comScore.com.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of federal and state securities laws, including, without limitation, comScore's expectations and opinions regarding business and market opportunities, product development and innovation, financial growth, operational improvements and strategic plans. These statements involve risks and uncertainties that could cause actual events to differ materially from expectations, including, but not limited to, comScore's ability to achieve its expected strategic, financial and operational plans. For additional discussion of risk factors, please refer to comScore's respective Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and other filings that comScore makes from time to time with the U.S. Securities and Exchange Commission (the "SEC"), which are available on the SEC's website (www.sec.gov).

Investors are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date such statements are made. comScore does not intend or undertake any obligation to publicly update any forward-looking statements to reflect events, circumstances or new information after the date of this press release, or to reflect the occurrence of unanticipated events.

Use of Non-GAAP Financial Measures

To provide investors with additional information regarding our financial results, we are disclosing herein non-GAAP net income (loss) and adjusted EBITDA, each of which are non-GAAP financial measures used by our management to understand and evaluate our core operating performance and trends. We believe that these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating our operating results, as they permit our investors to view our core business performance using the same metrics that management uses to evaluate our performance. Nevertheless, our use of these non-GAAP financial measures has limitations as an analytical tool, and investors should not consider these measures in isolation or as a substitute for analysis of our results as reported under GAAP. Instead, you should consider these measures alongside GAAP-based financial performance measures, net income (loss), various cash flow metrics, and our other GAAP financial results.

Set forth below are reconciliations of these non-GAAP financial measures to their most directly comparable GAAP financial measures. These reconciliations should be carefully evaluated.

COMSCORE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	June 30, 2018	December 31, 2017
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 46,589	\$ 37,859
Restricted cash	6,599	7,266
Accounts receivable, net of allowances of \$1,510 and \$1,991, respectively (\$1,409 and \$2,899 of accounts receivable attributable to related parties, respectively)	70,182	82,029
Prepaid expenses and other current assets	19,523	15,168
Insurance recoverable on litigation settlements	10,000	37,232
Total current assets	152,893	179,554
Property and equipment, net	27,669	28,893
Other non-current assets	9,143	7,259
Deferred tax assets	3,619	4,532
Intangible assets, net	143,004	159,777
Goodwill	641,702	642,424
Total assets	\$ 978,030	\$ 1,022,439
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable (\$977 and \$2,715 attributable to related parties, respectively)	\$ 18,352	\$ 27,889
Accrued expenses (\$5,745 and \$5,857 attributable to related parties, respectively)	52,485	86,031
Accrued litigation settlements	3,800	27,718
Other current liabilities	10,335	10,485
Customer advances (\$988 and \$2,755 attributable to related parties, respectively)	86,310	98,367
Total current liabilities	171,282	250,490
Financing derivatives (related party)	15,900	—
Senior secured convertible notes (related party)	174,404	—
Deferred tax liabilities	5,590	3,641
Accrued litigation settlements	1,750	90,800
Other non-current liabilities	36,149	21,016
Total liabilities	405,075	365,947
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value per share; 5,000,000 shares authorized at June 30, 2018 and December 31, 2017; no shares issued or outstanding as of June 30, 2018 and December 31, 2017	—	—
Common stock, \$0.001 par value per share; 150,000,000 shares authorized as of June 30, 2018 and 100,000,000 shares authorized as of December 31, 2017; 64,651,714 shares issued and 57,886,918 shares outstanding as of June 30, 2018, and 60,053,843 shares issued and 57,289,047 shares outstanding as of December 31, 2017	58	60
Additional paid-in capital	1,528,719	1,407,717
Accumulated other comprehensive loss	(8,584)	(6,224)
Accumulated deficit	(717,254)	(609,091)
Treasury stock, at cost, 6,764,796 and 2,764,796 shares as of June 30, 2018 and December 31, 2017, respectively	(229,984)	(135,970)
Total stockholders' equity	572,955	656,492
Total liabilities and stockholders' equity	\$ 978,030	\$ 1,022,439

COMSCORE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)
(In thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues ⁽¹⁾	\$ 101,389	\$ 99,439	\$ 207,308	\$ 200,300
Cost of revenues ^{(1) (2) (3)}	51,526	47,301	98,780	94,614
Selling and marketing ^{(1) (2) (3)}	29,647	31,190	55,552	60,923
Research and development ^{(1) (2) (3)}	20,889	21,502	39,605	42,522
General and administrative ^{(1) (2) (3)}	28,699	13,310	47,360	31,095
Investigation and audit related ⁽¹⁾	4,883	17,399	36,750	35,077
Amortization of intangible assets	8,266	8,443	16,810	17,178
Settlement of litigation, net	5,250	(915)	5,250	618
Restructuring	3,833	—	5,090	—
Total expenses from operations	<u>152,993</u>	<u>138,230</u>	<u>305,197</u>	<u>282,027</u>
Loss from operations	(51,604)	(38,791)	(97,889)	(81,727)
Interest expense, net ⁽¹⁾	(4,124)	(252)	(7,029)	(406)
Other income, net	807	2,683	884	5,867
Gain (loss) from foreign currency transactions	1,045	(1,205)	123	(1,225)
Loss before income taxes	(53,876)	(37,565)	(103,911)	(77,491)
Income tax provision	(2,101)	(1,061)	(3,516)	(1,927)
Net loss	<u>\$ (55,977)</u>	<u>\$ (38,626)</u>	<u>\$ (107,427)</u>	<u>\$ (79,418)</u>
Net loss per common share:				
Basic	\$ (1.02)	\$ (0.67)	\$ (1.90)	\$ (1.38)
Diluted	\$ (1.02)	\$ (0.67)	\$ (1.90)	\$ (1.38)
Weighted-average number of shares used in per share calculation - Common Stock:				
Basic	55,192,741	57,498,228	56,703,795	57,386,516
Diluted	55,192,741	57,498,228	56,703,795	57,386,516
Comprehensive loss:				
Net loss	\$ (55,977)	\$ (38,626)	\$ (107,427)	\$ (79,418)
Other comprehensive income:				
Foreign currency cumulative translation adjustment	(3,975)	2,352	(2,360)	2,955
Unrealized gain on marketable securities, net	—	34	—	34
Total comprehensive loss	<u>\$ (59,952)</u>	<u>\$ (36,240)</u>	<u>\$ (109,787)</u>	<u>\$ (76,429)</u>

⁽¹⁾ Transactions with related parties are included in the line items above.

⁽²⁾ Stock-based compensation expense is included in the line items above as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Cost of revenues	\$ 3,774	\$ 433	\$ 3,987	\$ 1,062
Selling and marketing	5,792	1,532	6,367	2,978
Research and development	3,972	450	4,316	1,271
General and administrative	9,461	409	10,210	1,333
	<u>\$ 22,999</u>	<u>\$ 2,824</u>	<u>\$ 24,880</u>	<u>\$ 6,644</u>

⁽³⁾ Excludes amortization of intangible assets, which is presented separately in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

COMSCORE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Six Months Ended June 30,	
	2018	2017
Operating activities:		
Net loss	\$ (107,427)	\$ (79,418)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	8,839	11,996
Amortization of intangible assets	16,810	17,178
Stock-based compensation	24,880	6,644
Deferred tax provision	2,477	1,808
Change in fair value of financing derivatives	4,460	—
Change in fair value of investment in equity securities	(265)	—
Accretion of debt discount	1,978	—
Amortization of deferred financing costs	445	—
Other	510	189
Changes in operating assets and liabilities:		
Accounts receivable	10,638	11,724
Prepaid expenses and other assets	(5,255)	(15,693)
Accounts payable, accrued expenses, and other liabilities	(18,138)	20,402
Customer advances	(14,321)	2,912
Net cash used in operating activities	(74,369)	(22,258)
Investing activities:		
Purchases of property and equipment	(1,287)	(4,021)
Capitalized internal-use software costs	(5,228)	—
Net cash used in investing activities	(6,515)	(4,021)
Financing activities:		
Proceeds from borrowings on senior secured convertible notes (related party)	100,000	—
Debt issuance costs	(5,123)	—
Financing proceeds received on subscription receivable (related party)	4,676	5,822
Proceeds from the exercise of stock options	164	—
Repurchase of Common Stock (withholding taxes)	(4,275)	(1,262)
Principal payments on capital lease and software license arrangements	(5,359)	(8,608)
Net cash provided by (used in) financing activities	90,083	(4,048)
Effect of exchange rate changes on cash and cash equivalents	(1,136)	21
Net increase (decrease) in cash, cash equivalents and restricted cash	8,063	(30,306)
Cash, cash equivalents and restricted cash at beginning of period	45,125	88,341
Cash, cash equivalents and restricted cash at end of period	\$ 53,188	\$ 58,035
As of June 30,		
	2018	2017
Cash and cash equivalents	\$ 46,589	\$ 47,638
Restricted cash	6,599	10,397
Total cash, cash equivalents and restricted cash	\$ 53,188	\$ 58,035

Reconciliation of Non-GAAP Financial Measures

The following table presents a reconciliation of net loss (GAAP) to adjusted EBITDA for each of the periods identified:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net loss (GAAP)	\$ (55,977)	\$ (38,626)	\$ (107,427)	\$ (79,418)
Income tax provision	2,101	1,061	3,516	1,927
Interest expense, net	4,124	252	7,029	406
Depreciation	4,276	5,867	8,839	11,996
Amortization of intangible assets	8,266	8,443	16,810	17,178
EBITDA	(37,210)	(23,003)	(71,233)	(47,911)
Adjustments:				
Stock-based compensation	22,999	2,824	24,880	6,644
Investigation and audit related	4,883	17,399	36,750	35,077
Settlement of litigation, net	5,250	(915)	5,250	618
Restructuring costs	3,833	—	5,090	—
Other loss (income), net ⁽¹⁾	1,506	(53)	4,135	(40)
Adjusted EBITDA	\$ 1,261	\$ (3,748)	\$ 4,872	\$ (5,612)

⁽¹⁾ In 2018, adjustments to other income, net, reflect non-cash changes in the fair value of financing derivatives and equity securities investment included in other income, net on our Condensed Consolidated Statements of Operations and Comprehensive Loss. These financial instruments were not held in the prior period. The prior period adjustment to other income, net reflects items classified as non-operating other income, net on our Condensed Consolidated Statements of Operations and Comprehensive Loss, excluding the other income associated with the transition services agreement for the Digital Analytix ("DAx") disposition. Our change to exclude non-operating other income, net from our calculation of adjusted EBITDA for 2018 is intended to conform adjusted EBITDA to the Consolidated EBITDA definition under our senior secured convertible notes issued to funds affiliated with or managed by Starboard Value LP.

The following table presents a reconciliation of net loss (GAAP) to non-GAAP net loss and non-GAAP net loss per share for each of the periods identified:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net loss (GAAP)	\$ (55,977)	\$ (38,626)	\$ (107,427)	\$ (79,418)
Adjustments:				
Stock-based compensation	22,999	2,824	24,880	6,644
Investigation and audit related	4,883	17,399	36,750	35,077
Settlement of litigation, net	5,250	(915)	5,250	618
Restructuring costs	3,833	—	5,090	—
Other loss (income), net ⁽¹⁾	1,506	(53)	4,135	(40)
Non-GAAP net loss	\$ (17,506)	\$ (19,371)	\$ (31,322)	\$ (37,119)

⁽¹⁾ In 2018, adjustments to other income, net, reflect non-cash changes in the fair value of financing derivatives and equity securities investment included in other income, net on our Condensed Consolidated Statements of Operations and Comprehensive Loss. These financial instruments were not held in the prior period. The prior period adjustment to other income, net reflects items classified as non-operating other income, net on our Condensed Consolidated Statements of Operations and Comprehensive Loss, excluding the other income associated with the transition services agreement for the DAx disposition. We have excluded non-operating other income, net from our calculation of non-GAAP net loss for 2018.

Supplemental Non-GAAP Disclosure

The following tables present a reconciliation of certain non-GAAP expense line items (to be discussed on today's conference call) to the most directly comparable GAAP expense line items:

<i>(In thousands)</i>	Three Months Ended June 30,							
	2018				2017			
	As reported (GAAP)	Less: stock-based compensation	As adjusted (non-GAAP)	% of GAAP Revenue	As reported (GAAP)	Less: stock-based compensation	As adjusted (non-GAAP)	% of GAAP Revenue
Revenues	\$ 101,389			100.0%	\$ 99,439			100.0%
Cost of revenues	51,526	(3,774)	47,752	47.1%	47,301	(433)	46,868	47.1%
Selling and marketing	29,647	(5,792)	23,855	23.5%	31,190	(1,532)	29,658	29.8%
Research and development	20,889	(3,972)	16,917	16.7%	21,502	(450)	21,052	21.2%
General and administrative	28,699	(9,461)	19,238	19.0%	13,310	(409)	12,901	13.0%

<i>(In thousands)</i>	Six Months Ended June 30,							
	2018				2017			
	As reported (GAAP)	Less: stock-based compensation	As adjusted (non-GAAP)	% of GAAP Revenue	As reported (GAAP)	Less: stock-based compensation	As adjusted (non-GAAP)	% of GAAP Revenue
Revenues	\$ 207,308			100.0%	\$ 200,300			100.0%
Cost of revenues	98,780	(3,987)	94,793	45.7%	94,614	(1,062)	93,552	46.7%
Selling and marketing	55,552	(6,367)	49,185	23.7%	60,923	(2,978)	57,945	28.9%
Research and development	39,605	(4,316)	35,289	17.0%	42,522	(1,271)	41,251	20.6%
General and administrative	47,360	(10,210)	37,150	17.9%	31,095	(1,333)	29,762	14.9%