# Aristeia Sends Letter to Sina Corporation Shareholders

*– Aristeia is Seeking Shareholder Support to Add Two New, Highly-Qualified, Independent Directors to the Sina Board at the Upcoming 2017 Annual Meeting Scheduled for November 3, 2017 –*

*– The Addition of New Voices and Skill Sets to Sina's Insular Board Can Help Identify the Best Solutions for Enhancing Governance, Reduce the Company's Discount to NAV and Place the Company on a Clearly Defined Strategic Path to Value Creation –*

*– Believes that Urgent Change is Necessary at Sina and That Aristeia's Interests are Aligned with the Best Interests of All Public Shareholders –*

*– Believes Systemic Corporate Governance Issues at Sina, Including Historic Related-Party Transactions Involving Chairman and CEO Charles Chao, Have Been Value–Destructive –*

*– Aristeia is Deeply Concerned that the Company Has Now Clearly and Publicly Stated Its Intention to Make No Changes to Address Its Governance Shortcomings or Growing Valuation Gap –*

*– Encourages ALL Sina Shareholders to Vote FOR BOTH Independent and Highly-Qualified Nominees by Voting the BLUE Proxy –*

**Greenwich, Conn. – September 27, 2017** – Aristeia Capital, L.L.C. (collectively with Aristeia Master, L.P. and certain other affiliates, "Aristeia" or "we" or "us"), a long-term investor in Sina Corporation (NASDAQ: SINA) ("Sina" or the "Company") and currently one of the Company's five largest shareholders, owning approximately 3 million shares, today sent a letter to Sina shareholders in connection with Aristeia's nomination of two highly-qualified, independent candidates for the Company's Board of Directors (the "Board"): Thomas J. Manning and Brett H. Krause. Aristeia urges all Sina shareholders to vote on the BLUE proxy card today. Please visit www.SinaShareholdersAction.com for additional information.

The full text of the letter follows:

September 27, 2017

Dear Fellow Shareholders,

Aristeia Capital, L.L.C. (collectively with Aristeia Master, L.P. and certain other affiliates, "Aristeia" or "we" or "us") is a major long-term shareholder in Sina Corporation ("Sina" or the "Company"). Over the past two-and-a-half years, we have spent substantial time and effort analyzing the Company's corporate governance, balance sheet, operations, strategy and competitive landscape. This deep analysis has resulted in tremendous conviction in our view that Sina has significant potential and sizable value-creation opportunities currently available to it.

We are confident that Sina's Board of Directors (the "Board") would benefit from the addition of new voices not beholden to the status quo to help address its pattern of poor corporate governance and to objectively assess a variety of paths for closing the unacceptable gap that exists between the Company's share price and its net asset value ("NAV"). In a recently published research report, J.P. Morgan echoed our view, highlighting "investor concerns over corporate governance" as the top reason for the "widening gap" in Sina's valuation.[1] As we noted in our initial press release (available at www.SinaShareholdersAction.com), **we calculate this valuation gap at 41%, representing a $6 billion discount to NAV.**

Sina's entrenched Board has not adequately evaluated the full range of value-enhancing options that could reverse this growing NAV discount and has failed to provide convincing rationale for why most of those options are not currently viable. Even more troubling, the Company has made clear to you, its owners, in its proxy statement and press releases that it fully intends to continue to ignore its persistent governance weaknesses and to summarily dismiss, rather than embrace, the logical path of engaging in a measured and responsible assessment of all available options to unlock shareholder value. It is evident that absent new, independent voices on the Board, Sina will continue failing to realize its fullest potential, all at its public shareholders' expense.

**As a result, we have nominated two highly-qualified and independent candidates to be added to the Board: Thomas J. Manning and Brett H. Krause. These individuals were identified following a comprehensive search for candidates possessing the skills necessary to foster change at Sina. We believe they can help address the substantial value discount that shareholders have suffered and position Sina to excel moving forward.**

**Notably, this contest is not about voting for Mr. Manning and Mr. Krause instead of any of the Company's nominees. Rather, it is a vote on whether or not to add independent and deeply-experienced nominees to the Board. We recognize that each of Sina's incumbent directors bring a vast experience and intimate knowledge of the Company, and Mr. Manning and Mr. Krause are committed to working collaboratively with the incumbent Board in the interest of all Sina shareholders.**

**Mr. Manning and Mr. Krause are in no way affiliated with Aristeia and have no prior relationship with us. They agreed to be nominated pursuant to customary arrangements, and Sina shareholders should be clear that they do not "work for" us. If elected, these nominees will use their independent judgment, based on their years of experience, and will exercise their fiduciary duties on the Board for the benefit of all shareholders. We believe voting FOR Mr. Manning and Mr. Krause will directly and immediately benefit shareholders and send a clear message to the Company that its owners are not satisfied with an entrenched Board that hides behind any thinly veiled excuse to dismiss the feasibility of actions that would generate substantial and immediate value for all shareholders.**

Below is further detail on why a vote FOR Mr. Manning and Mr. Krause will drive value-creating change at Sina:

- **The two independent and highly-qualified nominees possess highly relevant business backgrounds, extensive Board experience, and strong knowledge of China's private sector and overall economy – all attributes that will be necessary in addressing the strategic and governance challenges that have plagued Sina.**
    - **Our nominees would bring sorely-needed, fresh perspectives to Sina's entrenched Board.** We believe that Sina's entire five-person Board has acted – and intends to continue acting – in support of the mere 12.8% of the Company owned by insiders…and especially the 12.2% owned by Chairman and CEO Charles Chao. We seek two additional directors to ensure that the best interests of the other 87+% of the owners of this Company are adequately represented. The Board is not only comprised of too few directors, but each "independent" director has also served for at least 13 years and has strong long-term ties to Mr. Chao. A reasonable and important question to pose, given the Board's current composition, is: *Is this insular Board best serving all shareholders by*

[1] J.P. Morgan Analyst Report, 9/22/17.

*rebuffing the suggestion of fresh independent voices – or is it simply supporting the grandiose whims of one individual?*

- **Thomas Manning brings vast experience serving on the boards of both foreign and domestic companies, including several companies in China.** Over the past 13 years, Mr. Manning has served on seven public company boards – five of which were based in China – as well as on several private company boards for internationally-based companies. Indeed, Mr. Manning is a recognized expert on corporate governance issues affecting Chinese companies and teaches the subject at one of the world's most preeminent law schools. In our view, Mr. Manning is uniquely positioned to bring these skills to bear on Sina's Board which has stated its intention to comply only with minimum legally required corporate governance and boardroom practices. Sina's shareholders should ask: *Are bare minimum corporate governance standards adequate, or does our Company deserve to be managed according to world class standards that will positively influence its share price and perception*?

- **Brett Krause brings substantial investment expertise and technology industry knowledge**, **particularly in the Chinese market**. Brett is currently a Managing Partner at PurpleSky Capital LLC, one of China's leading early-stage Angel Venture Capital firms. He is intimately familiar with China's technology industry and his firm has enjoyed significant success in deploying capital in the sector. Equally important, he has extensive experience with the world's largest financial institutions, including in implementing their global best practices of governance. Simply put, he knows the market and he is equipped with the necessary experience to navigate the complexity of the industry and market in which the Company operates. Consider: *Would Sina benefit from the perspective of a veteran financial and investment specialist when exploring options to unlock the tremendous value currently trapped in the Company?*

- **Our nominees will promote much-needed transparency and help to clearly explain the Company's strategy to its shareholders.** Despite Sina's continued investment in third-parties, the Board has not properly communicated the motivation or long-term vision behind these actions to shareholders, particularly in the U.S. Recently, Sina's NAV discount widened by 2.6% (in excess of $469 million) following the Company's unexpected announcement that it would choose to invest $500 million in online finance companies.

- **Aristeia and its nominees are aligned with the best interests of ALL Sina shareholders – not just its insiders.**

  - **Aristeia owns approximately 3 million shares, making us one of the five largest shareholders of Sina**. We own approximately 4.2% of the Company's outstanding shares, currently valued in excess of $325 million. As fellow independent shareholders who purchased our shares on the open market, we are focused on successful paths to enacting change and unlocking value at Sina. Contrary to Sina's disingenuous accusations, our campaign is the opposite of "self-serving" and represents the interests of all independent shareholders who have not benefited from the Board's insular practices and highly preferential treatment of Mr. Chao. Notably, we have been gratified by the overwhelming support we have received from many other large Sina shareholders since publicly announcing our campaign.

  - **We have steadily increased our position in Sina stock each and every quarter for more than six consecutive quarters since our first purchase, demonstrating conviction and strong confidence in the underlying value of the Company.** We believe that Sina is a unique company with the ability to deliver significant value for shareholders if the appropriate steps are taken to improve governance and reduce its discount to NAV. The disingenuous characterization by the Company that we have "traded in-and-out of Sina's stock" is completely misleading and merely another attempt to distract investors from the core issues this campaign is about. Ironically, and as we have highlighted in our presentation on our website, Mr. Chao has actually been one of the most active shareholders trading in-and-out of Sina's stock over the past 8 years.

  - **Shareholders have virtually no alternatives to drive the required change at Sina**. Throughout our twenty-year history, we have successfully collaborated privately with foreign and domestic companies to implement strategic initiatives that are in the best interests of stakeholders. <u>As Sina's proxy materials and press releases make clear, their claim to "constructively engage" with Aristeia and other shareholders is revealed to be hollow by their steadfast refusal to remedy the serious governance shortcomings that we have highlighted and by their decision to waste precious shareholder resources defending the crippling discount embedded in the Company's share price, rather than seeking solutions to fix it.</u> As we have noted, we were forced to expend significant time and resources to officially nominate directors before even being allowed an initial meeting with Sina's Chairman and CEO. Based on the Company's lack of genuine engagement following that single meeting, it became clear that the only possible way to create change at Sina was through making our case directly to shareholders in the form of a public election contest. Shareholders' next opportunity to address these critical issues is over a year away.

- **Sina, as well as Mr. Chao, have an undeniable track record of actions that demonstrate little regard for basic corporate governance standards. These actions have unfortunately already eroded shareholder value and should not be allowed to continue unchecked.**

  - **A disturbing pattern of related-party transactions has allowed Mr. Chao to grow his sole control over Sina and increase his personal wealth.** In June 2015, Sina announced the sale of 11 million shares (15.8% of total shares outstanding) to a leveraged investment company controlled by Mr. Chao, resulting in $1 billion of value erosion from public shareholders and $1 billion of gains for the Chairman/CEO over the following two years. In what we consider to be a blatant governance misstep, the Company altered its poison pill to create an exception for Mr. Chao to facilitate this transaction and possibly further attempts to increase his control. This followed a similar sale in 2009 of 5.6 million shares to another investment company controlled by Mr. Chao, resulting in hundreds of millions of dollars of value dilution. <u>Hence, we believe Mr. Chao's 12.2% ownership and how it was attained clearly demonstrate his misalignment with public shareholders – instead showing his and the Board's willingness to place insider interests above those of all other shareholders.</u>

  - **Mr. Chao is Sina's largest…SELLER?** Although he remains the Company's largest shareholder, having benefitted personally in excess of $1 billion through questionable, direct share purchases, Mr. Chao has sold over 3 million shares since May 30, 2017 – precisely the foreseeable overhang and action resulting from the decision by the Board to allow his purchases using borrowed funds. Ironically, in its dismissal of one of our many ideas for value creation, Sina questioned the efficacy of further Weibo Corporation (NASDAQ: WB) ("Weibo") share distributions based on the tepid market response to the last distribution. However, it conveniently failed to note that Mr. Chao himself sold $242 million of his stock (as much as 23% of the total daily trading volume) in the 8 days immediately following that announcement. <u>Sina's continued references to its authorized share repurchase program again strain credibility, considering that over the exact period when Sina touts that it has repurchased $311 million of shares, it actually also SOLD $456 million of shares to Mr. Chao.</u> It would clearly be difficult for a repurchase program to be effective when the Company is a net seller of its shares.

  - **Sina's Board has too few directors to adequately consider truly independent and varying perspectives for the benefit of the Company and its shareholders.** In the ten years since Mr. Chao became CEO, Sina's Board has decreased from 10 directors to 5. For comparison, S&P 500 and NASDAQ 100 companies have an average board size in excess of 10 directors. To make matters worse, due to the classified Board structure and governing documents of the Company, only one director stands for re-election each year – while Mr. Chao maintains a permanent seat. With this classified tenure in place, fresh perspectives are not present on the Board, and Board members have almost no accountability to shareholders.

- **Aristeia has proposed numerous options for improving Sina's corporate governance and has shared multiple potential paths for unlocking trapped value.**

  - **We are focused on factors that have influenced underperformance at Sina and are committed to identifying and implementing solutions to reverse this trend**. Sina has hidden behind a share price increase driven entirely by its ownership in Weibo. This was reinforced by its recent efforts to selectively choose performance metrics that do not account for Sina's massive valuation gap or the ways in which the Company's performance trails that of its self-described peers. <u>We believe that if elected, our nominees could help take the necessary actions to create and communicate an optimal path forward for Sina.</u>

  - **There are a number of achievable options available to the Company to increase value for all shareholders, if properly explored and not summarily dismissed.** These options include: the exploration of a sale of Sina to an acceptable third-party buyer; a spin or split-off of all or a material portion of Sina's Weibo stake to shareholders; a reverse merger (an acquisition of Sina by Weibo); or the repurchase of Sina shares using $500 million to $1 billion of available cash. <u>We are not proposing one specific path forward; rather, we propose the addition of experienced voices to the Board to help guide the Company onto the best path of unlocking the massive value to which the Company's owners are entitled.</u>

  - **Our proposed nominees have the industry knowledge, China expertise and market experience that will create value for shareholders through an increased stock price.** This belief is not ours alone. As J.P. Morgan noted, "We estimate that Sina stock price could go up by 15-45% if it potentially adopts the proposal raised by Aristeia Capital…"[2]

**SINA SHAREHOLDERS – THE ANNUAL MEETING IS QUICKLY APPROACHING, THE TIME IS NOW FOR URGENT CHANGE AT SINA FOR THE BENEFIT OF <u>ALL</u> SHAREHOLDERS – VOTE ON THE <u>BLUE</u> PROXY CARD TODAY.**

Adding fresh perspective and the experience of the two highly-qualified nominees we have identified to the Board, along with implementing strategic initiatives that position the Company for success and maximum shareholder value, is critical to reversing poor corporate governance and suboptimal financial performance at Sina. We urge shareholders to send a clear message to the Board that Sina's persistent discount and pattern of entrenchment will no longer be tolerated by VOTING THE **<u>BLUE</u>** PROXY to elect highly-qualified candidates Thomas Manning and Brett Krause. We look forward to continuing to make our case publicly to shareholders in advance of the Company's 2017 Annual Meeting.

**We strongly urge Sina's shareholders to vote FOR both of our independent and highly-qualified nominees on the <u>BLUE</u> proxy card and returning it in the postage-paid envelope provided.**

**Due to the Company's requirement that proxies must be received by it no later than forty-eight (48) hours prior to the Annual Meeting, it is very important that you return your BLUE proxy card**

[2] J.P. Morgan Analyst Report, 9/22/17.

**to us as soon as possible to ensure that your vote gets counted. If you have already returned a white proxy card to the Company, you can revoke that card by submitting a later-dated BLUE proxy card.**

**If you have any questions, or require assistance with your vote, please contact Okapi Partners LLC at the number listed below.**

**PLEASE SIGN, DATE, AND MAIL THE BLUE PROXY CARD TODAY!**

Sincerely,

Robert H. Lynch, Jr.
Partner
Aristeia Capital, L.L.C.

If you have any questions, or need assistance voting
your **BLUE** proxy card, please contact:

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**About Aristeia**
Aristeia Capital, L.L.C. ("Aristeia") is a global investment manager with a twenty-year track record of executing fundamentally based strategies across the capital structure. Founded in 1997, Aristeia aims to achieve superior, risk-adjusted returns for an investor base that includes pension plans, endowments, foundations, other institutions and private clients. The firm's approximately 50 employees are split between its Greenwich, Connecticut headquarters and a New York City office.

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