Aristeia Sets the Record Straight on a Number of Sina Corporation's Inaccurate and Misleading Claims

– Reminds Shareholders That Urgent Change is Needed to Address Corporate Governance Failings and Close the Valuation Gap at Sina –

– Believes Current Entrenched Board is Unwilling to Even Consider Let Alone Implement Obvious Strategic Paths to Value Creation –

– Reiterates That This Election Contest is About Adding Two Highly-Qualified Independent Directors Who Will Bring Fresh Voices to Sina's Undersized and Insular Board –

*– Calls on Sina Shareholders to Support Positive Change by Voting Today on the **BLUE** Proxy Card **FOR BOTH** of Aristeia's Independent and Highly-Qualified Nominees –*

Greenwich, Conn. – October 5, 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 to add two highly-qualified, independent candidates – Thomas J. Manning and Brett H. Krause – for election to the Company's Board of Directors (the "Board") at the upcoming Annual Meeting of shareholders, which is currently scheduled to be held on November 3, 2017. 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:

October 5, 2017

Dear Fellow Shareholders,

We strongly believe that urgent change is necessary to reverse years of corporate governance shortcomings and to close the growing valuation gap at Sina Corporation (NASDAQ: SINA) ("Sina" or the "Company"). This is why Aristeia Capital, L.L.C. (collectively with Aristeia Master, L.P. and certain other affiliates, "Aristeia" or "we" or "us") has nominated two highly-qualified and independent nominees – Thomas J. Manning and Brett H. Krause – to be added to the Company's Board of Directors (the "Board").

Recently, Sina has sent communications to shareholders and made public statements that we believe are inaccurate and misleading related to Aristeia's efforts to enact positive change at the Company. We are deeply disappointed that many of our constructive ideas and suggestions to maximize shareholder value at Sina have been disingenuously distorted by the Company.

In our view, Sina's false claims further highlight the Board's failure to communicate productively with shareholders and its unwillingness to seriously consider new solutions that will unlock value for Sina's shareholders. It is quite telling that despite all of Sina's misleading commentary, it has not offered any specific rebuttal of our criticisms of its corporate governance weaknesses. This simply underscores the dire need to improve governance practices at Sina.

Perhaps most distressingly, Sina suggests in its most recent shareholder correspondence that Aristeia's "proposals are impractical and unrealistic" and that we have "chosen a new tactic that resorts to personal attacks and half-truths."[1] Nothing could be further from the truth. The only specific proposal we have ever made is that Sina add truly independent, expert voices to its insular board to address longstanding and critical governance failures at Sina and to thoroughly and objectively explore a wide range of options to address the huge discount to Net Asset Value (NAV) borne by Sina's owners today. While its most recent letter should have provided an ideal opportunity to specifically identify purported half-truths made by Aristeia, Sina did not do so, and has instead reiterated the tired justifications it hides behind in an attempt to maintain the status quo.

Below, we examine some of Sina's misleading claims and set the record straight regarding our plan to place Sina on a path to value creation for the benefit of all Sina shareholders.

✗ ***Sina Claim: "It is clear that the SINA Board and management team have delivered industry leading performance, created significant and certain value and expect additional upside from its organic growth strategy and Weibo holdings."[2]***

✓ **Fact: Sina is plagued by a valuation gap of 41%, representing a $6 billion discount to net asset value. Sina's recent share price performance is solely due its stake in Weibo (NASDAQ: WB), and over time, its Total Shareholder Return significantly lags peers – while its actions have left billions of dollars of value unrealized by its shareholders.**

- Sina's non-Weibo business has performed poorly over the past five years, with 2016 ***EBITDA down 87%*** since 2011, excluding Weibo.
  - While Sina's share price performance has improved over the past few years, it has been entirely driven by Weibo's share price appreciation – and it has significantly underperformed given the move in Weibo's share price. According to a recent United First Partners sell-side report, "Sina ("SINA") has spent much of 2017 underperforming shares of Weibo ("WB"), the company's most prized asset."[3]
- Over any medium or long-term period, Sina has dramatically underperformed the companies it compares itself to in its public documents.

	Total Shareholder Return [4]		
Company	**5 Year**	**10 Year**	**CEO Tenure[5]**
Tencent Holdings	563%	4,027%	10,759%
Sohu.com	26%	51%	97%
NetEase	425%	1,464%	1,130%
Baidu	103%	901%	3,594%
Peer Average	**279%**	**1,611%**	**3,895%**
Sina	**98%**	**198%**	**370%**
Sina Relative Performance[6]	**-181%**	**-1,413%**	**-3,525%**

[1] SINA Corporation Highlights SINA Board's Significant, Relevant Experience and Record of Value Creation, 10/3/17.
[2] SINA Files Proxy Materials, 9/25/17.
[3] United First Partners Analyst Report, 9/28/17.
[4] Total Share Price Return = share price appreciation adjusted for splits and distributions (financial data as of 9/15/17, data source: Bloomberg L.P.).
[5] CEO Tenure = Period since 5/8/2006, the date Charles Chao was appointed CEO.
[6] Relative Performance = Total Return in excess of Peer Average.

✗ ***Sina Claim: "Aristeia and its two nominees lack the relevant skills, experience and understanding of SINA, the China market and public companies operating in the internet and media industries in China, as clearly demonstrated by Aristeia's proposal calling for the sale of the Company or its stake in Weibo."***

✓ **Fact: Aristeia's two highly-qualified and independent nominees have the Board experience, knowledge of the Chinese market and successful experience in the internet and media industries necessary to drive positive change and bring fresh perspectives to the Board. Further, <u>we are NOT calling for any one specific action or path, but rather that the Company thoughtfully and honestly explore and implement the strategic actions that will maximize value for all shareholders, rather than merely its insiders.</u>**

- Tom Manning and Brett Krause have spent decades of their careers in Asia and have extensive experience in addressing exactly the issues plaguing Sina today. This expertise, including a deep understanding of Chinese culture, positions our nominees ideally to enact best-in-class governance principles at Sina.
  - Tom Manning began traveling to China some forty years ago, lived in China for over 17 years, maintains permanent resident status in Hong Kong today, and is present in China frequently. Brett Krause has been living in Asia for 21 years and in China for 14 years. Given their backgrounds and experience, <u>Sina's attempts to characterize Aristeia's nominees as lacking understanding of the Chinese market smack of xenophobia and are inconsistent with the necessary values of a U.S.-listed company.</u>
- <u>Our nominees are legal and investment experts with track records of success in the Chinese market, and in the tech space in particular, which positions them to unlock value at the Company.</u>
  - Brett Krause's involvement with, and knowledge of, Inke demonstrates his insights into this sector in China and should be viewed as an asset by Sina. He has committed that if elected to Sina's Board, he will take necessary steps to ensure that he has no conflict of interest related to the Inke investment.
- The current entrenched Board at Sina has shown no willingness to take any constructive steps to address corporate governance issues or close the valuation gap, despite the multiple strategic paths suggested for exploration by Aristeia. We believe this is due to the interconnectedness of Board members that prioritize the primacy of a single shareholder – Chairman and CEO Charles Chao – over what is best for all of the Company's shareholders. In our view, fresh perspectives are needed.

✗ ***Sina Claim: "We believe that Aristeia's proposed plan will not create sustainable shareholder value, but will instead consist of financial engineering maneuvers that will introduce substantial risk to your company, including certain proposals that are simply not feasible."***

✓ **Fact: Aristeia has proposed adding truly independent voices to the Board to ensure all alternatives to increasing shareholder value are given adequate consideration. We have not sought to compel any one specific transaction. That said, we have spent extensive time evaluating Sina's corporate governance, balance sheet, operations, strategy and competitive landscape, and have suggested constructive, actionable alternatives to create value for all shareholders. Sina's superficial rejection of the alternatives we have suggested as highly risky and potentially value destructive is completely baseless. In fact, a recent research report noted that, "Our analysis of Aristeia's proposals…suggests that these proposals, at a minimum, warrant serious examination."[7]**

[7] Permission to quote neither sought nor obtained. United First Partners Sell-Side Report, 9/28/17.

- **Misleading claim:** Sina argued that a distribution of 33 million shares would be taxable to U.S. shareholders and could discourage shareholders from participating in Weibo's upside.
    - **The Reality:** Our suggested distribution is identical to Sina's previous actions – it would have the same exact tax consequences as the Weibo distributions that the Company has voluntarily enacted twice in the past – and in which U.S. investors participated.[8] Sina has shown utter disregard for U.S. taxable investors by operating as a passive foreign investment company ("PFIC") and by not providing the transparency that would allow its shareholders to mitigate the negative effects of PFIC status. As U.S. taxable investors, we find it ironic and self-serving that Sina suddenly purports to now worry about our taxes. To be clear, we would be pleased to incur any minor tax inefficiencies from a Weibo distribution given the massive potential gain from closing the gap to NAV. Furthermore, if Sina were truly concerned about the tax implications to U.S. investors, it could simply choose to instead distribute the Weibo shares through a split-off mechanism (rather than a spin-off) in which all shareholders would have the option to choose whether to participate. Any shareholders who chose not to participate would still benefit materially from the highly-accretive retirement of Sina shares at a significant discount to NAV.
- **Misleading claim:** Sina claims that its most recent distribution of WB shares had little impact on Sina's share price and therefore wouldn't be effective in addressing the massive NAV discount.
    - **Reality:** The reason is that Mr. Chao used the announcement timing to sell a significant stake in the Company. Mr. Chao sold 2.6 million shares in the eight trading days immediately following the announcement – as much as 23% of the daily trading volume of Sina's stock traded during that time! It is obviously difficult for the NAV discount to close with that amount of selling pressure from the CEO.
- **Misleading claim:** Sina claims that "taking on leverage would create undue risk for Sina" due to Chinese governmental concerns regarding corporate leverage.
    - **Reality:** None of our proposed alternatives need create any leverage. Sina has $1.5 billion in cash and $1.3 billion of net cash ($456 million of which still remains from its last issuance of shares to Mr. Chao) and therefore, has substantial capital and balance sheet flexibility without risking inappropriate leverage. Sina has recently proposed using $500 million of its cash for unknown speculative investments – cash that could instead be used for accretive share repurchases that could collapse Sina's discount to NAV.
- **Misleading claim:** Sina claims to have returned value to shareholders through its $500 million share repurchase plan, claiming that since March 2016, the Company has repurchased $311 million of its shares. Sina has intimated that they view repurchases as ineffective in adding share price value due to prior experience under the plan.
    - **Reality:** This is simply false based on Sina's own public disclosures and prior statements. The $311 million repurchase cited by Sina was actually completed in February 2015. Sina has not repurchased $311 million of its shares since March 2016 as they now state. In fact, Sina has not disclosed the repurchase of any of its shares for almost a year, and its repurchases since March 2016 have actually been paltry. Additionally, Sina has made no commitments about when or if it will actually repurchase any shares in the future.
    - Further, over the time period they claim to have repurchased $311 million in Sina stock, they have also SOLD $456 million – some 11 million shares – to a levered investment company controlled by Mr. Chao – an obvious governance failure that detracted $1 billion of value from public shareholders. As shareholders well

[8] SINA Announces Distribution of Weibo Shares, 5/26/17; SINA Announces Details of Distribution of Weibo Shares, 6/8/17.

know, Mr. Chao has also been a major SELLER of Sina stock, selling 2.6 million shares in late May and early June 2017 alone. Any repurchase plan would be negatively impacted by persistent selling by both Sina and its insiders.

- **Misleading claim:** The Company said that our suggested paths to value creation would create complex (yet undefined) regulatory issues.
  - **Reality:** Corporate boards address complex regulatory issues every single day, and our highly-qualified nominees have the industry and market knowledge, corporate governance understanding and Board experience to navigate any issues immediately and successfully.
- **Misleading claim**: The Company asserted that should a sale of Sina's stake in Weibo take place, "both Sina and Weibo would incur substantial dis-synergies…"
  - **Reality**: We believe that Sina only has minimal synergies with Weibo. Further, operational agreements are already in place to protect both companies. These agreements would maintain the benefit sought by Sina's mobile business from Weibo's traffic even if the two companies were at arms-length. The loss of prestige associated with being a smaller company does not constitute a "dis-synergy" for which Sina shareholders should bear a 40+% cost. However, should the Company be correct and wish to maintain these alleged synergies, a reverse merger where Weibo acquires Sina at a material premium to current prices, but still at a significant discount to NAV, would lead to substantial value realization for Sina shareholders and maintain these alleged synergies.

✗ ***Sina Claim: "We believe it is inappropriate for Aristeia, an approximately 3.5% shareholder based in New York City that has traded in and out of SINA's shares over the last few years, to control nearly 30% of the Board — approximately nine times more Board representation as compared to the number of shares Aristeia owns."***

✓ **Fact: Our objective is to maximize value at Sina by adding two new members to the Company's Board to address the total lack of independent shareholder representation.**

- 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 Mr. Chao. This means that Sina currently has a Board on which a 12% shareholder controls 100% of the Board! <u>We are simply seeking two additional directors to ensure that the best interests of the other 87+% of the owners of this Company are adequately represented.</u>
- While Sina claims that Aristeia has "traded in-and-out of Sina's stock," our private trading records were provided as part of the nomination process and therefore Sina should know that this characterization is extremely disingenuous. In fact, we have increased our position in the Company in each of the past six consecutive quarters, while Mr. Chao is the one who has been trading in-and-out of the stock for nearly a decade.

✗ ***Sina Claim: "Charles Chao, our Chairman and CEO, beneficially owns approximately 12% of SINA's outstanding ordinary shares, and is the largest shareholder of SINA, ensuring the Board's and management's interests are fully aligned with the interests of all shareholders."***

✓ **Fact: Mr. Chao is the leader of a long-tenured and interconnected Board who receives highly preferential treatment at the expense of public shareholders.**

- The proper way to align management is through executive compensation, options and share grants that are tied to objective company and stock price performance metrics, contrary to the Company's preferred "alignment" practice of facilitating opportunistic, debt-financed share issuances directly to Mr. Chao. As evidence of this failed "alignment" mechanism, Mr. Chao has voluntarily sold ALL of the shares he purchased directly from Sina in 2009 and nearly 30% of the shares he purchased in 2015 for immense and permanent economic gain. Sadly, <u>Mr. Chao owning 12% of the shares has not proven his alignment with shareholders.</u>

- In total, Mr. Chao has sold more than three million Sina shares since May 30, 2017 and more than eight million total shares since September 13, 2010. In addition, he has sold more than two million Weibo shares since August of 2016.
- Mr. Chao and his board have repeatedly made corporate governance missteps that demonstrate no regard for public shareholders. Since becoming CEO, Sina's Board has steadily shriveled from 10 directors to five – with only one director up for re-election each year. Further, Mr. Chao maintains a permanent seat on the Board.
- Related-party transactions show that Mr. Chao has an agenda to leverage his sole control over the Company to grow his personal wealth.

✗ ***Sina Claim: "We note, and third-party financial analysts agree, that trading discounts at holding companies are common as a result of multiple factors, some of which are beyond the companies' control. A survey of listed holding companies with listed subsidiaries operating in the internet industry in China shows implied holding company trading discounts to NAV ranging from 33% to 37% in the second quarter of 2017. Importantly, a research report issued by a leading third-party financial institution recently calculated the Company's trading discount to NAV to be within the lower range of the aforementioned survey."***

✓ **Fact: We believe that Sina's holding company capital structure is entirely within the Company's control and that it is Sina's Board that continues to mandate that this inefficient structure remain in place. We have outlined numerous ways to eliminate Sina's holding company structure and unlock the large existing discount. Rather than work proactively with one of its largest shareholders to address its structural inefficiencies, Sina is instead attempting to justify its massive valuation gap by referencing an anonymous "third-party" report. <u>This justification can only be interpreted as a selective and factually inaccurate analysis intended to manufacture a supportive data point that does not otherwise exist.</u>**

It's clear that urgent change is needed at Sina in order to close the valuation gap and put the Company on a path to value creation. We are disappointed that Sina's Board continues to fail to take constructive steps forward to do so, despite our many attempts to privately communicate with them.

In just a few weeks, you, our fellow shareholders, will be faced with an important decision to either accept the complacent and dismissive approach of the current Board which is steering the Company toward continued underperformance resulting from poor corporate governance; or to elect two independent and highly-qualified nominees who will take the necessary strategic steps forward and bring their breadth and depth of experience to drive value at Sina.

We have been gratified by the significant support we have received from other large Sina shareholders as well as from financial research analysts who are well-versed in the Company's operational strategy and performance. As one analyst noted in the United First Partners report, "(W)e believe that the fund makes a credible case for change, and that there will be other SINA shareholders that are receptive to the fund's message."

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 to return 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 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 <u>BLUE</u> 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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