

Report of the Supervisory Board for the 2010 fiscal year

The members of the Supervisory Board are:

- Michael Scheeren (52), qualified banker (chair)
- Ralph Dommermuth (46), member of the Management Board of United Internet AG
- Andreas Gauger (42), qualified merchant

The Supervisory Board of Sedo Holding AG fulfilled its legal and statutory consultation and control duties during the 2010 fiscal year. The Supervisory Board regularly advised the Management Board and monitored its management of the company. We were directly involved in all decisions of fundamental significance for the company. The Management Board provided us with regular and comprehensive reports, both written and oral, about all relevant questions concerning corporate planning and strategic development, as well as the development and progress of business, planned and current investments, the status of the company, its exposure to risk, the risk management system, and issues of compliance. The Management Board regularly discussed the company's strategic alignment and significant events with us. In addition, the Management Board presented us with a comprehensive report on a quarterly basis about the course of business, the development of sales and earnings, and the status of the company and its business policy. These reports were made available to all members of the Supervisory Board. Between these meetings, the Chairman and the other members of the Supervisory Board were also kept regularly informed by the Management Board on all business activities and discussed questions of business policy.

The Supervisory Board held six ordinary meetings during the 2010 fiscal year. The Supervisory Board and the Management Board were both fully represented at four of the meetings. The meeting at the beginning of January was chaired, in the absence of Mr. Scheeren, by Mr. Dommermuth. The meeting at the beginning of December was held without the Management Board, the Supervisory Board was fully represented. In addition, outside the meetings resolutions were passed by means of circular written consent. For example, on November 22, 2010, we approved the relocation of affilinet S.A., Paris, in a different building in Paris and the conclusion of a long-term rent contract. On December 15, 2010, the Supervisory Board approved a consulting contract between affilinet GmbH and myself. Based on this contract, I will support affilinet in the implementation of the new strategy agreed on December 7, 2010, in particular, in connection with the cutting of production lead times and in the verticalization of the affiliate offer for specific sectors. For the consulting activity I will receive a daily fee of 2,000 Euro including travel costs.

The Supervisory Board consists of three members and did not form any committees. I am not aware of any conflict of interest of one of the Supervisory Board's members.

Meeting on January 9, 2010:

In this meeting the Management Board and the Supervisory Board discussed strategic questions with respect to the areas of growth of the individual business sectors. As the main points of emphasis for the year of 2010 for affilinet the safeguarding of the market position in our core markets of Germany and France as well as the continuation of the foreign expansion was discussed. As one important topic of Sedo in 2010, the further expansion of the domain trade was discussed. In addition, developments in the M&A area were discussed. The Management Board reported on the selection process for a new company as, in the course of the sale of the display marketing business to Hi-media, the name AdLINK will no longer be used. In connection with the restructuring of the company, the locations in Germany were examined and it was decided to transfer the registered office of Sedo Holding AG from Montabaur to Cologne.

Meeting on March 3, 2010:

In this meeting questions were discussed in connection with the repositioning of the Group and its communication following the disposal of the Display Marketing business. In addition, current budget questions were discussed. An update was provided on a larger M&A project.

Meeting on March 22, 2010:

The main focus of the meeting was on the presentation and the discussion of the annual and consolidated financial statements 2009, the summarized Management Report as well as the audit reports and the report of the auditor. In the presence of the appointed chief auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, the audited annual financial statements for 2009 and the audited consolidated accounts according to IFRS were approved. At the meeting the invitation and the agenda for the 2010 Annual Shareholders' Meeting, the remuneration report to be presented by the Chairman of the Supervisory Board as well as the report of the Supervisory Board to the Shareholders' Meeting were discussed with the Management Board and adopted. The Corporate Governance Report was approved in the presented form. The target achievement of the Management Board of the last year was determined. The Management Board reported on the development of the company to date, on questions of the current budgeting and on the current business situation.

Meeting on May 19, 2010:

Following the Annual Shareholders' Meeting, the Management Board and Supervisory Board discussed the current situation of the company. The Management Board, thereby, explained the figures for the 1st quarter of 2010, and in particular, the expected sales for 2010 as a whole. The budget for 2011 was formally adopted. The Supervisory Board discussed possible measures for the realization of the targeted growth at affilinet with the Management

Board. The Management Board reported to us on the current development with respect to M&A themes. In addition, we discussed and decided on transactions subject to our approval as well as personnel matters in subsidiary companies.

Meeting on August 25, 2010:

At this meeting, the Management Board presented and explained to us the Sedo Holding Group's figures for the 1st six months of 2010. Another main topic was the discussion of the strategy at affilinet. Questions were raised concerning the profitability of some foreign markets and the risks arising in Affiliate Marketing and the possibilities for risk minimization. In addition, various personnel matters in the subsidiary companies were discussed and decided on with the Management Board.

Meeting on December 7, 2010:

The Supervisory Board held this meeting in the absence of the Management Board. We discussed the result of the consulting project on the future Affilinet strategy and declared ourselves in agreement with the conclusions and recommendations of the Management Board. In addition, we decided on personnel matters in the foreign subsidiaries subject to our approval and discussed budget themes for 2011.

Corporate Governance

The Supervisory Board has concerned itself further in the 2010 fiscal year with the development of Corporate Governance at Sedo Holding AG. Together with the Management Board on March 7, 2011, we have submitted the current Compliance Declaration in accordance with Section 161 AktG on the recommendations of the Government Commission on the German Corporate Governance Code, and made this available to the Shareholders of the Company on the internet page as well as in the electronic Federal Gazette. The Management Board also reported separately to the Supervisory Board on the Corporate Governance of Sedo Holding AG in accordance with No. 3.10 of the German Corporate Governance Code, in the Corporate Governance report.

The German Corporate Governance Code recommends that the Supervisory Board should name concrete objectives for its composition which take into account the Company's specific situation, the international activity of the Company, potential conflicts of interest, an age limit to be established for Supervisory Board members and diversity. These concrete objectives should take account, in particular, of an adequate participation of women. Proposals from the Supervisory Board to the responsible electoral bodies should take these objectives into consideration. The objectives of the Supervisory Board and the status of their realization should be published in the Corporate Governance Report.

The members of the Supervisory Board currently in office are appointed until the end of the Annual Shareholders' Meeting which will decide on the discharge of the Supervisory Board for the 2011 fiscal year. As specific new election proposals must only be made by the Supervisory Board in the medium term on the scheduled new election of Supervisory Board members by the Annual Shareholders' Meeting in 2012, it does not seem proper to already formulate concrete objectives for this today without knowledge of changes in the regulatory environment and the trading conditions of the Company. The Supervisory Board will closely monitor the developments and in good time prior to scheduled new elections decide on the recommendations of the Code with respect to the specific objectives aims and their implementation within the context of proposals of the Supervisory Board to the Annual Shareholders' Meeting as well as its reporting.

Discussion of the annual and consolidated financial statements 2010

The Annual Shareholders' Meeting of Sedo Holding AG on May 19, 2010, appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, with registered office in Eschborn/Frankfurt am Main, as auditors for the 2010 fiscal year. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft audited the accounting system, the annual financial statements of Sedo Holding AG, the consolidated financial statements according to IFRS and the combined management report of Sedo Holding AG and the Group for the 2010 fiscal year. Within the context of the annual audit by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, the Company's risk management system was also audited and key aspects analyzed. The auditor awarded an unqualified certificate in each case.

The Supervisory Board satisfied itself as to the independence of the auditors and received a written declaration to this end.

The afore-mentioned annual financial statement documents and the auditor's report were presented to all Supervisory Board members on time. The chief auditor attended the relevant meeting of the Supervisory Board on March 18, 2011. He reported on the main audit results and provided further explanations where necessary. Following its own inspection, the Supervisory Board came to the conclusion that the annual financial statements, the combined management report, the consolidated financial statements and the auditor's report gave no cause for objections. With a resolution on March 18, 2011, the Supervisory Board approved the annual financial statements of Sedo Holding AG as prepared by the company on March 10, 2011, and the consolidated financial statements according to IFRS for the 2010 fiscal year accounts as prepared by the company on March 10, 2011. The annual financial statements are therefore adopted pursuant to Section § 172 AktG.

In addition, the report of the Management Board about relations with affiliated companies was also examined by the auditor. The auditor awarded the following certificate to the report of the Management Board:

“After the final result of our examination there are no objections against the Dependent Company Report. We therefore, award it the following certificate:

Following our statutory examination and evaluation, we can confirm that

1. the details made in the report are accurate,
2. the company was compensated adequately for each transaction mentioned,
1. in the case of those measures mentioned in the report ,there is no evidence to suggest a significantly different assessment to that provided by the Management Board.”

The Supervisory Board has examined the Report of the Management Board about relations with affiliated companies and agrees with it. Furthermore, it accepts the audit of the report by the auditor. Following the final result of the examination of the report on relations with affiliated companies conducted by the Supervisory Board itself, it has no objections to the declarations of the Management Board at the end of the report.

Cologne, March 18th, 2011

For the Supervisory Board

Michael Scheeren