

Appendix: Report of the Board of Directors of Telefónica O2 Czech Republic, a.s.

On relationships between the controlling and the controlled entity and on relationships between the controlled entity and other entities controlled by the same controlling entity for 2009 (pursuant to provisions of Section 66a art. 9, of Act No. 513/1991 Coll., the Commercial Code, as amended).

Table of Contents

Part A Applicable period	228
Part B Entities forming a holding	228
Part C Contracts and agreements between the controlled entity and the controlling entity and contracts and agreements between the controlled entity and other interconnected entities including details of performance and counter-performance provided thereunder	229
Part D Other legal acts between holding entities in the accounting period 2009	229
Part E Measures between holding entities in the accounting period 2009	229
Part F Conclusion	229
Appendix	231
List of companies directly or indirectly controlled by Telefónica, S.A. in the period from 1 January 2009 to 31 December 2009;	

Part A Applicable period

The report pursuant to Section 66a art. 9, of Act No. 513/1991 Coll., the Commercial Code, as amended (Commercial Code) on relationships between the controlling and the controlled entity and on relationships between the controlled entity and other entities – interconnected entities controlled by the same controlling entity (Report) is prepared for the last accounting period, i.e. for the period started on 1 January 2009 and ended on 31 December 2009.

Part B Entities forming a holding

Section I. Identification details of the controlled entity – Telefónica O2 Czech Republic, a .s. (hereinafter referred to as "Company")

The company is registered in the Commercial Register of the Municipal Court in Prague, Section B, Enclosure 2322.

Registration date: 1 January 1994
 Corporate name: Telefónica O2 Czech Republic, a.s.
 Registered address: Prague 4, Michle, Za Brumlovkou 266/2, PSČ 140 22
 Identification number: 60 19 33 36
 Legal form: Joint-stock company

Compared to the fiscal year of 2008, there were no changes in identification data and basic legal facts.

Section II. Identification details of the controlling entity

Controlling entity: Telefónica, S.A.
 Registered address: Gran Vía, 28, 28013 Madrid, Spain
 Identification number: A 28015865

The controlling entity held shares of the controlled entity in the aggregate nominal value of 69.41% of the registered capital of the controlled entity.

The total share in the voting rights of the controlled entity pursuant to Section 183d (1) of the Commercial Code was 69.41%.

Telefónica O2 Czech Republic, a.s.	69.41 % Telefónica, S.A.
	30.59 % Other investors

Section III. Interconnected entities

Entities controlled by Telefónica, S.A.:

The list of entities controlled directly or indirectly by Telefónica, S.A. forms Appendix to this Report. The list was compiled from inputs from Telefónica, S.A. and verified using information from Commercial Registers or other available data.

Part C Contracts and agreements between the controlled entity and the controlling entity and contracts and agreements between the controlled entity and other interconnected entities including details of performance and counter-performance provided thereunder

In the applicable period, contracts for the provision of services, sale and installation telecommunication technology contract, credit contracts, a trademark assignment contract, lease contracts and insurance contracts were concluded with the controlling entity and with interconnected entities.

These contracts were entered into either with the controlling entity Telefónica, S.A. or with the interconnected entities hereunder: Telefónica O2 Business Solutions, spol. s r.o., CZECH TELECOM Austria GmbH, CZECH TELECOM Germany GmbH, Telefónica O2 Slovakia, s.r.o., Telefónica Finanzas, S.A., Telfisa Global, B.V., Altair Assurances, S.A., Telefónica O2 UK Ltd.

Details of contracts concluded are regarded as a trade secret by the controlled entity, according to the Commercial Code and other internal governance documents. The controlled entity has not suffered any damage in connection with contracts and agreements concluded in 2009 between the controlled entity and controlling entity and between controlled entity and other interconnected entities, under which performance and counter-performance was given, or in connection with provision of performance and counter-performance in 2009 under contracts and agreements concluded prior to 1 January 2009. Performance provided under the above contracts did not entail any advantages or disadvantages for the controlled entity and was in an amount corresponding usual conditions.

Part D Other legal acts between holding entities in the accounting period 2009

In accounting period 2009, no legal acts were made by the controlled entity in the interest of or instigated by these controlling or interconnected entities, resulting in a damage or profit, advantage or disadvantage to the controlled entity.

Part E Measures between holding entities in the accounting period 2009

In accounting period 2009, no measures were taken by the controlled entity in the interest of or instigated by these controlling or interconnected entities, resulting in a damage or profit, advantage or disadvantage to the controlled entity.

Part F Conclusion

(a) The Report was prepared by the Board of Directors of the controlled entity, Telefónica O2 Czech Republic, a.s., and approved at the meeting of the Board of Directors held on 31 March 2010.

(b) The Report was prepared using data and information obtained from the controlling entity and other interconnected entities, other available documents, and using results of examinations of relationships between the controlled entity on the one hand and the controlling entity and other interconnected entities on the other hand. The Board of Directors of the controlled entity, Telefónica O2 Czech Republic, a.s., declares that it proceeded with due professional diligence of a manager when collecting the data and information.

(c) With regard to the fact that the controlled entity, Telefónica O2 Czech Republic, a.s., is obliged by law to make an Annual Report pursuant to Act No. 563/1991 Coll., on accounting, as amended, this Report will be attached to the 2009 Annual Report. Shareholders will have the opportunity to read the Report at the same time and under the same conditions as the financial statements.

In Prague, on 31st March 2010

Telefónica O2 Czech Republic, a.s. – controlled entity

Board of Directors

Appendix

List of relevant companies directly or indirectly controlled by Telefónica, S.A.
in the period from 1 January 2009 until 31 December 2009

Name of the company	Country	Telefónica Group	Holding company
Telefónica de España, S.A.U.	Spain	100%	Telefónica, S.A. (100%)
Telefónica Móviles España, S.A.U.	Spain	100%	Telefónica, S.A. (100%)
Telefónica S. de Informática y Comunicaciones de España, S.A.U.	Spain	100%	Telefónica de España, S.A.U. (100%)
Telefónica Soluciones Sectoriales, S.A.	Spain	100%	Telefónica de España, S.A.U. (100%)
Interdomain, S.A.	Spain	100%	Telefónica Soluciones Sectoriales, S.A. (100%)
Teleinformática y Comunicaciones, S.A. (TELYCO)	Spain	100%	Telefónica de España, S.A.U. (100%)
Telyco Marruecos, S.A.	Morocco	54.00%	Teleinformática y Comunicaciones, S.A. (TELYCO) (54.00%)
Telefónica Telecomunicaciones Públicas, S.A.	Spain	100%	Telefónica de España, S.A.U. (100%)
Telefónica Remesas, S.A.	Spain	100%	Telefónica Telecomunicaciones Públicas, S.A. (100%)
Telefónica Salud, S.A.	Spain	51.00%	Telefónica Telecomunicaciones Públicas, S.A. (51.00%)
Iberbanda, S.A.	Spain	58.94%	Telefónica de España, S.A.U. (58.94%)
Telefónica Cable, S.A.	Spain	100%	Telefónica de España, S.A.U. (100%)
Telefónica Internacional, S.A.	Spain	100%	Telefónica, S.A. (100%)
Telefónica International Holding, B.V.	Netherlands	100%	Telefónica International, S.A. (100%)
Latin American Cellular Holdings, B.V.	Netherlands	100%	Telefónica, S.A. (100%)
Telefónica Datacorp, S.A.U.	Spain	100%	Telefónica, S.A. (100%)
Telecomunicações de Sao Paulo, S.A. – TELESP	Brazil	87.95%	Telefónica Internacional, S.A. (65.30%) Sao Paulo Telecomunicações Participações, Ltda. (22.65%)
Brasil Celular, N.V.	Netherlands	50.00%	Telefónica, S.A. (50.00%)
Compañía Internacional de Telecomunicaciones, S.A.	Argentina	100.00%	Telefónica Holding de Argentina, S.A. (50.00%) Telefónica International Holding, B.V. (37.33%) Telefónica Internacional, S.A. (12.67%)
Telefónica de Argentina, S.A.	Argentina	100%	Compañía Internacional de Telecomunicaciones, S.A. (52.70%) Telefónica Internacional, S.A. (24.99%) Telefónica Móviles Argentina, S.A. (19.56%) Telefónica International Holding, B.V. (0.95%) Telefónica, S.A. (1.80%)
Telefónica Móviles Argentina, S.A.	Argentina	100%	Telefónica Móviles Argentina Holding, S.A. (84.60%) Telefónica, S.A. (15.40%)

Name of the company	Country	Telefónica Group	Holding company
Telecomunicaciones Celulares, C.A.	Venezuela	100%	Latin America Cellular Holdings, B.V. (97.21%) Telefónica, S.A. (0.08%) Comtel Comunicações Telefónicas, S.A. (2.71%)
Telefónica Móviles Chile, S.A.	Chile	100%	TEM Inversiones Chile Ltda. (100%)
Compañía de Telecomunicaciones de Chile, S.A.	Chile	97.89%	Inversiones Telefónica Internacional Holding Ltda. (53.00%) Telefónica Internacional de Chile, S.A. (44.89%)
Telefónica del Perú, S.A.A.	Peru	98.34%	Telefónica Internacional, S.A. (49.90%) Latin America Cellular Holdings, B.V. (48.28%) Telefónica, S.A. (0.16%)
Telefónica Móviles Perú, S.A.C.	Peru	100%	Telefónica del Perú, S.A.A. (100%)
Colombia Telecomunicaciones, S.A. ESP	Colombia	52.03%	Telefónica Internacional, S.A. (52.03%)
Telefónica Móviles Colombia, S.A.	Colombia	99.99%	Olympic, Ltda. (50.58%) Telefónica, S.A. (49.42%)
Telefónica Móviles México, S.A. de C.V.	Mexico	100%	Telefónica Internacional, S.A. (100%)
Pegaso Comunicaciones y Sistemas, S.A. de C.V.	Mexico	100%	Telefónica Móviles México, S.A. de C.V. (100%)
Telefónica Móviles del Uruguay, S.A.	Uruguay	100%	Latin America Cellular Holdings, B.V. (68.00%) Telefónica, S.A. (32.00%)
Telefónica Larga Distancia de Puerto Rico, INC.	Puerto Rico	98.00%	Telefónica Internacional, S.A. (98.00%)
Telefónica Móviles Panamá, S.A.	Panama	100%	Telefónica, S.A. (56.31%) Panamá Cellular Holdings, B.V. (43.69%)
Telefónica Móviles El Salvador, S.A. de C.V.	El Salvador	99.08%	Telefónica Móviles El Salvador Holding, S.A. de C.V. (99.08%)
Telefónica Móviles Guatemala, S.A.	Guatemala	99.98%	TCG Holdings, S.A. (65.99%) Guatemala Cellular Holdings, B.V. (13.12%) Panamá Cellular Holdings, B.V. (7.27%)
Telefonía Celular de Nicaragua, S.A.	Nicaragua	100%	Latin America Cellular Holdings, B.V. (98.00%) Telefónica Móviles El Salvador Holding, S.A. de C.V. (2.00%)
Otecel, S.A.	Ecuador	100%	Ecuador Cellular Holdings, B.V. (100%)
Telefónica International Wholesale Services, S.L.	Spain	100%	Telefónica, S.A. (92.51%) Telefónica Datacorp, S.A.U. (7.49%)
Telefónica International Wholesale Services America, S.A.	Uruguay	100%	Telefónica, S.A. (76.85%) Telefónica International Wholesale Services, S.L. (23.15%)
Telefónica International Wholesale Services France, S.A.S.	France	100%	Telefónica International Wholesale Services II, S.L. (100%)
Telefónica International Wholesale Services Argentina, S.A.	Argentina	100%	T. International Wholesale Services America, S.A. (99.94%) Telefónica International Wholesale Services, S.L. (0.06%)
Telefónica International Wholesale Services Brasil Participacoes, Ltd.	Brazil	100%	TIWS Participacoes Ltda (99.99%) Telefónica Internacional, S.A. (0.01%)

Name of the company	Country	Telefónica Group	Holding company
Telefónica International Wholesale Services Perú, S.A.C.	Peru	99.99%	T. International Wholesale Services America, S.A. (99.99%) Telefónica Servicios Integrados S.A.C. (0.01%)
Telefónica International Wholesale Services USA, Inc.	USA	100%	T. International Wholesale Services America, S.A. (100%)
Telefónica International Wholesale Services Puerto Rico, Inc.	Puerto Rico	100%	T. International Wholesale Services America, S.A. (100%)
Telefónica International Wholesale Services Ecuador, S.A.	Ecuador	100%	T. International Wholesale Services America, S.A. (99.99%) Telefónica International Wholesale Services Perú, S.A.C. (0.01%)
Terra Networks Brasil, S.A.	Brazil	100%	Sao Paulo Telecomunicações Participações, Ltda. (100%)
Terra Networks Mexico, S.A. De C.V.	Mexico	100%	Terra Networks Mexico Holding, S.A. de C.V. (99.99%)
Terra Networks Perú, S.A.	Peru	99.99%	Telefónica Internacional, S.A. (99.99%)
Terra Networks Argentina, S.A.	Argentina	100%	Telefónica Internacional, S.A. (99.92%) Telefónica International Holding, B.V. (0.08%)
Terra Networks Guatemala, S.A.	Guatemala	99.99%	Telefónica Internacional, S.A. (99.99%)
Telefónica China, B.V.	Netherlands	100%	Telefónica Internacional, S.A. (100%)
Telefónica Europa			
Telefónica Europe plc	United Kingdom	100%	Telefónica, S.A. (100%)
mmO2 plc	United Kingdom	99.99%	Telefónica Europe plc (99.99%)
O2 Holdings Ltd.	United Kingdom	100%	mmO2 plc (100%)
Telefónica O2 UK Ltd.	United Kingdom	100%	O2 Networks Ltd. (80.00%) O2 Cedar Ltd. (20.00%)
The Link Stores Ltd.	United Kingdom	100%	Telefónica O2 UK Ltd. (100%)
Be Un Limited (Be)	United Kingdom	100%	Telefónica O2 UK Ltd. (100%)
Tesco Mobile Ltd.	United Kingdom	50.00%	O2 Ash Ltd. (50.00%)
O2 (Europe) Ltd.	United Kingdom	100%	Telefónica, S.A. (100%)
Telefónica O2 Germany GmbH & Co. OHG	Germany	100%	Telefónica O2 Germany Verwaltungs GmbH (99.99%) Telefónica O2 Germany Management GmbH (0.01%)
Tchibo Mobilfunk GmbH & Co. KG	Germany	50.00%	Telefónica O2 Germany GmbH & Co. OHG (50.00%)
Telefónica O2 Ireland Ltd	Ireland	100%	O2 (Netherlands) Holdings, B.V. (99.00%) Kilmaine Ltd (1.00%)
Manx Telecom Ltd.	Isle of Man	100%	O2 (Netherlands) Holdings BV (100%)

Name of the company	Country	Telefónica Group	Holding company
Telefónica O2 Czech Republic, a.s.	Czech Republic	69.41%	Telefónica, S.A. (69.41%)
Telefónica O2 Slovakia, s.r.o.	Slovakia	69.41%	Telefónica O2 Czech Republic, a.s. (100%)
Telefónica O2 Business Solutions, spol. s r.o. (CZECH REPUBLIC)	Czech Republic	69.41%	Telefónica O2 Czech Republic, a.s. (100%)
CZECH TELECOM Germany GmbH	Germany	69.41%	Telefónica O2 Czech Republic, a.s. (100%)
CZECH TELECOM Austria GmbH	Austria	69.41%	Telefónica O2 Czech Republic, a.s. (100%)
Telefónica de Contenidos, S.A.U.	Spain	100%	Telefónica, S.A. (100%)
Atlántida Comunicaciones, S.A.	Argentina	100%	Telefónica Media Argentina S.A. (93.02%) Telefónica Holding de Argentina, S.A. (6.98%)
Televisión Federal S.A. – TELEFE	Argentina	100%	Atlántida Comunicaciones S.A. (79.02%)
Telefónica Servicios Audiovisuales, S.A.	Spain	100%	Telefónica de Contenidos, S.A.U. (100%)
Gloway Broadcast Services, S.L.	Spain	100%	Telefónica Servicios Audiovisuales, S.A.U. (100%)
Telefónica Servicios de Música, S.A.U.	Spain	100%	Telefónica de Contenidos, S.A.U. (100%)
Atento Inversiones y Teleservicios, S.A.	Spain	100%	Telefónica, S.A. (100%)
Atento N.V.	Netherlands	100%	Atento Inversiones y Teleservicios, S.A. (100%)
Atento Teleservicios España, S.A.	Spain	100%	Atento N.V. (100%)
Atento Brasil, S.A.	Brazil	100%	Atento N.V. (100%)
Atento Argentina, S.A.	Argentina	100%	Atento Holding Chile, S.A. (97.99%) Atento N.V. (2.01%)
Teleatento del Perú, S.A.C.	Peru	100%	Atento N.V. (83.33%) Atento Holding Chile, S.A. (16.67%)
Atento Chile, S.A.	Chile	99.06%	Atento Holding Chile, S.A. (71.16%) Compañía de Telecomunicaciones de Chile, S.A (26.52%) Telefónica Empresas Chile, S.A. (0.93%) Telefónica larga Distancia, S.A. (0.45%)
Atento Centroamérica, S.A.	Guatemala	100%	Atento N.V. (99.99%) Atento El Salvador, S.A. de C.V. (0.01%)
Terra Networks Asociadas, S.L.	Spain	100%	Telefónica, S.A. (100%)
Red Universal de Marketing y Bookings Online, S.A.	Spain	50.00%	Terra Networks Asociadas, S.L. (50.00%)
Telefónica Learning Services, S.L.U.	Spain	100%	Terra Networks Asociadas, S.L. (100%)
Telefónica Ingeniería de Seguridad, S.A.	Spain	100%	Telefónica, S.A. (100%)
Telefónica Engenharia de Segurança do Brasil, Ltda.	Brazil	99.99%	Telefónica Ingeniería de Seguridad, S.A. (99.99%)
Telefónica Capital, S.A.	Spain	100%	Telefónica, S.A. (100%)
Lotca Servicios Integrales, S.L.	Spain	100%	Telefónica, S.A. (100%)
Fonditel Pensiones, Entidad Gestora de Fondos de Pensiones, S.A.	Spain	70.00%	Telefónica Capital, S.A. (70.00%)
Fonditel Gestión, Sociedad Gestora de Instituciones de Inversión Colectiva, S.A.	Spain	100%	Telefónica Capital, S.A. (100%)
Telefónica Investigación y Desarrollo, S.A. (TIDSA)	Spain	100%	Telefónica, S.A. (100%)

Name of the company	Country	Telefónica Group	Holding company
Telefónica Investigación y Desarrollo de Mexico, S.A. de C.V.	Mexico	100%	Telefónica Investigación y Desarrollo, S.A. (100%)
Telefônica Pesquisa e Desenvolvimento do Brasil, Ltda.	Brazil	100%	Telefónica Investigación y Desarrollo, S.A. (100%)
Casiopea Reaseguradora, S.A.	Luxembourg	100%	Telefónica, S.A. (99.97%) Telefónica Finanzas, S.A. (TELFISA) (0.03%)
Pléyade Peninsular, Correduría de Seguros y Reaseguros del Grupo Telefónica, S.A.	Spain	100%	Casiopea Reaseguradora, S.A. (83.33%) Telefónica, S.A. (16.67%)
Altaïr Assurances, S.A.	Luxembourg	100%	Casiopea Reaseguradora, S.A. (95.00%) Seguros de Vida y Pensiones Antares, S.A. (5.00%)
Seguros de Vida y Pensiones Antares, S.A.	Spain	100%	Telefónica, S.A. (89.99%) Casiopea Reaseguradora, S.A. (10.01%)
Telefónica Finanzas, S.A. (TELFISA)	Spain	100%	Telefónica, S.A. (100%)
Fisatel Mexico, S.A. de C.V.	Mexico	100%	Telefónica, S.A. (100%)
Telfisa Global, B.V.	Netherlands	100%	Telefónica, S.A. (100%)
Telefónica Europe, B.V.	Netherlands	100%	Telefónica, S.A. (100%)
Telefónica Emisiones, S.A.	Spain	100%	Telefónica, S.A. (100%)
Spiral Investments, B.V.	Netherlands	100%	Telefónica Móviles España, S.A.U. (100%)
Solivella Investment, B.V.	Netherlands	100%	Telefónica Móviles España, S.A.U. (100%)
Aliança Atlântica Holding, B.V.	Netherlands	93.99%	Telefónica, S.A. (50.00%) Telecomunicações de Sao Paulo, S.A. – TELESP (43.99%)
Telefónica Gestión de Servicios Compartidos España, S.A.	Spain	100%	Telefónica, S.A. (100%)
Telefónica Gestión de Servicios Compartidos, S.A.	Argentina	99.99%	T. Gestión de Servicios Compartidos España, S.A. (95.00%) Telefónica, S.A. (4.99%)
Telefónica Gestión de Servicios Compartidos de Chile, S.A.	Chile	97.89%	Compañía de Telecomunicaciones de Chile, S.A (97.89%)
Telefónica Gestión de Servicios Compartidos, S.A.C.	Peru	100%	T. Gestión de Servicios Compartidos España, S.A. (100%)
Cobros Serviços de Gestao, Ltda.	Brazil	99.33%	T. Gestión de Servicios Compartidos España, S.A. (99.33%)
Tempotel, Empresa de Trabajo Temporal, S.A.	Spain	100%	T. Gestión de Servicios Compartidos España, S.A. (100%)
Telefónica Gestao de Serviços Compartilhados do Brasil, Ltda.	Brazil	99.99%	T. Gestión de Servicios Compartidos España, S.A. (99.99%)
Telefónica Gestión de Servicios Compartidos Mexico, S.A. de C.V.	Mexico	100%	T. Gestión de Servicios Compartidos España, S.A. (100%)
Telefónica Servicios Integrales de Distribución, S.A.U.	Spain	100%	T. Gestión de Servicios Compartidos España, S.A. (100%)
Telefónica Compras Electrónicas, S.L.	Spain	100%	T. Gestión de Servicios Compartidos España, S.A. (100%)
Telco, S.p.A.	Italy	46.18%	Telefónica, S.A. (46.18%)

Name of the company	Country	Telefónica Group	Holding company
Telefónica Factoring México, S.A. de C.V. SOFOM ENR	Mexico	50.00%	Telefónica, S.A. (40.50%)
			Telefónica Factoring España, S.A. (9.50%)
Telefónica Factoring España, S.A.	Spain	50.00%	Telefónica, S.A. (50.00%)
Telefónica Factoring Do Brasil, Ltd.	Brazil	50.00%	Telefónica, S.A. (40.00%)
			Telefónica Factoring España, S.A. (10.00%)

¹ Including impairment charge and gain from sale of non-current assets. In 2008, the Group posted an impairment charge of CZK 86 million, compared to CZK 23 million in 2009; gain from sale of non-current assets reached CZK 855 million in 2008 compared to CZK 422 million in 2009.

² Sources: Czech Statistical Office, Czech National Bank, Ministry of Labour and Social Affairs.

³ At constant 1995 prices.