

## Report by the Supervisory Board

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In keeping with the Company's Articles of Association, the Supervisory Board of Telefónica O2 Czech Republic in 2009 supervised the discharge of the Board of Directors' powers and the running of the Company's business. Supervisory Board members have the power to inspect all documents and records concerning the Company's activities; check whether the accounting records are kept to reflect the reality; determine whether the business of Telefónica O2 Czech Republic is done in compliance with the law, Articles of Association and instructions of the General Meeting.

The Supervisory Board continuously monitored the activities of Telefónica O2 Czech Republic and key decisions made by the Board of Directors and the management. Further, the Supervisory Board dealt with the suggestions raised by its committees and its members individually. The Board of Directors and the management provided the Supervisory Board with the documentation and information necessary for the discharge of its functions in accordance with the legislation and the Articles of Association. The Supervisory Board collaborated closely with the Audit Committee of Telefónica O2 Czech Republic in all key issues falling into the competencies of these both bodies of the company.

At its meeting of 22 February 2010, the Supervisory Board examined the audited annual financial statements for 2009 (unconsolidated and consolidated) prepared under the International Financial Reporting Standards. The Supervisory Board reviewed also the Board of Directors' proposal for distribution of Company profit for 2009 and retained Company profit from previous years, and as the case may be, other available own resources of the Company and determination of royalties for 2009. In both cases the Supervisory Board provided recommendation for the General Meeting to approve them.

Signed in Prague on 22 February 2010

A handwritten signature in blue ink, reading "Jaime Smith Basterra". The signature is written over a horizontal line.

Jaime Smith Basterra  
Chairman of the Supervisory Board