



Zagreb, February 24,
2010

THE REPORT OF THE SUPERVISORY BOARD OF ERICSSON NIKOLA TESLA D.D. ON THE SUPERVISION PERFORMED ON THE COMPANY'S OPERATIONS IN 2009

In accordance with the provisions of the Croatian Company Law and Ericsson Nikola Tesla Statute, the Supervisory Board of Ericsson Nikola Tesla has reviewed the Company's operations, making respective decisions in four regular and two extraordinary meetings held during 2009.

The Supervisory Board was duly informed by the Managing Director of the general status of the Company, of important business events and operations course.

At regular meetings the Supervisory Board discussed the Company's financial results, business plans, strategic projects, business risks, internal control results and human resources issues. Special attention was paid to the Company's activities, its position in the domestic and major export markets, market conditions and ICT trends. The Board also reviewed the business development and responsibilities of the R&D Center, the Global Services Delivery Center (GSDC) and Business Ericsson Test Environment unit (BETE).

At extraordinary Board meetings the members discussed dividend payment and changes in Board composition.

The Supervisory Board analyzed and approved the Company's Business Strategy 2010–2012 and the focus areas required for successful implementation of the strategy. The Supervisory Board also approved the key objectives for 2010, defined on the basis of strategic areas and corresponding programs.

The Board analyzed the report and the key financial indicators of the Company submitted by the Managing Director. The conclusion is that in view of the aggravated market situation in 2009 the Company performed well.

At the meeting held on December 17, 2009, the Supervisory Board re-elected the Managing Director, Mrs. Gordana Kovačević for a further 5 year term, effective January 1, 2010.

In the course of the year the Board composition changed as follows: Mr. Darko Marinac resigned from his position effective as of November 20, 2009.

The Audit Committee met three times during 2009 to review the annual and interim financial statements of the Company, to discuss the engagement of new auditors, the 2009 audit plan and to perform other tasks defined by the Audit Act. The Audit Committee regularly informed other Supervisory Board members of its findings and recommendations. On the day of



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issuance of this report the Audit Committee is comprised of Mr. Ignac Lovrek, Chairman and Mrs. Carita Jönsson, Member.

Based on the review of financial and other relevant business documents, the Managing Director's report on the Company's business situation and the report provided by auditors the Supervisory Board concluded the following:

- To the best of our knowledge Ericsson Nikola Tesla in all material aspects operates in compliance with the laws and Company's enactments and in accordance with the decisions made by the Shareholder's Assembly.
- The annual financial reports have been prepared in accordance with the Company's business records and in all material respects reflect the correct financial and business situation of the Company;
- The Managing Director's proposal relating to net income (profit) allocation is supported and approved;
- There are no objections regarding the Managing Director's report and consequently the report is approved;
- There are no objections regarding the Auditors' report and consequently the report is approved;
- Pursuant to the above stated, the submitted annual financial statements are approved.

Pursuant to the Company Act, art. 300d the following documents are enclosed with this report:

1. Decision by the Managing Director on the established annual financial statements;
2. Decision by the Supervisory Board on the established annual financial statements.

For the Supervisory Board

A blue ink signature of Roland Nordgren, written over a horizontal line.

Roland Nordgren, Chairman