

ADDITION TO CONSOLIDATED ANNUAL REPORT

Information about branches and representative offices of the Company

TEO LT, AB has no branches and representative offices.

The main features of the Group's internal control and risk management systems related to preparation of consolidated financial statements

TEO Group prepares its consolidated financial statements according to International Financial Reporting Standards (IFRS).

In collaboration with TeliaSonera the Company has implemented process of internal controls. System of internal controls is implemented following COSO methodology.

The process of TEO internal controls implies control of business processes related to provision of services and revenue assurance (customer's settlements and accounting, development and management of services, services provision), performance of IT systems (customer care and billing, infrastructure, network information, financial accounting, salary accounting) and process of preparation of financial reports.

TEO LT, AB Procedure for Preparation of Financial Statements provides that financial statements are prepared in correct and timely manner. In the annex to the Procedure for Preparation of Financial Statements are described potential risks, methods, types and frequencies of risks control, proves of control, employees responsible for and employees executing control related to preparation of financial statements.

Collective Bargaining Agreement

Collective Bargaining Agreement of the Company, which latest amendments came into force from 1 June 2009, grants a number of additional social guarantees to its employees:

- Information about vacant and new work places shall be publicly available within the Company and employees of the Company shall have a priority to get the place, if their qualifications and other records fulfil requirements for that place.
- Taking into considering type of activities and business conditions, and not violating interest of the employees, by order, regulation or command of employer in certain units a flexible working time regime could be set: the beginning of the business day could range from 7 to 11 a.m. and the end of the business day could range from 4 p.m. to 8 p.m., respectively, but not exceeding established in the Company the length of the business week of 40 hours and not violating the length of non-interrupted rest time during 24 hours set by the Labour Code of the Republic of Lithuania. Business day could be split in two parts (each part shall not be shorter than 3 hours) but not exceeding 8 hours of daily and 40 hours of weekly business time.
- In case when public holiday is Tuesday or Thursday, employer has a right without separate consent of the trade unions to move business day that goes before or after public holiday to another holiday or set it as additional holiday (this condition is not applied to the set by the employer list of employees that are involved in customer care or are on duty and have to ensure non-interrupted provision of services and care).
- On the day of the annual corporate event dedicated to improve corporate culture and communication as well as relations with very important customers and partners employees could be granted with additional holiday by the order of general manager.
- Christmas Eve (December 24) is a holiday at the Company and it is not paid for.
- Additional 30 calendar days of unpaid vacation can be granted because of family circumstances, get sanatorium treatment, or for other important reasons in case business conditions are favourable. Director of Human Resource unit upon employee's request for personal competence training abroad and if it is related to the interest of the Company could grant additional unpaid vacations.
- In case of death of employee's father, mother, wife, husband, child, brother or sister, or birth of a child the employee gets additional 3 calendar days of paid vacations.
- Vacation for studies is granted on the bases of advance reference from educational institution for the period of time indicated in that reference.

- Being on duty at home is organised following the order set by Labour Code. During the duty employees are equipped with the mobile phones.
- TEO employee's remuneration consists of regularly paid wage which consist of two parts: (1) fixed part – main salary, paid according to employees position and possessed competence, and (2) variable part – bonus which could be of two types: bonus for quarterly (monthly) results or bonus for achievement of the annual goals. In exceptional cases one-time bonus could be paid. The list of positions for which quarterly (monthly) or annual bonuses could be paid, bonus description, amount and payment conditions are set by a separate rules and procedures.
- During the validity of this Collective Bargaining Agreement the minimal average salary for full time employee with permanent employment contract for the fully worked month is 1,100 litas.
- TEO LT, AB employees are paid 1.75 employee's hourly wage (basic salary) amount for overtime and work during the night (from 22.00 till 6.00).
- TEO LT, AB employees are paid 2 employee's hourly wage (basic salary) amount for working during weekends and public holidays.
- At the end of financial year employees can be paid bonus for the Company's yearly results from the wage fund following the rules set by the Company.
- If the employee falls ill, the employer for first two days of illness pays 90 percent of the employee's average remuneration.
- Development of the Company's employee's competence and payment for it is executed following the annual competence development plans set after evaluation of agreements reached by unit managers and employers in respect of training needs and with regards to Company's development directions and financial abilities.
- The Employer, following valid documentation regulating support for employees' studies, could make a written agreement with employee regarding payment for his/her university level studies that are in line with his/her individual competence development needs, and pay for such studies on agreed terms.
- The Employer shall provide information about professional training in towns and districts organised by labour exchange to the employees, who have been notified about their intended dismissal.
- The Employer may provide conditions for the employees to be dismissed to attend professional training courses arranged by labour exchanges and, upon mutual agreement between the parties, to pay for them without exceeding the limit of 500 litas including VAT.
- The employee, who has been notified about his intended dismissal, during the period of notification, at his/her request, shall be entitled to unpaid educational leave and may be granted by the Employer up to 50 per cent of time off from work (the employee shall retain his/her average wage for this time) to seek for a new job or to retrain.
- The Employer commits itself to additionally insure the Company employees against accidents at work and on the way to/from work with its own funds; with the Company's funds to vaccinate the employees, who are likely to be exposed to occupational risk factors at work; to provide the employees, who perform the works containing risk factors, with necessary special outfit, shoes and other personal protective equipment in a timely manner and free of charge.
- The Company has established a Social Needs Fund. Its purpose is to improve the organisation's culture and to meet the social needs of the employees in accordance with the regulations of the Fund. The Fund shall be managed by the Committee of the Social Needs Fund formed of representatives of the Employer and Trade Unions.
- In case of death of the employee's father, mother, wife, husband or child, he/she shall be paid an allowance amounting to 10 Minimum Standard of Living (MSL) from the Social Needs Fund; in case of death of the Company employee, his/her family members shall be paid all funeral expenses, excluding a funeral dinner, and his/her spouse or children maintained by him/her shall be paid a relief amounting to 12 MSL.
- The Fund also commits itself to buy Christmas presents to the employees' children (under 10 years of age), to allocate a bonus amounting to 10 MSL on the occasion of 20, 30 and 40 years of continuous record of service in telecommunications and on the occasion of 50 and 60 years birthday anniversary.
- The Fund may grant an allowance if, due to difficult financial situation of the employee or his/her family, the employee or his/her family has incurred substantial material loss.
- The Fund shall allocate funds to improve health of the employees: rent of sports premises and grounds, support of sports and culture events arranged on the Company level. The Fund shall organize and finance a culture and sports event of the Company's employees.

In 2008 Social Needs Fund for the above mentioned purposes allocated almost LTL 650 thousand.

Information about agreements of the Company and the members of its management bodies, or the employee providing for a compensation in case of the resignation or in case they are dismissed without a due reason or their employment is terminated in view of the change of the control of the Company

All TEO LT, AB employment agreements with the employees, including top management, of the Company are concluded following requirements of the Labour Code of the Republic of Lithuania. Employees are employed and laid off following requirements of the Labour Code.

Members of the Company's Board are elected for the two-year term by the shareholders without any employment agreements as they represent shareholders and are not employees of the Company. The Annual General Meeting of Shareholders while adopting decision on profit allocation shall pass a decision on granting annual payments (tantiemes) to members of the Board for their activities. Members of the Board shall have a right to resign from the Board prior to termination of the term of the Board upon written notification to the Company submitted not later than 14 calendar days. The Work Regulations of the Board does not provide any compensations or payouts in case member of the Board resigns prior to the termination of the term of the Board.

Conditions of employment agreements of the top managers of the Company shall be considered at Remuneration Committee of the Board and then approved by the Board. Remuneration Committee shall have a right to propose to the Board to include into employment agreements of the top managers additional conditions that provide compensations in case of their resignation and similar cases. According to the approved by the Board employment agreement of the General Manager of TEO LT, AB upon fulfilment of certain conditions General Manager in case of his resignation or dismissal could be entitled to the compensation amounting from 6 to 12 monthly salaries.

Information about related party transactions

Information about related party transactions is provided in Note 33 of TEO LT, AB Financial Statements for the year ended 31 December 2008.

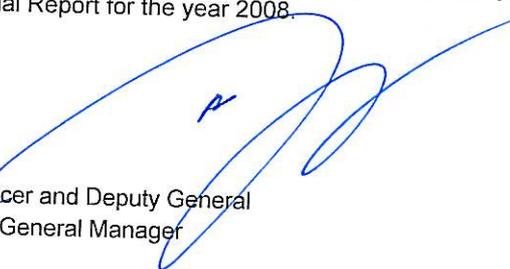
Following International Accounting Standards related to TEO LT, AB (hereinafter – the Company) parties are Company's subsidiaries, companies that belong to TeliaSonera Group and top management of the Company. Companies that belong to TeliaSonera Group and top management of the Company are regarded as related parties to TEO LT, AB Group (hereinafter – the Group). Transactions with related parties are carried out based on the arm's length principle.

The Company and its subsidiaries are providing to each other telecommunications, Call Center, IT and other services. The Company has extended loans to its subsidiaries UAB Baltic Data Center and UAB Kompetencijos Ugdymo Centras.

Through its largest shareholder, Amber Teleholding A/S, a subsidiary of TeliaSonera AB, the Company and the Group are related to TeliaSonera Group that provides telecommunication services in 20 countries. The main buyers and providers of telecommunications services to the Group are UAB Omnitel (Lithuania), TeliaSonera International Carrier (Sweden), Elion Ettevotted AS (Estonia), LMT (Latvia), TeliaSonera Finland Oyj (Finland).

CONFIRMATION OF RESPONSIBLE PERSONS

Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Nerijus Ivanauskas, Chief Marketing Officer and Deputy General Manager, acting as General Manager of TEO LT, AB, and Giedrius Vegys, Chief Financial Officer of TEO LT, AB, hereby confirm that, to the best of our knowledge, information provided in this addition to TEO LT, AB Consolidated Annual Report for the year 2008 is correct and supplements TEO LT, AB Consolidated Annual Report for the year 2008.


 Nerijus Ivanauskas
 Chief Marketing Officer and Deputy General
 Manager, acting as General Manager


 Giedrius Vegys
 Chief Financial Officer

10 July 2009