

VST

KAD GYVENTI BŪTŲ ŠVIESIAU

**VST, AB
ANNUAL REPORT
2008**

BUSINESS PHILOSOPHY

OUR MISSION

We are working to ensure the supply of electric energy in western Lithuania.

OUR VISION

We are seeking to become the best provider of regulated services in Lithuania.

OUR VALUES

PROFESSIONALITY AND RESPONSIBILITY:

We keep improving and are open for new things. We leave no space for mediocrity and negligence. Our priority is the capability to see several steps ahead and the wish to become the best. Relationship with the customer, the society and the colleagues is based on responsibility, mutual trust and understanding.

QUALITY:

We guaranty safe and reliable exploitation of the electric power network, supply and distribution of electric power. We aim to turn our work into the best business practice and the services we provide to be of the top quality. We are open for criticism; we see our mistakes and take lessons from them. We aim for qualitative and effective service for our internal and external customers. Our clients and partners are the main valuator of our activity and provided services.

TEAM WORK:

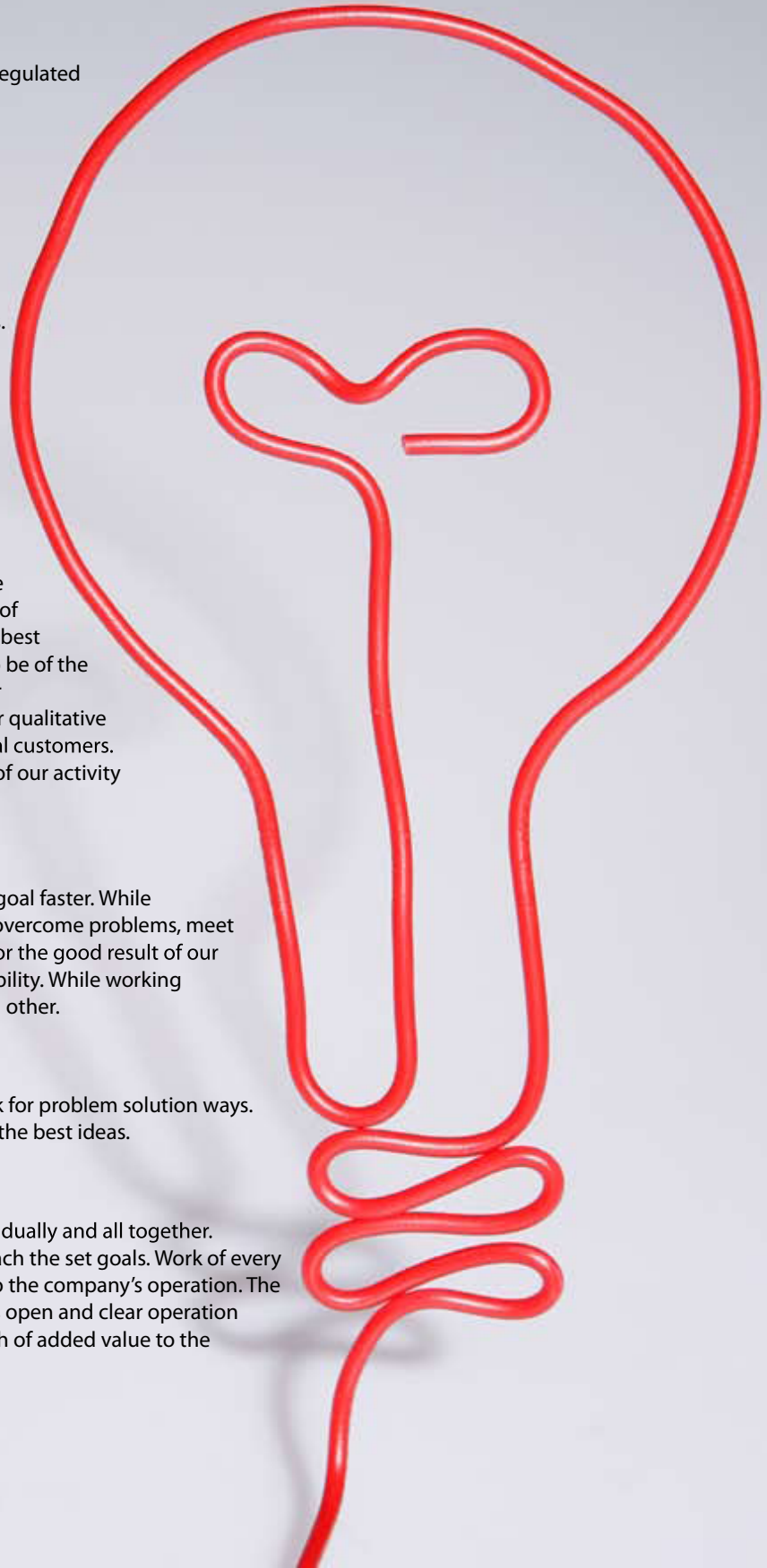
We are a team. Working as a team we reach our goal faster. While sharing our knowledge and experience we can overcome problems, meet challenges and find the best solutions. Aiming for the good result of our work we are aware of our function and responsibility. While working together we aim to be reliable and support each other.

INITIATIVE:

We are ready for new challenges, active and look for problem solution ways. We encourage creativity and always implement the best ideas.

EFFICIENCY:

We seek for the efficiency of the operation individually and all together. Directed orientation toward the result lets us reach the set goals. Work of every one of us is important and it adds to the value to the company's operation. The stability and reliability of the company as well as open and clear operation of it and improving results guaranties the growth of added value to the shareholders of the company.



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Independent Auditors' Review Report on Annual Report of Joint Stock Company VST

We have reviewed Joint Stock Company VST (hereinafter the Company) Annual Report for the year ended 31 December 2008. The report is the responsibility of the Company's management. Our responsibility is to present report on the Annual Report based on our review.

We have audited the financial statements of Joint Stock Company VST for the year ended 31 December 2008 in accordance with International Standards of Auditing. On 23 February 2009 we have expressed unqualified opinion on these financial statements.

We have read the Annual Report for the year ended 31 December 2008 and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2008.

UAB ERNST & YOUNG BALTIC
Audit company's licence No. 001335



Jonas Akelis
Auditor's licence
No. 000003
President



Asta Štreimikienė
Auditor's licence
No.000382

The review was completed on 2 March 2009.

GENERAL INFORMATION ABOUT THE ISSUER

Accounting period covered by the Annual Report

The Report has been prepared for the year 2008 (the financial year of the company corresponds to the calendar year).

Key data on the Issuer:

| | |
|---|--|
| Name of the company : | VST, AB |
| Address of its headquarters : | Jasinskio str. 16 C, LT-01112, Vilnius |
| Telephone: | (8~5) 278 12 59 |
| Fax: | (8~5) 278 12 69 |
| E-mail address: | vst@vst.lt |
| Website : | www.vst.lt |
| Share capital: | 111 539 940 LTL |
| Legal-organizational form : | Legal body, joint stock company |
| Registration with the Register of Enterprises : | |
| - Place of registration: | Ministry of economy |
| - date of registration : | December 31, 2001 |
| - Register code: | 1108 70748 |
| - Former code: | 1087074 |
| Registrant of the Register of legal bodies : | State Enterprise Centre of registers |

Nature of the main activity

VST, AB is the owner of electric power distribution network (medium and low voltage power lines, transformer substations and other electricity distribution equipment). The main activity of the Company is the distribution of electricity through medium and low voltage power networks and supply of electric power to its consumers in Kaunas, Klaipėda and Šiauliai regions of Lithuania. It is responsible for the security, reliable performance, maintenance, management and development of these networks.

Contracts with the mediators of securities of public circulation

The VST, AB and the joint stock company bank "Hansabankas" have signed a contract on accounting of securities issued by VST, AB, and handling personal accounts of securities.

AB bank "Hansabankas"
Savanorių av. 19,
LT-03502 Vilnius
Tel.: 8-5 268 44 85
Fax: 8-5 268 41 70

Securities included into the trade lists of stock exchanges

Ordinary registered shares of the VST, AB (3 717 998 pcs., total par value 111 539 940 LTL) are included into the Baltic Secondary list of the NASDAQ OMX Baltic Stock Exchange (Trading code – VST1L; security code - 1237). Shares of the VST, AB are not included into other lists of stock exchanges.

| ISIN code | Sales list | Number of shares, pcs. | Par value of a share, LTL | Total par value, LTL |
|--------------|---------------|------------------------|---------------------------|----------------------|
| LT0000126377 | BALTIC I-LIST | 3 717 998 | 30 | 111 539 940 |

ACTIVITY REVIEW, ESSENTIAL EVENTS OF THE ACCOUNTING PERIOD

Important events during the reporting period

On 20 May 2008, the national investment body LEO LT (Lietuvos Elektros Organizacija –*Lithuanian Electricity Organisation*) was established. With the establishment of the national investment body LEO LT, the joint stock company VST became a subsidiary of LEO LT, with VST's principal activity – the supply and distribution of electrical energy – remaining unchanged; likewise the firm's structure and management. AB "LEO LT" manages subsidiary electric power transmission and distribution companies AB "Lietuvos energija", AB "VST", AB "Rytų skirstomieji tinklai", the company developing the project of the new nuclear power plant UAB "Visagino atominė elektrinė" and UAB "InterLinks", which implements the projects of electrical connections connecting Lithuanian and electrical power transmission networks of other systems.

At a general shareholders' meeting of VST, AB on 8 July 2008, the new subsidiary's Board of Directors was chosen and confirmed. Members of the previous Board were appointed to the new Board, with a mandate to continue overseeing their responsibilities: Electricity Network Services to be managed by Rytis Borkys; Legal and Administrative Services to be managed by Gytis Kundrotas; and Financial Services to be managed by Lina Minderienė. The CEO of the firm, Aidas Ignatavičius, was appointed Chairman of the Board.

Assistance Projects

In 2008, the company supported innovative educational, cultural and scientific projects aimed at most vulnerable society members.

Over the years, "VST", AB has been continuously supporting social projects, organising town festivals, cultural and sport events and motivating the youth.

The company has also organised an educational event for children "Make friends with electricity, but do not play with it" for several years in a row. This event is aimed at instructing children about the way electricity should be treated. In 2006, the campaign visited 26 schools in the Western part of Lithuania and informed 10 000 students about possible perils of the electricity. This year, the organisers of the campaign are planning to visit 60 schools.

With the aim to involve the youth into purposeful activities, for the second year in a row the company has granted children living in child care houses in the regions of Kaunas, Klaipėda and Šauliai with the annual subscription to the youth journal "Gatvė" (Street). More than 3 000 children will have the opportunity to enjoy reading this youthful issue.

By supporting various regional events the company seeks to establish and maintain close contacts with city and town communities. In 2008, the company "VST" supported:

Cultural and urban festivals:

Raseiniai Bard Club, "Aušros" museum in Šauliai, the Centre of Ethnic Culture and Traditional Crafts of Šauliai Region Municipality, the Cultural Centre of Gardždai, the Community of Skaudvilė, the Cultural and Entertainment Centre of Šilutė, the Administration of the Žagarė Regional Park, the Rural Community of Šalčiai of the Region of Skuodas, the Cultural Centre of Kelmė, the Administration of Radviliškės Region Municipality, the organisation of the events to mark the anniversary of the city of Šauliai "The Days of Šauliai", the administration of Kretinga Region Municipality, the administration of Mažeikiai Region Municipality, the Public Enterprise "Impetus Musicus".

To child care homes:

Kuršėnai, Šakiai, Tauragė, Telšiai, child care homes in the Region of Jonava, and Pakruojis child care day centre under the Parish of St. John the Forerunner.

Training institutions:

The secondary school of Griškabūdis, the secondary school "Aukuras" in Kelmė, the secondary school "Versmė" in Pakruojis, the special school of Smalininkai, Vilnius Gediminas technical University, Kaunas Technological University.

It also granted support:

To Jurbarkas Centre of Social Services, Lithuanian Red Cross Day centre of Child Care, Education, Rehabilitation and Occupation, for the implementation of the project "Child-friendly Hospital" by students of the Scientific Fellowship of Kaunas University of Medicine. The funds granted by the company were also used to equip play rooms and supply them with various educable toys, painting inventory and child magazines and books. The main aim of this project is to help make the hospital environment to be home-like for little patients to feel better and recover faster.

Collaboration

The VST, AB collaborates with the academic community. For several years the Company has been awarding personal scholarships to the most promising students of the Faculty of Electricity Engineering and Control Systems of the Kaunas University of Technology. In 2008 such scholarships awarded to students for the fifth time. This year VST is also funding an international conference being organised by the Gediminas Technical University in Vilnius.

Environment Protection

In order to protect the large population of white storks in Lithuania, energy producers, along with the Ministry of the Environment and the Ecology Institute, are seeking effective ways of preserving stork breeding places. This spring the company continued its drive to protect storks' breeding places. The majority of the storks that spend the summer in Lithuania come to the Western part of Lithuania, therefore this spring employees of this firm carefully moved around 250 stork nests onto metal poles. This is the fourth year that the joint stock company VST has carried out the stork nest moving operations at its own expense. The firm's efforts to protect stork nests are appreciated not only by the Ministry of the Environment but also by environmental protection workers involved in protecting our national bird and by the residents of farmsteads where the storks have taken up residence.

In order to protect environment, transformer substations are equipped with devices used to collect rain wastewater and oil. These devices act as a prevention of the environmental pollution.

Employees of the company "VST" do care about the environment as well. In 2008, this company organised a campaign called "For a Brighter Life", during which the employees of this company cleaned the environment.

When performing its everyday activities the staff of the company "VST" uses resources and work measures efficiently: throughout 2008 the company was implementing the campaign "For a Green Life", aimed at saving paper resources.

Investments

The principle investments of the joint stock company VST are aimed at improving the quality of services provided. During 2008 year, the firm invested 104.2 million LTL into improving the 0.4–10 kV high tension electricity network in the Kaunas, Klaipėda and Šiauliai regions and into connecting new consumers. The firm's total investment for 2008 is 144.4 million LTL.

In year of 2008 investments amounted to 73.4 million LTL in Klaipėda region. In the city of Klaipėda has been completed Taika and Gedminai transformers substation (project value about 16.6 million LTL); Telšiai Tausalo 110/35 kV transformers substation (project value about 9 million LTL).

The 10 kV automatic installations of the Uostas transformer substation in the city of Klaipėda are reconstructed and work continued on the reconstruction of Šilutė transformer substation.

In year of 2008 investments amounted to 22.8 million LTL in Šiauliai region. The reconstruction of the Migla 110/10 kV transformer substation in the Mažeikiai was completed (project value 6.2 million LTL); the power transformer of the Tytuvėnai 35/10 kV transformer substation was changed (project value about 1.1 million LTL).

In year of 2008 investments amounted to 39.4 million LTL in Kaunas region. In the city of Kaunas has been completed Nemunas 110/10 kV transformers substation construction (project value about 12.4 million LTL).

Given the continuing rapid growth of urbanisation along the Kaunas–Klaipėda arterial highway in the sector from IX Fort to Babtai, a new 35/10 kV transformer substation with two 35 kV cable lines has been constructed at Giraitė to improve connection of new consumers to the firm's networks.

Quality of Client Services

Once again this year, the Company's top priorities were provision of quality services and consistent improvement of the client service culture. In 2008 and beyond, the quality of services provided will continue to be improved and training will be arranged for employees whose duties include direct service provision to clients. About 500 employees participated in training sessions on "Effective Provision of Service to Clients".

In its mission for improved provision of service to clients, the VST, AB has participated in the "March – Good Client Service Month" promotion for three years in a row. During the month of March, clients were requested to assess the specialist services provided to them and to give comments, praise and suggestions.

Seeking to ensure service provided to the Company's clients, were visited in services of customer centres and made a phone - the survey of a secret buyer was carried out.

In 2008 year are opened two modern services of customers centres in which all services are provided in a centralised way. These centres are opened in Prienai and Mažeikiai.

Last year a new service was offered to commercial/institutional clients: remote declaration of meter readings, which has received a great deal of attention this year. This service simplifies the meter reading declaration procedure, saves clients' time and makes the firm's work more efficient.

ACTIVITY RESULTS ANALYSIS

In 2008 the profit before taxes amounted to LTL 28.5 million. In the Report year the expenses of income tax were LTL 39.1 million, and the benefits of deferred income tax – LTL 22.3 million. The net profit of the company amounted to LTL 11.7 million in 2008.

Revenues

4 020 million kWh of electric power were sold to the consumers during 2008, 1.85 percent more comparing with 3 947 million kWh in 2007.

During the report year the income from sales and services except financial activities was LTL 1 159.8 million (in 2007 – LTL 1 053.8 million). Like the last year, the major part of income was from sales of electric energy:

| Income, LTL million | 2008 | 2007 | Change, % |
|---|----------------|----------------|-------------|
| Income from the sales of electric power | 1 137.6 | 1 033.2 | 10.1% |
| Sales of reactive energy | 15.6 | 15.8 | -1.3% |
| Income from connection of new consumers | 6.6 | 4.8 | 37.5% |
| Other income from operation | 4.4 | 5.6 | -21.4% |
| Total: | 1 164.2 | 1 059.4 | 9.9% |

In 2008 income from financial activities was LTL 16.2 million (in 2007 – LTL 8.2 million). The increase of financial income was determined by efficient management of cash flow and active use of short-term investment instruments.

Expenditures

In 2008 the Company's expenditure was LTL 1 118.9 million while in 2007 it was LTL 974.1 million.

The biggest part of all expenditures consisted of electricity purchase and transmission expense (60.5 percent), the remaining part consisted of the relatively fixed expense for repairs, personnel etc. Repair and maintenance expense increased due to reconstruction and modernization works.

| Operating expenses, LTL million | 2008 | 2007 | Change, % |
|---------------------------------------|----------------|--------------|--------------|
| Purchase of electric power | 677.0 | 581.4 | 16.4% |
| Depreciation and amortization | 274.2 | 284.5 | -3.6% |
| Wages, salaries and social security | 71.2 | 56.0 | 27.1% |
| Repair and maintenance expenses | 24.4 | 23.9 | 2.1% |
| Spare parts and other inventories | 13.7 | 15.5 | -11.6% |
| Utilities and communications expenses | 6.7 | 5.7 | 17.5% |
| Other | 51.7 | 7.0 | 638.6% |
| Total: | 1 118.9 | 974.0 | 14.9% |

In 2007 expenses of financial activities was LTL 33.0 million, as in 2007 these expenses were LTL 18.6 million.

Non-current assets

Through 2008 year the value of non-current assets increased by 4.2 percent from 2 735.8 million LTL to 2 849.6 million LTL. Due to the fact that the main shareholder of the Company changed in 2008, independent appraisers, performed valuation of the Company's property plant and equipment as of 31 May 2008. As, according to International Financial Reporting standards, the assets and liabilities of the acquired company at the date of

acquisition (2008 05 27) or a date that is close to the date of acquisition (2008 05 31) have to be valued at fair value. The Company's property, plant, equipment and other long term tangible assets accounted for as of 31 May 2008 amounts to 2 949 million LTL.

Through 2008 year there were connected 12.5 thousands new customers (167 MW power), that is 10.6 percent more then in the same period of 2007, when there were connected 11.3 thousands new customers (140 MW power).

Investments

In 2008 LTL 144.4 million were invested into development and maintenance of electric power distribution network (LTL 140.0 million in 2007).

Current assets

The carrying value of current assets has decreased and amounted to LTL 123.8 million as in the same period of 2007 was 315.3 LTL million.

| The current assets of the company in the end of the year , LTL million | 2008 | 2007 | Change,% |
|--|--------------|--------------|---------------|
| Inventory | 11.2 | 7.8 | 43.6% |
| Trade and other receivables | 95.1 | 89.9 | 5.8% |
| Prepayments, deferred charges and accrued incomes | 11.3 | 11.3 | 0.0% |
| Cash and cash equivalents | 6.2 | 206.4 | -97.0% |
| Total: | 123.8 | 315.4 | -60.7% |

Borrowings

Long term borrowings in the end of 2008 were equal to LTL 488.9 million, short term borrowings – LTL 105.9 million (in 2007 – LTL 298.9 million and LTL 80.4 million, respectively).

Financial liabilities for banks in the beginning of 2008 were LTL 377.7 million, while in the end of the year – LTL 594.8 million (table below shows Company's financial liabilities for banks in the end of 2008 and 2007).

| Lender | Currency | Value in balance sheet (2007 12 31) LTL million | Payback, LTL million | Value in balance sheet (2008 12 31) LTL million |
|---|----------|---|----------------------|---|
| Syndicated loan | EUR | 343.2 | 343.2 | 0 |
| Bank „Hansabankas“, AB | EUR | 0 | 0 | 101.2 |
| Nordea Bank Finland Plc Lithuania | EUR | 0 | 0 | 93.6 |
| Nordea Bank Finland Plc Lithuania | EUR | 0 | 0 | 182.2 |
| SEB Bank, AB | EUR | 0 | 0 | 101.1 |
| Danske Bank A/S Plc Lithuania | EUR | 0 | 0 | 113.7 |
| Bank „Hansabankas“, AB overdraft contract | LT | 0 | 0 | 0.06 |
| Nordea Bank Finland Plc Lithuania | EUR | 34.5 | 34.5 | 0 |
| SEB Bank, AB overdraft contract | LT | 0 | 0 | 2.94 |
| Total: | | 377.7 | 377.7 | 594.8 |

The Company has overdraft contracts with AB bank “Hansabankas” and SEB Bank, AB. It is possible for the Company to borrow up to LTL 72.6 million using overdraft contracts. In the end of 2008 the Company's overdraft borrowings amounted for LTL 3.0 million.

KEY RISK FACTORS

Production and sales of electric power in Lithuania is regulated by the state more than other industry branches. Price caps for services are set by the National Control Commission for Prices and Energy. Therefore the

pricing policy of the company is not flexible enough. Unplanned changes in the political situation of the country and legal regulations would have a negative influence on the company's operation.

The key economic risk factor is insufficient capacity of the company and its contractors quickly eliminate the damages, which occur in result of natural calamities. Due to the disorders of electric power supply the incomes may be lost and losses may occur.

Part of the distribution networks of the company date back to the fifties and sixties. Until all the worn out substations are totally renovated, reconstructed and modernised, a great number of failures may lead to certain power supply breaks and subsequent losses.

INFORMATION CONCERNING ENVIRONMENT AND PERSONNEL

The VST, AB is an electric power distribution company. Different from the electric power producing companies it hardly pollutes the environment. The chances of the issuer's operation limitations or its closedown due to the damages on the environment are really poor.

Due to personnel policy which promotes professionalism and loyalty of employees, VST, AB is attractive to young and qualified specialist. Personnel trainings are largely financed, promotion schemes are successful and adjusted to needs of every level of employees. Furthermore, inner staff selections are organized and training and professional development system is functioning.

REFERENCES AND ADDITIONAL EXPLANATIONS ABOUT THE INFORMATION PROVIDED IN THE ANNUAL FINANCIAL ACCOUNTABILITY

All other information is provided in Company's audited financial accountability report for the year 2008 notes to the financial statements.

TOTAL NUMBER OF OWN SHARES, THEIR NOMINAL VALUE AND SHARE IN COMPANY'S SHARE CAPITAL THAT THE COMPANY HAS PURCHASED AND OWNS

Company has not purchased own shares until and during the year 2008.

NUMBER OF OWN SHARES, THEIR NOMINAL VALUE AND SHARE IN COMPANY'S SHARE CAPITAL THAT THE COMPANY HAS PURCHASED AND TRANSFERRED DURING THE ACCOUNTING PERIOD

Company has not purchased or transferred its' own shares during the year 2008.

INFORMATION ON PAYMENT FOR OWN SHARES IF THESE SHARES WERE PURCHASED OR TRANSFERRED WITH CHARGE

Company has not purchased or transferred its' own shares during the year 2008.

REASONS FOR PURCHASING OWN SHARES DURING THE ACCOUNTING PERIOD

Company has not purchased own shares during the year 2008.

SUBSIDIARY COMPANIES, PURCHASE OR SALES OF SHARES

The Company has no shares of other companies. There were no transactions made regarding purchase or sales of other companies' shares during the year 2008.

INFORMATION ON THE BRANCHES OF THE COMPANY

In 2008 the Company had no branch offices or representations.

PLANS AND FORECASTS OF THE COMPANY OPERATION

In 2009 the Company does not plan any changes in the key operation and is going to continue distributing electric power by medium and low voltage lines and supplying electric power to the consumers. In 2009 the Company will continue achieving the set objectives. The plan is to further invest into power distribution activities, reconstruct and modernise depreciated substations, and equip them with modern and ecological devices, which meet the highest quality standards. The Company is also planning to improve client services and introduce new services. In 2009, the Company's activities will be further aimed at ensuring high quality and reliability of power supply services. In addition, the Company is going to reduce its activity and energy expenses as well as to further secure the protection of transformer oil against thefts.

It is planned that the investment volume in the year 2009 will be like the year before.

RESEARCH AND DEVELOPMENT ACTIVITIES

In 2008, a pre-project study of the power network development in the surroundings of Sitkūnai–Kumpiai–Giraitė. The limited power network transmission of 35 kW and 10 kW made its problematic to connect new customers to VST, AB power networks. In order to solve this problem, the researchers had to perform technical and economic calculations and choose the optimum solution for power supply development in the surroundings of Sitkūnai–Kumpiai–Giraitė. The research was successfully performed and the objectives of the technical projects were set.

In 2008, a scientific study of overvoltage limitation devices of transformation substations of Palanga and Šventoji 110/10 kW power network and the places where they should be quipped was performed. The aim of the study was to define the required number of overvoltage limitation devices and exact places of their equipment, so that these devices could prevent the networks from overvoltage. After the research activities were over, the overvoltage devices were installed.

FINANCIAL RISK MANAGEMENT

All information is provided in Company's audited financial accountability report for the year 2008 notes to financial statements, comment 25.

OTHER INFORMATION ABOUT ISSUER

Share capital structure

Share capital has not been changed during the reported period and amounted to 111 539 940 LTL (registration date: 26 April, 2005).

| Type of shares | Number of shares | Par value (LTL) | Total par value | Part in the share capital (%) |
|----------------------------|------------------|-----------------|-----------------|-------------------------------|
| Ordinary registered shares | 3 717 998 | 30 | 111 539 940 | 100 |
| Total: | 3 717 998 | - | 111 539 940 | 100 |

All shares of the company are fully paid.

Restrictions on the transfer of the securities

There is no data about any restrictions on the transfer of the securities

Shareholders

The number of the shareholders in December 31 of 2008 was around - 3 792.

The biggest shareholders, which holds under ownership right or control more than 5 percent of the share capital of the Issuer

| Full names of the shareholders (names of companies, types, headquarter addresses, companies' register code) | Numbers of ordinary registered shares, pcs. | | Part of the share capital and votes, percent | | |
|---|---|--|--|--|--|
| | total | Including shares owned by the shareholders under the ownership right | total | Including ordinary registered shares hold by a shareholder under the ownership right | Together with persons acting in corporate, percent |
| LEO LT, AB Žvejų str. 14A, LT-09310 Vilnius, code 301732248 | 3 651 524 | 3 651 524 | 98.2 | 98.2 | - |

Shareholders with special controlling rights and the description of these rights

There are no shareholders of the Company, having special controlling rights. All shareholders of the Company have equal rights (interest and non interest), provided in the Law on Companies of the Republic of Lithuania and Company's Articles of Association.

Restrictions on voting rights

There is no data about any restrictions on voting rights.

Agreements between the shareholders, known by the issuer, and that may limit the transfer of the securities and (or) voting rights

There is no data about any agreements between the shareholders of the Company that may limit the transfer of the securities and (or) voting rights.

Data about significant direct and indirect holdings

The Company does not have any significant holdings, whether direct or indirect.

Employees

In 2008, the average number of employees of the VST, AB was 1855, and it decreased by 1.59 percent (1 885) as compared to the previous financial year. In 2008, the number of executive staff and specialists in the company accounted for 1 289 (0.62 percent less than in 2007, when the number reached 1 297), and the number of workers was 566 (3.74 percent less than in 2007, when the number reached 588).

The structure of the company's employees by education is as follows: 31.6 percent with higher university education, 54.0 percent with higher non-university education, post-secondary, special secondary, technical or vocational education, and 14.4 percent with secondary or lower than secondary education.

Constantly increasing average wage of the company's employees grew by 22.2 percent from LTL 1 993 to LTL 2 436 in 2008 (grew by 12 percent in 2007, and 14 percent in 2006). The average monthly wage of workers was LTL 2 061, and specialist and manager – LTL 2 602.

The implementation of the annual system of assessment of operations was continued in 2008. The company also constantly pay attention to employees' professionalism and loyalty. In-house selection was further organised with a view to promoting employees to realise their professional goals and ambitions in other positions. About 5.6 percent of employees changed their positions, of them 3.9 percent (72 employees) were promoted, 9 employees moved to executive (or senior executive) positions. This realistic career and development opportunity is very attractive to young specialists. The company also implements the study financing programme which partially (50 percent) finances academic studies in electrical engineering.

VST closely cooperates with academic institutions, and accepts students for professional traineeship. In 2008 there were practiced 64 students in the company. In 2007 and 2008, more than 100 representatives of academic youth improved their practical skills in the company. Most trainees (80 percent) are accepted to divisions which are directly related to the company's activity, electricity distribution and supply. Trainee students come from different educational establishments – Kaunas University of Technology, Šiauliai University, Vilnius University, Kaunas Technical College, Šiauliai College, and Vilnius College in Higher Education.

On 30 May 2008 the labour union and employee's representatives were signed collective agreement and it will be valid for 2 years. The goal of this Collective Agreement is to ensure efficient work of the company and represent all employees of the company. It sets forth the work conditions, payment for the work, social, economic and professional conditions and guaranties. Due to the Collective Agreement, annual conference of representatives of employees was arranged. Representatives of employees agreed the employer implements the provisions of the Collective Agreement.

The previous Collective Agreement, which was signed on 20 August 2004, was valid until 20 August 2007. During the negotiations with the company's employees on the new Collective Agreement, the Company proposed to further provide all the previous social guarantees and same additional ones. The Company supports its employees cultural and sport activities organised by professional unions. In 2008, it granted professional unions with LTL 21 000, i.e. 23.53 % more than in the previous year (in 2007 and 2006 it granted LTL 17 000).

The consistent personnel policy of the company is aimed at the implementation of the objectives of the Company. The personnel policy is aimed at the development of employees' skills necessary to achieve strategic aims of the company as well as at the formation of organisational culture of the company, which ensures additional value for the company's clients and partners.

Employee training and qualification upgrading were the focus of the company in the accounting year – it allocated about LTL 536 000 for the development of employees' competencies. 1 286 employees (69 percent of all employed in the company, as 2007 it was 29 percent) participated in training. 37 percent of all organised training was external training provided by licensed training institutions, and 63 percent was in-firm training.

The main training directions – development of leadership, professional and qualification upgrading training – were continued in 2008. All executives took part in the consistent cycle of leadership training. The 2008 cycle of leadership training laid emphasis on the topics of personal efficiency, professional communication, public rhetoric, and other management and leadership issues.

Like in the previous years, employees' professional development was the focus of attention. Professional training to acquire or develop specific qualifications and skills necessary for safe and professional execution of dangerous and potentially dangerous work was organised. The fields of professional training were similar to the previous years. The training was mainly provided to managers of steeplejack works, steeplejack workers, managers of lifting crane works, operators of mobile hoists, workers on lifting platforms, logging workers, welders, and construction technical maintenance managers.

Almost half of the Company's employees who work directly with clients had the opportunity to improve their communication skills at service courses. During the courses, the Company's employees had the opportunity to eliminate the shortcomings identified during the "Secret Customer" study.

Various qualification courses were also organised, and they were oriented to meet specific business needs, for example, employees attended different conferences in both Lithuania and abroad according to their field of expertise.

Procedure for amendment of the issuer's by-laws

According to the By-laws of VST, AB, By-laws of the company could be amended only by General Meeting of Shareholders and come into force after registering in the State Enterprise Centre of Registers.

The last amendments of the Bylaws of the company on dated July 9, 2008. Company's Articles can be found on the Company's site www.vst.lt.

Rules regulating the appointment, amendment and authorisation of the issuer

The last amendments of the Bylaws of the company (dated July 9, 2008) sets forth that the Board consists of 4 members. The members of the Board with the Office term of 4 years are elected by the general meeting of the shareholders.

Managing Director is appointed and recalled by the Board of the Company.

The competence, decision making procedures and procedures of selecting and cancelling the members of the Board are governed by laws, legal acts and the Statute of the Company.

The competence of the Director General, his selection and resignation procedures are governed by laws, legal acts and the Statute of the Company.

The competence of the General Shareholders' Meeting, the rights of shareholders and the implementation of those rights

The competence of the General Shareholders' Meeting, the procedures of summoning the meeting and the decision making are governed by laws, other legal acts and the Statute of the Company.

None of the Company's shareholders has special control rights; all the rights of the shareholders are equal. All the Company's shareholders have equal rights stipulated by laws, other legal acts and the Statute of the Company.

The managing authorities of the company create proper conditions for the implementation of the Company shareholders' rights.

Members of the managing bodies

The managing bodies of the company are general meeting of the shareholders, the Board and Managing Director.

The Board is elected till July 9, 2012 by the general meeting of the shareholders

| Full name | Position | Share of owned capital, % | Share of votes, % |
|--------------------|----------|---------------------------|-------------------|
| Aidas Ignatavičius | Chairman | - | - |
| Rytis Borkys | Member | 0% | 0% |
| Gytis Kundrotas | Member | - | - |
| Lina Minderienė | Member | - | - |

The company doesn't have a supervisory board.

Administration

| Full name | Position | Share of owned capital, %. | Share of votes, % |
|--------------------|---|----------------------------|-------------------|
| Aidas Ignatavičius | Chief Executive Officer | - | - |
| Rimantas Bartuška | Chief Accountant, Accounting Department Manager | - | - |

Chairman of the Board, Chief Executive Officer (in the period 6/08/2007 to the day of the Report preparation) Aidas Ignatavičius:

| Education (profession) | Former employers in last 10 year | Positions | Data about |
|---|---|---|------------|
| University education. Vilnius University, Faculty of Humanities in Kaunas Bachelor's and Master's degrees in Management and Business Administration | 1997-2000 AB „Vilnius bank“, Kaunas branch 2000 AB „Vilnius bank“ 2001 – 2004 AB bank „Hansabankas“ | Account manager Chief manager of the Department of Business clients Big clients section Head of Business clients department | None |

Chief Accountant, Accounting Department Manager (in the period 29/10/2007 to the day of the Report) – Rimantas Bartuška:

| Education (profession) | Former employers in last 10 year | Positions | Data about |
|---|--|--|------------|
| Lithuanian University of Agriculture, Faculty of Economics and Management, Department of Accounting and Finance – Bachelor of Accounting and Finance. Kaunas University of Technology, Faculty of Economics and Management, Department of Finance – Master of Finance Management. | 1999-2001 AB “Lietuvos Energija” 2001-2002 AB “Lietuvos Energija” 2002-2004 AB “Vakaru Skirstomieji Tinklai” 2004-2005 AB “VST” 2005-2007 AB “VST” | Accountant Economist Managing accountant Chief accountant at interim Deputy chief accountant | None |

Information on participation in other companies and organisations; over 5% shareholdings in other companies

| Full name | Name of the company, institution or organisation, position | Share of owned capital, %. | Share of votes, % |
|--------------------|--|----------------------------|-------------------|
| Aidas Ignatavičius | - | - | - |
| Rytis Borkys | - | - | - |
| Gytis Kundrotas | - | - | - |
| Lina Minderienė | - | - | - |
| Rimantas Bartuška | - | - | - |

Information on the salaries, bonuses and other payments from profit in average amounts per one person

| 2008 | Salary, LTL | Bonus, LTL | Other payments from profit, LTL | Salary, LTL |
|---|-------------|------------|---------------------------------|-------------|
| In average per one member of the Board* | 90 000 | - | - | - |
| Totally for all Board members* | 360 000 | - | - | - |
| In average per one member of Administration | 315 623 | - | - | - |
| Totally for all members of Administration | 631 246 | - | - | - |

* Members of the Board receives salary for the director's position they execute.

VST,AB haven't transferred any assets to members of managing bodies. Company has covered civil insurance policy for the members of the Board.

Data about the fields of the Company's activities

Director General is a one person managing authority of the Company, who executes the decisions made by the General Shareholders' Meeting and the Board, analyses, deliberates and assesses the Company's activities and the prevailing situations, plans the activities of the Company, decides upon the Company's activities, acts on behalf of the Company and forms transactions, controls the activities of the Company and organises the everyday activities of the Company.

Data about the filed of activities of the Board of the Company

The Board manages the Company. The Board analyses, deliberates and assess the activities of the Company and the prevailing situation, plans the activities of the Company, makes all management decisions and controls the activities of the Company. The competence of the Board cannot be delegated to any other authority.

Risk scope and risk management

Economical:

VST, AB is the owner of electric power distribution network in western Lithuania. Financial parameters of the company depend on the relations with the energy producers and electric power consumers. After the close-down of the Ignalina NPS planned for 2009, competitors may appear on the local market due to the possibility of free consumers to choose the supplier of electric power.

The key economic risk factor is insufficient capacity of the company and its contractors to eliminate the damages quickly, which occur in result of natural calamities. Due to the disorders of electric power supply the incomes may be lost and losses may occur.

Political:

Distribution and supply of electric power in Lithuania is regulated by the state more than in other industry branches. The electric power distribution and supply are subject to the Law on Electricity of the Republic of Lithuania.

The state policy towards the prices of electric power is of high importance. The service prices are regulated; top margins are set by the Commission of Prices and energy control of the Republic of Lithuania. Therefore the pricing

policy of the company is not flexible enough. Unplanned changes in the political situation of the country and legal regulations would have a negative influence on the company's operation.

Social:

The Company provides development opportunities for students. Each year, around 50 students from various educational institutions are offered traineeships at VST, AB, also there are annual scholarships given to students by The Company. Therefore, the company is attractive for young specialists.

Also, based on the collective contract, the cooperation with trade unions is close; their activities are supported aiming to ensure the dialog between the employer and the employees.

Ecological:

VST, AB is an electric power distribution and supply company. Different from the electric power producing companies it hardly pollutes the environment. The chances of the issuer's operation limitations or its closedown due to the damages on the environment are really poor.

The following preventive and pollution reduction measures are applied in the company:

- The technical condition of devices in which ecologically dangerous materials are used is regularly checked. Ecologically dangerous materials and devices are being avoided, safer ones are selected instead.
- The waste accumulated in the company is registered in the waste registers, which are safely kept in the divisions where the waste is accumulated. Hazardous waste is sorted and collected to special containers and passed on waste handling companies for proper handling.
- Transformers oil is stored in double-walled underground reservoirs, which correspond to all safety requirements. Surface leakages are directed to the cleaning equipment which is located close to the transformers sites.
- At the transformer substations oil separating valves are used in draining the leakages; the valves directs clean sewage to the sewerage, if it contains oil it is directed to the cleaning equipment.

Technological:

VST was the first to voice a concern about the critical condition of the power distribution networks. Part of the distribution networks of the company date back to the 50ies and 60ies. Prior to privatisation, repairs of such installations were undertaken only in case of power supply failures. Therefore, renovation of the old networks requires solid investments.

For the fourth year already the majority of the company's investments have been earmarked for the improvement of the quality and reliability of power supply and the maintenance of the distribution networks. The company has undertaken substantial renovation of the obsolete substations and construction of new ones and installation of electrical equipment that is durable, meets the latest standards and enables the reliable power supply under any weather conditions. VST is seeking technical solutions that would ensure continuous control over the distribution networks, effective elimination of failures and prevention of interruptions in the power supply.

Internal control system

The Company has the Department of Internal Control, which is directly subject to the Director General. The main aim of this department is to define possible perils for the Company's assets and employees. The Department of Internal Control performs the following activities:

- Monitors the installation and technical condition of power meters within the territory of the activities performed under "VST" and performs special checks in order to define persons overusing energy;
- Controls the work of regional personnel with energy consumers, participates in investigations of claims submitted by consumers and assists employees of various divisions while analysing and eliminating activity shortcomings and failures;
- Cooperates with law enforcement authorities in order to investigate thefts of energy, cables and transformer oil as well as to prevent the property of the company from being devastated, etc.

Significant agreements, party of which is the issuer and which would inure, change or intermit in case of change of control of the issuer

Company has no significant agreements that would inure, change or intermit in case of change of control of the Company.

Agreements between the issuer and its members of managing bodies or employees that cover compensation in case of their resignation or deposition without just reason or termination of job because of change of control of the issuer

There is an agreement between Company and members of the Board, concerning activities of the members of the Board. This agreement foresees compensations for the members of the Board in case of unreasoned discharge or if the member of the Board leaves the office for some other reason.

Related party transactions

Information about related party transactions is provided in audited financial accountability report for the year 2007 notes to financial statements, comment 28.

ESSENTIALS EVENTS WHICH TOOK PLACE AFTER THE END OF THE PAST FINANCIAL YEAR2009-02-13 Information regarding the acquired volume of electricity

AB VST hereby informs that in January 2009 the company bought 411 million kWh of electricity, which is by 5,84 per cent less than in January 2008.

PUBLICLY DECLARED INFORMATION

(all the information is provided in Company's site www.vst.lt)

2008-12-29 Information regarding the decision adopted by the National Control Commission for Prices and Energy

National Control Commission for Prices and Energy during the session held on November 29th, 2008 made a decision to set ex-parte the rules for electricity prices, tariffs and their application for VST, AB for the year 2009 and to publish them (more information can be found on the Commission's web page <http://www.regula.lt>).

The VST, AB informs, that regarding the decision adopted by the National Control Commission for Prices and Energy, VST, AB forecast that the company may incur losses for the year 2009. VST, AB the information regarding particular results of the company will provide in the due course of the year. A notice regarding particular information shall be announced according the requirements for publication of such information.

2008-12-18 Information regarding the notice of the Ministry of Economy

The Ministry of Economy has informed that yesterday (on December 17, 2008) The Ministry of Economy appealed to the LEO LT, AB asking to oblige stock company's "Lietuvos energija", "VST" and Rytų skirstomieji tinklai to revise formerly confirmed tariffs of electricity transmission, distribution service and the tariffs of end-users prices and submit these tariffs to the National Control Commission for Prices and Energy for publishing.

In recalculation of prices for the year 2009, The Ministry of Economy for the year 2009 suggests to leave the same prices of electricity transmission and distribution as they were in the year 2008. The electricity tariffs for the end-user, according to The Ministry of Economy, must be changed by follow – the price for the end-users for distribution via medium voltage networks for the Rytų skirstomieji tinklai, AB must be about 25,8 ct/kWh, for distribution via low voltage networks (and for the household-consumers) – 32,31 ct/kWh; accordingly the distribution price for the VST, AB - 25,81 ct/kWh and 33,47 ct/kWh. According to this, the ultimate price for end-users would increase by 3 ct/kWh.

2008-11-28 VST, AB Financial interim report for the nine months of 2008.

VST, AB published interim Financial report for the nine months of 2008 with confirmation of responsible persons.

2008-11-27 Information regarding the decision adopted by the National Control Commission

National Control Commission for Prices and Energy during the session held on November 27th, 2008 made a decision to postpone the consideration of the item regarding the electricity prices and tariffs of VST, AB and their application procedure, which had been confirmed by the board of VST, AB on the October 31st, 2008 by the protocol number 19/2008.

More information can be found on the Commission's web page <http://www.regula.lt>.

2008-11-21 The decisions adopted in the Extraordinary General meeting of the shareholders of VST, AB on November 21, 2008

The Extraordinary General shareholders meeting of VST, AB, held on November 21, 2008, adopted the following decisions:

- 1.The item of the agenda: "The Elections of the audit company for auditing company's financial statements for 2008 and setting the conditions of the payment for the audit services":
 - 1.1.To elect the audit company „Ernst & Young Baltic“, UAB for the audit of financial statements for 2008 of VST, AB and to pay for audit services a compensation not exceeding LTL 115,000 (excluding VAT).

2008-11-10 The draft resolution of the general meeting of the shareholders of VST, AB

According to the decision of the Board of VST, AB a General meeting of the shareholders of VST, AB is called on November 21, 2008 and shall take place at the office of the company J. Jasinskio 16C, Vilnius, 5th floor, at 1.00 PM. The shareholders will be asked to approve the following proposal:

- 1.The item of agenda: "The Elections of the audit company for auditing company's financial statements for 2008 and setting the conditions of the payment for the audit services":
 - 1.1. To elect audit company „Ernst & Young Baltic“, UAB for the audit of financial statements for 2008 of VST, AB and to pay for audit services a compensation not exceeding LTL 115,000 (excluding VAT).

2008-10-31 Information regarding the decisions and changes of the rules for electricity prices, tariffs and their application

- For distribution via medium voltage networks - 8,14 ct/kWh (2,36 Euro cents/kWh). 2008 – 8,23 ct/kWh (2,38 Euro cents/kWh);
 - For distribution via low voltage networks - 10,23 ct/kWh (2,96 Euro cents/kWh) 2008 – 10,36 ct/kWh (3,00 Euro cents/kWh);
 - For public supply - 0,20 ct/kWh (0,06 Euro cent/kWh). 2008 – 0,20 (0,06 Euro cent/kWh).
- More information can be found on the National Control Commission's web page www.regula.lt and on the website of the VST, AB – www.vst.lt.

31 October 2008 VST, AB submitted to the National Control Commission for Prices and Energy the adjusted rules for electricity prices, tariffs and their application. In the adjusted rules there is calculated that the end price for the I group consumers (household-consumers) will increase by 5,9 ct/kWh (1,7 Euro cents/kWh) without VAT, the end price for the II-III group consumers will increase by 4,5 ct/kWh (1,3 Euro cents/kWh) without VAT. The rules for electricity prices, tariffs and their application are published by the National Control Commission for Prices and Energy according the procedures laid down in the legal acts. Public electricity prices come into force after a month, they are published

2008-10-17 The General meeting of the shareholders of VST AB is called on November 21, 2008

The Board of VST AB on October 17, 2008 adopted the decision to call the General shareholders meeting of VST AB and approved the following agenda of the meeting:

1. The Elections of the audit company for auditing company's financial statements for 2008 and setting the terms and the conditions of the payment for the audit services.

The date and time of the General shareholders meeting: November 21, 2008, 1.00 pm.

The shareholders meeting place: Vilnius, Jasinskio str. 16C (5th floor).

The accounting day of the shareholders meeting: November 14, 2008.

Registration starts: November 21, 2008, 0.25 pm.

Registration ends: November 21, 2008, 0.55 pm.

2008-10-17 Preliminary pre-audit activity result for the 3rd quarter of 2008 of VST, AB

Preliminary pre-audit activity result for the 3rd quarter of 2008 of VST, AB is 20.8 million LTL (6.0 million EUR) net profit. Throughout the 3rd quarter of 2008 VST, AB the revenue from sales amounted to 265.8 million LTL (77.0 million EUR) and had a net loss of 13.3 million LTL (3.9 million EUR) due to the increase in purchase price of electricity power and in operating expenses

2008-10-14 Due to the announcement of the President of the Constitutional Court of the Republic of Lithuania

On October 11th, 2008 "Valstybės žinios" (Official Gazette) has published the announcement of the President of the Constitutional Court of the Republic of Lithuania, that the validity of paragraph 1 of article 10 and item 1 of paragraph 1 of article 11 of the Law On The Nuclear Power Plant of the Republic of Lithuania, with due extent, is suspended till the decision of the Constitutional Court of the Republic of Lithuania on request of Seimas of the Republic of Lithuania according to the Resolution No. X-1729 of September 22nd, 2008 on the Application to the Constitutional Court of the Republic of Lithuania for an Investigation of Whether the Law on the Amendment to Articles 8, 10, 11 and 20 of the Law on the Nuclear Power Plant of the Republic of Lithuania does not Contradict the Constitution of the Republic of Lithuania will be officially promulgated.

2008-09-04 Corrected annual report for year of 2007

The corrected annual report for year of 2007 is provided by the Issuer. The corrected version of the report includes additional information. Also provided corrected confirmation of the responsible persons.

2008-07-18 Preliminary pre-audit activity result for the 1st half of 2008 of VST, AB

Preliminary pre-audit activity result for the 1st half of the year 2008 of VST, AB is 34.2 million LTL (9.9 million EUR) net profit.

2008-07-14 Procedure for the payout of dividends for the year 2007

The Repeated Second Ordinary General shareholders meeting of VST, AB, held on July 11, 2008, have decided to allocate the Company's profit for the year 2007 and to allocate of 620 611 296 LTL (179 741 455,05 EUR) to the payment of dividends.

The dividends to the shareholders of VST, AB should be paid in the amount of 166,92 LTL (48,34 EUR) per one ordinary registered share of the company.

The right to receive dividends shall have those persons, which on the end of the record date, i.e. on the end of July 25, 2008, shall be the shareholders of VST, AB. The dividends to such persons should be paid according to the

paragraph 60 part 4 of the Lithuanian Republic Law on Companies, i.e. in one month from the adoption day of the decision to pay dividends, payment being made through the company's shareholders' issuer accountants and the company's (issuer's) issuer accountant - AB bankas "Hansabankas".

2008-07-11 The decisions adopted in the Repeat Second Ordinary General meeting of the shareholders of VST, AB on July 11, 2008

The Repeat Second Ordinary General shareholders meeting of VST, AB, held on July 11, 2008, adopted the following decisions:

1. The item of the agenda: „The consideration of the distribution of 2007 profit (loss) of VST, AB“:

„1.1. Approve the distribution of 2007 profit (loss) of VST, AB (attached).“

The approved distribution of 2007 profit (loss) of VST, AB:

1. Retained earnings at the beginning of the financial year 394 510 552 LTL (114 258 153,38 EUR);
2. Net annual operating result (profit/loss) 67 243 911 LTL (19 475 182,75 EUR);
3. Profit (loss) of the financial year that is unrecognized in the profit (loss) statement 0 LTL (0 EUR);
4. Transfers from reserves:
 - 4.1. Transfer from revaluation reserve 158 856 833 LTL (46 008 118,92 EUR);
 - 4.2. Transfer from compulsory reserve 0 LTL (0 EUR);
5. Shareholders contributions to cover losses (if shareholders decided to cover all or a portion of losses) 0 LTL (0 EUR);
6. Total distributable profit (loss) 620 611 296 LTL (179 741 455,05 EUR);
7. Profit allocation to the compulsory reserve 0 LTL (0 EUR);
8. Profit allocation to the reserve to purchase company's own shares 0 LTL (0 EUR);
9. Profit allocation to other reserves 0 LTL (0 EUR);
10. Profit allocation to pay out dividends (166,92 LTL (48,34 EUR) per 1 share) 620 611 296 LTL (179 741 455,05 EUR);
11. Profit allocation to yearly pay outs to board and council members, employee bonuses and other purposes 0 LTL (0 EUR);
12. Retained earnings carried forward to next financial year 0 LTL (0 EUR).

Please note that one share will receive LTL 166,92 (EUR 48,34).

2008-07-10 The decisions of the Board of VST, AB. The new wording of the Bylaws of VST, AB has been registered

July 9, 2008 the Board of VST, AB has elected Mr. Aidas Ignatavičius chairman of the Board that will further be the Chief Executive Officer of the Company.

July 9, 2008 the new wording of the Bylaws of VST, AB which has been approved in the shareholders meeting July 8, 2008 has been registered.

2008-07-08 The decisions adopted in the extraordinary General meeting of the shareholders of AB "VST" on July 8, 2008

The decisions adopted in the extraordinary General meeting of the shareholders of AB "VST" on July 8, 2008.

The extraordinary General shareholders meeting of AB "VST", held on July 8, 2008, adopted the following decisions:

1. The item of the agenda "Recall of the Board":

1.1. To recall the Board of VST, AB that authority terminates as of the start of the new members of the Board activity.

2. The item of the agenda "Election of the Board":

2.1. To elect the persons listed below to the company's Board:

1. Aidas Ignatavičius;
2. Rytis Borkys;
3. Gytis Kundrotas;
4. Lina Minderienė.

2.2. To settle that the new members of the Board start their activity from the day as the new wording of the Bylaws of VST, AB are registered in the Register of Legal Entities.

3. The item of the agenda "Approval of the new wording of the Bylaws of the Company":

- 3.1. Approve the new wording of the Bylaws of VST, AB;
- 3.2. to authorize Aidas Ignatavičius, Chief Executive Officer of VST, AB, to sign the new wording of the Articles of Association of the company;
- 3.3. to delegate Aidas Ignatavičius, Chief Executive Officer of VST AB, or another authorized persons to register the new wording of the Articles of Association of the company and to perform other necessary actions abiding by the procedure set forth by the Law.

4. The item of the agenda "Approval of the conditions of the contract with the Board members and the appointment of the person authorized to sign contracts with the Board members":

4.1. To assign the conditions of the contracts with the Board members and the chairman of the Board.

4.2. To appointment Mr. Rymantas Juozaitis as the authorized person of the name of company to sign contracts with the Board members and the chairman of the Board.

2008-06-27 The drafts resolutions of the general meeting of the shareholders of VST, AB

According to the decision of the Board of VST, AB a general shareholders meeting is called on July 8th, 2008 and shall take place at the office of the Company 5th floor, J.Jasinskio 16c, Vilnius, at 11.30 am. Initiator of the shareholders meeting is LEO LT, AB. The shareholders will be asked to approve the following items:

1. The item of the agenda "Recall of the Board":
2. The item of the agenda "Election of the Board":
3. The item of the agenda "Approval of the new wording of the Bylaws of the Company":
4. The item of the agenda "Approval of the conditions of the contract with the Board members and the

The draft of the new wording of the Bylaws of VST, AB can be found at the website of Vilnius stock exchange <http://www.baltic.omxgroup.com> or VST, AB website - www.vst.lt.

Following the provisions of Article 25 (3, 4) of the Law on Securities of the Republic of Lithuania, shareholders, which owned shares provide not less than 1/10 of all the votes, may at any time before the General Meeting or during the Meeting propose the new draft decisions on the items put on the agenda.

2008-06-26 Updated agenda of the Extraordinary General Shareholders Meeting of VST AB to be held on July 8, 2008

According to LEO LT AB request, the Board of VST AB on June 26, 2008 adopted the decision to add the fourth question to the agenda of the Extraordinary General Shareholders Meeting to be held on 8 July 2008.

Updated agenda of the Meeting:

1. Recall of the Board;
2. Election of the Board;
3. Approval of the new wording of the Bylaws of the Company.
4. Approval of the conditions of the contract with the Board members and the appointment of the person authorized to sign contracts with the Board members.

Initiator of the shareholders meeting: LEO LT AB;

The date and time of the shareholders meeting: July 8, 2008, 11.30 a.m.;

The shareholders meeting place: Vilnius, Jasinskio st. 16C (5th floor).;

The accounting day of the shareholders meeting: June 30, 2008.;

Registration starts: July 8, 2008, 10.55 a.m.;

Registration ends: July 8, 2008, 11.25 a.m.;

2008-06-17 LEO LT, AB announced about the intention to advice to pay dividends

VST, AB informs, that news agency BNS published the information about the intention of the Board of LEO LT, AB - shareholder's of VST, AB, that owns 97, 1 percent of the shares of VST, AB - to advise to pay 620.611 millions LTL dividends - all distributing profite of the year 2007.

The Company has not received more official information.

2008-06-17 The Repeat Second Ordinary General Meeting of the Shareholders of VST, AB

The Repeat Second Ordinary General Meeting of the Shareholders of VST, AB is called on July 11, 2008.

Due to the fact that the Second Ordinary General Meeting of Shareholders of VST, AB did not take place on June 13, 2008, the Board of VST, AB adopted a decision to call the Repeat Second Ordinary General Meeting of the Shareholders of VST, AB on July 11, 2008. The agenda of Second Ordinary General Meeting and the draft decision, that was proposed by the Bord of VST, AB shall be valid at the Repeat Second Ordinary General Meeting:

1. The item of the agenda: „The consideration of the distribution of 2007 profit (loss) of VST, AB“:
 - „1.1. Approve the distribution of 2007 profit (loss) of VST, AB“. Profit (loss) distribution project proposed to approve in a general shareholders meeting:
 1. Retained earnings at the beginning of the financial year 394 510 552 LTL (114 258 153,38 EUR);
 2. Net annual operating result (profit/loss) 67 243 911 LTL (19 475 182,75 EUR);
 3. Profit (loss) of the financial year that is unrecognized in the profit (loss) statement 0 LTL (0 EUR);
 4. Transfers from reserves:
 - 4.1 Transfer from revaluation reserve 158 856 833 LTL (46 008 118,92 EUR);

- 4.2 Transfer from compulsory reserve 0 LTL (0 EUR);
5. Shareholders contributions to cover losses (if shareholders decided to cover all or a portion of losses) 0 LTL (0 EUR);
6. Total distributable profit (loss) 620 611 296 LTL (179 741 455,05 EUR);
7. Profit allocation to the compulsory reserve 0 LTL (0 EUR);
8. Profit allocation to the reserve to purchase company's own shares 0 LTL (0 EUR);
9. Profit allocation to other reserves 0 LTL (0 EUR);
10. Profit allocation to pay out dividends (LTL per 1 share) 0 LTL (0 EUR);
11. Profit allocation to yearly pay outs to board and council members, employee bonuses and other purposes 0 LTL (0 EUR);
12. Retained earnings carried forward to next financial year 620 611 296 LTL (179 741 455,05 EUR).

The Board of VST AB will suggest the General shareholders meeting to adopt the decision to pay no dividends for the year 2007 and to carry forward the Retained earnings to next financial year.

Following the provisions of Article 25 (3, 4) of Law on Securities of Republic of Lithuania, shareholders, who hold shares with not less than 1/10 of all votes attaching to them, may at any time before the General Meeting or during the Meeting propose new draft decisions on the items put on the agenda.

2008-06-13 The Second Ordinary General Meeting of Shareholders of VST, AB did not take

In the absence of the quorum, the Second Ordinary General Meeting of Shareholders of VST, AB did not take place.

2008-06-12 The Lithuanian Securities Commission decided to approve the obligatory tender offer circular of LEO LT, AB

Lithuanian Securities Commission informed that following the provisions of Article 31 (4) of Law on Securities of Republic of Lithuania, the Lithuanian Securities Commission decided to approve the obligatory tender offer circular of LEO LT, AB with the intent to buy remaining ordinary registered shares of VST, AB at the price of LTL 757.41 per share.

2008-06-02 VST, AB has received the notification regarding the deprivation and acquisition of the voting rights

June 2, 2008 VST, AB has received the notification from UAB "NDX energija" regarding the deprivation of the voting rights. With the notification UAB "NDX energija" informed that it deprived the voting right after the shares of VST AB were conceded to LEO LT, AB as non monetary contribution. From the transaction date, May 27, 2008 UAB "NDX energija" has no shares of VST, AB.

June 2, 2008 VST, AB received the notification from LEO LT, AB where it is said that LEO LT AB acquired the voting rights of VST, AB after the shares were conceded to LEO LT as capital contribution. From the transaction date, May 27, LEO LT, AB owns 3 610 159 (three million six hundred and ten thousands one hundred fifty nine) shares of VST, AB and directly controls 97.1% (ninety seven point one percent) of the voting rights.

2008-06-02 The draft resolution of the second general meeting of the shareholders of VST, AB

The Board of VST, AB adopted a decision to call the second General shareholders meeting of VST, AB on June 13th, 2008, 2 p.m. The shareholders meeting place: Vilnius, Jasinskio st. 16C (5th floor).

The shareholders will be asked to approve the following item:

1. Distribution of 2007 profit (loss) of VST, AB (attached hereto).
Profit (loss) distribution project proposed to approve in a second general shareholders meeting:
 1. Retained earnings at the beginning of the financial year 394 510 552 LTL (114 258 153,38 EUR);
 2. Net annual operating result (profit/loss) 67 243 911 LTL (19 475 182,75 EUR);
 3. Profit (loss) of the financial year that is unrecognized in the profit (loss) statement 0 LTL (0 EUR);
 4. Transfers from reserves:
 - 4.1. Transfer from revaluation reserve 158 856 833 LTL (46 008 118,92 EUR);
 - 4.2. Transfer from compulsory reserve 0 LTL (0 EUR);
 5. Shareholders contributions to cover losses (if shareholders decided to cover all or a portion of losses) 0 LTL (0 EUR);
 6. Total distributable profit (loss) 620 611 296 LTL (179 741 455,05 EUR);
 7. Profit allocation to the compulsory reserve 0 LTL (0 EUR);
 8. Profit allocation to the reserve to purchase company's own shares 0 LTL (0 EUR);
 9. Profit allocation to other reserves 0 LTL (0 EUR);

10. Profit allocation to pay out dividends (LTL per 1 share) 0 LTL (0EUR);
11. Profit allocation to yearly pay outs to board and council members, employee bonuses and other purposes 0 LTL (0 EUR);
12. Retained earnings carried forward to next financial year 620 611 296 LTL (179 741 455,05 EUR).

2008-06-02 VST, AB has received the notification from LEO LT, AB

June 2, 2008 VST, AB received the notification where it is said that LEO LT, AB following the decision of the Board intends to announce the compulsory non competitive offer to buy 107 839 (one hundred and seven thousands eight hundred thirty nine) ordinary registered shares of VST, AB with nominal value of 30 (thirty) LTL each, that amounts to 2,9 % (two point nine percent) of the total shares and their rights of the vote in the general shareholders meeting.

In the notification it is said that on May 27, 2008 LEO LT, AB acquired more than 40 % (forty percent) of the shares of VST, AB. LEO LT, AB has under it's ownership 3 610 159 (three million six hundred and ten thousands one hundred fifty nine) ordinary registered shares of VST, AB with nominal value of 30LTL that amounts to 97.1 % (ninety seven point one percent) of the total shares and their rights of the vote in the general shareholders meeting.

Prospective way of the payment is money.

The Company has not received more official information.

2008-05-30 VST, AB Interim financial report for three months of 2008

VST, AB Interim financial report for three months of 2008.

2008-05-28 The Extraordinary General Meeting of the Shareholders of VST AB is called on July 8, 2008, 11.30 a.m.

The Extraordinary General Meeting of the Shareholders of VST AB is called on July 8, 2008, 11.30 a.m. According to LEO LT AB request, the Board of VST AB on May 28, 2008 adopted a decision to call the Extraordinary General Meeting of the Shareholders of VST AB and approved the following agenda of the meeting:

1. Recall of the Board;
2. Election of the Board;
3. Approval of the new wording of the Bylaws of the Company.

2008-05-28 The Shareholders Agreement of LEO LT, AB was signed and the authorized capital was increased.

The Shareholders Agreement of LEO LT, AB was signed and the authorized capital was increased. On 27 May, 2008, the Shareholders Agreement of LEO LT, AB, the national investor company, was signed. Afterwards the extraordinary shareholders meeting of LEO LT, AB was held, whereat it was resolved to increase the authorized capital of LEO LT, AB by the shareholders equity contributions - the shares of VST AB, Rytų Skirstomieji Tinklai AB and Lietuvos Energija AB. Alongside that, the Articles of Association of LEO LT, AB were appropriately amended, which were registered in the Register of Legal Persons.

2008-05-09 Convocation of the second general meeting of the shareholders of VST AB

May 9, 2008 the Board of VST AB following the decision adopted by the repeat general shareholders' meeting on April 30, 2008 adopted the decision to call the second general shareholders meeting of VST AB and approved the following agenda of the meeting.

2008-04-30 Preliminary pre-audit 2008 first quarter activity result of VST AB

Preliminary pre-audit 2008 Q1 activity result of VST AB is LTL 23,7 mil. (EUR 6,9 mil.) net profit.

2008-04-30 The decisions adopted in the Repeat General meeting of the shareholders of VST AB on April 30th, 2008

The Repeat General shareholders meeting of VST AB, held on April 30th, 2008, adopted the following decisions.

2008-04-22 The Government of the Republic of Lithuania adopted the project agreement with "NDX energija"

The Government of the Republic of Lithuania adopted the project agreement with "NDX energija". VST AB informs that the Government of the Republic of Lithuania adopted the decree Nr. 331 on April 15, 2008 that was published in "State news" Nr.45 on April 19, 2008 and with that decree:

1. Approved the project agreement and its project supplements between Government of the Republic of Lithuania acting on behalf of Republic of Lithuania and "NDX energija" UAB regarding the establishment of the national investor;

2. Agreed that "NDX energija" shall concede the shares under its ownership to establishing „LEO LT“. The Company does not have other official information regarding the subject.

2008-04-21 The Repeat Ordinary General Meeting of the Shareholders of VST AB is called on April 30, 2008

Due to the fact that the Ordinary General Meeting of Shareholders of VST AB did not take place on April 18, 2008, the Board of VST AB adopted a decision to call the Repeat Ordinary General Meeting of the Shareholders of VST AB on April 30, 2008. The agenda of the Essential General Meeting shall be valid at the Repeat General Meeting.

2008-04-18 Ordinary General Meeting of Shareholders of VST AB did not take place

In the absence of the quorum, the Ordinary General Meeting of Shareholders of VST AB did not take place.

2008-04-07 The draft resolutions of the general meeting of the shareholders of AB "VST"

According to the decision of the Board of AB "VST" a general shareholders meeting is called on April 18th, 2008 and shall take place at the offices of the Company 5th floor, J.Jasinskio 16c, Vilnius, at 14.00 AM. The Board will ask shareholders to approve the following items:

1. The consideration of the 2007 Annual report of AB "VST".

2. Approval of the 2007 financial statements of AB "VST".

3. Distribution of 2007 profit (loss) of AB "VST".

Profit (loss) distribution project proposed to approve in a general shareholders meeting:

1. Retained earnings at the beginning of the financial year 394 510 552 LTL (114 258 153,38 EUR);

2. Net annual operating result (profit/loss) 67 243 911 LTL (19 475 182,75 EUR);

3. Profit (loss) of the financial year that is unrecognized in the profit (loss) statement 0 LTL (0 EUR);

4. Transfers from reserves:

4.1. Transfer from revaluation reserve 158 856 833 LTL (46 008 118,92 EUR);

4.2. Transfer from compulsory reserve 0 LTL (0 EUR);

5. Shareholders contributions to cover losses (if shareholders decided to cover all or a portion of losses) 0 LTL (0 EUR);

6. Total distributable profit (loss) 620 611 296 LTL (179 741 455,05 EUR);

7. Profit allocation to the compulsory reserve 0 LTL (0 EUR);

8. Profit allocation to the reserve to purchase company's own shares 0 LTL (0 EUR);

9. Profit allocation to other reserves 0 LTL (0 EUR);

10. Profit allocation to pay out dividends (LTL per 1 share) 0 LTL (0EUR);

11. Profit allocation to yearly pay outs to board and council members, employee bonuses and other purposes 0 LTL (0 EUR);

12. Retained earnings carried forward to next financial year 620 611 296 LTL (179 741 455,05 EUR).

The annual report of AB "VST" and the draft financial statements can be found at the internet site of AB "VST" at <http://www.vst.lt> and at the internet site of Vilnius stock exchange at <http://www.baltic.omxgroup.com>.

2008-03-14 The General meeting of the shareholders of VST AB is called on April 18, 2008

The Board of VST AB on March 14, 2008 adopted a decision to call the General shareholders meeting of VST AB and approved the following agenda of the meeting.

2008-02-29 VST, AB interim financial report for twelve months of 2007

VST, AB non-audited interim financial report for twelve months of 2007 and confirmation of responsible persons.

2008-02-15 VST, AB result for the year 2007

The Company's non-audited net profit for the year 2007 is 67.2 million LTL (19.6 million EUR) according to the International Financial Reporting

Standards, in 2006 audited net profit was - 59.7 million LTL (17.3 million EUR).

The Company's revenue - 1 059 million LTL (306.7 million EUR) in 2007, compared with 928.6 million LTL (268.9 million EUR) in 2006.

In 2007 the Company sold 3 940 million kWh of electric power, compared with 3680 million kWh in 2006.

According to the independent valutors, the Company's property, plant, equipment and other long term tangible assets accounted for as of 1 January 2007 amounts to 2 807 million LTL (812.9 EUR).

In 2007 the Company invested 140 million LTL (40.5 million EUR) into electric power distribution and other property, plant and equipment.

ADHERENCE TO THE CODE OF COMPANY MANAGEMENT

Vilnius Board of the stock exchange NASDAQ OMX Vilnius, seeking to improve the management of private companies and promote the best practice among the companies listed in the stock exchange, has approved the Management Code of the NASDAQ OMX Vilnius Listed Companies and its provisions.

For more information of the Company's adherence to the Management Code please visit the website of the Company at www.vst.lt

Chief Executive Officer

March 2, 2009



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