



**Company's achievements
over the last 5 years**

Steps toward success

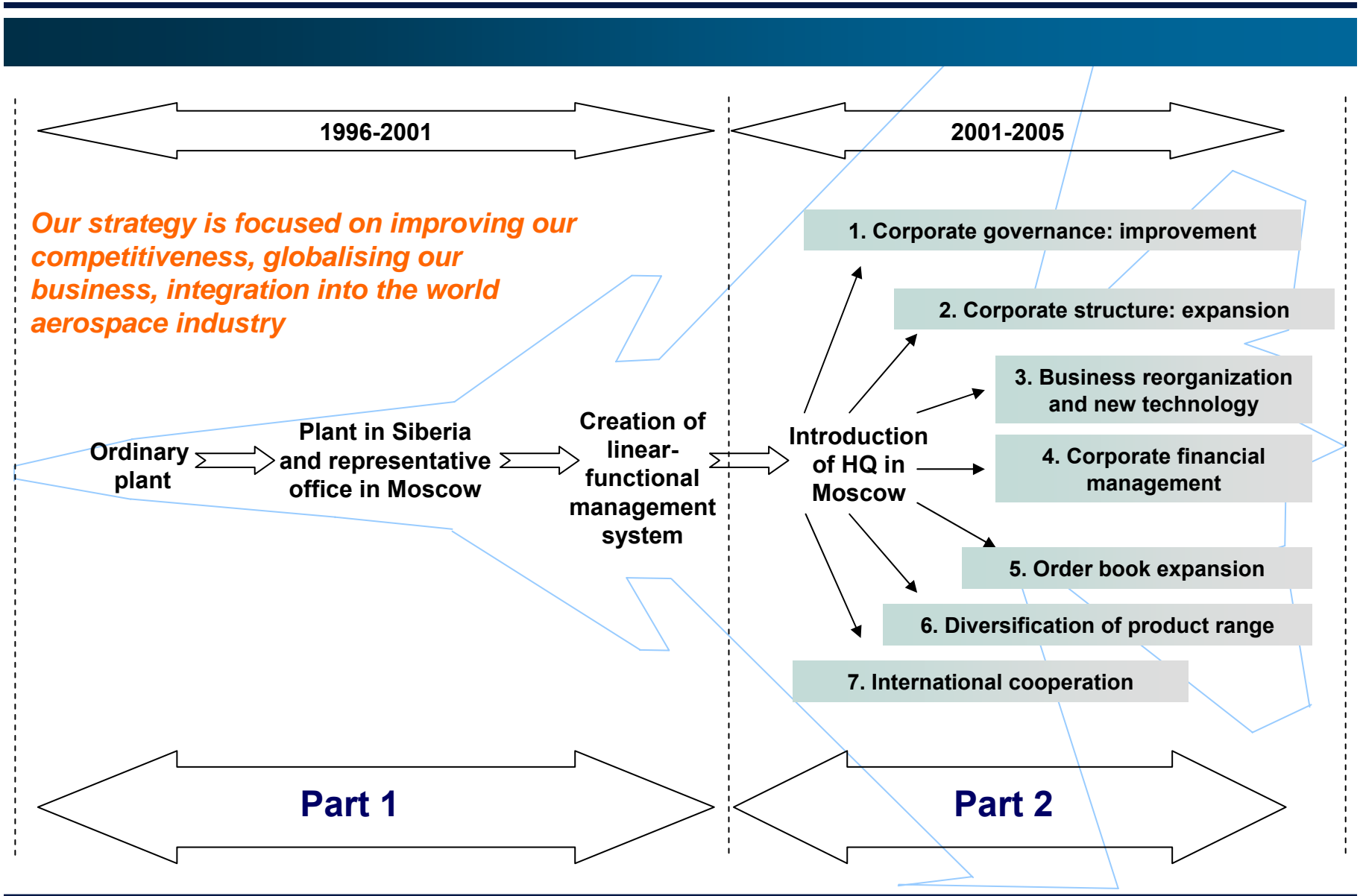
**Moscow
October, 2006**

...While other Russian aviation companies were struggling to survive, Irkut Corporation has made its major strides from an aviation plant, inherited from the former Soviet Union, toward a successful vertically integrated holding company, running its business in the international aviation market, consolidating research & development, testing and distribution of military and civil aircraft...

Irkut today:

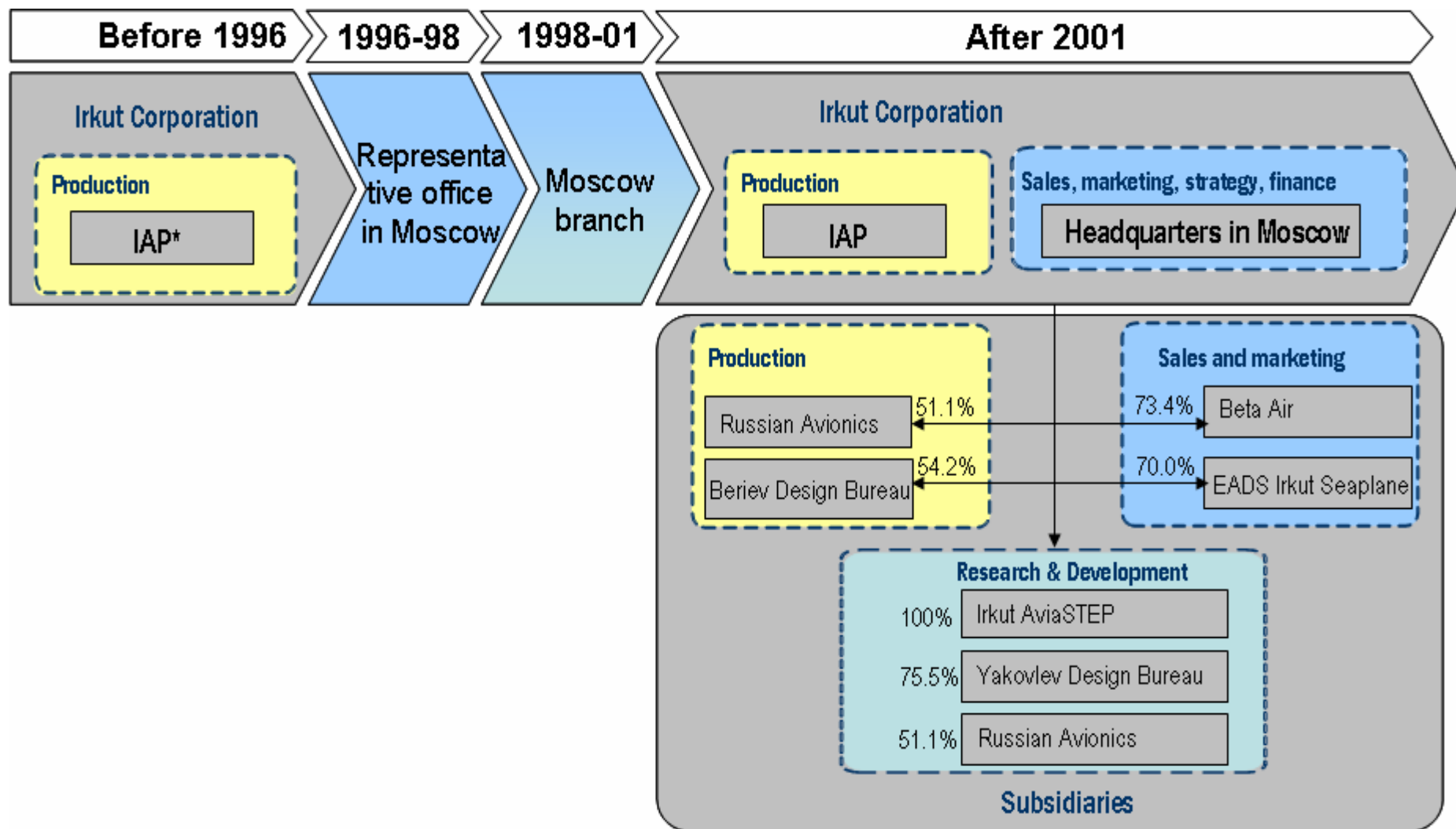
- *Irkut's order book measures to ½ of the total industry's*
- *Irkut management is heading the industry consolidation*
- *Irkut's product are unique in their niches and are in UAC product's range*
- *Irkut plays a dominant role in Russian aviation exports and will be the major contributor to UAC's revenues in its early years*
- *Through Irkut, UAC will become part of the global aviation industry*

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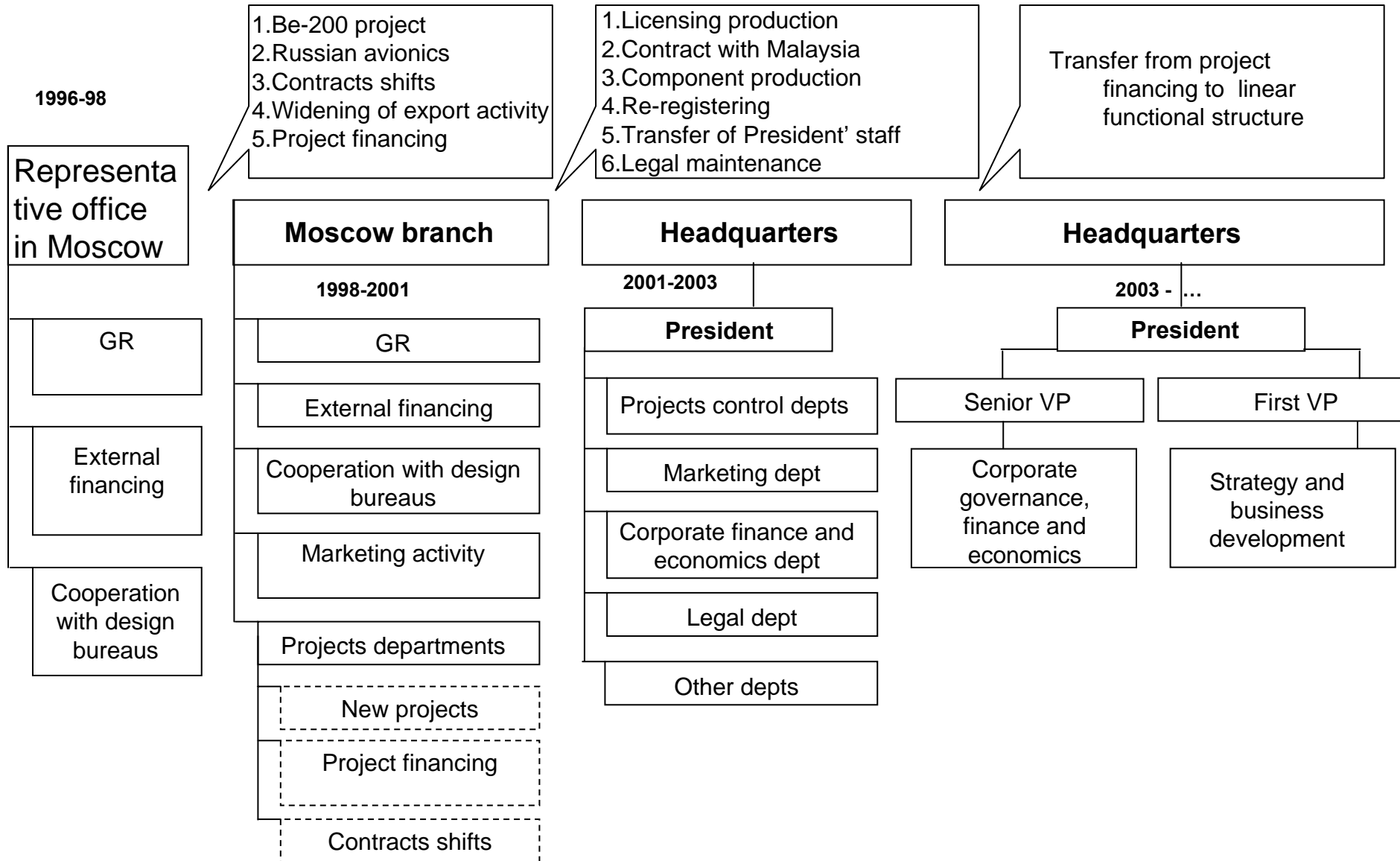
Part 1
(1996-2001)

1996-2001: Development stages of the Corporation



* - Irkutsk aviation plant

1996-2001: Development stages of the HQ



Part 2
(2001-2006)

2001-2006: Corporate governance: step by step improvement

Corporate government is the key...

Irkut's management team is widely considered one of the most professional and efficient in the Russian aerospace industry. The most decisive evidence is its leading position in the process of forthcoming industry consolidation.

2005

- The Bod aimed to bring corporate governance into correspondence with international standards
- EADS representative was included in the BoD

2004

- Irkut Corporation has proceeded to advance in corporate governance.
- The new executive organ was formed - a Management Committee
- Further increase of corporate transparency for shareholders and investors;

2003

- The new edition of The Corporate Code of Conduct was worked out and approved on the GSM.
- Four committees were introduced into the BoD work : Strategic Development and Planning; Budge; HR and Compensation; Internal Audit, Information policy and Shareholders Relations.
- 5 independent directors, 4 non-executive and 2 executive directors were introduced into the BoD.

2002

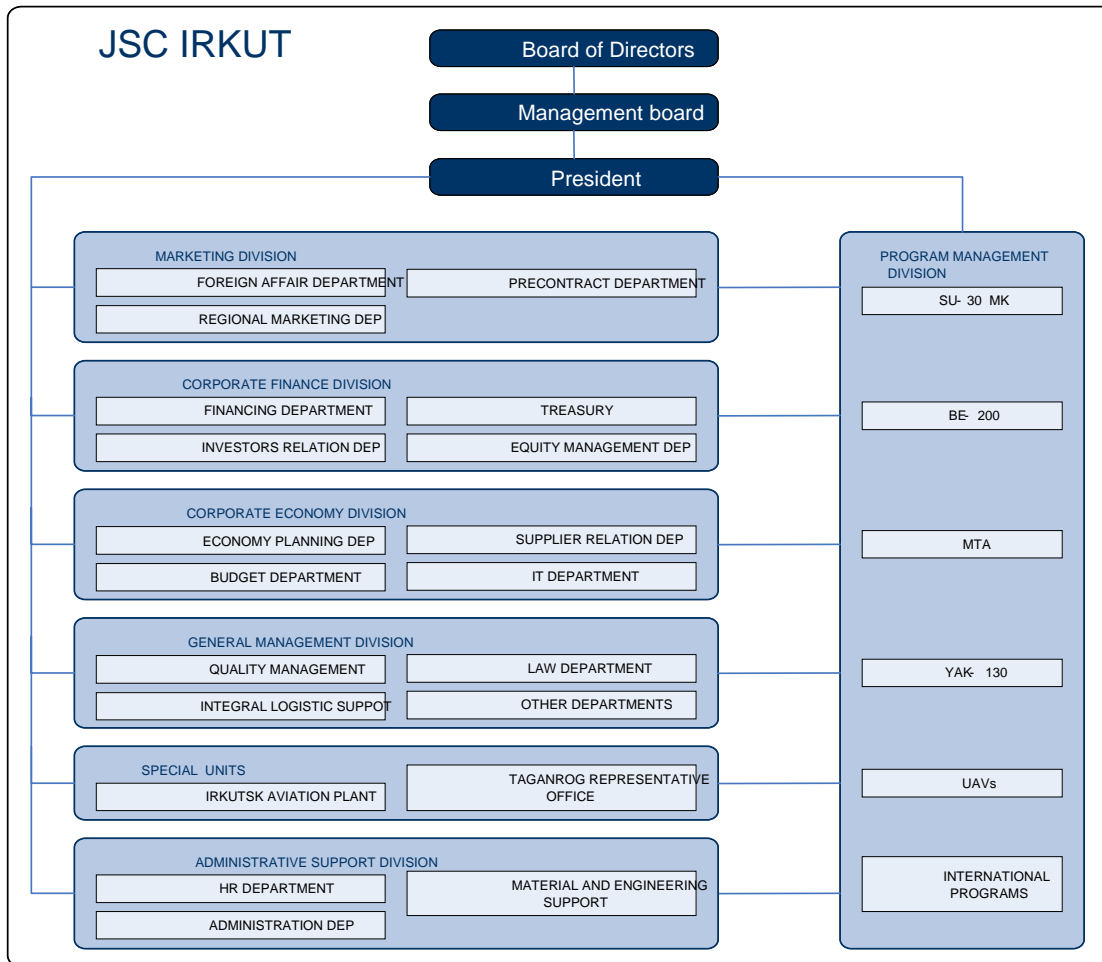
- The BoD approved the Corporate Restructuring Plan, involving an upgrade of production and technological facilities.
- The JSC «Irkutsk aviation industrial association» was renamed into IRKUT Corporation.
- Our shareholders AGM approved the new Code of Corporate Conduct and elected two independent directors to the BoD
- A new corporate budgeting system, based on the Hyperion Pillar software, was introduced. It allows for enhanced monthly financial forecasting as well as planning and control of the monthly cash budget.

2001

- The crucial decision was made to reform the corporate governance system
- The corporate centre was established in Moscow
- The course was taken to the transparency and informational openness of the company

Corporate governance: Irkut today

Project oriented matrix management structure is Irkut's competitive advantage



This structure facilitates quick decision making and better resource allocation. And as a result:

- competitive product
 - modernization
 - international programs
- Have been implemented**

Management structure of the company is based on divisional principle, which has proved its effectiveness

2001-2006: Corporate structure: step by step expansion

Company has been purchasing other assets in aviation industry to insure leading position while other aviation companies were struggling to survive

The main purpose of acquisitions is the consolidation of assets in aerospace and relative industries and decreasing political and market risks by diversification of the product range.

2001

•Irkut's main assets:

•IAP – established in 1932. One of the industry leaders.

•“Beta Air” – established in 1991 to support the project of development of the Be-200 multipurpose amphibious aircraft;

•“Beriev Design Bureau” – famous and old Russian design bureau, founded in 1934. Development of amphibious aircraft and implementation of detection and navigation onboard system;

•“Russian avionics design bureau ” - founded in 1992. The core business is development and production of integrated avionics suites for rotary and fixed-wing combat aircraft;

2002

•Our shareholding in the Beriev Aircraft, JSC (Taganrog) was increased from 20% to 38.6%.

•IRKUT acquired 100 % of the shares in AviaSTEP, CJSC (Moscow), whose main activity is the design of aviation equipment and structural assemblies.

2003

•The company acquired 98% of the issued capital of JSC “NII Izmereniya”

2004

•The R&D potential of IRKUT was further enhanced through the acquisition of the Yakovlev Design Bureau, one of Russia's oldest and the most distinguished design facilities. It adds to Irkut production combat trainer Yak-130 and UAVs.

2005

•Irkut has increased its share in JSC “TANTK Beriev” up to 54,2%

The company's acquisitions were financed with proceeds from internally generated cash flow, bank loans, public debt and IPO



2001-2006: Technical re-equipment, restructuring and quality control

Irkut is involved in an extensive upgrade of its production lines at Irkut's main production site - IAZ.

Through the effective restructuring and application of innovative technologies and common processes and systems Irkut is honing a sharper edge for future global competition



2005

- The implementing of Integrated Logistic Support (ILS) - system which is used to plan how the products will be supported over their life cycle. Irkut has sighted a contract with Logistic Business System Ltd – an English company, one of the industry leaders in working out an ILS software

2004

- Irkut quality control system achieved ISO 9001 standard
- The corporate restructuring, involving placing non-core assets, related to social infrastructure, auxiliaries and production services, has commenced

2003

- Implementing of cost reduction program.
- Start of the auxiliaries and social sphere restructuring program, which means discharge of non specialized assets by separating it in an independent units.
- The new equipment from Germany, Switzerland had been installed in accordance with the accepted program of technical re-equipment.

2002

- To ensure a proper quality control and production of competitive product, the company has approved a three-years program of technical re-equipment

2001

- After introducing a new production quality control system in 1997, IRKUT was the first Russian aircraft manufacturer to receive an international ISO 9002 quality compliance certificate.

2001-2006: Corporate financial management

Irkut capitalization grows steadily reflecting the company's strong financial and operating results

EADS witnessed strong vote of confidence and bought 10% shares of Irkut in the late 2005 for USD 65.3 mn that corresponds to Irkuts's market capitalization of USD 660mn in December, 2005



2006

- Irkut successfully launched CLN program of \$125 million.
- The Corporation for the first time in its history attracted the loans from solid European banks (Natexis and Societe Generale)
- Irkut first prepared its half-year IFRS financial reporting

2005

- Irkut Corporation redeemed its first (A01) and second (A02) bond issues
- Irkut successfully completed the third (A03) issue of non-convertible interest ruble coupon bonds, totaled RUR 3.25 billion, with the interest rate of 8.74%, and maturity of 5 years.
- Irkut signs an \$83.5 million syndicated loan agreement with a group of banks, coordinated by Moscow Narodny Bank, Singapore

2004

- Irkut Corporation has successfully placed 23,3% of its shares on stock market, for \$127 million and has launched an ADR program.
- Irkut has made a transition from the US GAAP to the IFRS

2003

- To optimize its debt structure and reduce financing costs, the Corporation took out a \$43.5 mln internationally syndicated loan organized by Moscow Narodny Bank (Singapore) at below market rates. A similar loan was acquired through Moscow International bank for \$100 million.

2002

- PricewaterhouseCoopers was hired for the audit of the company's results (US GAAP) for the 2000 and 2001. IRKUT was the first in national defense sector to hire an international auditor.
- In September 2002, a successful auction of notes was initiated for the first time. The issue was oversubscribed by 37 %.
- The second stage of external financing program was finished successfully: IRKUT made two 3 year maturity bond issues, the first, A01, in April, totaled 600 million rubles, and the second, A02, in November, totaled 1.5 billion rubles.

2001

- 4-year Program of External Financing was approved. The main objectives of this program were two fold: to achieve an increase in shareholders' equity and long-term borrowings, whilst decreasing the short-term borrowings, and consequently lowering the cost of borrowed capital.
- The program started in April 2001 with a range of promissory notes issues. All obligations after the issues were met in full and on the due dates.
- A GSM agreed on increasing the authorized capital of the IRKUT through par value of shares.



2001-2006: Order book: penetrating to the new markets

Irkut maintained the largest order book in Russian aviation industry and increased it steadily throughout all these years

Penetrating to the prospect markets and maintenance of competitiveness in those, where our longstanding reputation provides strong position nowadays were and remain among Irkut's basic priorities

2006

•Order book: \$5,2 billion

- Algeria has placed an order for 28 Su-30MKM and 16 Yak-130 combat trainers
- Russian and Indian parties agreed on replacing 18 outdated Su-30K, delivered to India in 1997-1998, for 18 new Su-30MKI.

2005

•Order book: \$4,2 billion

- Irkut signs an contract with the Russian Defence Ministry for the production 12 Yak-130, totaled 94 \$million;
- The Company signs a number of agreements for additional work packages for the production of Airbus components. The book of orders is scheduled for 10 years with the value of \$140 million. The first deliveries under the agreements are planned for 2007.

2004

•Order book: \$4 billion

- Irkut extended a long-term cooperation agreement with Airbus, the world's leading aircraft maker, to produce and deliver components for the A318/319/320/321 series aircraft family. Total value of \$192 million.

2003

•Order book amounted to \$ 4,5 billion

- Malaysian contract for delivering 18 Su-30MKM multi-role combat aircrafts was signed. The volume amounted to \$900 million

2001-2002

•Order book amounted to \$3,5 billion and consisted of the following orders:

- The contract for licensed production of the Su-30MKI on HAL manufacturing facilities, signed on 29 December 2000, volume of \$2,2 billion.
- The contract for delivery of 7 Be-200 aircrafts to Russian EMERCOM, signed on 18 May 2000, totaled US\$150 million.
- The contract on delivery of 40 Su-30MKI to India, signed on 30 November 1996. The contract amount is in excess of \$900 million.
- 16 August 2000 – the contract for delivery of training combat aircraft Su-27UBK to China, amount was \$585 million. The last batch was shipped in 2002.

Order book: Irkut today

As a result of new contract with Algeria in early 2006, order book grew by USD 1.2 bn

Signed orders (USD mn)

	Order book, July 2006	Revenue 2006-2009
Licensing agreement for SU-30MKI (India)	1,964	1,378
SU-30MKI delivery agreement to India	60	37
SU-30MKM delivery agreement to Malaysia	373	383
Be-200 delivery agreement for Russian Emergency Situations Ministry	88	157
Components contract for Airbus/EADS	332	138
Beriev Design Bureau R&D works	216	216
Ground-based goods and materials for Algeria	135	133
SU-30MKI instead of Su-30M delivery agreement to India	648	356
SU-30MKA delivery agreement for Algeria	848	702
Yak-130 delivery agreement for Algeria	216	189
Other (Yak-130 for RAF delivery, MiG, Su30K and SU-27UBK modernization)	240	138
Total	5,121	3,830

USD3.8 bn the Company will get in revenue in 2006-2009 based on existing backlog of USD 5.1 bn

... and increasing and is best from the DCF point of view



Diversification of the product range: Su-30 MKI Flanker

Today most of company's revenues steam from sales of Su-30MK and its modifications.

Su-30MK is 4+ generation fighter, considered one of the best in class in the world.

The aircraft is powered with two AL-31FP afterburning thrust-vectoring engines. The Phased Array Radar can track up to 15 targets simultaneously and allows to engage and detect targets from longer ranges. The avionics "open" architecture allows to upgrade and modify the system in compliance with customer's specific requirements. Su-30MKI is able to perform a wide range of missions, day and night, in any weather conditions.



2006

- The Russian and Algerian parties signed the contract for the delivery of 28 Su-MKA to Algeria.

2005

- Irkut starts the fulfillment of the Malaysian contract for the delivery of 18 Su-30MKM fighters

- 8 kits were delivered to India for licensed production
- The works on replacing 18 Su-30MKI were started

2004

- Irkut shipped the last batch of Su-30MKI fighters to Indian Air Force and entered upon the production of technological kits for licensed production on HAL facilities.

- 10 Su-30 MKI jet fighters were delivered to Indian Air Force
- 8 kits for licensed production were delivered to India

2003

- The contract on delivery of 18 Su-30MKM to Malaysia was signed.
- 12 Su-30MKI jet fighters were delivered to Indian Air Force

2002

- Irkut successfully completed the Su-27UBK fighter jets delivery to China.
- Irkut won an international tender for the supply of fighter aircraft to the Malaysian Air Force.
- 10 Su-30MKI jet fighters were delivered to Indian Air Force

2001

- Starting of the Su-30 MKI serial production. The first and second batches of SU-30MKI jet fighters were delivered to India.

Diversification of the product range: Yak-130

Yak-130 is now at the threshold of mass production

Yak-130 subsonic jet trainer represent the next generation of combat trainer aircraft. Reprogrammable fly-by-wire control system allows to simulate all existing types of Jet Fighters. Up to 3 tons of payload converts YAK-130 Trainer into Combat Aircraft



A joint program for trainer development between Yakovlev of Russia and Aermacchi of Italy began in 1993 and the Yak/AEM-130D demonstrator first flew in 1996. In 1999, the partnership was dissolved and the Yakovlev Yak-130 and the Aermacchi M346 became separate programs. By the second quarter of 2003, the Yak-130 prototype had successfully completed 450 flights, including high maneuverability flight demonstrations such as a controlled angle of attack over 40°.

The Yak-130 is capable of executing the flight maneuvers specific to most modern fighters, including Su-30, MiG-29, Mirage, F-15, F-16, Eurofighter, F-22 and F-35. According to some estimates Russian Air Force may require up to 250 new aircrafts of that type.

2006

- The Algerian and Russian parties have signed a contract for delivery of 16 Yak-130 combat trainers to Algeria.

2005

- Irkut has signed a contract with the Russian Defense Ministry for the production of 12 Yak-130. Under the contract the first 4 advanced combat trainers are scheduled for 2006, and 8 for 2007
- Yak-130 is delivered to the Russian Air Force for state official testing.
- Irkut receives an offer to compete in a trainer tender, held by the Malaysian Air Force.

2004

- A series of flight tests of the serial production prototype was started

2002

- The Yak-130 combat trainer was selected as the winner of the trainer competition of the Russian Air Force as the future aircraft for front-line aviation.

Diversification of the product range: Be-200

Be-200 is the first and most significant civil project of Irkut Corporation

Be-200 multipurpose amphibious aircraft is the latest achievement in the hydro aviation.

It is the most capable of its type with no direct competitors in the world due to its unique operating characteristics.



2002

- Flying tests of the first Be-200 prototype model are being conducted
- IRKUT and EADS agreed on joint promotion of the Be-200 amphibious airplane internationally.
- The second Be-200 amphibious aircraft prototype was manufactured.
- Be-200 multipurpose amphibious aircraft was awarded with Silver Medal at the International Innovations Salon «Seoul-2002».
- The Be-200 was demonstrated at the ILA 2002 Air Show (Berlin, Germany). Some opportunities of joint cooperation were discussed

2003

- The first delivery of Be-200 to Russian EMERCOM was realized.
- The production of second Be-200 was completed, and it was ready for flying tests
- The Be-200 took part in a tender for firefighting aircraft organized by the French Interior Ministry.
- Irkut formed a joint venture with EADS to promote the Be-200 on the international market
- The Corporation signed an exclusive agreement to market the Be-200 in the Southeast Asia with DRB-HICOM Defense Technologies, a major Malaysian supplier of military equipment.

2004

- The third Be-200 was delivered to the Russian EMERCOM
- Be-200 has been successfully used in fire-fighting operations in Italy

2005

- An agreement was signed for the lease of Be-200 amphibians to be used in fire-fighting in Portugal.

2006

2001 and before

- Irkut has proceeded to the development of Be-200 production on its manufacturing facilities in 1992
- The contract for delivery 7 Be-200 to Russian was signed in 2000.



Diversification of the product range: Other significant projects

UAV are considered to be the rising star of Russian aerospace



2005

- Russian EMERCOM has completed an acceptance trials of UAVs prototypes.
- The Company signs a contract with the Russian EMERCOM for the production of a light monitoring, surveillance and reconnaissance UAVs.

2004

- Acquisition of Yakovlev Design Bureau has permitted Irkut to concentrate on the development of UAV. A complex, uniting UAV monitoring capabilities with Be-200 firefighting was awarded with a gold medal in International Innovation Salon, Geneva.

2002

- Irkut initiated a program to develop a remotely pilot aircraft after studying the experience of leading foreign companies in this field.

2001

- Start of development of unmanned complex, based on international experience

Under the Airbus components contract, Irkut is involved in an extensive upgrade of its production lines at Irkut's main production site - IAP



2005

- Irkutsk plant starts the execution of four contracts for the production of A320 aircraft components, signed with Airbus at year-end 2004.
- As a result of the audit, Irkut is included into the data base of AECMA as the EASE supplier.
- The Company signs an agreement for additional large work packages for the production of Airbus components. The first deliveries under the agreements are planned for 2007. Current order book – \$332 million.

2004

- Within the frames of the concluded agreement, Airbus (EADS subsidiary) placed an order for the production of critical components for the A320 family aircraft with Irkut
- The preparation work was initiated: standards harmonisation, modernization of the manufacturing facilities, procurement and installation of equipment, etc.

2002

- Irkut and EADS has signed a cooperation memorandum at ILA-2002 in Berlin.

Cooperation with the leading aircraft and military producers

International cooperation is an essential area of focus, and we are seeking to expand our collaboration with the largest international aircraft producers around the world.

Key areas include: cooperation with foreign aviation companies and agencies in the development of new aircraft; cooperation with international aircraft producers; the production of individual components at our facilities; design, joint marketing and sale of products.



2005

- In Aero-India Irkut and HAL agreed on launching a joint project of developing MTA on a risk-sharing terms
- As a result of the audit, Irkut was included into the data base of AECMA as the EASE supplier and an additional work package for the production of components was signed
- Irkut Corporation signs a Letter of Intent with Austrian Diamond Aircraft Industries GmbH to develop an unmanned aerial vehicle.

2004

- Airbus (EADS subsidiary) placed an order for the production of critical components for the A320 family aircraft with Irkut

2003

- The Corporation signed an exclusive agreement to market the Be-200 in the Southeast Asia with DRB-HICOM Defense Technologies, a major Malaysian supplier of military equipment

2002

- Irkut and EADS has signed a cooperation memorandum at ILA-2002 in Berlin and agreed on joint promotion of the Be-200 amphibious airplane internationally.

2001 and before

- Irkut and HAL signed a contract for licensed production of the Su-30MKI on HAL manufacturing facilities, 29 December 2000,

Together with expanding our sales network, it allows us to diversify the range of products, and to exchange the latest production and design technologies with international partners.