



**IRKUT Corporation
Investor meetings
November 2005**

**Turning to international markets...
... using domestic resources**

Irkut today: overview

Irkut today: financials

Irkut today: product line and order book

Irkut tomorrow: our plans and growth potential



Irkut today

- ❑ Irkut plays a leading role among Russian aircraft companies providing 20% of Russian military aircraft export
- ❑ Irkut is the vertically-integrated holding, which develops, produces, sells and provides after-sale service for military and civil aircrafts
- ❑ The Company produces highly competitive products. Its SU-30MK jet fighters supersede all rival aircrafts in major characteristics being priced cheaper than most of them
- ❑ The Company has the biggest backlog in the Russian industry (US\$ 3.9 billion) and shows the highest backlog/sales ratio
- ❑ Irkut is one of the most profitable companies in the aircraft construction industry in the world
- ❑ Core shareholders of Irkut headed some leading Russian aerospace and defence companies, and now they are in charge of consolidation process of the industry
- ❑ European Aeronautic Defence & Space Company (EADS) signed a letter of intent with the Company confirming that EADS will purchase up to 10% stake in Irkut till the end of 2005
- ❑ Financial standing of the Company is solid, operating cash flow of US\$180 mln is more than sufficient to service Company's debt



Steps towards international investors

"You can disclose a lot of information that meets all of the regulatory requirements, but until that information is presented in a clear manner, it's not transparent."

Louis M. Thompson, President and CEO of the National Investor Relations Institute (NIRI).

2004

- March:** Irkut IPO, placing 23.3% of shares. Free float - 28%
- June:** Code of Corporate Conduct; approved
- September:** Established Irkut Management Committee
- November:** Irkut allotted committees in BoD; increased number of directors
- December:** Established Level I ADR program. Investors can convert up to 40% of the Corporation' shares with the ADR/ORD exchange ratio of 1:30

2005

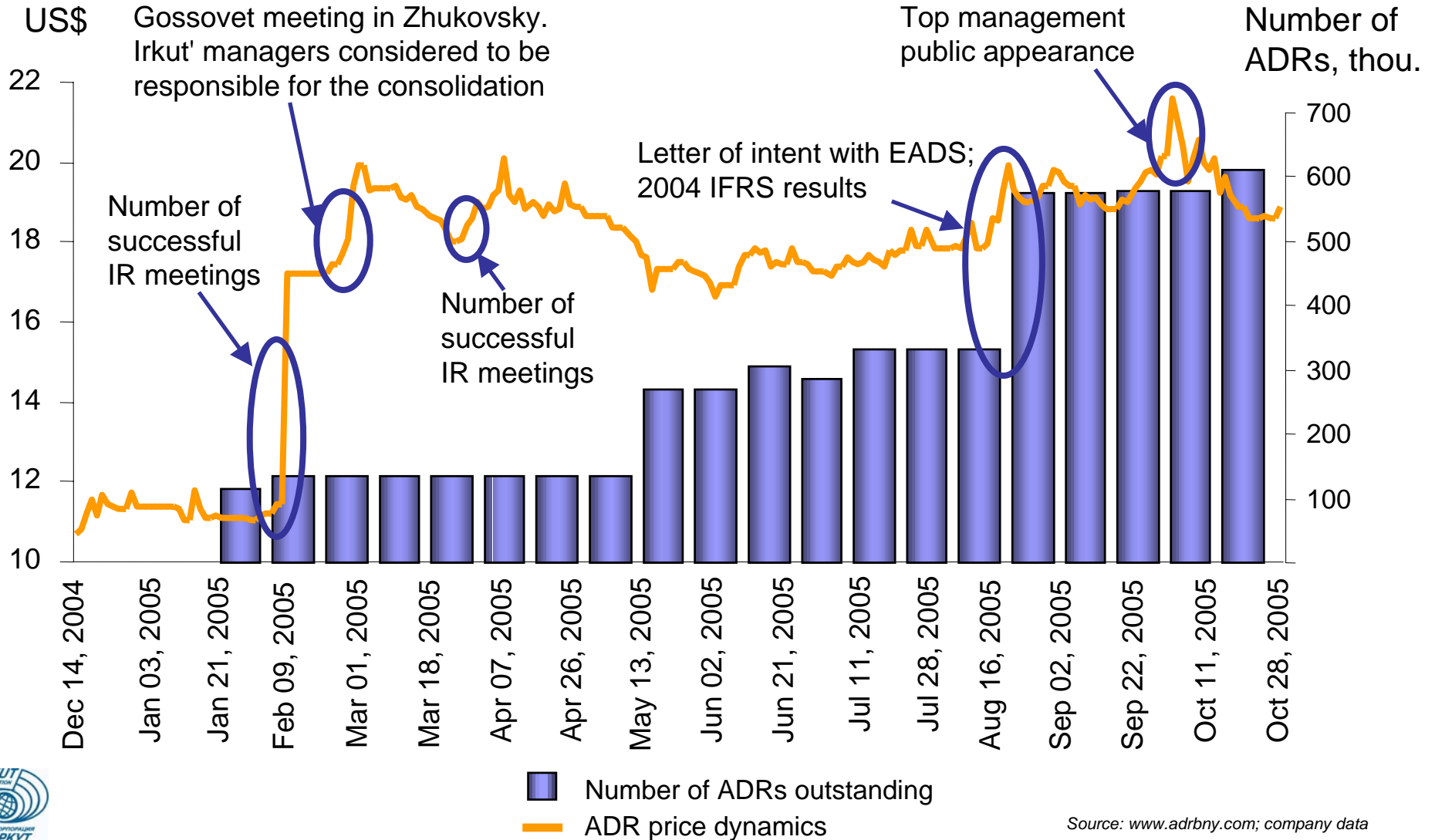
- June:** Irkut' BoD approved the new dividend policy. 10% of NI for the year 2006 by IFRS will be spend to dividends payment
- August:** Full transition to IFRS from US GAAP. IFRS better reflect the specifics of our activities

Next Steps

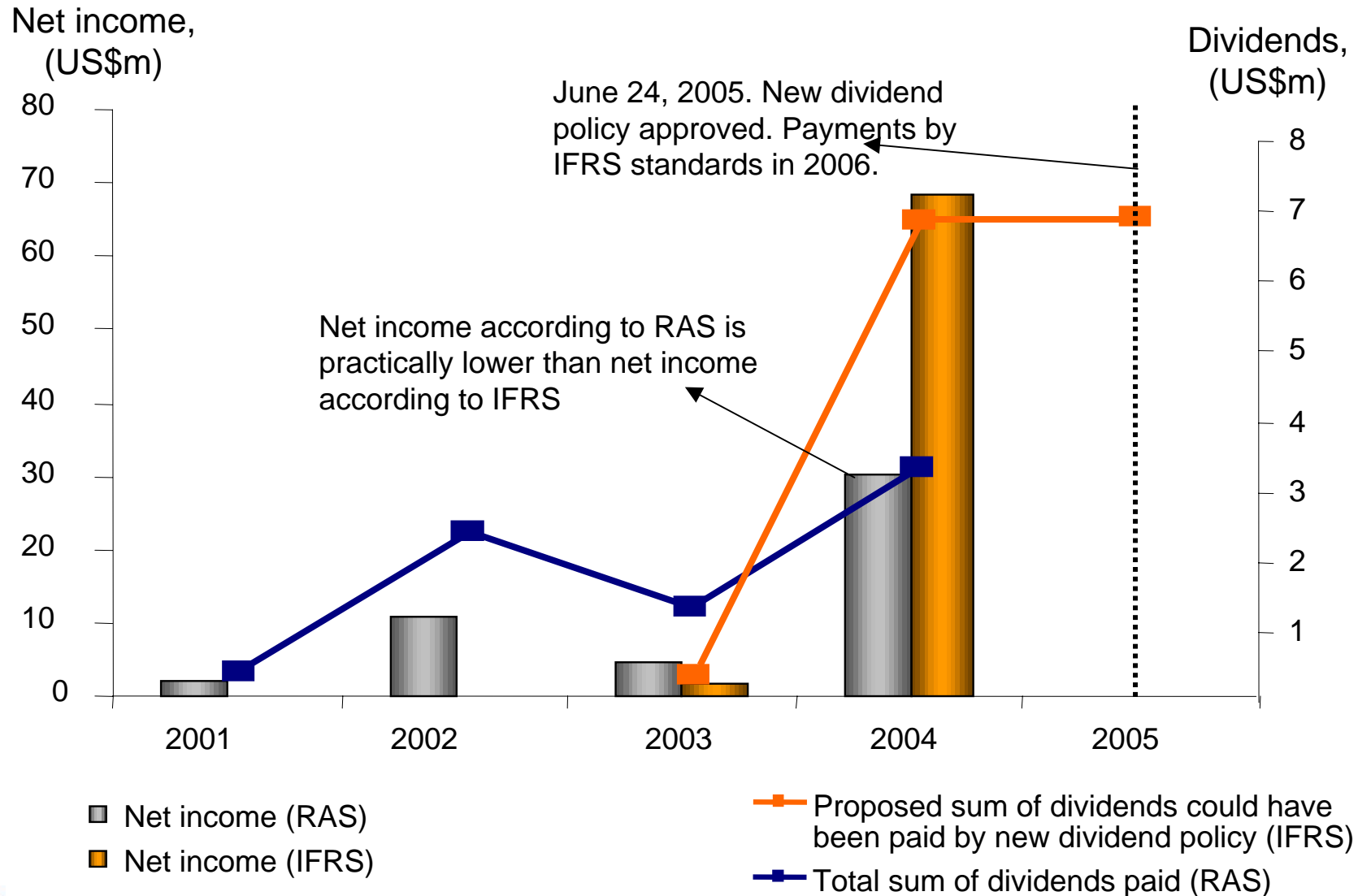
- Increase dividend payments up to 25% of NI by IFRS
- Obtain listing on international stock exchange
- Establish several credit ratings



Escalating ADR program



Switching to the new dividend policy



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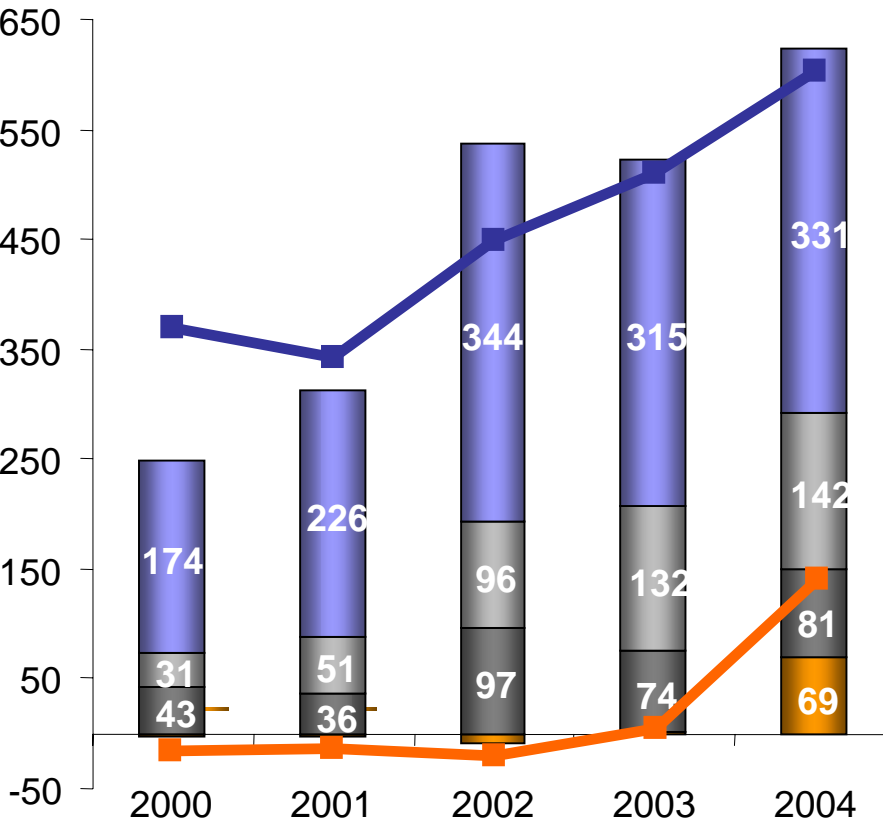
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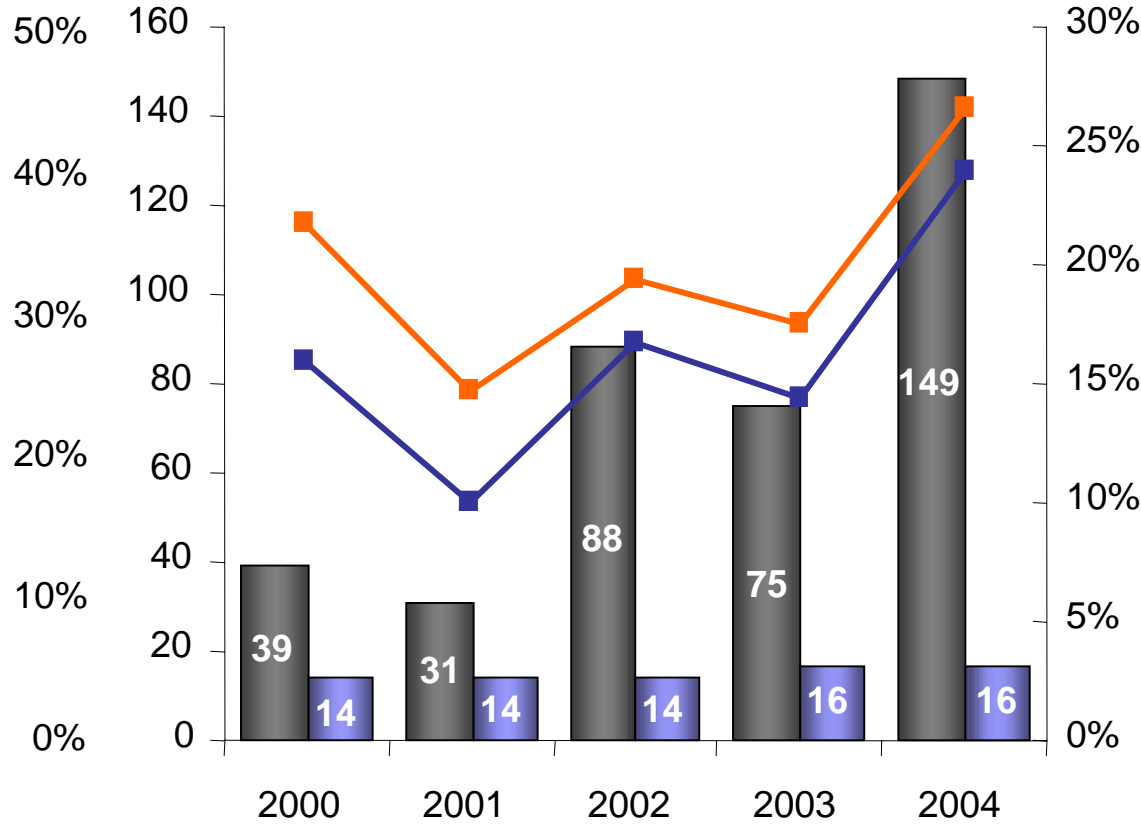


2004 revenue breakdown and other financial indicators

US\$m



US\$m



- Cost of goods sold
- Operating expenses
- Financial expenses and income tax
- Net income (loss) incl. minorities
- Gross margin, %
- Net income margin, %

- Operating income
- Depreciation
- Operating margin, %
- EBITDA margin, %

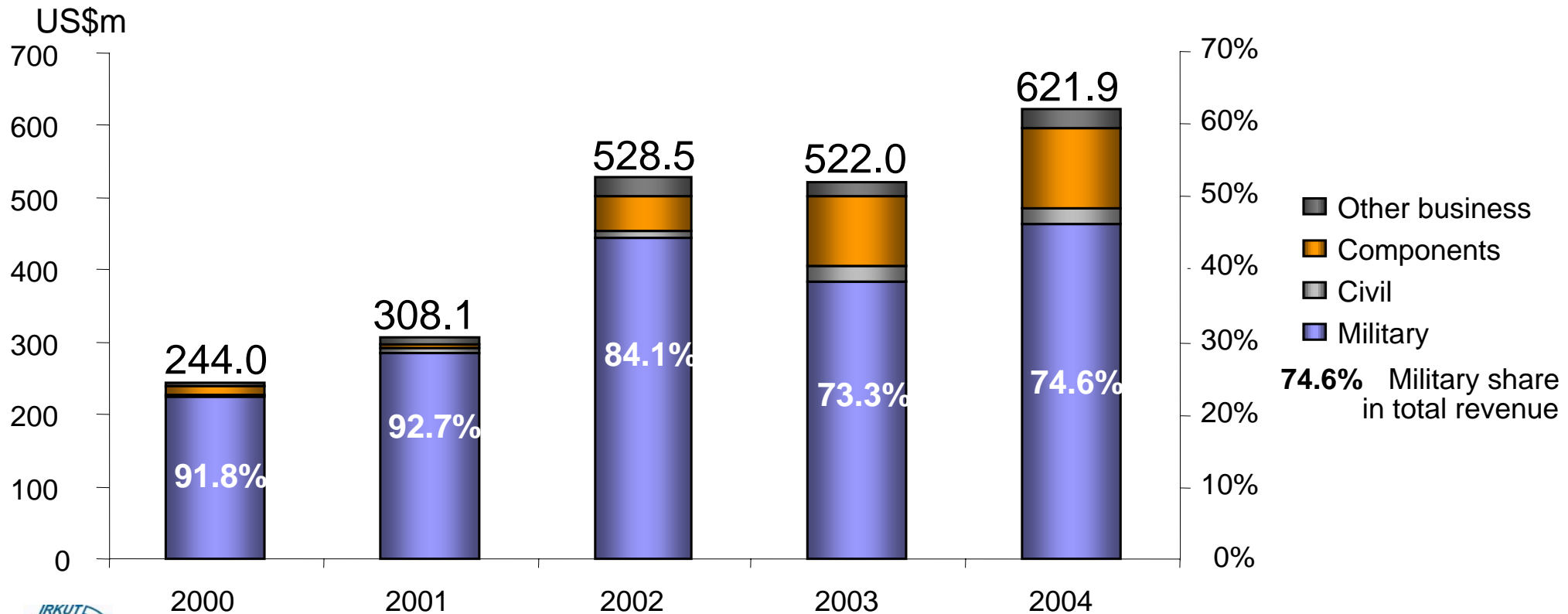


Source: Company data

2004 revenue breakdown by business segments

■ Significant revenue improvement despite of US\$ depreciation. More than 90% of revenue in 2000-2004 came from export contracts, signed in US\$.

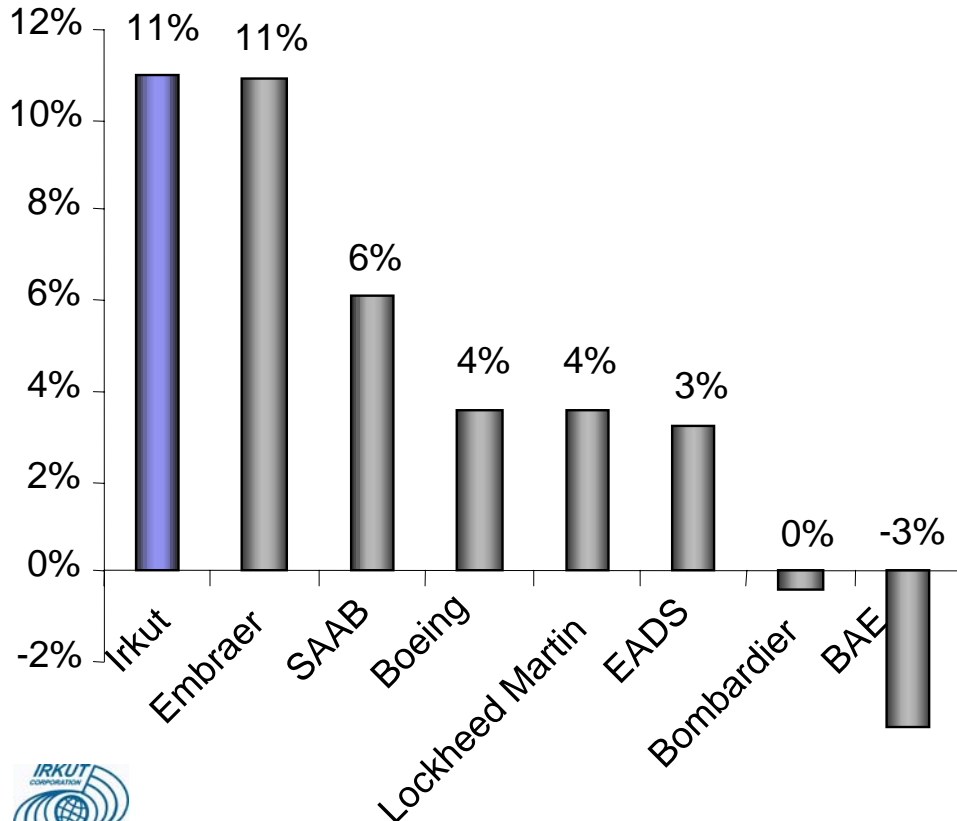
■ Considerable revenue diversification. Military aviation share decreased from 92% in 2000 to 75% in 2004.



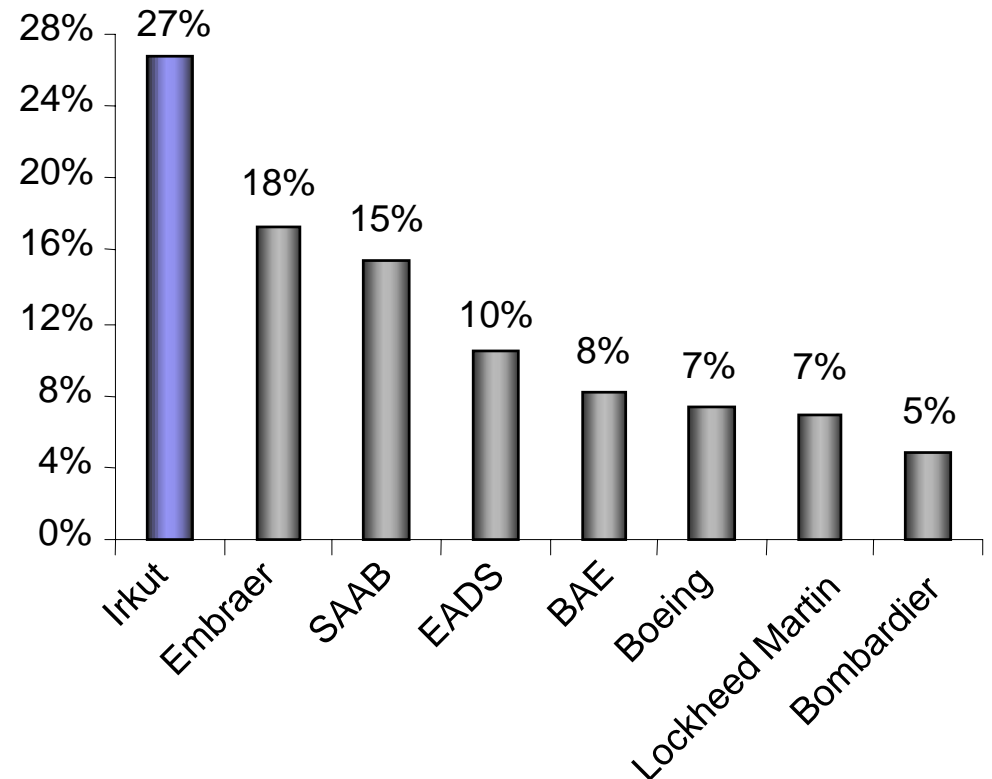
Profitability comparison

Strong margins even in comparison to other industry giants

Net income margin comparison, 2004



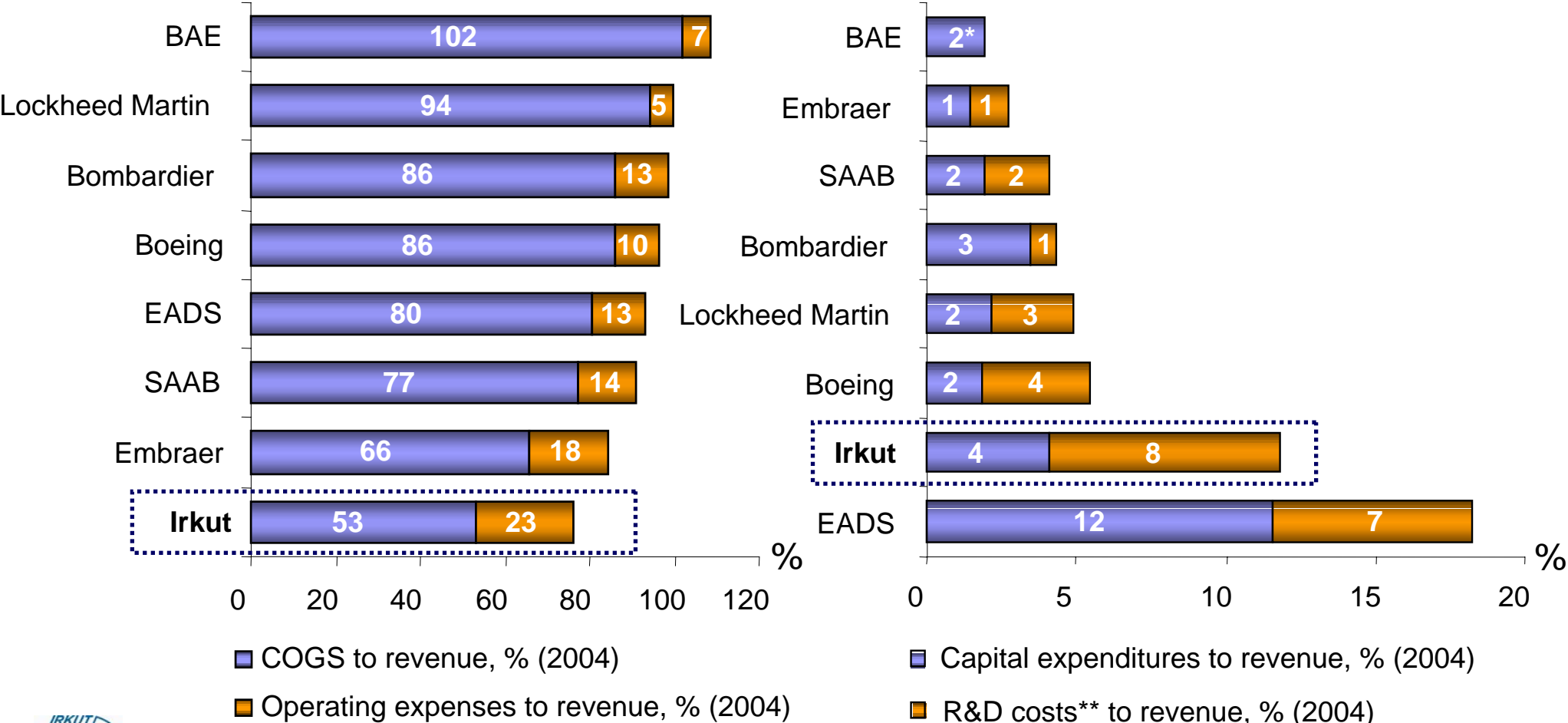
EBITDA margin comparison, 2004



Source: Companies Annual Reports

2004 cost-effective program

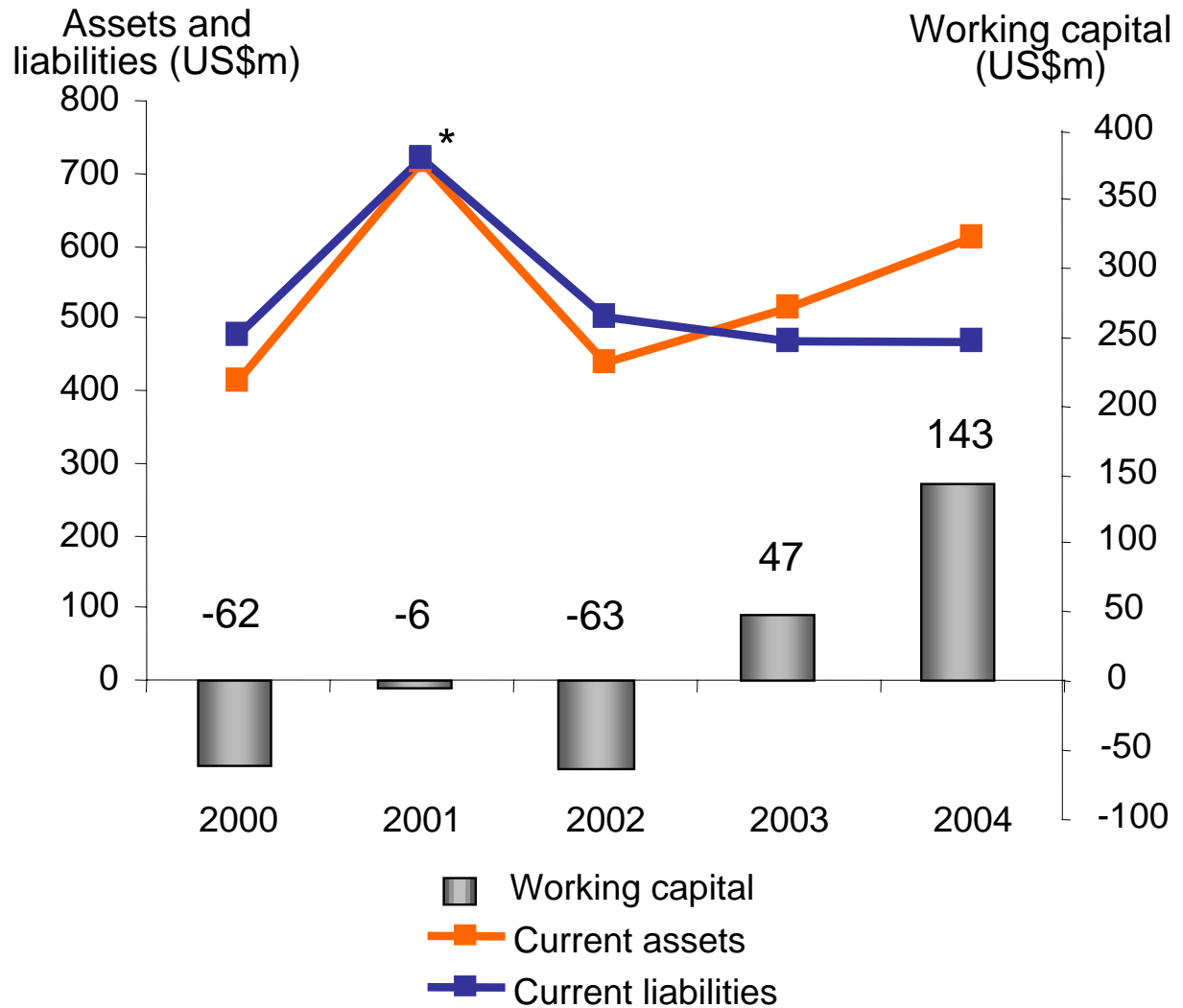
- ☐ Efficient control over Cost of goods sold and Operating expenses
- ☐ High and stable R&D and Capital expenditures



* No data for R&D costs in Income Statement for BAE Systems
 ** Total R&D costs reflected in Income Statement (operating expenses and COGS)

Strong working capital, less debt financing required

- Cyclical working capital need is directly related to the product development stage
- IRKUT relies on borrowings and state support to finance the production cycle
- On Dec 31, 2004, current assets exceeded current liabilities by US\$142.7 mln. This improvement means that we need less debt financing. Irkut continues active work on debt market, first of all in reducing interest rates and diversifying debt portfolio



*In 2001 The group reflected higher inventories due to large amount of works under delivery contract to India. The products were not shipped in reporting year but the Corporation received the advance payments.

Diversification of credit portfolio: turning to international markets

Building-up credit history:

2001 – Promissory notes issue totaled RUR 1 450 million;

2002 – Bonds issue series A01 totaled RUR 600 million;

Promissory notes issue totaled RUR 1 953 million;

Bonds issue series A02 totaled RUR 1 500 million;

Credit line with Sberbank totaled USD 100 million;

2003 – Syndicated loan totaled US\$ 43.5 million;

2004 – Initial Public Offering (IPO), provided a MCap of

US\$ 550 million;

Sponsored ADR Level 1 program;

2005 – Syndicated loan totaled US\$ 85 mln;

Credit line with Amsterdam Trade Bank;

Bonds issue series A03 totaled RUR 3 250 million;

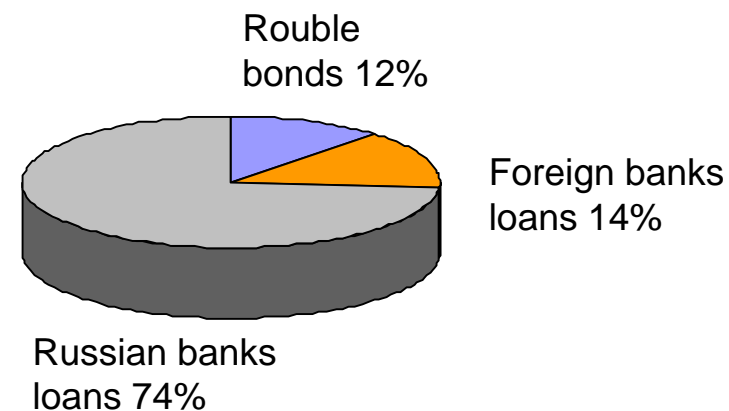
Credit line with Sberbank;

Plans– Credit linked notes;

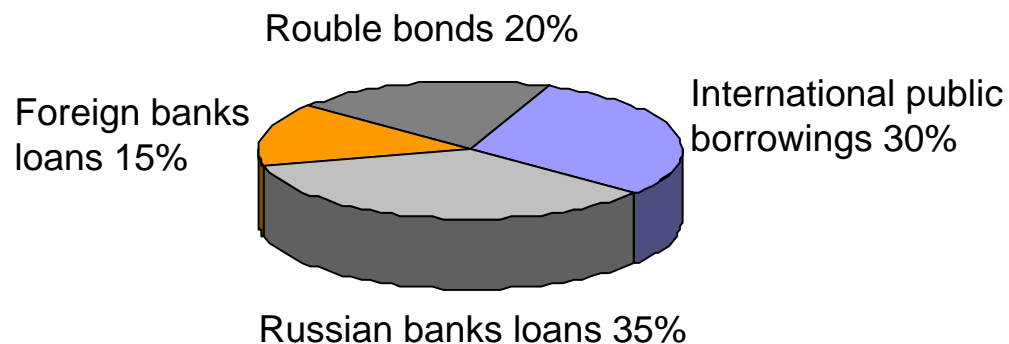
Eurobonds.



Current structure of credit portfolio



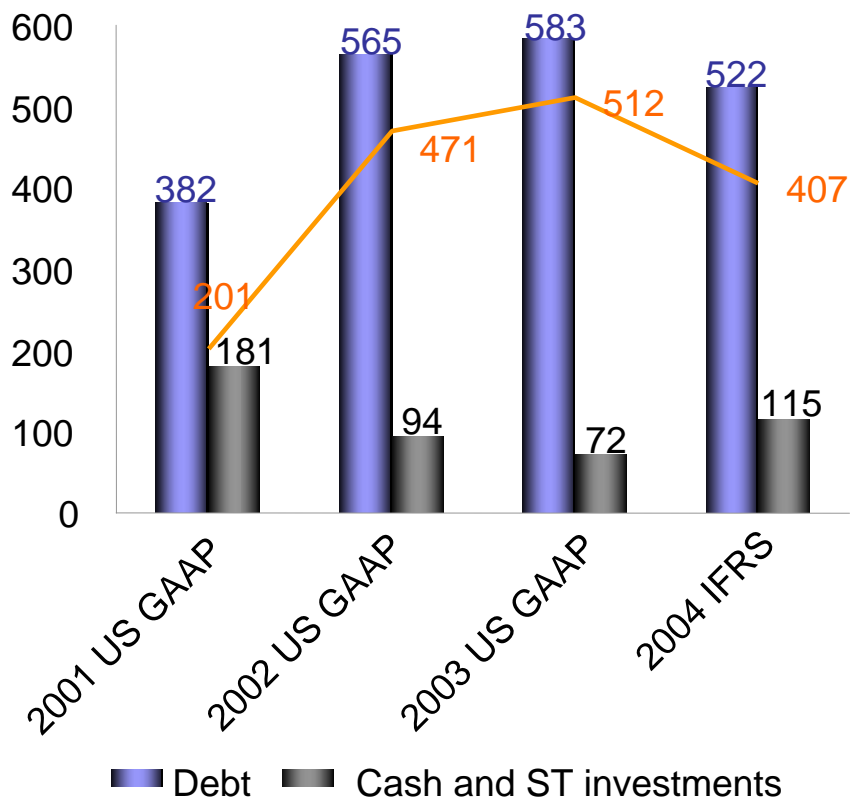
Target structure of credit portfolio



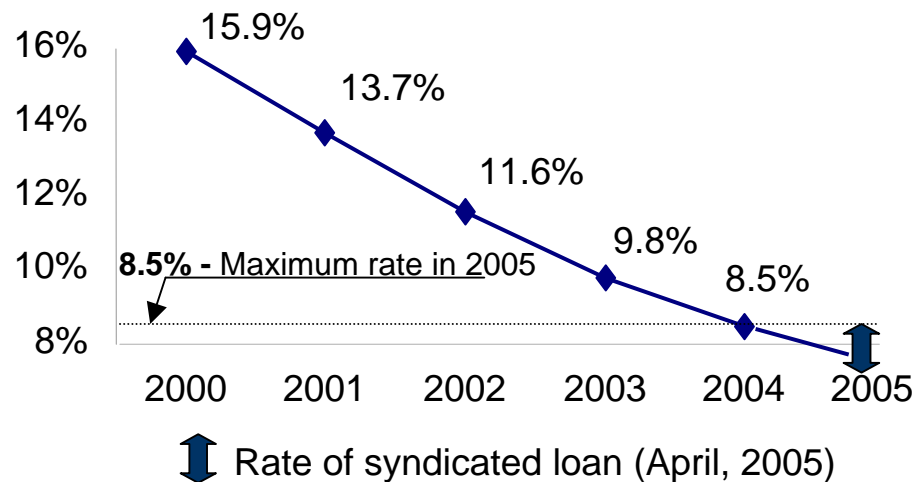
Successful work on reducing the debt

- Net debt reduced to US\$407 million and cost of borrowing cut significantly

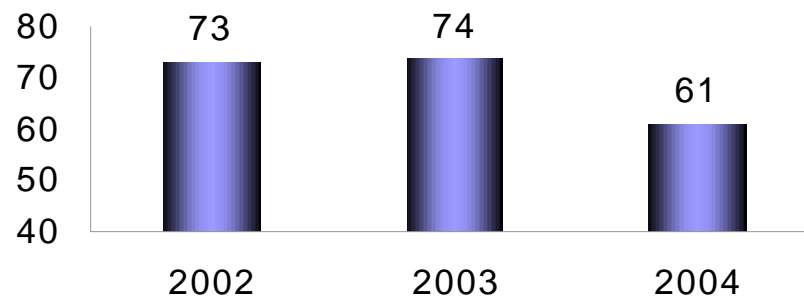
Net debt, 2001-2004 (US\$m)



Weighted average interest rate



Net financing costs, 2002-2004 (US\$m)



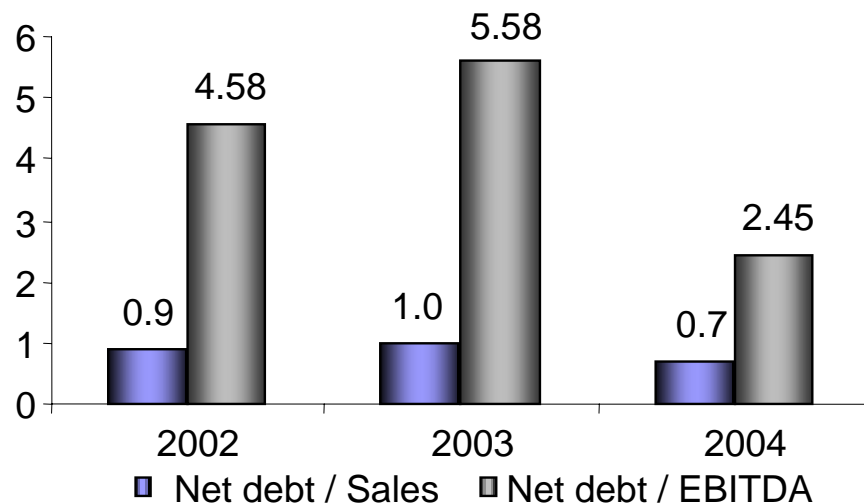
Source: Company data

Target debt ratios evaluation

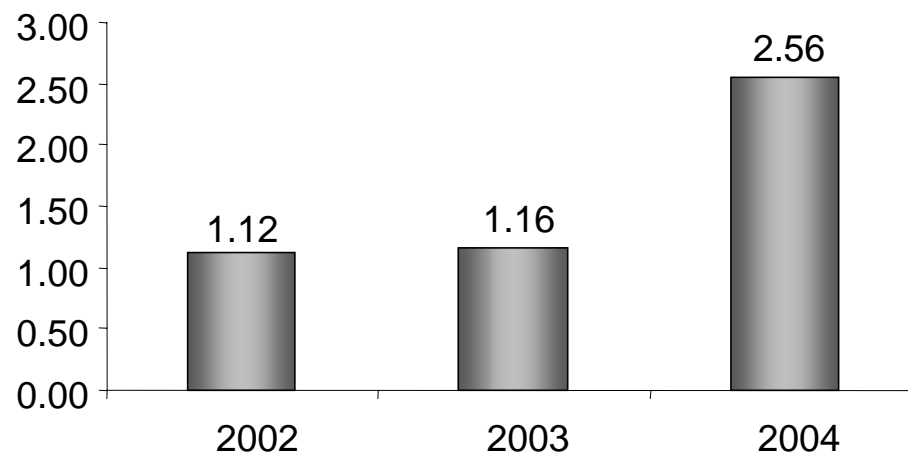
Irkut's financial strategy:

- ❑ To finance corporate growth with conservative use of loans creates optimal conditions
- ❑ To maintain the debt rate at 3.5-4.0x of EBITDA, 0.5-0.6x of sales and keep the EBIT/Net interest expenses ratio at a rate not lower than 2.0-2.2x
- ❑ To utilize cash inflow from operations as main source of business development
- ❑ To continue optimization and diversification of debt portfolio by using different sources of financing, including shareholders capital, banks loans and credits, bonds, Eurobonds (planned for 2006), and other instruments

Net debt / Sales and Net debt / EBITDA



EBIT/ Net interest expenses



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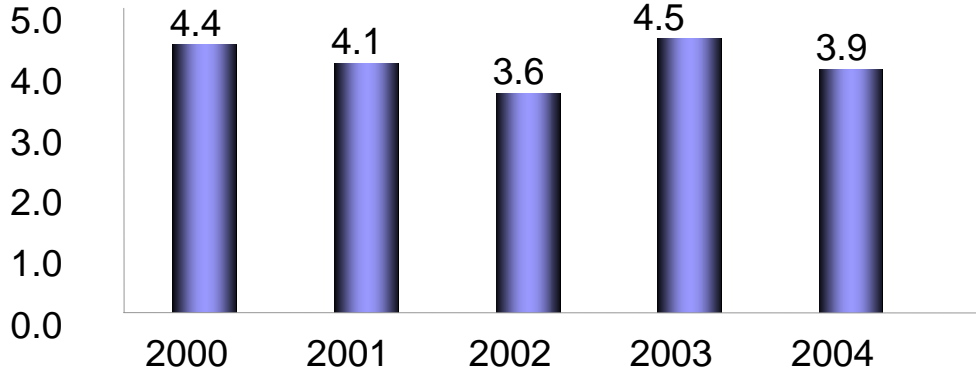
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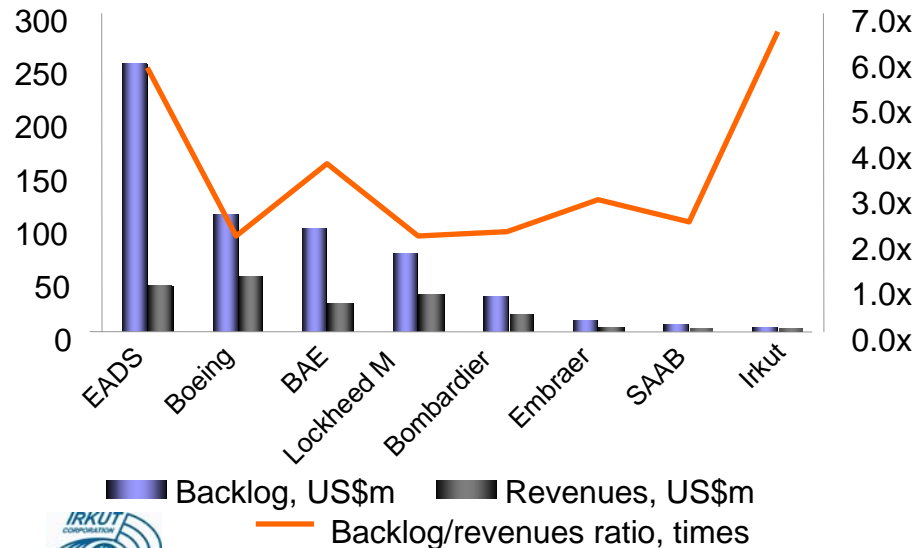


Strong backlog and upside from new contracts

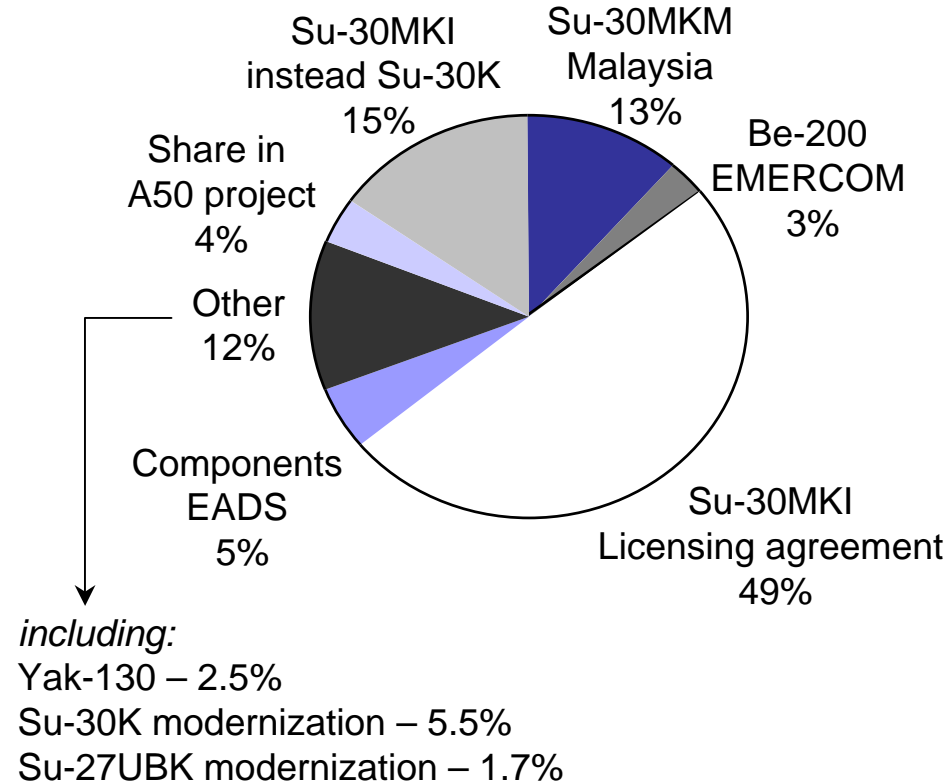
Year-end backlog, (US\$bn)



Year-end backlog comparison, 2004



2004 year-end backlog breakdown (US\$ 3.9 bln)



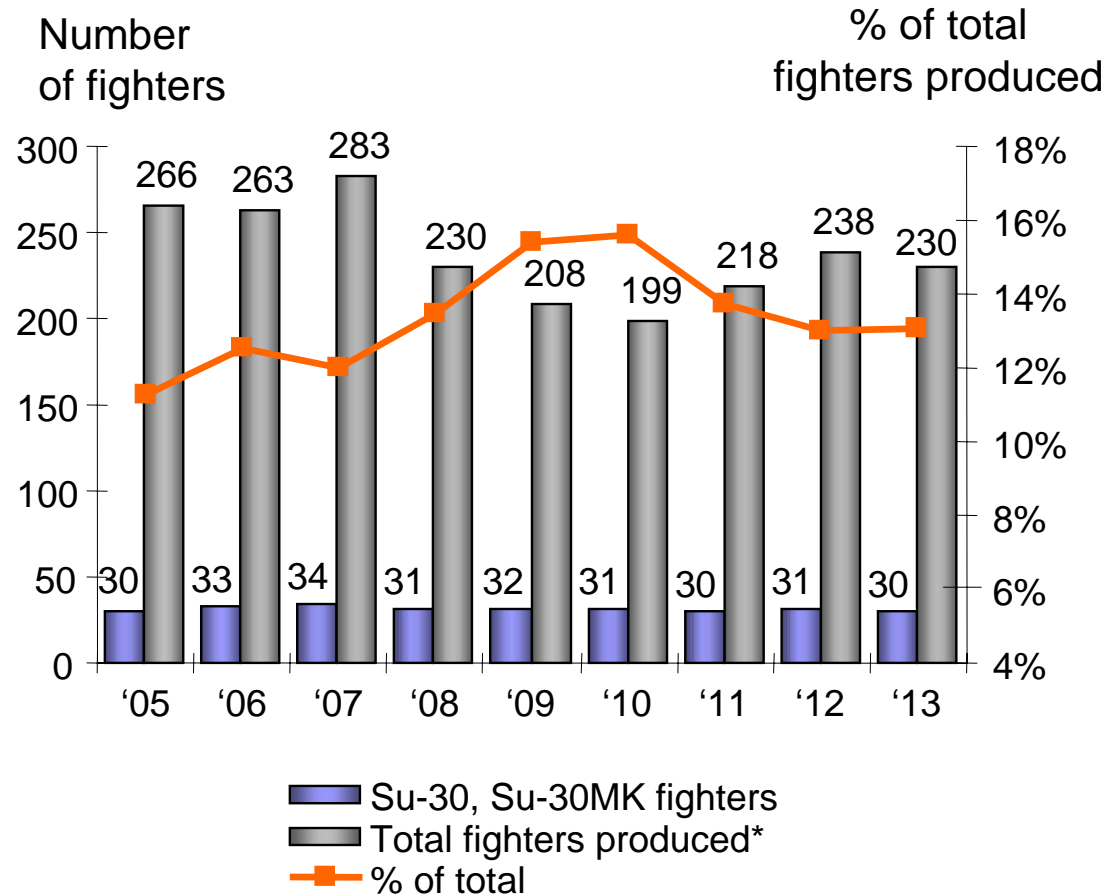
Source: Company data, companies annual reports

Su-30MK fighter: recent developments and forecasts

Current status of the project

- ❑ 2004 year-end signed backlog – US\$3.3 bn
- ❑ R&D: US\$ 280 mln
- ❑ Current status:
 - ❑ Completion of deliveries to India,
 - ❑ An option for deliveries to India instead Su-30K,
 - ❑ Negotiations about deliveries to Thailand and to one of Northern African countries
 - ❑ Works upon licensing agreement
 - ❑ Works on delivery to Malaysia
 - ❑ Works on modernization

“Sukhoi family” fighters production forecasts



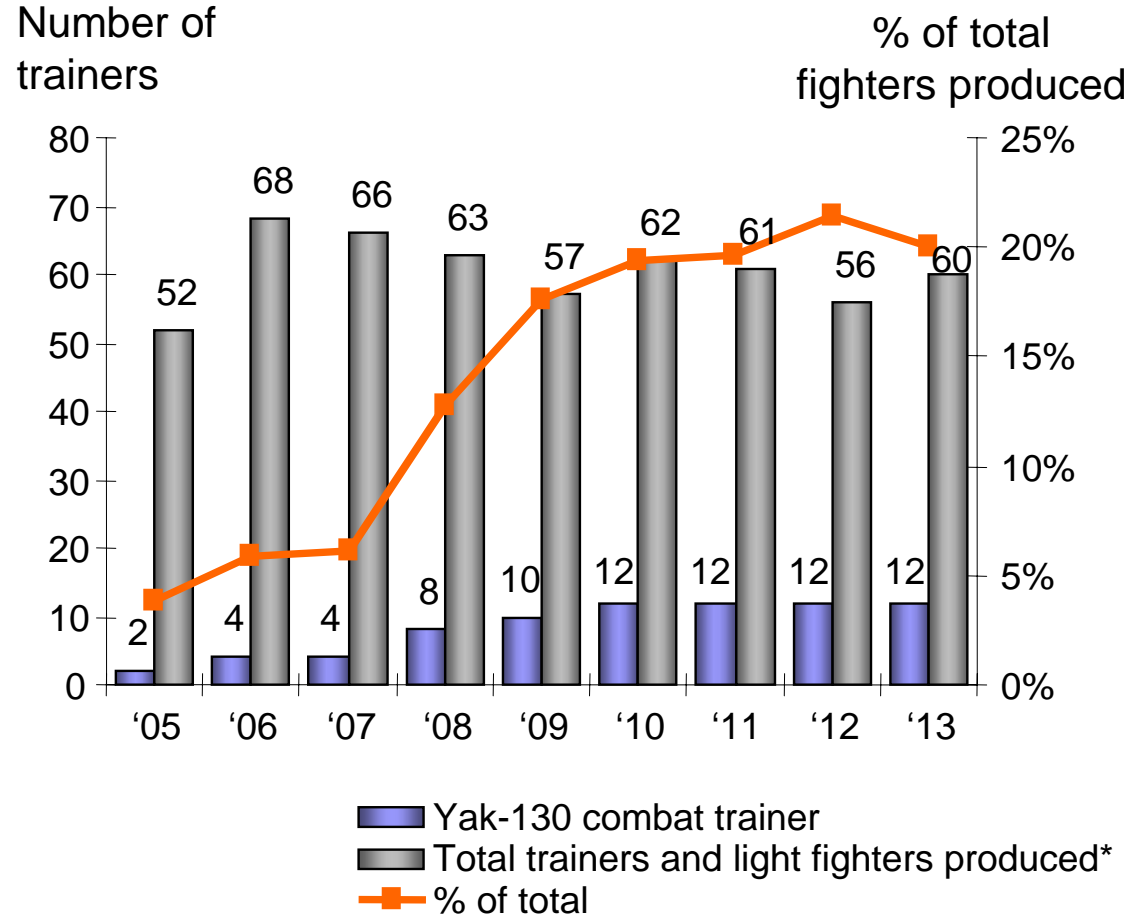
*“Total fighters produced” includes F-15 (all modifications), F/A-18, F/A-22, F-16, F-35, Mirage 2000, Rafale and Eurofighter

Yak-130 combat trainer: recent developments and forecasts

Current status of the project

- ❑ Mass production on track to commence in 2006
- ❑ R&D: US\$ 100 mln
- ❑ Current status:
 - ❑ Test flights program – 2 aircraft,
 - ❑ Agreement on Yak-130 delivery (12 aircraft) with the Russian Air Force.
 - ❑ Formal note on acceptance tests by Russian Air Force
 - ❑ Negotiations with Aermacchi (using Yak-130 as a UAS test bed)

Yak-130 combat trainer production forecasts



* "Total trainers and light fighters produced" includes L-159, MiG-AT, Hawk (all modifications), Gripen and T-45A



Other projects: recent developments and forecasts

BE-200

- Multi-functional amphibious aircraft
- 2004 year-end backlog – US\$ 115 m
- R&D: US\$ 265 mln
- Current status:
 - Delivered 3 out of 7 aircraft to EMERCOM,
 - Talks on delivery to Croatia, Turkey, Indonesia (w/t European certification) and France
 - Established JV with EADS to certify Be-200 in Europe and the U.S.
 - The Italian civil protection department operates Be-200 on leasing agreement

UASs

- Multipurpose unmanned or optionally piloted aerial system
- Estimated market size – US\$30 bn
- R&D: US\$ 9 mln
- Current status:
 - 5 aircraft in development type (from 2.8 to 860 kg)
 - Talks on delivery to Indonesia
 - Successful presentation to EMERCOM
 - Letter of intent with Diamond Aircraft Industries to develop optionally piloted complexes. Installation of complexes on the “air taxi”, produced by Diamond Aircraft
 - Negotiations with Finmeccanica on joint development and testing of UASs

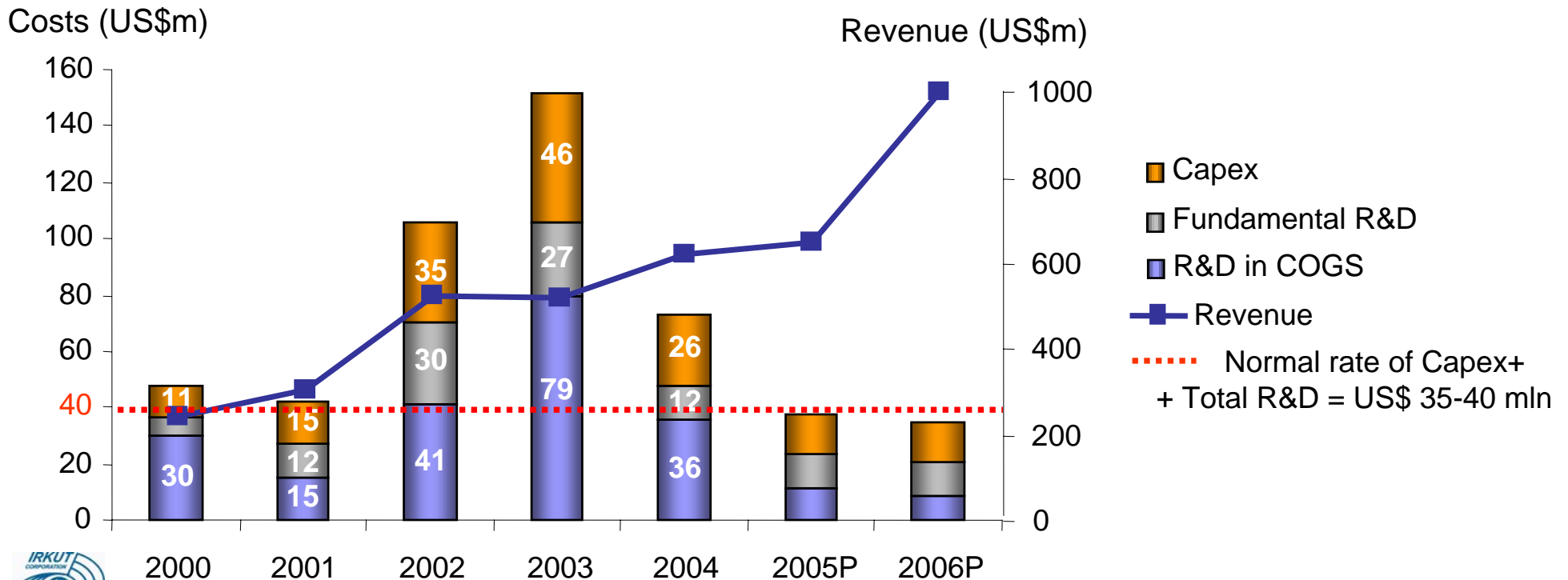
Components

- Aircraft units for Airbus
- Current backlog – US\$200 m
- Proposed new orders – US\$100 m annually after 2008
- Current status: certification of production by EADS, adapting the manufacturing facilities.



Capital and R&D expenditures

- The normal cost of Capex and R&D is US\$ 35-40 mln per annum
- Significant expenses in 2002-2004. Actively development of five main products. As the product moves to the stage of mass production, R&D and Capital expenditures decrease, while sales increase
- Cost-effective program allows to keep stable R&D and Capex and reduce other costs



Source: Company data



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Our strategy: international partnership

Declared goals:

- Diversifying product range and customer base through increase of multi-purpose products share and increasing cooperation with EADS on production of spare parts for Airbus;
- Striving toward more complete vertical integration through consolidation in UAC;
- Building upon strength in the military aircraft sector;
- Expanding into new international markets;
- Seeking to build domestic sources of revenue;
- Increasing market capitalization and maintaining high standards of corporate governance;
- Leveraging the EADS deal.

Deal with EADS: steps and details

Acquisition of up to 10% stake in Irkut. Past and future steps of the deal.

Deal consultants

EADS: Legal – Freshfields Bruckhaus; Deringer. Financial – Deutsche Bank
Irkut: Legal – Clifford Chance. Financial – MDM Bank

June 24, 2005. EGM

1. Deal approved. 2. Increase of shareholders capital (+12.09%) by new share issue

June - August

Preliminary due-diligence to confirm the deal

August 16, 2005

Signed letter of intent of EADS to acquire up to 10% stake in Irkut

August - October

Due-diligence to fix up price of the deal

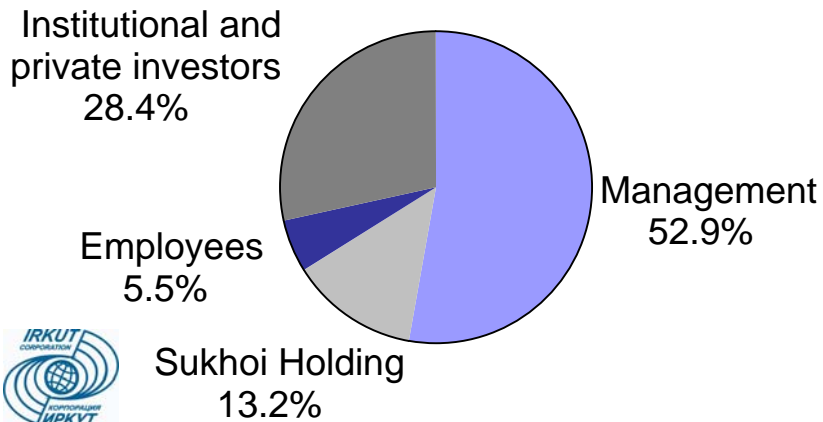
Sept - November

1. State registration of share issue (Sept 29). 2. Preemptive rights execution (Oct 15–Nov 28)

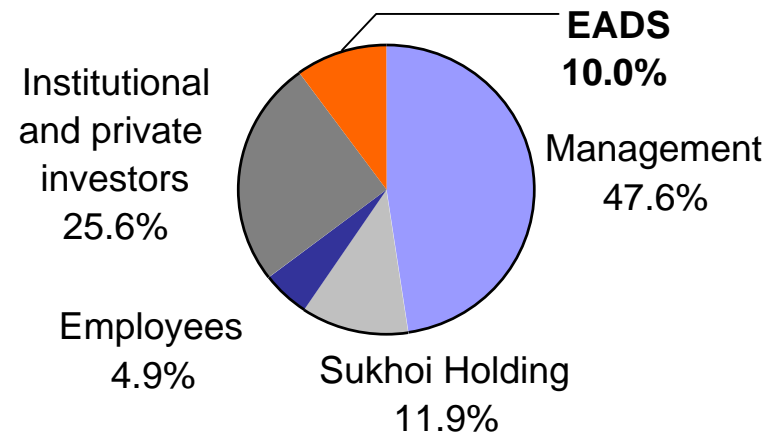
December

1. Close of placement in a favor of EADS (Dec 21). 2. Deal closing (end of December).

Shareholders structure before the deal



Proposed shareholders structure after the deal



Strategic partnership with EADS

Steps taken

By EADS

- “Official supplier status” designated to Irkut
- Collaboration on Be-200 amphibious aircraft project

By Irkut

- Manufacturing facilities adapted to meet EADS’ specifications
- Audit of in-plant technological capabilities
- Collaboration on Be-200 amphibious aircraft project

Prospective benefit

For EADS

- Building of engineering center in Russia
- Access to Russian market

For Irkut

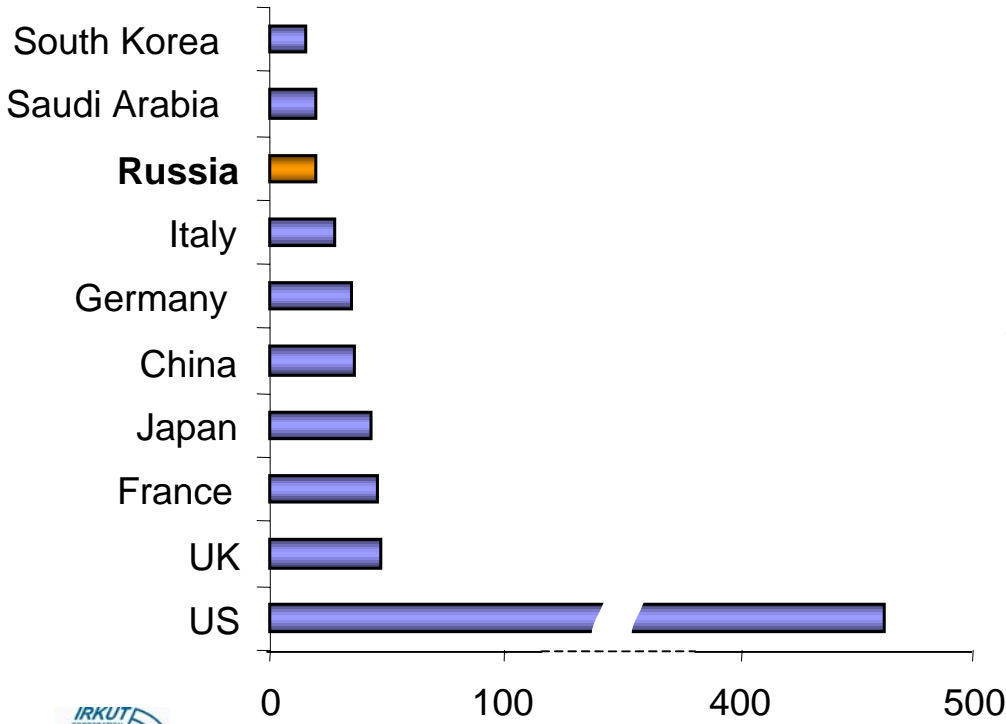
- New contracts for aircraft units production
- Joint Venture for certification and marketing of Be-200 amphibious aircraft
- Strengthening of preemptive right for other EADS contracts
- Integration in the international aircraft industry



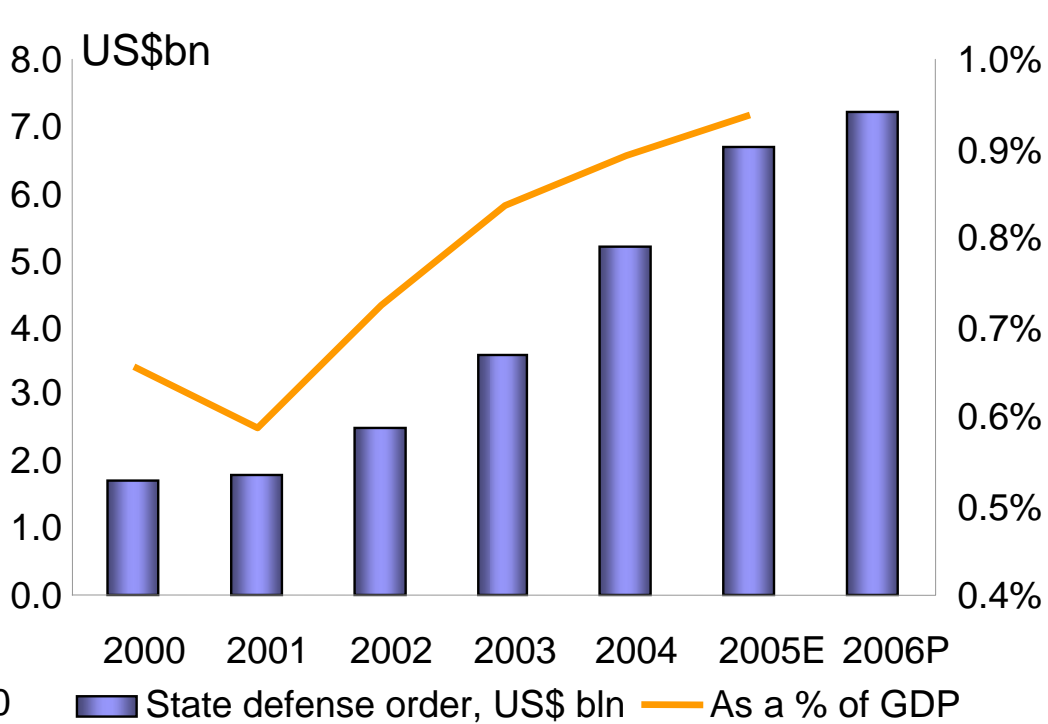
Growth of Russian economics – potential for internal orders

- ❑ Russia is in “top ten” defense spenders in the world. Its state defense order was US\$ 6.7 bn in 2005 and will increase 15-20% in 2006.
- ❑ Russia recently initiates several programs to sustain domestic defense producers
- ❑ The delivery of 12 Yak-130 combat trainers by Irkut was the first step to future orders of military aviation

Total defense spending by country, (US\$bn)



Russian state defense order



Source: Jane Defense News, Kommersant



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IRKUT' shares and ADRs details

Ordinary shares

Symbol: IRKT

Exchange: MICEX, RTS

State registration number: 1-03-00040-A

American Depositary Receipts

Symbol: SIKRY

CUSIP: 808779102

Exchange: OTC, Berlin Stock Exchange

Ratio: 1:30

Depository: Bank of New York

SEDOL: 5082672

ISIN: RU0006752979

U.S. ISIN: US8087791021