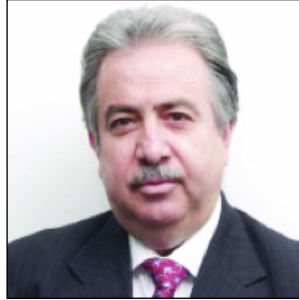


Synergies Among Greek Defense Industries



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HAI is the largest state-owned defence company in Greece with an established reputation in the international market as a reliable supplier of aerospace/defence products and services provider employing about 3000 skilful people. Its industrial capability is organized in six core businesses geared to deliver high performance quality services and products in a diversified range of activities, including: 1) Military Aircraft and Engine MRO id est maintenance, repair, overhaul, modifications, upgrades and logistics support; 2) Civil Aircraft MRO, 3) Development, design, manufacturing and after sales support of electronic, optronic and telecommunication products as well as Co-development and co-production of weapon systems, 4) Satellite applications, 5) Aerostructures manufacturing and assembly, 6) Technical and vocational training in a wide range of aerospace industry skills.

It is in the process of expanding its capabilities to strategic areas by establishing an aerospace design center and a composite material production factory. It also has long experience in Research, Development and Technology operations both, in the electronics area where many products have been developed and designed in house and in composite materials.

Also we have established EMC HELLAS, a company with its primary mission to provide certification for Electromagnetic compatibility. By the way EMC has the largest electromagnetic chamber in the Balkan region and one of the largest in Europe with capability to test even military tanks and aircraft.

HAI's track record in selected fields of expertise is testified by its strong and reputable presence in the global market as a

supplier to more than 90 customers from 38 nations including Armed Forces and industrial enterprises many of which have exhibited more than 20 years of loyalty. Among these manufacturers are LOCKHEED MARTIN, PRATT & WHITNEY, BOEING, RAYTHEON, EADS, AIRBUS, DASSAULT, SNECMA and ALENIA. And I am proud to say that HAI has been awarded the distinction of "GOLDEN SUPPLIER" by BOEING, and recognized as "OUTSTANDING POWERPLANT & AIRCRAFT SOURCE OF REPAIR" by NATO for the Year 2003.

Furthermore, HAI's strategy is to continuously expand its participation in the global market and reduce its dependence on the domestic market, primarily the Hellenic Ministry of Defense and the Hellenic Armed Forces. In this direction HAI has established strategic partnerships with several world leading manufacturers in the aerospace and defense industry.

NEW PARTNERSHIP AGREEMENTS

It should be mentioned that in the eighteen months of the new administration we have signed important partnership agreements with a value of expected subcontracting business of over 800 million euros: with Lockheed Marin whereby HAI becomes its sole source manufacturer on major parts of the F-16 aircraft; with EADS, the European consortium, THALES of France, FINMECCANICA of Italy and INDRA of Spain. In addition, we have established a Joint Venture with PRATT & WITNEY named 1SOURCE AEROSERVICES with a mission to become the MRO provider on a variety of commercial and military engines

components, operating worldwide.

Furthermore, HAI is intensifying its efforts to promote its participation to global programs of high technology and added value content that can offer substantial, long-term co-operations:

a) One example is HAI's participation to a European Consortium for the development and production of the IRIS-T Air-to-Air Missile and, b) Our recent signing of the agreement to be one of the four European companies under the leadership of DASSAULT for the design of the First European Unmanned Combat Vehicle (UCAV) incorporating stealth technologies which we proudly unveiled at the recent Air show in Paris.

GLOBAL INDUSTRY TRENDS

Despite the tremendous worldwide alignment, the Greek Defense Industry has not followed the leading examples, having as a result, the operation of more than 150 companies in the Greek Market. The small size of the internal market, along with the decreasing defense budgets indicates that, the merging of similar companies and the establishment of Centers of Excellence at a national level is the "one-way road" solution . However, such an effort needs innovative leadership but also the government collaboration and support. The Greek Government has recognized this need, and institutionalized the legislation framework.

Globalization is already part of the modus operandi of every economic sector and of course the defense industry of Greece has no other choice but to be a strong participant. Since HAI is the Largest Defense Industry in Greece, it can play a leading role towards this process.