

Seasons Greetings ... Seasons Greetings ... Seasons Greetings ... Seasons Greetings ... Season

FRE Teams With Hydro Québec On Pressure Vessels

On Oct. 7, 1993, the Government of Québec and the Commission of European Communities (EEC) announced a major agreement to develop hydrogen based technologies. The overall budget for this Euro-Québec Hydrogen Pilot Project is currently \$59 million. Hydrogen as an energy source has several significant advantages, most notably it is pollution free and has a high energy value. Part of this agreement involved the assembly of a team of strategic industry members to develop the necessary equipment and infrastructure in order to exploit this technology. FRE was nominated as a critical member of the team to work on and develop the following:

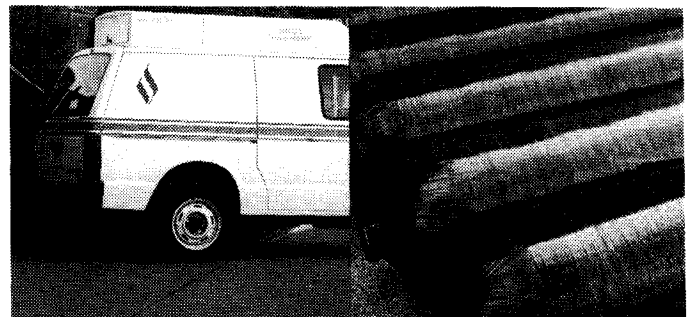
- High pressure composite storage and transport tanks for hydrogen/hytane gas.
- Develop Cryogenic (-253 C) composite tanks for both storage and transport applications of liquid hydrogen.



Message From Héroux (V.P. Corp. Affairs) "Réal Bélanger"

Due to the tough economic conditions, major projects have been delayed. In spite of this situation, Héroux and FRE were able to maintain our market share in our niche markets but at the expense of our gross margins, especially those in the U.S. markets. Consequently, we were forced to revise our expense budgets earlier in the year and current year-to-date results show that these actions have been successful.

At Héroux, we believe that FRE has the potential to become the key player in the international Composites business in the years to come and we are ready to make every effort needed to support FRE management to reach that goal.



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