There are considerable numbers of tsunami events that have caused damage on Greek and Turkish shorelines of the Aegean Sea. Although one might argue that the possibility of such an event is rare, the coastlines of both countries are densely populated, developed and host millions of tourists during summers. Therefore, even though the risk might be small, the hazard is high. Considering the long shorelines and the general lack of public knowledge about preparedness, a tsunami event in the region would be disastrous. A joint project supported by the Scientific and Technical Research Council of Turkey (TUBITAK) and the General Secretariat for Research and Technology (GSRT) of Greece was initiated. The goal of the project is the assessment of tsunami risks and the development of best strategies for the reduction of tsunami risk for both countries coastlines. Database for historical tsunami events in the Aegean Sea is compiled and new potential tsunamigenic seismic sources are identified. Unit tsunami sources are placed at the proximity of historical events and potential source locations creating initial version of tsunami propagation database. Since propagation of tsunami in deep sea is linear, combination of unit sources will allow generating different scenario events. Propagation database results will be used as boundary and initial conditions for nearshore inundation modeling and applied to two coastal towns of interest for which inundation maps will be produced. The initial results of the project which will be extremely useful in developing efficient tsunami forecasting systems for both countries are discussed.