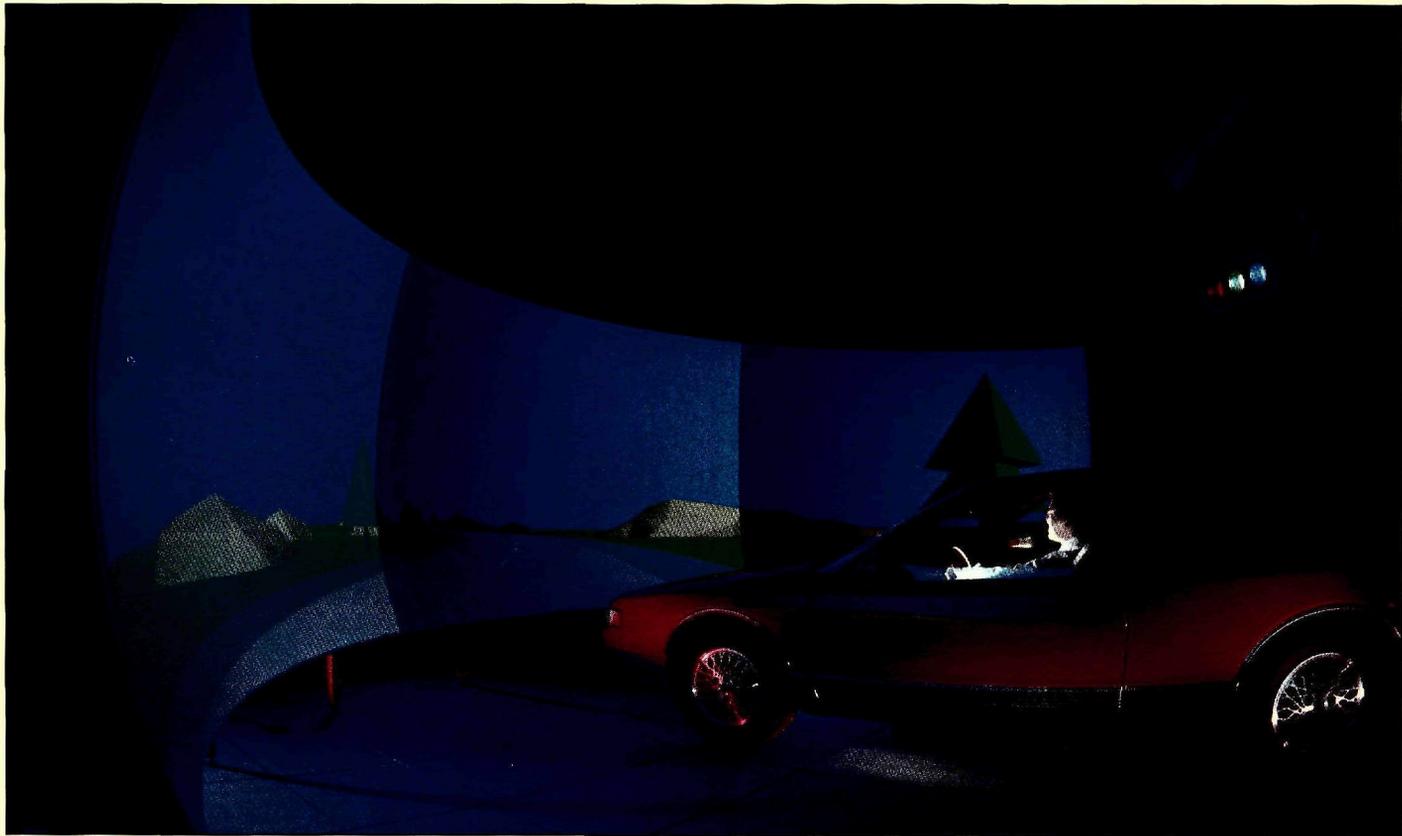


HUGHES GOES COMMERCIAL

Will ownership by industrial giant General Motors save leading defence electronics company Hughes Aircraft from the recession facing US industry as swingeing budget cuts take effect? Norman Lynn assesses the strength of the GM-Hughes connection.



Aerospace technology advances automotive design in the Hughes laboratories

Hughes Aircraft has a new mission statement. It emphasises the move into commercial electronics and away from heavy dependence on US defence programmes. The urgency of the move is underlined by Hughes' decision to lay off 6,000 of its 75,000 employees as US defence budget cuts begin to bite.

As part of the West's largest industrial corporation, General Motors, its biggest defence-electronics company stands a better chance than most of prospering in the lean times ahead, however.

Dr Malcolm Currie, Hughes' chairman and chief executive officer, says: "The defence budget may go into a not-so-gentle decline, with the whole acquisition part of the budget up for grabs. And programme stretch-outs are likely."

He is optimistic about the electronics portion of the budget, "but even the defence electronics portion is going to have to run awfully fast to stay constant when the overall budget is declining".

Currie's strategic plan is to diversify Hughes' activities from its present core

defence electronics and space business into commercial communications and information and training systems. "I look for areas that would take us out of DoD business and just change our portfolio mix even a little bit," he says.

New products will be developed in conjunction with Delco Electronics, Hughes' sister company in GM Hughes Electronics. "These could have both automotive electronics and military electronics applications. I think they'll be important," he says.

Both Hughes and its parent, General