

Editor. (Oct. 23, 1919). American Radio To Absorb Marconi, General Electric deal, RCA formed. *The New York Herald*.

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**AMERICAN RADIO TO
ABSORB MARCONI CO.**

**Active Competition With Cable
Lines to Europe Will
Be Established.**

GENERAL ELECTRIC DEAL

**Will Provide Capital for Fi-
nancing New Concern—No
Public Stock Offering.**

Plans for the establishment of a transatlantic wireless system that will compete with and not give merely a supplementary service to that of the cable companies were announced yesterday. The Radio Corporation of America has been formed with the backing of the General Electric Company to absorb the American Marconi Company. The plan is dependent upon the approval of the stockholders of the American Marconi Company.

The war, which led to a high degree of reliability in the workings of the long distance wireless, put a pressure on means of communication which in the case of the cable lines in the Atlantic threatens to result in a permanent congestion of messages, and involved temporary hindrances to the private wireless enterprise. An aftermath of war has been a demand from commercial interests that wireless facilities shall be developed on a scale commensurate with the need for means of rapid communication.

The plan of organization of the Radio Corporation of America is for an alliance of the American Marconi Company with the General Electric Company. A substantial block of shares in the American Marconi Company that are now held by the British Marconi Company will be acquired by the General Electric Company and will be part of its contribution to the capital of the Radio Corporation of America.

The new company will be exclusively American. An agreement is in negotiation with the British company by which the Radio Corporation will obtain enlarged wireless facilities abroad and new rights in the countries of South America. Because of patent agreements the operations of the American Marconi Company have been limited to the United States and to Cuba.

The directors of the American Marconi Company have approved the plan and appealed to stockholders to vote it into operation. A stockholders meeting will be held November 20.

The plan of financing provides for authorization of 5,000,000 shares of preferred 7 per cent. stock at \$5 a share and 5,000,000 shares of common stock without par value. The stock classes are to have equal voting power, share for share. Of this stock 135,174 shares of the preferred and 2,000,000 shares of the common have been issued to the General Electric Company.

The General Electric Company has appropriated \$2,500,000 for the benefit of the Radio Company. Part of this will be used in buying American Marconi shares held by the British Company.

Each stockholder of the American Marconi Company will have the privilege of exchanging his stock, par for par, for preferred stock of the Radio Corporation, and, in addition, will be given shares of the new company equal in number of his holdings in the Marconi company. One share of the American Marconi Company, worth \$5 par value, will be exchanged for one share of the preferred and one share of the common of the Radio Corporation.

It is planned to sell all the assets of the American Marconi Company except its manufacturing plant at Aldene, N. J., and certain claims, including some against the United States Government arising from alleged illegal use of Marconi patents, to the Radio Corporation for 2,000,000 shares of common stock and preferred stock of a par value of \$10,000,000. The proposal involves a 25 cent dividend on Marconi shares, payable on or about January 2, 1920, and the leasing of the Aldene factory to the General Electric Company.

The plan does not involve the complete liquidation of the American Marconi Company but does radically change the scope of its operations and relieves it of the conduct of wireless communication and the sale of wireless devices.

The capital provided by the proposed financing is believed to be ample for the fullest development of the company within its sphere. No offer of stock on the market is contemplated.

The research laboratories and the engineering force of the General Electric Company has been at work for a number of years on radio matters. Apparatus of great value was developed and turned over to the Government during the war. The new company will have the technical assistance of the General Electric Company and will retain the highly specialized staff of the American Marconi Company.

Edward J. Nally, who has been vice-president and general manager of the Marconi Company, will be the first president of the Radio Corporation.

As an argument for the support of the plan the directors urge the opposition of the Government to the British holdings of stock in the American Marconi Company. Such foreigners who retain stock in the Radio Corporation will have issued to them certificates that are to be known as "foreign share certificates."

