

FCC Chair Opposes AT&T Takeover Of T-Mobile

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LOS ANGELES (AP) — The chairman of the Federal Communications Commission has come out against the merger of cellphone giant AT&T and T-Mobile USA.

Julius Genachowski made his position known in a document he circulated to fellow commissioners Tuesday.

Genachowski recommended sending AT&T Inc.'s proposed \$39 billion takeover of T-Mobile to an administrative law judge for review and a hearing. That's what the FCC does when it opposes a merger.

According to an FCC official familiar with the matter, an agency analysis concluded the merger would result in higher prices for consumers, less innovation, less investment in the U.S. and fewer U.S. jobs.

The review also cast doubt on AT&T's claim that only the merger would allow it to build out "4G" high-speed wireless Internet access to cover 97 percent of the population, up from about 80 percent. The agency concluded AT&T would likely do so anyway to remain competitive with Verizon Wireless.

The official wasn't authorized to speak publicly.

AT&T spokesman Larry Solomon said in a statement that the chairman's action was "disappointing."

"It is yet another example of a government agency acting to prevent billions in new investment and the creation of many thousands of new jobs at a time when the U.S. economy desperately needs both," he said. "At this time, we are reviewing all options."

The FCC would be the second government agency to oppose the deal. The Justice Department filed a lawsuit with the U.S. District Court in Washington in August to stop it, and that trial is expected to start Feb. 13.

Genachowski's proposed order recommends the administrative law judge begin the hearing after the trial is done.

The deal announced in March would vault the combined No. 2 carrier AT&T and No. 4 T-Mobile into the top spot ahead of Verizon.

Dallas-based AT&T has about 101 million wireless subscribers. T-Mobile, the Bellevue, Washington state.-based subsidiary of Deutsche Telekom AG of Germany, has 34 million. Verizon Wireless, a joint venture between Verizon Communications Inc. and Vodafone Group PLC, has about 108 million, while Sprint Nextel Corp. has

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53 million.

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