

Randall Stephenson - AT&T Inc. - Chairman & CEO

Yes, so Friday was a very interesting day. Just to kind of back up and put it into context, recognize what the FCC was attempting to do. They attempted a regulatory triple bank shot. This is really a triple bank shot that they tried to achieve with this order on regulating the Internet and it was designed very intentionally to be end-to-end regulation of all endpoints on the Internet. And the FCC has succeeded in creating a truly first-rate jumbled mess out of this thing.

The courts listened to this and said, look, what the FCC attempted to do was write an order that said if we are going to regulate the Internet end-to-end, they had to establish their authority to regulate wireless, the interconnection agreements among all the carriers and the last mile of broadband. They had to establish their authority to regulate all three. The oral arguments, if you listened to them, you would have to say that the Justices were at a minimum skeptical of their authority to regulate wireless. Did they even have the statutory authority to go there? There was obvious skepticism about wireless.

There was also skepticism about their regulation of the interconnection agreements and what their authority was there without doing a formal -- characterizing it as common carrier regulation, meaning utility-based regulation. They didn't assert that. They said, well, in the Verizon case, I thought we were clear about what was required there. Then on the last mile, there seem to be sympathy to the FCC's position, that they perhaps could and were within their authority to regulate the last mile.

And the point of this is when you are attempting a triple bank shot, if any one piece of it is invalidated, our question is does the whole thing fall under its own weight because it seems highly improbable to us that the FCC would be allowed to regulate just this piece of the Internet, the cable modem, cable broadband, but not wireless. You are kind of asking the FCC then to pick winners and losers and that seems highly improbable.

So the byproduct of this is we are undoubtedly going to be in this state of limbo where I don't care if you are a cloud provider, if you are an over-the-top video distributor, a cable company or a wireless company, you basically don't know what your environment is right now and you are probably not going to know until this thing gets ruled on next spring, gets appealed to the Supreme Court by somebody, which will then rule on it in 2017. So we are probably well into 2017 before any of the players in this ecosystem have much clarity in terms of what the environment looks like.

John Hodulik - UBS - Analyst

So given that backdrop and the plans you've talked today about putting content together with wireless potentially as early as January, can you do everything that you've planned to do with that kind of ambiguity out there? **Are these net neutrality or Title II rules an impediment to you moving forward with these products?**

Randall Stephenson - AT&T Inc. - Chairman & CEO

No, we don't think so. In fact, there are two layers of what I will call regulations that constrain us right now in terms of things we -- what can we do and what can't we do. Obviously, the net neutrality order that is currently before the courts, that is still the law of the land and so we need to comply with that. Everything that we are planning on doing fits within those rules and then we also agreed to some merger concessions in the DIRECTV deal and all of this complies with that as well. So we think we are fine there and what is really to us interesting is what happens if the courts do invalidate a couple of pieces of this order. It seems to us it's not inconceivable that we end up at a worse place if you are the FCC than what we have with the 2010 agreement that we all signed that was invalidated by the Verizon case. So anyway stay tuned. This is going to be interesting.

John Hodulik - UBS - Analyst

Okay. Getting back to what we were talking about the spectrum and then the network, you said you were going to deploy 40 megahertz of spectrum over the next 18, 24 months. I guess that's the WCS and some of the AWS3 that you bought. From a network standpoint, I remember going back