



July 18, 2007

AT&T STATEMENT REGARDING THE PENDING SPECTRUM AUCTION

(The following may be attributed to Jim Cicconi, AT&T Senior Executive Vice President, External and Legislative Affairs.)

In the past week, there has been much debate over the so-called Google Plan for the 700 MHz spectrum auction. AT&T has opposed the full Google Plan for a variety of reasons explained more fully in the comments we have filed. At the same time, we have, like most, awaited details of Chairman Martin's proposed plan for the spectrum auction.

Based on our current understanding of the Chairman's plan and intentions, his proposal would allow one block of the upper 700 band to be auctioned to those who would adhere to a wireless business model which is open to different devices and applications. At the same time, we understand the plan contains a number of safeguards which address many of AT&T's concerns about the Google Plan. In summary, we understand that:

- The draft order would simply take one block of the upper 700 band being auctioned to allow an experiment with an alternative open-devices/open applications business model of the type proposed by Google and others, but would do so without mandating changes to existing business models in the highly competitive wireless industry;
- The proposal does not mandate a wholesale business model in any particular block, nor does it mandate net neutrality style regulations on the other commercial spectrum being auctioned;
- The proposal puts in place an appropriate reserve requirement for the auction overall, and for the particular block described above, to ensure that neither Google nor others would be able to obtain any block of spectrum without paying an appropriate price to the US Treasury;
- The proposal provides that if bids for this particular block do not meet the reserve requirements, or if no qualified bidder comes forward, the block would be withdrawn and re-auctioned without the open device/open applications requirements.

If our understandings are accurate, we believe Chairman Martin has struck an interesting and creative balance between the competing interests debating the Google Plan. The plan would enable the introduction of an alternative wireless business model without requiring changes in the business models of AT&T and others in what is a highly competitive

wireless industry. In effect, Chairman Martin's plan faces Google and others with a "put up or shut up" opportunity. If they are serious, they will be able to bid and test their model in the marketplace against the business models of companies already enjoying widespread consumer acceptance. And if they are not serious, it will be obvious to all that Google's objective is not to compete with new alternatives, but to use the government to stack the deck and force competitive wireless companies to abandon their chosen business models and instead adopt Google's model.

Based on these understandings, AT&T has no objection to, and would support, the Chairman's auction proposal. We will, of course, reserve any decision on AT&T's participation in the spectrum auction until final rules have been adopted by the Commission.

###

Contact:
Claudia Jones
202-457-3933