AT&T Inc. (NYSE:T) and Verizon already dominate the U.S. wireless industry, claiming roughly 60% of all customers. AT&T's wireless unit is the firm's largest and most attractive segment and accounts for about half of sales. The second largest wireless provider, only behind Verizon, has done a good job capitalizing on the wireless unit's position, driving improvements in customer service, cutting costs, and securing exclusive rights to several phones. Apple's (NASDAQ:AAPL) **iPhone** remains important to AT&T. Now that AT&T lost its bar on the phone, customer behavior is tough to forecast. Data revenue is growing adequately, but the industry still faces a difficult translation as customers increasingly use data services, requiring new network infrastructure. Data plan pricing likely needs to increase substantially from current levels to preserve wireless profitability.

With the spectrum race heating up between the wireless carriers, the FCC's approval of AT&T's proposal to acquire more spectrum is more important than ever. The FCC uses the rules, known as a "spectrum screen," when deciding whether to approve mergers and spectrum purchases. Deals that violate the spectrum screen are viewed much more closely by regulators. After regulators struck down AT&T acquiring T-Mobile, AT&T has lobbied for a review on how to measure spectrum. Currently, the FCC devises a new screen for each deal on a case-by-case basis. Although it relies on general guidelines, the rules are unique to every individual transaction. AT&T's persistence for a new method of reviewing spectrum did not go unnoticed.