

# **Attachment 5**

**FINANCIAL STATEMENTS  
OF WORLD ACCESS, INC. (Parent of Applicant)**

### COMPARATIVE PER SHARE MARKET PRICE DATA

The World Access common stock is traded on the Nasdaq National Market under the symbol "WAXS," and the STAR common stock is traded on the Nasdaq National Market under the symbol "STRX." WORLDxCHANGE's capital stock has no established public trading market, and therefore has no public market price.

The following table sets forth, for the calendar quarters indicated, the high and low sale prices per share of World Access common stock and STAR common stock as reported on the Nasdaq National Market.

	<u>World Access Common Stock</u>		<u>STAR Common Stock</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
<b>Year Ended December 31, 1998:</b>				
First Quarter .....	33 $\frac{1}{2}$	21 $\frac{5}{8}$	28 $\frac{3}{64}$	13 $\frac{29}{32}$
Second Quarter .....	40	25 $\frac{3}{8}$	37 $\frac{3}{8}$	19 $\frac{3}{8}$
Third Quarter .....	30 $\frac{3}{16}$	18 $\frac{3}{4}$	23	9 $\frac{11}{16}$
Fourth Quarter .....	24 $\frac{3}{4}$	12	18	7 $\frac{1}{8}$
<b>Year Ended December 31, 1999:</b>				
First Quarter .....	22 $\frac{3}{4}$	6 $\frac{3}{8}$	15 $\frac{3}{4}$	9 $\frac{5}{8}$
Second Quarter .....	14 $\frac{3}{8}$	7 $\frac{1}{2}$	11 $\frac{7}{8}$	7 $\frac{7}{16}$
Third Quarter .....	16 $\frac{3}{16}$	10 $\frac{5}{16}$	8 $\frac{7}{16}$	5 $\frac{1}{4}$
Fourth Quarter .....	22 $\frac{1}{4}$	10 $\frac{5}{16}$	8 $\frac{5}{64}$	4 $\frac{11}{16}$
<b>Year Ended December 31, 2000:</b>				
First Quarter .....	26 $\frac{7}{8}$	17 $\frac{1}{4}$	8 $\frac{3}{8}$	5 $\frac{1}{2}$
Second Quarter (through May 23, 2000) .....	20	11 $\frac{1}{16}$	5 $\frac{3}{4}$	2 $\frac{3}{8}$

The following table sets forth the closing prices per share of World Access common stock and STAR common stock as reported on the Nasdaq National Market on (i) December 20, 1999, the business day preceding public announcement that World Access and STAR had signed a letter of intent to merge and (ii) May 23, 2000, the last full trading day for which closing prices were available at the time of the printing of this joint proxy statement/prospectus. This table also sets forth the equivalent price per share of STAR common stock on those dates. The equivalent price per share is equal to the closing price of a share of World Access common stock on that date multiplied by .3905, the number of shares of World Access common stock to be issued in exchange for each share of STAR common stock, assuming no adjustment to the exchange ratio as provided for in the STAR merger agreement in connection with the PT-1 sale.

	<u>STAR Common Stock</u>	<u>World Access Common Stock</u>	<u>Equivalent Per Share Price</u>
December 20, 1999 .....	\$ 8 $\frac{7}{8}$	\$ 20 $\frac{1}{2}$	\$ 8
May 23, 2000 .....	2 $\frac{3}{8}$	11 $\frac{1}{16}$	4 $\frac{5}{16}$

STAR and World Access believe that the STAR common stock presently trades on the basis of the value of the World Access common stock expected to be issued in exchange for the STAR common stock in the STAR merger, discounted primarily for the uncertainties associated with the STAR merger. Apart from the publicly disclosed information concerning World Access which is included in, or incorporated by reference into, this joint proxy statement/prospectus, World Access cannot state with certainty what factors account for changes in the market price of the World Access common stock.

STAR stockholders are advised to obtain current market quotations for World Access common stock and STAR common stock. No assurance can be given as to the market prices of World Access common stock or STAR common stock at any time before the completion of the STAR merger or as to the market price of World Access common stock at any time after the completion of the STAR merger.

World Access and STAR have never paid cash dividends on their respective shares of capital stock. Pursuant to the STAR merger agreement, STAR has agreed not to pay cash dividends pending the consummation of the STAR merger without the written consent of World Access.

## UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following Unaudited Pro Forma Condensed Combined Financial Statements of World Access give effect to several transactions, under three different scenarios, that World Access has completed or are currently contemplated. The first scenario assumes World Access acquires both STAR and WORLDxCHANGE. The second scenario assumes World Access acquires STAR but not WORLDxCHANGE. The third scenario assumes World Access acquires WORLDxCHANGE but not STAR. The Unaudited Pro Forma Condensed Combined Statements of Operations for the year ended December 31, 1999 under all three scenarios also give effect to (i) the FaciliCom acquisition, (ii) the CommNet acquisition and (iii) the LDI acquisition as if each of the acquisitions had occurred on January 1, 1999. The Unaudited Pro Forma Condensed Combined Balance Sheets as of March 31, 2000 under all three scenarios gives effect to the STAR and WORLDxCHANGE acquisitions as if each acquisition had occurred on March 31, 2000. The Unaudited Pro Forma Condensed Combined Statements of Operations for the three months ended March 31, 2000 under all three scenarios also give effect to the LDI acquisitions as if the acquisition had occurred on January 1, 2000.

The proforma adjustments are based upon currently available information and upon certain assumptions that the management of World Access believes are reasonable. Each of the acquisition transactions above has been accounted for using the purchase method of accounting. The adjustments recorded in the Unaudited Pro Forma Condensed Combined Financial Statements represent the preliminary determination of these adjustments based upon available information. The total estimated purchase price of the transaction has been allocated on a preliminary basis to assets and liabilities based on management's estimate of their fair values. There can be no assurance that the actual adjustments will not differ significantly from the pro forma adjustments reflected in the Unaudited Pro Forma Condensed Combined Financial Statements.

The Unaudited Pro Forma Condensed Combined Financial Statements are not necessarily indicative of the financial position or the future results of operations or results that might have been achieved if the foregoing acquisition transactions had been consummated as of the indicated dates. The Unaudited Pro Forma Condensed Combined Financial Statements should be read in conjunction with the historical consolidated financial statements of World Access, LDI, STAR and WORLDxCHANGE and the related notes thereto. See "Incorporation of Certain Documents by Reference" and "Available Information."

**WORLD ACCESS, INC.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**  
**March 31, 2000**  
**(In thousands)**

	Historical World Access	STAR(1)	STAR Adjustments	Pro Forma World Access and STAR Combined	WxC(10)	WxC Adjustments	Pro Forma World Access, STAR and WxC Combined
<b>ASSETS</b>							
Cash and equivalents	\$ 145,347	\$159,290	\$ —	\$ 304,637	\$ 9,553	\$(45,000)(11)	\$ 269,190
Short-term investments	43,922	1,310	—	45,232	—	—	45,232
Restricted cash	30,847	—	—	30,847	—	—	30,847
Accounts and notes receivable	260,053	104,341	—	364,394	92,172	(2,351)(17)	454,215
Prepaid expenses and other current assets	29,835	19,620	—	49,455	26,217	(210)(17)	75,462
Net assets held for sale	238,405	—	—	238,405	—	—	238,405
Total Current Assets	748,409	284,561	—	1,032,970	127,942	(47,561)	1,113,351
Property and equipment, net	154,250	268,750	—	423,000	195,923	(6,500)(11)	612,423
Goodwill and other intangibles, net	1,081,172	196,521	(196,521)(5)	1,441,412	93,521	(93,521)(14)	2,011,741
			360,240(2)			570,329(11)	
Other assets	64,854	7,287	—	72,141	5,126	—	77,267
Total Assets	\$2,048,685	\$757,119	\$ 163,719	\$2,969,523	\$ 422,512	\$422,747	\$3,814,782
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>							
Short-term debt	\$ 74,722	\$ 42,299	\$ —	\$ 117,021	\$ 174,142	\$ (2,351)(17)	\$ 288,812
Accounts payable	228,721	140,883	—	369,604	173,175	—	542,779
Other accrued liabilities	101,730	125,786	3,000(2)	230,516	49,302	3,000(11)	282,608
						(210)(17)	
Total Current Liabilities	405,173	308,968	3,000	717,141	396,619	439	1,114,199
Long-term debt	413,989	38,567	—	452,556	71,434	—	523,990
Other long-term liabilities	652	39,118	—	39,770	6,248	—	46,018
Total Liabilities	819,814	386,653	3,000	1,209,467	474,301	439	1,684,207
Stockholders' Equity (Deficit):							
Preferred stock	6	—	—	6	78,658	(78,658)(15)	6
Common stock	597	58	(58)(6)	826	99,378	(99,378)(15)	1,124
			229(2)			298(11)	
Additional paid in capital	1,422,619	365,903	(365,903)(6)	1,956,435	—	352,532(11)	2,326,679
			514,657(2)			17,689(11)	
			16,299(2)			23(13)	
			2,860(4)				
Deferred compensation	—	(1,985)	1,985(6)	(2,860)	—	(23)(13)	(2,883)
			(2,860)(4)				
Notes receivable from shareholders	—	(3,785)	3,785(6)	—	(1,888)	1,888(15)	—
Accumulated other comprehensive loss	(4,368)	(7,646)	7,646(6)	(4,368)	(6,860)	6,860(15)	(4,368)
Accumulated deficit	(189,983)	17,921	(17,921)(6)	(189,983)	(221,077)	221,077(15)	(189,983)
Total Stockholders' Equity (Deficit)	1,228,871	370,466	160,719	1,760,056	(51,789)	422,308	2,130,575
Total Liabilities and Stockholders' Equity	\$2,048,685	\$757,119	\$ 163,719	\$2,969,523	\$ 422,512	\$422,747	\$3,814,782

**WORLD ACCESS, INC.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
**For the Three Months Ended March 31, 2000**  
**(In thousands, except per share data)**

	Pro Forma World Access(20)	STAR(1)	STAR Adjustments	Pro Forma World Access and STAR Combined	WxC(10)	WxC Adjustments	Pro Forma World Access, STAR and WxC Combined
Carrier service revenues	\$264,220	\$124,543	\$(5,873)(7)	\$382,890	\$148,276	\$(4,642)(16)	\$526,524
Operating expense:							
Cost of carrier services	233,880	111,819	(5,873)(7)	339,826	117,663	(4,642)(16)	452,847
Selling, general and administrative	28,587	19,875	200(4)	48,662	35,802	7(13)	84,471
Depreciation and amortization	21,782	11,573	1,956(3)	35,311	12,450	6,201(12)	53,637
						(325)(11)	
Provision for doubtful accounts	3,281	1,214	—	4,495	5,353	—	9,848
Total operating expenses	<u>287,530</u>	<u>144,481</u>	<u>(3,717)</u>	<u>428,294</u>	<u>171,268</u>	<u>1,241</u>	<u>600,803</u>
Operating loss	(23,310)	(19,938)	(2,156)	(45,404)	(22,992)	(5,883)	(74,279)
Interest and other income	6,361	10,823	—	17,184	(193)	—	16,991
Interest and other expense	(15,762)	(930)	—	(16,692)	(7,647)	—	(24,339)
Foreign exchange loss	438	—	—	438	—	—	438
Loss from continuing operations before income taxes and minority interests	(32,273)	(10,045)	(2,156)	(44,474)	(30,832)	(5,883)	(81,189)
Benefit for income taxes	<u>(1,550)</u>	<u>(3,163)</u>	<u>(82)(8)</u>	<u>(4,795)</u>	<u>—</u>	<u>130(18)</u>	<u>(4,665)</u>
Net loss from continuing operations before minority interest	(30,723)	(6,882)	(2,074)	(39,679)	(30,832)	(6,013)	(76,524)
Preferred stock dividends	(632)	—	—	(632)	—	—	(632)
Loss from continuing operations available to common stockholders	<u>\$ (31,355)</u>	<u>\$ (6,882)</u>	<u>\$ (2,074)</u>	<u>\$ (40,311)</u>	<u>\$ (30,832)</u>	<u>\$ (6,013)</u>	<u>\$ (77,156)</u>
Loss per common share from continuing operations:							
Basic	<u>\$ (0.57)</u>						<u>\$ (0.72)(9)(10)</u>
Diluted	<u>\$ (0.57)</u>						<u>\$ (0.72)(9)(10)</u>
Weighted average shares outstanding:							
Basic	<u>55,189</u>						<u>107,908(9)(10)</u>
Diluted	<u>55,189</u>						<u>107,908(9)(10)</u>

**WORLD ACCESS, INC.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
**For the Year Ended December 31, 1999**  
(In thousands, except per share data)

	Pro Forma World Access(20)	STAR(1)	STAR Adjustments	Pro Forma World Access and STAR Combined	WxC(10)	WxC Adjustments	Pro Forma World Access, STAR and WxC Combined
Carrier service revenues	\$1,019,553	\$616,469	\$(17,949)(7)	\$1,618,073	\$ 607,035	\$(25,601)(16)	\$2,199,507
Operating expense:							
Cost of carrier services	905,936	537,895	(17,949)(7)	1,425,882	477,317	(25,601)(16)	1,877,598
Selling, general and administrative	132,251	108,246	798 (4)	241,295	193,070	23 (13)	434,388
Depreciation and amortization	93,252	38,975	9,477 (3)	141,704	43,304	9,875 (12)	193,583
						(1,300)(11)	
Provision for doubtful accounts	13,980	—	—	13,980	—	—	13,980
Merger expense	—	1,867	—	1,867	—	—	1,867
Restructuring and other special charges	44,187	—	—	44,187	—	—	44,187
Total operating expenses	<u>1,189,606</u>	<u>686,983</u>	<u>(7,674)</u>	<u>1,868,915</u>	<u>713,691</u>	<u>(17,003)</u>	<u>2,565,603</u>
Operating loss	(170,053)	(70,514)	(10,275)	(250,842)	(106,656)	(8,598)	(366,096)
Interest and other income	10,822	3,230	—	14,052	—	—	14,052
Interest and other expense	(58,208)	(6,194)	—	(64,402)	(25,385)	—	(89,787)
Foreign exchange loss	(2,369)	—	—	(2,369)	—	—	(2,369)
Loss from continuing operations before income taxes and minority interests	(219,808)	(73,478)	(10,275)	(303,561)	(132,041)	(8,598)	(444,200)
Provision (benefit) for income taxes	(6,999)	(11,041)	(327)(8)	(18,367)	—	524 (18)	(17,843)
Net loss from continuing operations before minority interest	(212,809)	(62,437)	(9,948)	(285,194)	(132,041)	(9,122)	(426,357)
Minority interest	—	—	—	—	1,614	—	1,614
Preferred stock dividends	(2,461)	—	—	(2,461)	—	—	(2,461)
Loss from continuing operations available to common stockholders	<u>\$ (215,270)</u>	<u>\$(62,437)</u>	<u>\$(9,948)</u>	<u>\$(287,655)</u>	<u>\$(130,427)</u>	<u>\$(9,122)</u>	<u>\$(427,204)</u>
Loss per common share from continuing operations:							
Basic	<u>\$ (4.25)</u>						<u>\$ (4.13)(9)(19)</u>
Diluted	<u>\$ (4.25)</u>						<u>\$ (4.13)(9)(19)</u>
Weighted average shares outstanding:							
Basic	<u>50,634</u>						<u>103,353 (9)(19)</u>
Diluted	<u>50,634</u>						<u>103,353 (9)(19)</u>

**WORLD ACCESS, INC.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**  
**March 31, 2000**  
(In thousands)

	<u>Historical</u> <u>World Access</u>	<u>STAR(1)</u>	<u>STAR</u> <u>Adjustments</u>	<u>Pro Forma</u> <u>World Access</u> <u>and STAR</u> <u>Combined</u>
<b>ASSETS</b>				
Cash and equivalents .....	\$ 145,347	\$159,290	\$ —	\$ 304,637
Short-term investments .....	43,922	1,310	—	45,232
Restricted cash .....	30,847	—	—	30,847
Accounts and notes receivable .....	260,053	104,341	—	364,394
Prepaid expenses and other current assets .....	29,835	19,620	—	49,455
Net assets held for sale .....	238,405	—	—	238,405
<b>Total Current Assets .....</b>	<b>748,409</b>	<b>284,561</b>	<b>—</b>	<b>1,032,970</b>
Property and equipment, net .....	154,250	268,750	—	423,000
Goodwill and other intangibles, net .....	1,081,172	196,521	(196,521) (5)	1,441,412
			360,240 (2)	
Other assets .....	64,854	7,287	—	72,141
<b>Total Assets .....</b>	<b>\$2,048,685</b>	<b>\$757,119</b>	<b>\$ 163,719</b>	<b>\$2,969,523</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Short-term debt .....	\$ 74,722	\$ 42,299	\$ —	\$ 117,021
Accounts payable .....	228,721	140,883	—	369,604
Other accrued liabilities .....	101,730	125,786	3,000 (2)	230,516
<b>Total Current Liabilities .....</b>	<b>405,173</b>	<b>308,968</b>	<b>3,000</b>	<b>717,141</b>
Long-term debt .....	413,989	38,567	—	452,556
Other long-term liabilities .....	652	39,118	—	39,770
<b>Total Liabilities .....</b>	<b>819,814</b>	<b>386,653</b>	<b>3,000</b>	<b>1,209,467</b>
Stockholders' Equity (Deficit):				
Preferred Stock .....	6	—	—	6
Common stock .....	597	58	(58) (6)	826
			229 (2)	
Additional paid in capital .....	1,422,619	365,903	(365,903) (6)	1,956,435
			514,657 (2)	
			16,299 (2)	
			2,860 (4)	
Deferred compensation .....	—	(1,985)	1,985 (6)	(2,860)
			(2,860) (4)	
Notes receivable from shareholders .....	—	(3,785)	3,785 (6)	—
Accumulated other comprehensive loss .....	(4,368)	(7,646)	7,646 (6)	(4,368)
Accumulated deficit .....	(189,983)	17,921	(17,921) (6)	(189,983)
<b>Total Stockholders' Equity .....</b>	<b>1,228,871</b>	<b>370,466</b>	<b>160,719</b>	<b>1,760,056</b>
<b>Total Liabilities and Stockholders' Equity ..</b>	<b>\$2,048,685</b>	<b>\$757,119</b>	<b>\$ 163,719</b>	<b>\$2,969,523</b>

**WORLD ACCESS, INC.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
**For the Three Months Ended March 31, 2000**  
(In thousands, except per share data)

	<u>Pro Forma World Access(20)</u>	<u>STAR(1)</u>	<u>STAR Adjustments</u>	<u>Pro Forma World Access and STAR Combined</u>
Carrier service revenues .....	\$ 264,220	\$124,543	\$ (4,459) (7)	\$ 384,304
Operating expenses:				
Cost of carrier services .....	233,880	111,819	(4,459) (7)	341,240
Selling, general and administrative .....	28,587	19,875	200 (4)	48,662
Depreciation and amortization .....	21,782	11,573	1,956 (3)	35,311
Provision for doubtful accounts .....	3,281	1,214	—	4,495
Total operating expenses .....	<u>287,530</u>	<u>144,481</u>	<u>(2,303)</u>	<u>429,708</u>
Operating loss .....	(23,310)	(19,938)	(2,156)	(45,404)
Interest and other income .....	6,361	10,823	—	17,184
Interest and other expense .....	(15,762)	(930)	—	(16,692)
Foreign exchange loss .....	438	—	—	438
Loss from continuing operations before income taxes .....	(32,273)	(10,045)	(2,156)	(44,474)
Provision (benefit) for income taxes .....	(1,550)	(3,163)	(82) (8)	(4,795)
Net loss from continuing operations .....	(30,723)	(6,882)	(2,074)	(39,679)
Preferred stock dividends .....	(632)	—	—	(632)
Loss from continuing operations available to common stockholders .....	<u>\$ (31,355)</u>	<u>\$ (6,882)</u>	<u>\$ (2,074)</u>	<u>\$ (40,311)</u>
Loss per common share from continuing operations:				
Basic .....	<u>\$ (0.57)</u>			<u>\$ (0.52) (9)</u>
Diluted .....	<u>\$ (0.57)</u>			<u>\$ (0.52) (9)</u>
Weighted average shares outstanding:				
Basic .....	<u>55,189</u>			<u>78,083 (9)</u>
Diluted .....	<u>55,189</u>			<u>78,083 (9)</u>

**WORLD ACCESS, INC.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
For the Year Ended December 31, 1999  
(In thousands, except per share data)

	Pro Forma World Access(20)	STAR(1)	STAR Adjustments	Pro Forma World Access and STAR Combined
Carrier service revenues .....	\$1,019,553	\$616,469	\$(17,949) (7)	\$1,618,073
Operating expenses:				
Cost of carrier services .....	905,936	537,895	(17,949) (7)	1,425,882
Selling, general and administrative .....	132,251	108,246	798 (4)	241,295
Depreciation and amortization .....	93,252	38,975	9,477 (3)	141,704
Provision for doubtful accounts .....	13,980	—	—	13,980
Merger expense .....	—	1,867	—	1,867
Restructuring and other special charges .....	44,187	—	—	44,187
Total operating expenses .....	<u>1,189,606</u>	<u>686,983</u>	<u>(7,674)</u>	<u>1,868,915</u>
Operating loss .....	(170,053)	(70,514)	(10,275)	(250,842)
Interest and other income .....	10,822	3,230	—	14,052
Interest and other expense .....	(58,208)	(6,194)	—	(64,402)
Foreign exchange loss .....	(2,369)	—	—	(2,369)
Loss from continuing operations before income taxes .....	(219,808)	(73,478)	(10,275)	(303,561)
Provision (benefit) for income taxes .....	(6,999)	(11,041)	(327) (8)	(18,367)
Net loss from continuing operations .....	(212,809)	(62,437)	(9,948)	(285,194)
Preferred stock dividends .....	(2,461)	—	—	(2,461)
Loss from continuing operations available to common stockholders .....	<u>\$ (215,270)</u>	<u>\$ (62,437)</u>	<u>\$ (9,948)</u>	<u>\$ (287,655)</u>
Loss per common share from continuing operations:				
Basic .....	<u>\$ (4.25)</u>			<u>\$ (3.91)</u>
Diluted .....	<u>\$ (4.25)</u>			<u>\$ (3.91)</u>
Weighted average shares outstanding:				
Basic .....	<u>50,634</u>			<u>73,528</u>
Diluted .....	<u>50,634</u>			<u>73,528</u>

**WORLD ACCESS, INC.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**  
**March 31, 2000**  
(In thousands)

	Historical World Access	WxC(10)	WxC Adjustments	Pro Forma World Access and WxC Combined
<b>ASSETS</b>				
Cash and equivalents .....	\$ 145,347	\$ 9,553	\$ (45,000) (11)	\$ 109,900
Short-term investments .....	43,922	—	—	43,922
Restricted cash .....	30,847	—	—	30,847
Accounts and notes receivable .....	260,053	92,172	—	352,225
Prepaid expenses and other current assets .....	29,835	26,217	—	56,052
Net assets held for sale .....	238,405	—	—	238,405
<b>Total Current Assets .....</b>	<u>748,409</u>	<u>127,942</u>	<u>(45,000)</u>	<u>831,351</u>
Property and equipment, net .....	154,250	195,923	(6,500) (11)	343,673
Goodwill and other intangibles, net .....	1,081,172	93,521	(93,521) (14)	1,651,501
			570,329 (11)	
Other assets .....	64,854	5,126	—	69,980
<b>Total Assets .....</b>	<u>\$2,048,685</u>	<u>\$ 422,512</u>	<u>\$ 425,308</u>	<u>\$2,896,505</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Short-term debt .....	\$ 74,722	\$ 174,142	\$ —	\$ 248,864
Accounts payable .....	228,721	173,175	—	401,896
Other accrued liabilities .....	101,730	49,302	3,000 (11)	154,032
<b>Total Current Liabilities .....</b>	<u>405,173</u>	<u>396,619</u>	<u>3,000</u>	<u>804,792</u>
Long-term debt .....	413,989	71,434	—	485,423
Other long-term liabilities .....	652	6,248	—	6,900
<b>Total Liabilities .....</b>	<u>819,814</u>	<u>474,301</u>	<u>3,000</u>	<u>1,297,115</u>
<b>Stockholders' Equity (Deficit):</b>				
Preferred Stock .....	6	78,658	(78,658) (15)	6
Common stock .....	597	99,378	(99,378) (15)	895
			298 (11)	
Additional paid in capital .....	1,422,619	—	352,532 (11)	1,792,863
			17,689 (11)	
			23 (13)	
Deferred compensation .....	—	—	(23) (13)	(23)
Notes receivable from shareholders .....	—	(1,888)	1,888 (15)	—
Accumulated other comprehensive loss .....	(4,368)	(6,860)	6,860 (15)	(4,368)
Accumulated deficit .....	(189,983)	(221,077)	221,077 (15)	(189,983)
<b>Total Stockholders' Equity (Deficit) ..</b>	<u>1,228,871</u>	<u>(51,789)</u>	<u>422,308</u>	<u>1,599,390</u>
<b>Total Liabilities and Stockholders' Equity .....</b>	<u>\$2,048,685</u>	<u>\$ 422,512</u>	<u>\$ 425,308</u>	<u>\$2,896,505</u>

WORLD ACCESS, INC.  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
For the Three Months Ended March 31, 2000  
(In thousands, except per share data)

	Pro Forma World Access(20)	WxC(10)	WxC Adjustments	Pro Forma World Access and WxC Combined
Carrier service revenues .....	\$264,220	\$148,276	\$ (3,450) (16)	\$409,046
Operating expenses:				
Cost of carrier services .....	233,880	117,663	(3,450) (16)	348,093
Selling, general and administrative .....	28,587	35,802	7 (13)	64,396
Depreciation and amortization .....	21,782	12,450	6,201 (12)	40,108
			(325) (11)	
Provision for doubtful accounts .....	3,281	5,353	—	8,634
Total operating expenses .....	<u>287,530</u>	<u>171,268</u>	<u>2,433</u>	<u>461,231</u>
Operating loss .....	(23,310)	(22,992)	(5,883)	(52,185)
Interest and other income .....	6,361	(193)	—	6,168
Interest and other expense .....	(15,762)	(7,647)	—	(23,409)
Foreign exchange loss .....	<u>438</u>	<u>—</u>	<u>—</u>	<u>438</u>
Loss from continuing operations before income taxes and minority interests .....	(32,273)	(30,832)	(5,883)	(68,988)
Provision (benefit) for income taxes .....	<u>(1,550)</u>	<u>—</u>	<u>130(18)</u>	<u>(1,420)</u>
Net loss from continuing operations before minority interest .....	(30,723)	(30,832)	(6,013)	(67,568)
Preferred stock dividends .....	<u>(632)</u>	<u>—</u>	<u>—</u>	<u>(632)</u>
Loss from continuing operations available to common stockholders .....	<u>\$ (31,355)</u>	<u>\$ (30,832)</u>	<u>\$ (6,013)</u>	<u>\$ (68,200)</u>
Loss per common share from continuing operations:				
Basic .....	<u>\$ (0.57)</u>			<u>\$ (0.80) (19)</u>
Diluted .....	<u>\$ (0.57)</u>			<u>\$ (0.80) (19)</u>
Weighted average shares outstanding:				
Basic .....	<u>55,189</u>			<u>85,014 (19)</u>
Diluted .....	<u>55,189</u>			<u>85,014 (19)</u>

**WORLD ACCESS, INC.**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
**For the Year Ended December 31, 1999**  
(In thousands, except per share data)

	<u>Pro Forma World Access(20)</u>	<u>WxC(10)</u>	<u>WxC Adjustments</u>	<u>Pro Forma World Access and WxC Combined</u>
Carrier service revenues .....	\$1,019,553	\$ 607,035	\$ (23,534) (16)	\$1,603,054
Operating expenses:				
Cost of carrier services .....	905,936	477,317	(23,534) (16)	1,359,719
Selling, general and administrative .....	132,251	193,070	23 (13)	325,344
Depreciation and amortization .....	93,252	43,304	9,875 (12)	145,131
			(1,300) (11)	
Provision for doubtful accounts .....	13,980	—	—	13,980
Restructuring and other special charges ..	44,187	—	—	44,187
Total operating expenses .....	<u>1,189,606</u>	<u>713,691</u>	<u>(14,936)</u>	<u>1,888,361</u>
Operating loss .....	(170,053)	(106,656)	(8,598)	(285,307)
Interest and other income .....	10,822	—	—	10,822
Interest and other expense .....	(58,208)	(25,385)	—	(83,593)
Foreign exchange loss .....	(2,369)	—	—	(2,369)
Loss from continuing operations before income taxes and minority interests .....	(219,808)	(132,041)	(8,598)	(360,447)
Provision (benefit) for income taxes ....	(6,999)	—	524 (18)	(6,475)
Net loss from continuing operations before minority interest .....	(212,809)	(132,041)	(9,122)	(353,972)
Minority interest .....	—	1,614	—	1,614
Preferred stock dividends .....	(2,461)	—	—	(2,461)
Loss from continuing operations available to common stockholders .....	<u>\$ (215,270)</u>	<u>\$ (130,427)</u>	<u>\$ (9,122)</u>	<u>\$ (354,819)</u>
Loss per common share from continuing operations:				
Basic .....	<u>\$ (4.25)</u>			<u>\$ (4.41) (19)</u>
Diluted .....	<u>\$ (4.25)</u>			<u>\$ (4.41) (19)</u>
Weighted average shares outstanding:				
Basic .....	<u>50,634</u>			<u>80,459 (19)</u>
Diluted .....	<u>50,634</u>			<u>80,459 (19)</u>

**WORLD ACCESS, INC.**  
**NOTES TO UNAUDITED PRO FORMA**  
**CONDENSED COMBINED FINANCIAL STATEMENTS**

**STAR Adjustments**

- (1) These columns represent the historical financial position and results of operations of STAR as of and for the three months ended March 31, 2000 and for the year ended December 31, 1999 and have been adjusted to reflect the sale of PT-1 as required for the successful completion of the STAR merger. For pro forma purposes, we have assumed that the net cash proceeds on the sale of PT-1 will be equal to \$150.0 million.

	STAR March 31, 2000	Exclusion of PT-1	STAR Excluding PT-1 March 31, 2000
Cash and equivalents .....	\$ 14,170	\$ (4,880) (i)	\$159,290
		150,000 (ii)	
Short-term investments .....	1,316	(6) (i)	1,310
Accounts and notes receivable .....	164,935	(60,594) (i)	104,341
Prepaid expenses and other current assets .....	46,590	(26,970) (i)	19,620
Total Current Assets .....	<u>227,011</u>	<u>57,550</u>	<u>284,561</u>
Property and equipment, net .....	309,734	(40,984) (i)	268,750
Goodwill and other intangibles, net .....	197,518	(997) (i)	196,521
Other assets .....	7,621	(334) (i)	7,287
Total Assets .....	<u>\$741,884</u>	<u>\$ 15,235</u>	<u>\$757,119</u>
Short-term debt .....	\$ 44,284	\$ (1,985) (i)	\$ 42,299
Accounts payable .....	162,758	(21,875) (i)	140,883
Other accrued liabilities .....	180,714	(54,928) (i)	125,786
Total Current Liabilities .....	387,756	(78,788)	308,968
Long-term debt .....	43,096	(4,529) (i)	38,567
Other long-term liabilities .....	40,964	(1,846) (i)	39,118
Total Liabilities .....	<u>471,816</u>	<u>(85,163)</u>	<u>386,653</u>
Total Stockholders' Equity .....	<u>270,068</u>	<u>100,398 (iii)</u>	<u>370,466</u>
Total Liabilities and Stockholders' Equity .....	<u>\$741,884</u>	<u>\$ 15,235</u>	<u>\$757,119</u>

(i) Represents the historical asset and liability amounts for PT-1.

(ii) Represents the assumed net cash proceeds for the sale of PT-1.

(iii) Represents the assumed gain on the sale of PT-1 (excluding the effect of PT-1 goodwill recorded by STAR).

	STAR 3 Months Ended March 31, 2000	Exclusion of PT-1	STAR Excluding PT-1 3 Months Ended March 31, 2000
Carrier service revenues .....	\$ 255,105	\$(130,562)	\$ 124,543
Cost of carrier services .....	(225,840)	114,021	(111,819)
Selling, general and administrative .....	(28,648)	8,773	(19,875)

**WORLD ACCESS, INC.**  
**NOTES TO UNAUDITED PRO FORMA**  
**CONDENSED COMBINED FINANCIAL STATEMENTS — (Continued)**

	STAR 3 Months Ended March 31, 2000	Exclusion of PT-1	STAR Excluding PT-1 3 Months Ended March 31, 2000
Depreciation and amortization .....	(13,050)	1,477	(11,573)
Provision for doubtful accounts .....	(4,681)	3,467	(1,214)
Interest and other income .....	10,885	(62)	10,823
Interest expense .....	(2,924)	1,994	(930)
Benefit for income taxes .....	2,629	534	3,163
Net loss .....	<u>\$ (6,524)</u>	<u>\$ (358)</u>	<u>\$ (6,882)</u>

	STAR 12 Months Ended December 31, 1999	Exclusion of PT-1	STAR Excluding PT-1 12 Months Ended December 31, 1999
Carrier service revenues .....	\$1,061,774	\$(445,305)	\$ 616,469
Cost of carrier services .....	(925,206)	387,311	(537,895)
Selling, general and administrative .....	(160,067)	51,821	(108,246)
Depreciation and amortization .....	(44,236)	5,261	(38,975)
Merger expense .....	(1,878)	11	(1,867)
Interest and other income .....	3,565	(335)	3,230
Interest expense .....	(9,895)	3,701	(6,194)
Benefit for income taxes .....	12,096	(1,055)	11,041
Net loss .....	<u>\$ (63,847)</u>	<u>\$ 1,410</u>	<u>\$ (62,437)</u>

- (2) The STAR merger will be accounted for under the purchase method of accounting. The total cost to acquire STAR is subject to change, to the extent that the number of shares of STAR common stock to be acquired will not be fixed until the effective date of the merger. A change in total cost will result in a corresponding change in goodwill and related amortization expense. The excess of the purchase price over the fair value of the net assets acquired has been allocated to goodwill and other intangible assets. These allocations are subject to change

**WORLD ACCESS, INC.**  
**NOTES TO UNAUDITED PRO FORMA**  
**CONDENSED COMBINED FINANCIAL STATEMENTS — (Continued)**

pending the completion of the final analysis of the total purchase price and fair values of the assets acquired and the liabilities assumed. The impact of such changes could be material.

Purchase price:	
Issuance of World Access Common Stock(i) .....	\$ 514,886
Fair value of World Access options issued in exchange for STAR options(ii) .....	16,290
Estimated fees and expenses .....	3,000
Total estimated purchase price .....	<u>\$ 534,176</u>
Allocation to fair values:	
Pro forma stockholders' equity as of March 31, 2000(iii) .....	\$(370,460)
Adjust assets and liabilities:	
Eliminate historical goodwill as of March 31, 2000 .....	196,520
Preliminary goodwill .....	<u>\$ 360,240</u>

- (i) In accordance with the merger agreement, each share of STAR common stock issued and outstanding shall be converted into the right to receive .3905 shares of World Access Common Stock. At March 31, 2000, approximately 22,894,000 shares of World Access Common Stock are assumed to have been issued in connection with the STAR merger as follows (in thousands, except per share amounts):

STAR common shares outstanding at March 31, 2000 .....	58,627
Multiplied by: Exchange ratio .....	0.3905
Shares of World Access Common Stock assumed to be exchanged .....	22,894
Multiplied by: Average market price(a) .....	\$ 22.49
Value of World Access Common Stock exchanged .....	<u>\$514,886</u>

- (a) The average market price represents the average market price of World Access Common Stock for the three trading days prior and the three trading days subsequent to February 14, 2000, the date economic terms of the merger were announced.

- (ii) As the consummation of the merger is expected to occur after July 1, 2000, we have valued the World Access options using the guidance in FIN 44, *Accounting for Certain Transactions Involving Stock Compensation*, an interpretation of APB Opinion No. 25. Under FIN 44, the fair value of vested options issued will be included as part of the purchase price. The fair value of unvested options issued will also be included as part of the purchase price; however, a portion of the intrinsic value (if any) of the unvested options will be allocated to unearned compensation and recognized as compensation cost over the remaining future vesting period. Any intrinsic value that is allocated to unearned compensation is deducted from the fair value of the unvested options.

In accordance with the merger agreement, each STAR option is to be converted into an option to purchase 0.3905 shares of World Access Common Stock. At March 31, 2000, STAR had 3,717,665 options outstanding; 1,774,049 of which were vested and 1,943,616 were unvested. The vested and unvested options are convertible to 692,766 and 758,982 World Access options, respectively, totaling 1,451,748.

The fair value of the 692,766 vested options is \$9.9 million computed using the Black-Scholes Option Pricing Model and is included in the purchase price. The fair value of the 758,982 unvested options is \$9.3 million computed using the Black-Scholes Option Pricing Model. Of this amount, \$2.9 million was allocated to unearned compensation and \$6.4

**WORLD ACCESS, INC.**  
**NOTES TO UNAUDITED PRO FORMA**  
**CONDENSED COMBINED FINANCIAL STATEMENTS — (Continued)**

million is included in the purchase price. The assumptions used in the Black-Scholes model are: dividend yield 0%, volatility 70%, risk free interest rate of 6.43%, and an expected life of 3 years.

(iii) STAR pro forma stockholders' equity as of March 31, 2000 assumes the sale of PT-1 for net cash proceeds of \$150.0 million.

(3) Amortization of additional goodwill over an estimated life of 20 years. The pro forma adjustment to goodwill was computed as follows (in thousands):

	<u>Goodwill</u>	<u>Pro Forma Amortization</u>	<u>Historical Goodwill Amortization</u>	<u>Pro Forma Adjustment</u>
STAR — for the three months ended				
March 31, 2000 .....	\$360,240	\$ 4,503	\$(2,547)	\$1,956
STAR — for the year ended December 31,				
1999 .....	\$360,240	\$18,012	\$(8,535)	\$9,477

- (4) The issuance of World Access unvested options in exchange for STAR unvested options resulted in unearned compensation of \$2.9 million which will be recognized as compensation cost over the remaining future vesting period of the unvested options. The weighted average remaining vesting period for the unvested options is 43 months, resulting in compensation cost of \$798,000 for the year ended December 31, 1999 and \$200,000 for the three months ended March 31, 2000.
- (5) Elimination of STAR's historical goodwill and other intangibles.
- (6) Elimination of STAR's pro forma stockholders equity accounts.
- (7) Elimination of intercompany revenues and related costs.
- (8) Adjustment for the additional tax benefit derived from certain pro forma adjustments. World Access has not recorded any tax benefit on a pro forma basis that may be derived from STAR's net operating losses.
- (9) Represents pro forma weighted average shares for basic and diluted earnings from continuing operations per share. The weighted average shares are computed assuming the issuance of approximately 22,894,000 shares of common stock to complete the STAR merger. Due to the pro forma loss from continuing operations, potential common stock shares related to stock options, stock warrants, convertible notes and convertible preferred stock have been excluded from the diluted loss per share as the inclusion of these potential common stock shares would be anti-dilutive.

WORLD ACCESS, INC.  
NOTES TO UNAUDITED PRO FORMA  
CONDENSED COMBINED FINANCIAL STATEMENTS — (Continued)

WORLDxCHANGE Adjustments

(10) These columns represent the historical financial position and results of operations of WORLDxCHANGE as of and for the three months ended March 31, 2000 and for the year ended December 31, 1999. As WORLDxCHANGE's fiscal year end is September 30 the following table represents a reconciliation of WORLDxCHANGE's results of operations for its fiscal year ended on September 30, 1999 to the year ended December 31, 1999:

	Historical Results for Fiscal Year Ended September 30, 1999	Exclusion of Operations from 10/1/98- 12/31/98	Inclusion of Operations from 10/1/99- 12/31/99	Year Ended December 31, 1999
Revenues .....	\$ 421,580	\$(89,927)	\$ 143,327	\$ 474,980
Cost of services .....	(328,334)	70,922	(112,545)	(369,957)
Selling, general and administrative .....	(124,112)	27,952	(43,430)	(139,590)
Depreciation and amortization .....	(17,705)	3,564	(9,375)	(23,516)
Interest and other expense .....	(17,531)	4,234	(6,420)	(19,717)
Minority interest .....	2,251	(637)	—	1,614
Net loss .....	<u>\$ (63,851)</u>	<u>\$ 16,108</u>	<u>\$ (28,443)</u>	<u>\$ (76,186)</u>

On November 4, 1999, WORLDxCHANGE acquired the outstanding shares of certain European subsidiaries of ACC Corp. (ACC), a subsidiary of AT&T. The historical results of operations of WORLDxCHANGE includes ACC's results for the two months ended December 31, 1999. The results of ACC for the period from January 1, 1999 to October 31, 1999 have been added to the WORLDxCHANGE historical results of operations as follows:

	WxC Year Ended December 31, 1999 including 2 Months of ACC	ACC for the Period 1/1/99 to 10/31/99	WxC Year Ended December 31, 1999 including 12 Months of ACC
Revenues .....	\$ 474,980	\$ 132,055	\$ 607,035
Cost of services .....	(369,957)	(107,360)	(477,317)
Selling, general and administrative .....	(139,590)	(53,480)	(193,070)
Depreciation and amortization .....	(23,516)	(19,788)	(43,304)
Interest and other expense .....	(19,717)	(5,668)	(25,385)
Minority interest .....	1,614	—	1,614
Net loss .....	<u>\$ (76,186)</u>	<u>\$ (54,241)</u>	<u>\$ (130,427)</u>

**WORLD ACCESS, INC.**  
**NOTES TO UNAUDITED PRO FORMA**  
**CONDENSED COMBINED FINANCIAL STATEMENTS — (Continued)**

The following table represents a reconciliation of WORLDxCHANGE's results of operations for the six months ended March 31, 2000 (as shown in the WORLDxCHANGE financial statements included in this registration statement) to the results of operations for the three months ended March 31, 2000:

	Results for the Six Months Ended March 31, 2000	Exclusion of Results for the Three Months Ended December 31, 1999	Results for the Three Months Ended March 31, 2000
Revenues.....	\$ 291,600	\$(143,324)	\$ 148,276
Cost of services .....	(230,207)	112,544	(117,663)
Selling, general and administrative .....	(84,585)	43,430	(41,155)
Depreciation and amortization .....	(21,825)	9,375	(12,450)
Interest and other expense	(14,255)	6,415	(7,840)
Net loss.....	<u>\$ (59,272)</u>	<u>\$ (28,440)</u>	<u>\$ (30,832)</u>

- (11) The WORLDxCHANGE merger will be accounted for under the purchase method of accounting. The total cost to acquire WORLDxCHANGE is subject to change, to the extent that the number of shares of WORLDxCHANGE capital stock to be acquired will not be fixed until the effective date of the merger. A change in total cost will result in a corresponding change in goodwill and related amortization expense. The excess of the purchase price over the fair value of the net assets acquired has been allocated to goodwill and other intangible assets. These allocations are subject to change pending the completion of the final analysis of the total purchase price and fair values of the assets acquired and the liabilities assumed. The impact of such changes could be material. The preliminary purchase price and goodwill is currently estimated as follows (in thousands):

Purchase price:

Issuance of World Access Common Stock(i) .....	\$352,830
Fair value of World Access options issued in exchange for WxC options(ii) .....	17,689
Bridge financing(iii) .....	45,000
Estimated fees and expenses .....	<u>3,000</u>
Total estimated purchase price .....	\$418,519

Allocation to fair values:

Historical shareholders' deficit as of March 31, 2000 .....	\$ 51,789
Adjust assets and liabilities:	
Eliminate historical intangible assets as of March 31, 2000 .....	93,521
Write-off impaired assets(iv) .....	<u>6,500</u>
Preliminary goodwill .....	<u>\$570,329</u>

- (i) In accordance with the merger agreement, each share of WORLDxCHANGE common stock issued and outstanding shall be converted into the right to receive 0.6583 shares of World Access Common Stock. At March 31, 2000, a total of 29,824,610 shares of World

**WORLD ACCESS, INC.**  
**NOTES TO UNAUDITED PRO FORMA**  
**CONDENSED COMBINED FINANCIAL STATEMENTS — (Continued)**

Access Common Stock are assumed to have been issued in connection with the WORLDxCHANGE merger as follows (in thousands, except per share amounts):

WORLDxCHANGE common shares outstanding upon the conversion of preferred shares outstanding at March 31, 2000 .....	8,283
WORLDxCHANGE common shares outstanding at March 31, 2000.....	<u>37,023</u>
Total WxC common shares outstanding.....	45,306
Multiplied by: Exchange ratio .....	<u>0.6583</u>
Shares of World Access Common Stock assumed to be exchanged.....	29,825
Multiplied by: Average market price (a) .....	<u>\$ 11.83</u>
Value of World Access Common Stock exchanged .....	<u><u>\$352,830</u></u>

- (a) The average price represents the average market price of World Access Common Stock for the three trading days prior to and on May 23, 2000, the date economic terms of the merger were amended.
- (ii) As the consummation of the merger is expected to occur after July 1, 2000, we have valued the World Access options using the guidance in FIN 44, *Accounting for Certain Transactions Involving Stock Compensation*, an interpretation of APB opinion No. 25. Under FIN 44, the fair value of vested options issued will be included as part of the purchase price. The fair value of unvested options issued will also be included as part of the purchase price; however, a portion of the intrinsic value (if any) of the unvested options will be allocated to unearned compensation and recognized as compensation cost over the remaining future vesting period. Any intrinsic value that is allocated to unearned compensation is deducted from the fair value of the unvested options.
- In accordance with the merger agreement, each WORLDxCHANGE option is to be converted into an option to purchase 0.6583 shares of World Access Common Stock. At March 31, 2000, WORLDxCHANGE had 3,965,531 options outstanding; 2,482,267 of which were vested and 1,483,264 were unvested. The vested and unvested options are convertible to 1,634,076 and 976,433 World Access options respectively, totaling 2,610,509. The fair value of the 1,634,076 vested options is \$12.7 million computed using the Black-Scholes Option Pricing Model and is included in the purchase price. The fair value of the 976,433 unvested options is \$5.0 million computed using the Black-Scholes Option Pricing Model. Of this amount, \$23,000 was allocated to unearned compensation and \$5.0 million is included in the purchase price. The assumptions used in the Black-Scholes model are: dividend yield 0%, volatility 70%, risk free interest rate of 6.43%, and an expected life of 3 years.
- (iii) World Access has issued WORLDxCHANGE a \$45 million revolving credit facility. For purposes of the unaudited pro forma information, we have assumed that World Access will provide WORLDxCHANGE with \$45 million of funding before the merger is consummated. As of March 31, 2000, \$25 million had been advanced to WORLDxCHANGE.
- (iv) At March 31, 2000, WORLDxCHANGE has PC based switches with net book value of approximately \$6.5 million. The merger with World Access would result in an impairment of these assets hence the adjustment to write-off impaired assets from the acquisition. Consequently, depreciation expense is decreased by \$1.3 million and \$325,000 for the year ended December 31, 1999 and the three months ended March 31, 2000, respectively.

**WORLD ACCESS, INC.**  
**NOTES TO UNAUDITED PRO FORMA**  
**CONDENSED COMBINED FINANCIAL STATEMENTS — (Continued)**

- (12) Amortization of goodwill over an estimated life of 20 years. The pro forma adjustment to goodwill was computed as follows (in thousands):

	<u>Goodwill</u>	<u>Pro Forma Amortization</u>	<u>Historical Goodwill Amortization</u>	<u>Pro Forma Adjustment</u>
WORLDxCHANGE — For the three months ended March 31, 2000 .....	\$570,329	\$ 7,129	\$ (928)	\$6,201
WORLDxCHANGE — For the year ended December 31, 1999 .....	570,329	28,516	(18,641)	9,875

- (13) The issuance of World Access unvested options in exchange for WORLDxCHANGE unvested options resulted in unearned compensation of \$23,000 which will be recognized as compensation cost over the remaining future vesting period of the unvested options. The weighted average remaining vesting period for the unvested options is 10 months, resulting in compensation cost of \$23,000 for the year ended December 31, 1999 and \$7,000 for the three months ended March 31, 2000.
- (14) Elimination of WORLDxCHANGE's historical goodwill and other intangibles.
- (15) Elimination of WORLDxCHANGE's historical shareholders' deficit accounts.
- (16) Elimination of intercompany carrier service revenues and related costs.
- (17) At March 31, 2000, WORLDxCHANGE had a \$2,351,114 note payable plus \$209,762 interest payable to STAR. Assuming the mergers of WORLDxCHANGE and STAR with World Access are consummated, this adjustment is necessary to eliminate the intercompany debt and interest payable.
- (18) Adjustment for the additional income tax provision derived from certain pro forma adjustments. World Access has not recorded any tax benefit on a pro forma basis that may be derived from WORLDxCHANGE's net operating losses.
- (19) Represents pro forma weighted average shares for basic and diluted earnings from continuing operations per share. The weighted average shares are computed assuming the issuance of an aggregate of 29,824,610 shares issued to complete the WORLDxCHANGE merger. Due to the pro forma loss from continuing operations potential common stock shares related to stock options, stock warrants, convertible notes and convertible preferred stock have been excluded from the diluted loss per share as the inclusion of these potential common stock shares would be anti-dilutive.

**Pro Forma World Access**

- (20) On December 17, 1999, World Access entered into an Asset Purchase Agreement with Long Distance International, Inc. ("LDI") whereby it agreed to purchase substantially all of its assets in exchange for World Access Convertible Preferred Stock, Series D, with an Aggregate Liquidation Preference of \$185,000,000 ("World Access Preferred") and the assumption of certain of LDI's liabilities. At the closing of the transaction, 81% of the World Access Preferred was issued to holders of LDI's 12¼% Senior Notes due 2008 ("Note Holders"), in satisfaction of LDI's obligations thereunder; 6% of World Access Preferred was issued to NETnet International S.A. ("S.A.") in satisfaction of LDI's obligation under an Acquisition Agreement dated October 9, 1998; 3% of the World Access Preferred was issued to LDI to satisfy any remaining obligations; and 10% of the World Access Preferred was deposited into escrow to secure LDI's indemnification obligations under the Asset Purchase Agreement. Any escrow

**WORLD ACCESS, INC.**  
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proceeds not so applied will be allocated 70% to the Note Holders; 20% to S.A. and 10% to LDI.

The Unaudited Pro Forma World Access Condensed Combined Statement of Operations for the year ended December 31, 1999 give effect to our February 2000 acquisition of LDI, our December 1999 merger with FaciliCom and related transactions, and our May 1999 acquisition of Comm/Net as if the acquisitions had been completed on January 1, 1999. The Unaudited Pro Forma World Access Condensed Combined Statement of Operations for the three months ended March 31, 2000 gives effect to our February 2000 acquisition of LDI as if the acquisition had been completed on January 1, 2000. The unaudited pro forma condensed combined statements of operations, while helpful in illustrating characteristics of the combined company under one set of assumptions, does not attempt to predict or suggest future results.

As a result of the FaciliCom merger and the restructuring program initiated by World Access in the fourth quarter of 1999, World Access expects to realize significant operational and financial synergies. These synergies are expected to include cost reductions resulting from traffic routing changes made to take advantage of each company's least cost routes, elimination of redundant leased line costs, elimination of redundant switching centers and consolidation of certain administrative functions. World Access currently estimates that these annualized cost savings, which have been excluded from the unaudited pro forma condensed combined statement of operations, will range from \$20.0 million to \$35.0 million.

The unaudited pro forma condensed combined statements of operations are presented for comparative purposes only and are not intended to be indicative of the actual results had these transactions occurred as of the beginning of the period nor does it purport to indicate results which may be attained in the future.

**WORLD ACCESS, INC.**  
**NOTES TO UNAUDITED PRO FORMA**  
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**Pro Forma World Access**  
**Unaudited Pro Forma Condensed Combined Statement of Operations**  
**For the three months ended March 31, 2000:**

	<u>World Access(A)</u>	<u>LDI(D)</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma World Access</u>
	(in thousands, except per share data)			
Carrier service revenues .....	\$255,541	\$ 8,679	\$ —	\$264,220
Operating expenses:				
Cost of carrier services .....	223,855	10,025	—	233,880
Selling, general and administrative .....	21,861	6,726	—	28,587
Depreciation and amortization .....	17,759	2,595	1,428(G)	21,782
Provision for doubtful accounts .....	1,915	1,366	—	3,281
Total operating expenses .....	<u>265,390</u>	<u>20,712</u>	<u>1,428</u>	<u>287,530</u>
Operating income (loss) .....	(9,849)	(12,033)	(1,428)	(23,310)
Interest and other income .....	2,619	3,742	—	6,361
Interest expense .....	(14,545)	(6,235)	5,018(J)	(15,762)
Foreign exchange loss .....	532	(94)	—	438
Income (loss) from continuing operations before income taxes .....	(21,243)	(14,620)	3,590	(32,273)
Provision (benefit) for income taxes .....	(3,460)	—	1,910(K)	(1,550)
Income (loss) from continuing operations ...	(17,783)	(14,620)	1,680	(30,723)
Preferred stock dividends .....	(632)	—	—	(632)
Income (loss) from continuing operations available to common stockholders .....	<u>\$ (18,415)</u>	<u>\$ (14,620)</u>	<u>\$ 1,680</u>	<u>\$ (31,355)</u>
Loss per common share from continuing operations:				
Basic .....	<u>\$ (0.33)</u>			<u>\$ (0.57) (N)</u>
Diluted .....	<u>\$ (0.33)</u>			<u>\$ (0.57) (N)</u>
Weighted average shares outstanding:				
Basic .....	<u>55,189</u>			<u>55,189 (N)</u>
Diluted .....	<u>55,189</u>			<u>55,189 (N)</u>

**WORLD ACCESS, INC.**  
**NOTES TO UNAUDITED PRO FORMA**  
**CONDENSED COMBINED FINANCIAL STATEMENTS — (Continued)**

**Pro Forma World Access**  
**Unaudited Pro Forma Condensed Combined Statement of Operations**  
**For the year ended December 31, 1999:**

	<u>World Access(A)</u>	<u>FaciliCom(B)</u>	<u>Comm/Net(C)</u>	<u>LDI(D)</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma World Access</u>
	(In thousands, except per share data)					
Carrier service revenues .....	\$501,081	\$404,485	\$13,868	\$117,662	\$(17,543) (F)	\$1,019,553
Operating expenses:						
Cost of carrier services .....	448,305	364,773	9,923	97,867	(14,932) (F)	905,936
Selling, general and administrative .....	23,628	49,376	2,324	56,923	—	132,251
Depreciation and amortization ...	13,541	27,823	390	20,716	37,750 (G)	93,252
					(6,968) (H)	
Provision for doubtful accounts ..	4,805	7,276	—	1,899	—	13,980
Restructuring and other special charges .....	37,800	—	—	6,387	—	44,187
Total operating expenses	<u>528,079</u>	<u>449,248</u>	<u>12,637</u>	<u>183,792</u>	<u>15,850</u>	<u>1,189,606</u>
Operating income (loss)	(26,998)	(44,763)	1,231	(66,130)	(33,393)	(170,053)
Interest and other income .....	3,308	3,026	—	4,488	—	10,822
Interest expense .....	(12,914)	(33,413)	(65)	(33,607)	(8,325) (I)	(58,208)
					30,116 (J)	
Foreign exchange loss .....	(620)	(1,749)	—	—	—	(2,369)
Income (loss) from continuing operations before income taxes ..	(37,224)	(76,899)	1,166	(95,249)	(11,602)	(219,808)
Provision (benefit) for income taxes.....	(10,126)	(7,335)	264	—	10,198 (K)	(6,999)
Income (loss) from continuing operations	(27,098)	(69,564)	902	(95,249)	(21,800)	(212,809)
Preferred stock dividends .....	(1,968)	—	—	(2,049)	(493) (L)	(2,461)
					2,049 (M)	
Income (loss) from continuing operations available to common stockholders .....	<u>\$ (29,066)</u>	<u>\$ (69,564)</u>	<u>\$ 902</u>	<u>\$ (97,298)</u>	<u>\$ (20,244)</u>	<u>\$ (215,270)</u>
Loss per common share from continuing operations:						
Basic .....	<u>\$ (0.78)</u>					<u>\$ (4.25) (N)</u>
Diluted .....	<u>\$ (0.78)</u>					<u>\$ (4.25) (N)</u>
Weighted average shares outstanding:						
Basic .....	<u>37,423</u>					<u>50,634 (N)</u>
Diluted .....	<u>37,423</u>					<u>50,634 (N)</u>

**WORLD ACCESS, INC.**  
**NOTES TO UNAUDITED PRO FORMA**  
**CONDENSED COMBINED FINANCIAL STATEMENTS — (Continued)**

- A. This column represents the historical results of operations of World Access. The World Access results of operations for the year ended December 31, 1999 includes the results of Comm/Net from May 1, 1999 and the results of FaciliCom from December 7, 1999. The World Access results of operations for the three months ended March 31, 2000 include the results of operations of LDI from February 11, 2000.
- B. This column represents the historical results of operations of FaciliCom for the period January 1, 1999 to December 6, 1999.
- C. This column represents the historical results of operations of Comm/Net for the period January 1, 1999 to April 30, 1999.
- D. These columns represents the historical results of operations of LDI. For the Unaudited Pro Forma Condensed Combined Statement of Operations for the three months ended March 31, 2000, the historical results of operations of LDI are for the period January 1, 2000 to February 10, 2000. For the Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 1999, the historical results of operations of LDI are for the period January 1, 1999 to December 31, 1999.
- E. The LDI merger has been accounted for under the purchase method of accounting. Under the terms of the Agreement and Plan of Merger dated as of February 11, 2000, the purchase price was determined as follows (in thousands):

Purchase price:	
Issuance of preferred stock (i) .....	\$217,560
Debt forgiven .....	4,674
Fair value of World Access options issued in exchange for	
LDI options (ii) .....	21,731
Fees and expenses .....	<u>2,000</u>
	<u>245,965</u>
Allocation to fair value of net assets:	
Cash .....	(42,476)
Other current assets .....	(15,447)
Property and equipment .....	(17,127)
Other assets .....	(1,420)
Current liabilities .....	78,374
Other liabilities .....	<u>478</u>
Goodwill .....	<u>\$248,347</u>

(i) Represents the fair value, as determined by World Access management, of the 185,000 shares of Series D Convertible Preferred Stock, as of December 17, 1999, the date the acquisition was announced to the public, issued as part of the LDI merger consideration. The Series D Preferred Stock bears no dividend and is convertible into shares of World Access Common Stock at a conversion rate of \$18 per common share of World Access Common Stock, subject to adjustment in the event of below market issuances of World Access Common Stock, stock dividends, subdivisions, combinations, reclassifications and other distributions with respect to World Access common stock. If the closing trading price of World Access Common Stock exceeds \$18 per share for 60 consecutive trading days, the Series D Preferred Stock will automatically convert into World Access Common Stock.

**WORLD ACCESS, INC.**  
**NOTES TO UNAUDITED PRO FORMA**  
**CONDENSED COMBINED FINANCIAL STATEMENTS — (Continued)**

(ii) Represents the fair value of approximately 1,500,000 options to acquire World Access Common Stock issued in exchange for certain options outstanding to acquire shares of LDI stock. The fair value has been determined using the Black-Scholes Option Pricing Model with the following assumptions: dividend yield 0%, volatility 70%, risk free interest rate of 6.3% and an expected life of 4 years. The World Access options have an exercise price of \$18.50 per share. The holders of the LDI redeemable warrants have agreed to terminate their warrants as part of the closing of the acquisition by World Access.

F. Elimination of inter-company revenues and related costs.

G. Amortization of additional goodwill as a result of the FaciliCom, Comm/Net and LDI Acquisitions over an estimated life of 20 years. The additional Resurgens goodwill of \$127 million is a result of the 7,500,000 shares released from escrow related to the acceleration of the Resurgens earn-out in connection with the FaciliCom Merger. The pro forma adjustment to goodwill was computed as follows (in thousands):

	<u>Goodwill</u>	<u>Pro Forma Amortization</u>	<u>Historical Goodwill Amortization</u>	<u>Pro Forma Adjustments</u>
For the three months ended March 31, 2000:				
LDI .....	\$248,347	\$ 3,104	\$ (1,676)	\$ 1,428
For the year ended December 31, 1999:				
FaciliCom .....	592,153	29,608	(2,475)	27,133
Resurgens .....	127,425	6,371	(409)	5,962
LDI .....	248,347	12,417	(8,210)	4,207
Comm/Net .....	22,713	1,136	(688)	448
		<u>\$49,532</u>	<u>\$(11,782)</u>	<u>\$37,750</u>

H. Adjustment to depreciation expense for the adjustment to fair values of switching equipment and IRUs at FaciliCom.

I. Represents the adjustment to interest expense related to the exchange of \$300 million of FaciliCom notes with a 10.5% coupon for World Access notes with a 13.25% coupon and the amortization of the \$15.0 million debt discount related to World Access notes over a period of eight years. The pro forma adjustment to interest expense was computed as follows (in thousands):

Interest expense on World Access notes for eleven months .....	\$(36,438)
Debt issue cost amortization on World Access notes for eleven months .....	(1,719)
Historical FaciliCom note interest expense .....	28,875
Historical FaciliCom debt issue cost amortization .....	957
Net increase in interest expense .....	<u>\$ (8,325)</u>

**WORLD ACCESS, INC.**  
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**CONDENSED COMBINED FINANCIAL STATEMENTS — (Continued)**

J. Adjustment to reduce interest expense related to the elimination of certain LDI indebtedness resulting from the acquisition as follows:

	For the three months ended March 31, 2000	For the year ended December 31, 1999
Interest expense on LDI's 12¼% Senior Notes .....	\$4,609	\$27,656
Amortization of original issue discount on LDI's 12¼% Senior Notes .....	200	1,202
Amortization of LDI's 12¼% Senior Notes offering costs ..	157	944
Interest expense on certain notes payable to the holders of LDI's 12¼% Senior Notes .....	52	314
Net decrease in interest expense .....	\$5,018	\$30,116

K. Adjustment for the additional tax benefit derived from certain pro forma adjustments. World Access has not recorded any tax benefit on a pro forma basis that may be derived from LDI's and FaciliCom's net operating losses.

L. To increase preferred stock dividends to reflect the Series B preferred stock issued in connection with the Comm/Net acquisition as outstanding for the full period.

M. To eliminate historical LDI preferred stock dividends and preferred stock and warrant redemption accretion.

N. Represents pro forma weighted average shares and basic diluted earnings from continuing operations per share for the year ended December 31, 1999. The weighted average shares are computed assuming the issuance of (1) an aggregate of 4,713,128 shares issued for \$75.0 million in connection with the private placement of World Access common stock in conjunction with the FaciliCom merger; (2) an aggregate of 942,627 shares issued to the holders of the FaciliCom notes; (3) an aggregate 963,722 shares issued to certain FaciliCom shareholders; and (4) 7,500,000 shares released from escrow related to the acceleration of the Resurgens earn-out in connection with the FaciliCom merger as of January 1, 1999. Due to the pro forma loss from continuing operations potential common stock shares related to stock options, stock warrants, convertible notes and convertible preferred stock have been excluded from the diluted loss per share as the inclusion of these potential common stock shares would be anti-dilutive.

For the three months ended March 31, 2000, no additional shares of common stock are deemed to be outstanding. Due to the pro forma loss from continuing operations potential common stock shares related to stock options, stock warrants, convertible notes and convertible preferred stock have been excluded from the diluted loss per share as the inclusion of these potential common shares would be anti-dilutive.