

KELLEY DRYE & WARREN LLP

A PARTNERSHIP INCLUDING PROFESSIONAL ASSOCIATIONS

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August 19, 1996

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Ms. Blanca Bayo
 Director
 Florida Public Service Commission
 2540 Shumard Oak Boulevard
 Tallahassee, Florida 32399-0864

Re: Notification of Transfer Control of BLT TECHNOLOGIES, INC. to
WORLD COM, INC. D/B/A LDDS WORLD COM

Dear Ms. Bayo:

WorldCom, Inc. d/b/a LDDS WorldCom ("WorldCom") and BLT Technologies, Inc. ("BLT"), by their attorneys, hereby notify the Florida Public Service Commission ("Commission") of their intention to transfer control of BLT from its current shareholders to WorldCom through a merger. Both BLT and WorldCom are currently certified to provide intrastate telecommunications services in Florida. Therefore, the Parties will not transfer any operating authority. *The Parties respectfully request that the Commission not docket this letter unless prior Commission approval of the transfer of control of BLT to WorldCom is required.*

WorldCom is a publicly-held Georgia corporation whose principal offices are located at 515 East Amite Street, Jackson, Mississippi 39201. WorldCom is a nondominant worldwide telecommunications company which provides a full array of domestic and international voice and data communications services to business and residential customers. WorldCom operates as a facilities-based and non-facilities-based interexchange carrier that provides service directly and indirectly through its subsidiaries in 48 states, including Florida.

Ms. Blanca Bayo
August 19, 1996
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BLT is a privately-held Washington corporation headquartered at 610 Esther Street, Vancouver, Washington 98660. BLT is a reseller of interexchange services and operates primarily as a provider of prepaid calling cards. BLT is authorized to provide telecommunications services in 47 states, including Florida. BLT received its authority to provide telecommunications services in Florida on September 14, 1994 in Docket No. 940362. BLT is also authorized by the Federal Communications Commission to provide interstate and international telecommunications services.

On July 26, 1996, WorldCom and the shareholders of BLT entered into an Agreement and Plan of Merger Agreement whereby WorldCom will acquire BLT's business. Specifically, the transfer of control will be accomplished through a reverse triangular merger whereby a newly-formed special-purpose subsidiary of WorldCom will be merged with and into BLT. BLT will be the surviving entity, and will thereafter be a wholly-owned subsidiary of WorldCom. BLT's stockholders will receive shares of WorldCom stock in exchange for the BLT stock.

After the transfer of control, BLT will continue to operate as it has in the past, pursuant to the same name, tariff and operating authority. Prepaid calling cards previously issued by BLT will be honored in full accordance with the terms pursuant to which they were sold. Thus, the transfer of control will be seamless and will have no adverse impact on BLT's customers.

WorldCom is financially qualified to take control of BLT's business. WorldCom is the nation's fourth largest interexchange carrier. In 1995, WorldCom had revenues of approximately \$3.64 billion. A copy of WorldCom's most recent SEC Form 10-Q is attached hereto as Exhibit A. In addition, WorldCom is led by a highly-qualified team of management personnel, all of whom have extensive backgrounds in telecommunications, including in the provision of prepaid calling card services.

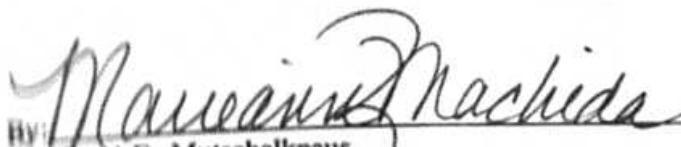
The transfer of control of BLT from its current shareholders to WorldCom is in the public interest. The addition of BLT to the WorldCom family of telecommunications companies will enhance both WorldCom's and BLT's ability to compete in the market for telecommunications services in Florida. The Parties will benefit from increased economies of scale that will permit them to operate more efficiently and thus to compete more effectively. In addition, as a wholly-owned subsidiary of WorldCom, BLT will have access to the financial resources it needs to introduce new products and services and to respond to the competitive telecommunications environment in Florida. Over time, consumers in Florida will benefit from a greater number of product and service options as well as lower prices.

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It is the Parties' understanding that prior Commission approval is not required for the transfer of control of BLT from its current shareholders to WorldCom. If this understanding is incorrect, the Parties respectfully request that the Commission contact the undersigned as soon as possible. Absent written notice to the contrary within 30 days of the date of this letter, the Parties will assume that no further action is required and will consummate the transaction as planned.

Respectfully submitted,

WORLDCom, INC. and
BLT TECHNOLOGIES, INC.

By: 

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Their Attorneys

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1996

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 0-11258

WorldCom, Inc.

(Exact name of registrant as specified in its charter)

Georgia

(State or other jurisdiction of incorporation or organization)

58-1521612

(I.R.S. Employer Identification No.)

515 East Amite Street, Jackson, Mississippi
(Address of principal executive offices)

39201-2702
(Zip Code)

Registrant's telephone number, including area code : (601) 360-8600

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

The number of outstanding shares of the registrant's Common Stock, par value \$.01 per share, was 194,456,924 on April 30, 1996.

FORM 10-Q
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WORLD.COM, INC. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 (In Thousands of Dollars, Except Per Share Data)

	March 31, 1996	December 31, 1995
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 19,708	\$ 41,679
Accounts receivable, net of allowance for bad debts of \$61,212 in 1996 and \$57,980 in 1995	591,544	528,763
Income taxes receivable	19,820	17,489
Deferred tax asset	6,030	16,899
Other current assets	112,244	49,992
Total current assets	749,346	654,832
Property and equipment:		
Transmission equipment	1,462,940	1,376,242
Communications equipment	418,205	401,454
Furniture, fixtures and other	283,921	278,716
	2,165,066	2,056,412
Less - accumulated depreciation	(531,487)	(487,080)
	1,633,579	1,569,332
Excess of cost over net tangible assets acquired, net of accumulated amortization	4,319,792	4,292,752
Other assets	114,225	117,655
	\$ 6,816,942	\$ 6,634,571
LIABILITIES AND SHAREHOLDERS' INVESTMENT		
Current liabilities:		
Short-term debt and current maturities of long-term debt	\$ 1,184,711	\$ 1,112,853
Accounts payable	150,031	137,342
Accrued line costs	437,094	391,604
Other current liabilities	342,319	337,013
Total current liabilities	2,114,155	1,978,812
Long-term liabilities, less current portion:		
Long-term debt	2,194,357	2,278,428
Deferred income taxes payable	47,536	26,172
Other liabilities	165,599	163,873
Total long-term liabilities	2,407,492	2,468,473
Commitments and contingencies		
Shareholders' investment:		
Series 2 preferred stock, par value \$.01 per share; authorized, issued and outstanding: 1,244,048 shares in 1996 and 1995 (liquidation preference of \$31,101)	12	12
Preferred stock, par value \$.01 per share; authorized: 48,755,952 shares in 1996 and 1995; none issued	-	-
Common stock, par value \$.01 per share; authorized: 500,000,000 shares; issued and outstanding: 194,218,964 shares in 1996 and 193,242,639 shares in 1995	1,941	1,932
Additional paid-in capital	1,921,317	1,898,310
Retained earnings	372,025	287,032
Total shareholders' investment	2,295,295	2,187,286
	\$ 6,816,942	\$ 6,634,571

The accompanying notes are an integral part of these statements.

WORLDICOM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Per Share Data)

	For the Three Months Ended March 31,	
	1996	1995
	<u>1996</u>	<u>1995</u>
Revenues	\$ 1,026,186	\$ 865,035
Operating expenses:		
Line costs	558,189	479,835
Selling, general and administrative	189,223	160,248
Depreciation and amortization	83,711	74,414
Total	<u>831,123</u>	<u>714,497</u>
Operating income	195,063	150,538
Other income (expense):		
Interest expense	(57,026)	(62,308)
Miscellaneous	2,126	234
Income before income taxes	<u>140,163</u>	<u>88,464</u>
Provision for income taxes	54,663	34,501
Net income	<u>85,500</u>	<u>53,963</u>
Preferred dividend requirement	505	6,939
Net income applicable to common shareholders	<u>\$ 84,995</u>	<u>\$ 47,024</u>
Earnings per common share:		
Primary	<u>\$ 0.43</u>	<u>\$ 0.28</u>
Fully diluted	<u>\$ 0.42</u>	<u>\$ 0.28</u>
Weighted average shares outstanding:		
Primary	197,519	166,773
Fully diluted	205,844	198,277

The accompanying notes are an integral part of these statements.

WORLD.COM, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 (In Thousands of Dollars)

	For the Three Months Ended March 31,	
	1996	1995
Cash flows from operating activities:		
Net income	\$ 85,500	\$ 53,963
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	83,711	74,414
Provision for losses on accounts receivable	13,529	12,208
Provision for deferred income taxes	41,891	19,063
Change in assets and liabilities, net of effect of business combinations:		
Accounts receivable	(77,529)	15,434
Income taxes, net	5,948	12,672
Other current assets	(62,314)	1,636
Accrued line costs	23,490	(15,715)
Accounts payable and other current liabilities	14,926	(95,695)
Other	(986)	1,730
Net cash provided by operating activities	<u>128,166</u>	<u>79,710</u>
Cash flows from investing activities:		
Capital expenditures	(110,547)	(52,339)
Acquisitions and related costs	(550)	(2,639,179)
Increase in intangible assets	(23,722)	(3,353)
Proceeds from disposition of other assets	4,069	-
Increase in other assets	(6,222)	(7,715)
Decrease in other liabilities	(15,193)	(2,886)
Proceeds from sale of property and equipment	-	13,611
Other	-	1,000
Net cash used in investing activities	<u>(152,165)</u>	<u>(2,690,861)</u>
Cash flows from financing activities:		
Borrowings	-	2,733,050
Principal payments on debt	(12,213)	(124,523)
Common stock issuance	14,746	5,579
Dividends paid on preferred stock	(505)	(6,939)
Net cash provided by financing activities	<u>2,028</u>	<u>2,607,167</u>
Net decrease in cash and cash equivalents	(21,971)	(3,984)
Cash and cash equivalents at beginning of period	41,679	19,259
Cash and cash equivalents at end of period	<u>\$ 19,708</u>	<u>\$ 15,275</u>

The accompanying notes are an integral part of these statements.

WORLDCOM, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(A) GENERAL

The financial statements included herein are unaudited and have been prepared in accordance with generally accepted accounting principles for interim financial reporting and Securities and Exchange Commission ("SEC") regulations. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the financial statements reflect all adjustments (of a normal and recurring nature) which are necessary to present fairly the financial position, results of operations and cash flows for the interim periods. These financial statements should be read in conjunction with the Annual Report of the Company on Form 10-K for the year ended December 31, 1995. The results for the three month period ended March 31, 1996, are not necessarily indicative of the results that may be expected for the year ending December 31, 1996.

(B) SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest paid by the Company during the three months ended March 31, 1996 and 1995 amounted to \$62.0 million and \$49.7 million, respectively. Income taxes paid during the three months ended March 31, 1996 and 1995 were \$6.8 million and \$2.8 million, respectively. In conjunction with business combinations during the three months ended March 31, 1996 and 1995, assumed assets and liabilities were as follows (in thousands):

	For the Three Months Ended March 31,	
	1996	1995
Fair value of assets acquired	\$ 595	\$ 838,646
Excess of cost over net tangible assets acquired	26,237	2,137,865
Liabilities assumed	(26,282)	(324,482)
Common stock issued	-	(12,850)
	\$ 550	\$ 2,639,179

Acquisition and related costs for the three months ended March 31, 1996 reflect additional costs related to the acquisitions in 1995.

(C) CONTINGENCIES

IDB Related Investigations. On June 9, 1994, the SEC issued a formal order of investigation concerning certain matters, including IDB Communication Group, Inc.'s ("IDB") financial position, books and records and internal controls and trading in IDB securities on the basis of non-public information. The SEC has issued subpoenas to WorldCom, IDB and others, including certain former officers of IDB, in connection with its investigation. The NASD and other self-regulatory bodies have also made inquiries of IDB concerning similar matters.

The U.S. Attorney's Office for the Central District of California has issued grand jury subpoenas to IDB seeking documents relating to IDB's first quarter of 1994 results, the Deloitte & Touche LLP resignation, trading in IDB securities and other matters, including information concerning certain entities in which certain former officers of IDB are personal investors and transactions between such entities and IDB. IDB has been informed that a criminal investigation has commenced. The U.S. Attorney's Office has issued a grand jury subpoena to WorldCom arising out of the same investigation seeking certain documents relating to IDB.

Other. On February 8, 1996, President Clinton signed legislation that will, without limitation, permit the Bell Operating Companies (the "BOCs") to provide domestic and international long distance services upon a finding by the Federal Communications Commission (the "FCC") that the petitioning BOC has satisfied certain criteria for opening up its local exchange

network to competition and that its provision of long distance services would further the public interest; removes existing barriers to entry into local service markets; significantly changes the manner in which carrier-to-carrier arrangements are regulated at the federal and state level; establishes procedures to revise universal service standards; and establishes penalties for unauthorized switching of customers. The Company cannot predict the effect such legislation will have on the Company or the industry. However, the Company believes that it is positioned to take advantage of business opportunities in the rapidly changing telecommunications market.

The Company is involved in other legal and regulatory proceedings generally incidental to its business. In some instances, rulings by regulatory authorities in some states may result in increased operating costs to the Company.

While the results of these various legal and regulatory matters contain an element of uncertainty, the Company believes that the probable outcome of any of the legal or regulatory matters, or all of them combined, should not have a material adverse effect on the Company's consolidated results of operations or financial position.

(D) RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The following table sets forth the ratio of earnings to combined fixed charges and preferred stock dividends for each of the five years ended December 31, 1995 and for the three months ended March 31, 1995 and 1996, which ratios are based on the historical consolidated financial statements of WorldCom.

	<u>Year Ended December 31,</u>					<u>Three Months Ended March 31,</u>	
	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1995</u>	<u>1996</u>
Ratio of earnings to combined fixed charges and preferred stock dividends	2.53:1	1.40:1	4.14:1	0.13:1	2.31:1	2.11:1	3.11:1
Deficiency of earnings to combined fixed charges and preferred stock dividends (in thousands)	-	-	-	\$ (78,008)	-	-	-

For the purpose of computing the ratio of earnings to combined fixed charges and preferred stock dividends, earnings consist of income (loss) from continuing operations and fixed charges and preferred stock dividends, and fixed charges consist of interest (including capitalized interest, but excluding amortization amounts previously capitalized) on all indebtedness, amortization of debt discount and expense and that portion of rental expense which the Company believes to be representative of interest.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis relates to the financial condition and results of operations of the Company for the three months ended March 31, 1996 and 1995.

GENERAL

The Company's continued emphasis on acquisitions has taken the Company from a small regional long distance carrier to one of the largest long distance telecommunications companies in the industry, serving customers domestically and internationally. The Company's operations have grown significantly in each year of its operations as a result of internal growth, the selective acquisition of smaller long distance companies with limited geographic service areas and market shares, the consolidation of certain third tier long distance carriers with larger market shares and international expansion.

The Company's long distance revenues are derived principally from the number of minutes of use billed by the Company. Minutes billed are those conversation minutes during which a call is actually connected at the Company's switch (except for minutes during which the customer receives a busy signal or the call is unanswered at its destination). The Company's profitability is dependent upon, among other things, its ability to achieve line costs that are less than its revenues. The principal components of line costs are access charges and transport charges. Access charges are expenses incurred by all interexchange carriers ("IXCs") for accessing the local networks of the local exchange carriers ("LECs") in order to originate and terminate calls and payments made to foreign telephone administrations to complete calls made from the U.S. by the Company's customers. Transport charges are the expenses incurred in transmitting calls between or within local access and transport areas.

The most significant portion of the Company's line costs is access charges which are highly regulated. The FCC regulates international communications services and interstate telephone service and certain states, through the appropriate regulatory agency, regulate intrastate telephone service. Accordingly, the Company cannot predict what effect continued regulation and increased competition between LECs and other IXCs will have on future access charges. However, the Company believes that it will be able to continue to reduce transport costs through effective utilization of its network, favorable contracts with carriers and network efficiencies made possible as a result of expansion of the Company's customer base by acquisitions and internal growth.

On February 8, 1996, President Clinton signed legislation, that will, without limitation, permit the BOCs to provide domestic and international long distance services upon a finding by the FCC that the petitioning BOC has satisfied certain criteria for opening up its local exchange network to competition and that its provision of long distance services would further the public interest; removes existing barriers to entry into local service markets; significantly changes the manner in which carrier-to-carrier arrangements are regulated at the federal and state level; establishes procedures to revise universal service standards; and establishes penalties for unauthorized switching of customers. The enactment of this legislation has made it possible for the Company to form business associations to provide long distance telecommunications services with certain LECs and the Company expects to pursue resale of local service in those markets where it is both economically and technically feasible. While the effects of this legislation on the Company and the industry remain uncertain, the Company believes that it is positioned to take advantage of business opportunities in the rapidly changing telecommunications marketplace.

In the first quarter of 1996, the Company signed agreements to provide long distance telecommunications services to GTE Long Distance, Ameritech Communications, Inc. and Southwestern Bell Mobile Systems, Inc. WorldCom also entered into an agreement to become a major provider of data telecommunications services for Electronic Data Systems Corporation, a global information services company.

Additionally, in response to the changing regulatory environment, WorldCom has filed applications with public utility commissions in several states to offer customers a full range of local telephone exchange services, an important capability that will serve as a complement to the Company's national and international service offerings. To date, WorldCom has received permission to provide local service on a resale basis in California, Connecticut, Florida, Illinois and Texas, and WorldCom has applications pending in other states.

RESULTS OF OPERATIONS

The following table sets forth for the periods indicated the Company's statement of operations as a percentage of its operating revenues.

	For the Three Months Ended March 31,	
	1996	1995
Revenues	100.0%	100.0%
Line costs	54.4	55.5
Selling, general and administrative	18.4	18.5
Depreciation and amortization	<u>8.2</u>	<u>8.6</u>
Operating income	19.0	17.4
Other income (expense):		
Interest expense	(5.6)	(7.2)
Miscellaneous	<u>0.2</u>	<u>0.0</u>
Income before income taxes	13.7	10.2
Provision for income taxes	<u>5.3</u>	<u>4.0</u>
Net income	8.3	6.2
Preferred dividend requirement	<u>0.0</u>	<u>0.8</u>
Net income applicable to common shareholders ..	<u>8.3%</u>	<u>5.4%</u>

Revenues for the three months ended March 31, 1996 increased 19% to \$1.03 billion on 5.60 billion revenue minutes as compared to \$865.0 million on 4.57 billion revenue minutes for the three months ended March 31, 1995. The increase in total revenues and minutes is attributable to internal growth of the Company.

The Company's first quarter switched retail and wholesale revenue, excluding operator services traffic, increased 22% over 1995 results, while traffic growth from these businesses equaled 24%. Private line revenues for the three months ended March 31, 1996, also reflected positive growth, with an increase of 26% over the 1995 results.

Line costs as a percentage of revenues decreased to 54.4% during the first quarter of 1996 as compared to 55.5% for the same period in the prior year. This decrease is attributable to changes in the product mix, rate reductions resulting from favorable contract negotiations and synergies and economies of scale resulting from network efficiencies achieved from the assimilation of recent acquisitions into the Company's operations.

Selling, general and administrative expenses for the first quarter of 1996 increased to \$189.2 million or 18.4% of revenues as compared to \$160.2 million or 18.5% of revenues for the first quarter of 1995. The increase in selling, general and administrative expenses results from the Company's expanding operations, primarily through internal growth. The decrease in expense as a percentage of revenues reflects the assimilation of recent acquisitions into the Company's strategy of cost control.

Depreciation and amortization expense for the first quarter of 1996 increased to \$83.7 million or 8.2% of revenues from \$74.4 million or 8.6% of revenues for the first quarter of 1995. This increase reflects additional depreciation related to capital expenditures. The reduction in the percentage is due to a relatively stable dollar of amortization on a higher revenue base.

Interest expense in the first quarter of 1996 was \$57.0 million or 5.6% of revenues, as compared to \$62.3 million or 7.2% of revenues in the first quarter of 1995. The decrease in interest expense is attributable to lower interest rates in effect on the Company's long-term debt. For the three months ended March 31, 1996 and 1995, weighted average annual interest rates were 6.5% and 7.3%, respectively, while weighted average annual levels of borrowing were \$3.47 billion and \$3.35 billion, respectively.

Net income applicable to common shareholders was \$85.0 million for the first quarter of 1996 versus \$47.0 million in the comparable 1995 period. Fully diluted earnings per share increased 50% to \$.42 compared with \$.28 a year ago. Primary earnings per share was \$.43 for the first quarter of 1996.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 1996, the Company's total debt was \$3.38 billion, down \$12.2 million from December 31, 1995 and the Company had access to an additional \$284.2 million under its long-term credit facilities. One facility (the "Term Principal Debt") of the credit facilities, which totals \$1.25 billion, matures in a single installment on December 31, 1996. Another facility (the "Revolving Facility Commitment"), which totals \$2.16 billion, will be reduced at the end of each fiscal quarter, commencing on September 30, 1996, in varying amounts, and must be paid in full on December 31, 2000. In addition, these credit facilities restrict the payment of cash dividends and otherwise limit the Company's financial flexibility.

The Company anticipates refinancing the \$1.25 billion Term Principal Debt maturing December 31, 1996 and other existing bank debt with an amended revolving commercial bank credit facility. The Company is currently in the syndication process for a \$3.75 billion revolving facility with no reduction of principal balances for five years, improved pricing spreads and increased availability. The Company anticipates closing the facility prior to the end of the second quarter. No assurance can be given that the Company will achieve successful syndication of its refinancing on terms acceptable to WorldCom.

The Company has historically utilized cash flow from operations to finance capital expenditures and a mixture of cash flow, debt and stock to finance acquisitions. The Company is committed to a priority plan of accelerating operating cash flow to reduce debt. Additional capital availability may be generated through a combination of commercial bank debt and public market debt. Successful execution of the refinancings and the priority plan would provide continued compliance with required operating ratio covenants, improved interest rate spread pricing, and would eliminate any type of equity financing other than equity issued in connection with acquisitions. No assurance can be given that the Company will achieve its priority plan.

Borrowings under the Company's credit facilities bear interest at rates that fluctuate with prevailing short-term interest rates. To protect against the effect of rising interest rates, the Company has entered into financial hedging agreements with various financial institutions in connection with requirements under the credit facilities. The hedging agreements establish capped fixed rates of interest ranging from 7.43% to 8.3125% on an aggregate notional value of \$1.7 billion and mature in 1997. If interest rates do not reach this cap, the Company's interest rate remains variable.

For the three months ended March 31, 1996, the Company's cash flow from operations was \$128.2 million, increasing from \$79.7 million in the comparable period for 1995. The increase in cash flow from operations was primarily attributable to internal growth.

The Company's existing \$300.0 million receivables purchase agreement generated additional proceeds of \$4.6 million in the first quarter of 1996. The Company used these proceeds to reduce outstanding debt under the Company's credit facilities. As of March 31, 1996, the purchaser owned an undivided interest in a \$744.4 million pool of receivables which includes the \$300.0 million sold.

Cash used in investing activities in the three months ended March 31, 1996 totaled \$152.2 million and included \$100.8 million for normal capital expenditures and an additional \$9.7 million for additional city pair network construction. Primary capital expenditures include purchases of switching, transmission, communication and other equipment. The Company's current budgeted capital expenditures for 1996 approximates \$400.0 million. In addition to this amount, the Company has additional city pair network construction opportunities which could approximate \$650.0 million to \$800.0 million over the next two years.

As a result of the Company signing agreements to provide long distance telecommunication services to certain LECs, management is currently evaluating the impact that the increased traffic volumes will have on the Company's network. As part of this evaluation, the Company plans to expand and upgrade its existing network switching, transmission and other communications equipment. Also, management is evaluating the impact that these events will have on the estimated useful lives of certain network facilities. Due to the upgrading of certain facilities, management is currently identifying which assets will be removed prior to their estimated useful life and determining whether there is an impairment to the carrying amount of those assets.

Included in cash flows from financing activities are payments of \$0.5 million for preferred dividend requirements. In May 1996, the Company announced that the Series 2 Preferred Stock would be redeemed by the Company on June 5, 1996. The conversion value of the Series 2 Preferred Stock is significantly higher than the redemption price and therefore the Company expects that all holders of the Series 2 Preferred Stock will elect to convert their shares to common stock prior to the redemption. The remaining

dividend requirement to be paid in the second quarter of 1996 is not expected to exceed \$0.4 million. After June 5, 1996, the Company will have no further dividend requirements.

Absent significant capital requirements for other acquisitions, the Company believes that cash flow from operations and funds available under the credit facilities will be adequate to meet the Company's capital needs for the remainder of 1996.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

There have been no material changes in the legal proceedings reported in the Company's Annual Report on Form 10-K for the year ended December 31, 1995, filed on March 30, 1996 except as may be reflected in the discussion under Note C of the Notes to Consolidated Financial Statements in Part I, Item 1, above.

Item 2. Changes in Securities.

None

Item 3. Defaults upon Senior Securities.

None

Item 4. Submission of Matters to a Vote of Security Holders.

None

Item 5. Other Information.

None

Item 6. Exhibits and Reports on Form 8-K.

A Exhibits

See Exhibit Index

B Reports on Form 8-K

None

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report on Form 10-Q to be signed on its behalf by Scott D. Sullivan, thereunto duly authorized to sign on behalf of the registrant and as the principal financial officer thereof.

WorldCom, Inc.

By: /s/ Scott D. Sullivan
Scott D. Sullivan
Chief Financial Officer

Dated: May 15, 1996

EXHIBIT INDEX

<u>Exhibit No</u>	<u>Description</u>	
3(i)	Amended and Restated Articles of Incorporation of the Company (including preferred stock designations) as of September 15, 1993, as amended by Articles of Amendment dated May 26, 1994, as amended by Articles of Amendment dated May 25, 1995 (incorporated herein by reference to Exhibit 4.1 to the Annual Report on Form 10-K filed by the Company for the year ended December 31, 1995).	
3(ii)	Bylaws of the Company (incorporated herein by reference to Exhibit 3(ii) to Amendment No. 1 to the Company's Registration Statement on Form S-3 (File No. 33-67340))	
11.1	Computation of Per Share Earnings	_____
12.1	Statement regarding computation of ratio of earnings to combined fixed charges and preferred stock dividends	_____
27.1	Financial Data Schedule	_____

WORLDCOM, INC. AND SUBSIDIARIES
 COMPUTATION OF PER SHARE EARNINGS
 (In thousands, except per share data)

	For the Three Months Ended March 31,	
	1996	1995
Primary:		
Weighted average shares outstanding	193,783	160,396
Common stock equivalents	3,736	6,377
	<u>197,519</u>	<u>166,773</u>
 Fully diluted:		
Weighted average shares outstanding	193,783	160,396
Common stock equivalents	4,293	6,636
Common stock issuable upon conversion of:		
5% convertible notes	5,135	5,135
Series 1 preferred stock	-	21,877
Series 2 preferred stock	2,633	4,233
	<u>205,844</u>	<u>198,277</u>
 Income applicable to common shareholders	\$ 84,995	\$ 47,024
Add back:		
Interest on 5% convertible notes, net of taxes	1,491	1,491
Series 1 preferred dividend requirement	-	6,126
Series 2 preferred dividend requirement	505	813
Net income applicable to common shareholders	<u>\$ 86,991</u>	<u>\$ 55,454</u>
 Earnings per share:		
Primary	\$ 0.43	\$ 0.28
Fully diluted	\$ 0.42	\$ 0.28

WORLDCOM, INC. AND SUBSIDIARIES
Computation of Ratio of Earnings to Combined Fixed
Charges and Preferred Stock Dividends
(In Thousands of Dollars)

Exhibit 12.1

	Year Ended December 31,					For the Three Months Ended March 31,	
	1991	1992	1993	1994	1995	1995	1996
Earnings:							
Pretax income (loss) from continuing operations	\$ 65,646	\$ 20,401	\$ 198,237	\$ (76,108)	\$ 405,596	\$ 81,525	\$ 139,658
Fixed charges, net of capitalized interest	38,116	38,720	58,999	87,455	300,094	73,425	62,698
Earnings	<u>\$ 103,762</u>	<u>\$ 59,121</u>	<u>\$ 257,236</u>	<u>\$ 11,347</u>	<u>\$ 705,690</u>	<u>\$ 154,950</u>	<u>\$ 202,356</u>
Fixed charges:							
Interest cost	\$ 34,495	\$ 33,815	\$ 38,657	\$ 49,203	\$ 253,945	\$ 62,308	\$ 59,304
Amortization of financing costs	1,018	1,464	1,792	2,086	2,811	710	713
Interest factor of rent expense	5,503	4,833	9,967	10,300	15,030	3,468	4,454
Preferred dividend requirements	-	2,112	11,683	27,766	33,191	6,939	505
Fixed charges	<u>\$ 41,016</u>	<u>\$ 42,224</u>	<u>\$ 62,099</u>	<u>\$ 89,355</u>	<u>\$ 304,977</u>	<u>\$ 73,425</u>	<u>\$ 64,976</u>
Deficiency of earnings to fixed charges	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (78,008)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ratio of earnings to combined fixed charges and preferred stock dividends	<u>2.53:1</u>	<u>1.40:1</u>	<u>4.14:1</u>	<u>0.13:1</u>	<u>2.31:1</u>	<u>2.11:1</u>	<u>3.11:1</u>

See notes to computation of ratio of earnings to combined fixed charges and preferred stock dividends.

**Notes to Computation of Ratio of Earnings to
Combined Fixed Charges and Preferred Stock Dividends**

- (1) On January 5, 1995, the Company completed the acquisition of Williams Telecommunications Group, Inc. for approximately \$2.5 billion in cash which was accounted for as a purchase.
- (2) As a result of the mergers with IDB Communications Group, Inc. (the "IDB Merger") and Advanced Telecommunications Corporation (the "ATC Merger"), the Company initiated plans to reorganize and restructure its management and operational organization and facilities to eliminate duplicate personnel, physical facilities and service capacity, to abandon certain products and marketing activities, and to further take advantage of the synergy available to the combined entities. Also, during the fourth quarter of 1993, plans were approved to reduce IDB Communications Group, Inc.'s cost structure and to improve productivity. Accordingly, in 1994, 1993 and 1992, the Company charged to operations the estimated costs of such reorganization and restructuring activities, including employee severance, physical facility abandonment and duplicate service capacity. These costs totaled \$43.7 million in 1994, \$5.9 million in 1993 and \$79.8 million in 1992.

Also, during 1994 and 1992, the Company incurred direct merger costs of \$15.0 million and \$7.3 million, respectively, related to the IDB Merger (in 1994) and the ATC Merger (in 1992). These costs include professional fees, proxy solicitation costs, travel and related expenses and certain other direct costs attributable to these mergers.
- (3) In connection with certain debt refinancing, the Company recognized in 1993 and 1992 extraordinary items of approximately \$7.9 million and \$5.8 million, respectively, net of income taxes, consisting of unamortized debt discount, unamortized issuance cost and prepayment fees.
- (4) In the third quarter of 1995, Metromedia Company ("Metromedia") converted its Series 1 Preferred Stock into 21,876,976 shares of WorldCom common stock and exercised warrants to acquire 3,106,976 shares of WorldCom common stock and immediately sold its position of 30,849,548 shares of WorldCom common stock in a public offering. In connection with the preferred stock conversion, WorldCom made a one-time non-recurring payment of \$15.0 million to Metromedia, representing a discount to the minimum nominal dividends that would have been payable on the Series 1 Preferred Stock prior to the September 15, 1996 optional call date of approximately \$26.6 million (which amount includes an annual dividend requirement of \$24.5 million plus accrued dividends to such call date)