FORM 10-K

GTT Communications, Inc. - GTT

Filed: March 24, 2010 (period: December 31, 2009)

Annual report with a comprehensive overview of the company

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2009
Commission file number 000-51211

Global Telecom & Technology, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	20-2096338
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

8484 Westpark Drive
Suite 720
McLean, Virginia 22102
(703) 442-5500

(Address including zip code, and telephone number, including area code, of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value $.0001 per share
Class W Warrants
Class Z Warrants
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy statements or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The aggregate market value of the common stock held by non-affiliates of the registrant (7,098,043 shares) based on the $1.30 closing price of the registrant's common stock as reported on the Over-the-Counter Bulletin Board on June 30, 2009, was $9,227,456. For purposes of this computation, all officers, directors and 10% beneficial owners of the registrant are deemed to be affiliates. Such determination should not be deemed to be an admission that such officers, directors or 10% beneficial owners are, in fact, affiliates of the registrant.

As of March 24, 2010 there were outstanding 17,216,390 shares of the registrant's common stock, par value $.0001 per share.

Documents Incorporated by Reference

Portions of our definitive proxy statement for the 2010 Annual Meeting of Stockholders, to be filed within 120 days after the end of the fiscal year covered by this Form 10-K, are incorporated by reference into Part III hereof.

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CAUTIONARY NOTES REGARDING FORWARD-LOOKING STATEMENTS

Our Form 10-K ("Annual Report") includes certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, which reflect the current views of Global Telecom & Technology, Inc., with respect to current events and financial performance. You can identify these statements by forward-looking words such as "may," "will," "expect," "intend," "anticipate," "believe," "estimate," "plan," "could," "should," and "continue" or similar words. These forward-looking statements may also use different phrases. From time to time, Global Telecom & Technology, Inc., which we refer to as "we", "us" or "our" and in some cases, "GTT" or the "Company", also provides forward-looking statements in other materials GTT releases to the public or files with the United States Securities & Exchange Commission ("SEC"), as well as oral forward-looking statements. You should consult any further disclosures on related subjects in our quarterly reports on Form 10-Q and current reports on Form 8-K filed with the SEC.

Such forward-looking statements are and will be subject to many risks, uncertainties and factors relating to our operations and the business environment that may cause our actual results to be materially different from any future results, express or implied, by such forward-looking statements. Factors that could cause GTT's actual results to differ materially from these forward-looking statements include, but are not limited to, the following:

- our ability to renegotiate or refinance our indebtedness due in 2010 and the financial and other terms of any renegotiated or refinanced indebtedness;
- our ability to obtain capital;
- our ability to develop and market new products and services that meet customer demands and generate acceptable margins;
- our reliance on several large customers;
- our ability to negotiate and enter into acceptable contract terms with our suppliers;
- our ability to attract and retain qualified management and other personnel;
- competition in the industry in which we do business;
- failure of the third-party communications networks on which we depend;
- legislation or regulatory environments, requirements or changes adversely affecting the businesses in which we are engaged;
- our ability to maintain our databases, management systems and other intellectual property;
- our ability to maintain adequate liquidity and produce sufficient cash flow to fund our capital expenditures and debt service;
- technological developments and changes in the industry;
- our ability to complete acquisitions or divestures and to integrate any business or operation acquired;
- general economic conditions.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. Forward-looking statements involve known and unknown risks and uncertainties that may cause our actual future results to differ materially from those projected or contemplated in the forward-looking statements.

All forward-looking statements included herein attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable laws and regulations, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events. You should be aware that the occurrence of the events described in the "Risk Factors" section and elsewhere in this report could have a material adverse effect on our business and our results of operations.

Unless the context otherwise requires, when we use the words " the Company," "GTT," "we", "us," or "our Company" in this Form 10-K, we are referring to Global Telecom & Technology, Inc., a Delaware corporation, and its subsidiaries, unless it is clear from the context or expressly stated that these references are only to Global Telecom & Technology, Inc.

PART I

ITEM 1. *BUSINESS*

Background

Global Telecom & Technology, Inc. ("GTT" or the "Company") is a Delaware corporation which was incorporated on January 3, 2005. GTT is a global network integrator providing a broad portfolio of Wide-Area Network (WAN), dedicated Internet access, and managed data services. With over 800 supplier relationships worldwide, GTT combines multiple networks and technologies such as traditional OC-x, MPLS and Ethernet, to deliver cost-effective solutions specifically designed for each client's unique requirements. GTT enhances its client performance through its proprietary Client Management Database (CMD), providing customers with an integrated support system for all of their services. GTT is committed to providing comprehensive solutions, project management and 24x7 global operations support.

On December 16, 2009, GTT acquired privately-held WBS Connect, L.L.C., TEK Channel Consulting, LLC and WBS Connect Europe Ltd. (collectively "WBS Connect"). WBS Connect, based in Denver, Colorado, is a provider of global IP transit and data transport services worldwide.

Headquartered in McLean, Virginia, GTT has offices in Denver, London and Dusseldorf, and provides services to more than 700 enterprise, government, and carrier clients in over 80 countries worldwide.

Our Customers

Our customer base includes direct enterprise customers (including government agencies), system integrators and telecommunications carriers.

As of December 31, 2009, our customer base was comprised of over 700 businesses. These customers included Global 500 companies, some of which are in the global banking, manufacturing, communications, and media industries. For the year ended December 31, 2009, no single customer accounted for more than 10% of our total consolidated revenues. Our five largest customers accounted for approximately 36% of consolidated revenues during the same period.

We provide services in over 80 countries, with the ability to expand into new geographic areas by adding new regional partners and suppliers. Our service expansion is largely customer-driven. We have designed, delivered, and subsequently managed services in all six populated continents around the world.

For the year ended December 31, 2009, approximately 58% of our revenue was attributable to our operations based in the United States, 29% was attributable to operations based in the United Kingdom, and 13% was attributable to operations based in Germany.

Our customer contracts for network services and support are generally for initial terms of one to three years, with some contracts calling for terms in excess of five years. Following the initial terms, these agreements typically provide for renewal automatically for specified periods. Our prices are fixed for the duration of the contract, and we typically bill in advance for such services. If a customer terminates its agreement, the terms of our customer contracts typically require full recovery of any amounts due for the remainder of the term (or at a minimum, our liability to the underlying suppliers).

Our Suppliers

As of December 31, 2009, we had over 800 supplier relationships worldwide from which we source bandwidth and other services to meet our customers' requirements. Through our extensive supplier relationships, our customers have access to an array of service providers without having to manage multiple contracts. For example, on many point-to-point private line connections we may contract with three different suppliers, such as an access supplier at each end of the connection and a third network services provider for the long-haul connection between them.

Our supplier management teams interact with our suppliers to acquire updated pricing and network asset information and negotiate purchase agreements when appropriate. In some cases, we have electronic interfaces into our suppliers' pricing systems to provide our customers with real time pricing updates. Our supplier management teams are constantly seeking out strategic partnerships with new carriers, negotiating favorable terms on existing contracts, and looking to expand each supplier's product portfolio. These partnerships are reflected in long-term contracts, commonly referred to as Master Service Agreements. All of these efforts are aimed at providing greater choice, flexibility, and cost savings for our customers. We are committed to using high-quality suppliers, and our supplier management teams continually monitor supplier performance.

Sales and Marketing

Because our markets are highly competitive, we believe that personal relationships and quality of service delivery remain important in winning new and repeat customer business. We therefore sell our services largely through a direct sales force located across the globe, as well as strong agent channel relationships, with principal concentration in the United States, the United Kingdom, and Germany. Most of our sales representatives have many years of experience in selling to multinational corporations, enterprises, service providers, and carriers. We also employ sales engineers to provide presales support to our sales representatives. The average sales cycle can be as little as two to six weeks for existing customers and three to six months or longer for larger new customers.

Our sales and marketing efforts are focused on generating new business opportunities through industry contacts, new product offerings, and long-term relationships with new and existing customers. Our sales activities are specifically focused on recruiting seasoned industry experts with deep ties to the direct enterprise, system integrator and carrier markets, building relationships with our new clients, and driving expansion within existing accounts. Our marketing activities are designed to generate awareness and familiarity of our value proposition with our target accounts, develop new products to meet the needs of our customer base, and communicate to our target markets, thereby reinforcing our value proposition among our customers' key decision makers.

Operations

Our global operations consist of two parts: global customer operations, and global network operations and engineering.

Customer operations includes project management and development of our CMD system. Global project management assures the successful implementation of a customer services after the sale. A project manager is assigned to each customer order to ensure that the underlying network facilities required for the solution are provisioned, that the customer is provided with status reports on its service, and that any difficulties related to the installation of a customer order are proactively managed.

Network operations and engineering is comprised of global Network Operations Center ("NOC") and Engineering and Information and Communications Technology ("ICT"). The NOC receives, prioritizes, tracks, and resolves network outages or other customer needs, along with provisioning and testing of new services. Engineering provides support for the NOC and the sales team, as well as carrying out all provisioning for GTT Network Services. ICT manages all internal desktop, and network and server infrastructure.

Competition

Our competition consists primarily of traditional, facilities-based providers, including companies that provide network connectivity and internet access principally within one continent or geographical region, such as Level 3, Qwest, KPN, XO Communications, and COLT. We also compete against carriers who provide network connectivity on a multi-continent, or global basis, such as Verizon Business, AT&T, British Telecom, NTT and Deutsche Telekom.

Government Regulation

In connection with certain of our service offerings, we may be subject to federal, state, and foreign regulations. United States Federal laws and Federal Communications Commission, or FCC, regulations generally apply to interstate telecommunications and international telecommunications that originate or terminate in the United States, while state laws and regulations apply to telecommunications transmissions ultimately terminating within the same state as the point of origination. A foreign country's laws and regulations apply to telecommunications that originate or terminate in, or in some instances traverse, that country. The regulation of the telecommunications industry is changing rapidly, and varies from state to state and from country to country.

Where certification or licensing is required, carriers are required to comply with certain ongoing responsibilities. For example, we may be required to submit periodic reports to various telecommunications regulatory authorities relating to the provision of services within the relevant jurisdiction. Another potential ongoing responsibility relates to payment of regulatory fees and the collection and remittance of surcharges and fees associated with the provision of telecommunications services. Some of our services are subject to these assessments, depending upon the jurisdiction, the type of service, and the type of customer.

Federal Regulation

Generally, the FCC has chosen not to heavily regulate the charges or practices of non-dominant carriers. For example, we are not required to tariff the interstate inter-exchange private line services we provide, but need only to post terms and conditions for such services on our website. In providing certain telecommunications services, however, we may remain subject to the regulatory requirements applicable to common carriers, such as providing services at just and reasonable rates, filing the requisite reports, and paying regulatory fees and contributing to universal service. The FCC also releases orders and takes other actions from time to time that modify the regulations applicable to services provided by carriers such as us; these orders and actions can result in additional (or reduced) reporting or payments requirements, or changes in the relative rights and obligations of carriers with respect to services they provide to each other or to other categories of customers. These changes in regulation can affect the services that we procure and/or provide and, in some instances, may affect demand for or the costs of providing our services.

State Regulation

The Telecommunications Act of 1996, as amended generally prohibits state and local governments from enforcing any law, rule, or legal requirement that prohibits or has the effect of prohibiting any person from providing any interstate or intrastate telecommunications service. However, states retain jurisdiction to adopt regulations necessary to preserve universal service, protect public safety and welfare, ensure the continued quality of communications services, and safeguard the rights of consumers. Generally, each carrier must obtain and maintain certificates of authority from regulatory bodies in states in which it offers intrastate telecommunications services. In most states, a carrier must also file and obtain prior regulatory approval of tariffs containing the rates, terms and conditions of service for its regulated intrastate services. A state may also impose telecommunications regulatory fees, fees related to the support for universal service, and other costs and reporting obligations on providers of services in that state. We are currently authorized to provide intrastate services in more than 20 states and the District of Columbia as an interexchange carrier and/or a competitive local provider.

Foreign Regulation

Generally, the provisioning to U.S. customers of international telecommunications services originating or terminating in the United States is governed by the FCC. In addition, the regulatory requirements to operate within a foreign country or to provide services to customers within that foreign country vary from jurisdiction to jurisdiction, although in some respects regulation in the Western European markets is harmonized under the regulatory structure of the European Union. As opportunities arise in particular nations, we may need to apply for and acquire various authorizations to operate and provide certain kinds of telecommunications services. Although some countries require complex applications procedures for authorizations and/or impose certain reporting and fee payment requirements, others simply require registration with or notification to the regulatory agency and some simply operate through general authorization with no filing requirement at all.

Intellectual Property

We do not own any patent registrations, applications or licenses. We maintain and protect trade secrets, know-how, and other proprietary information regarding many of our business processes and related systems and databases.

Employees

As of December 31, 2009, we had a total of 83 employees.

Executive Officers

Our executive officers and their respective ages and positions as of March 24, 2010 are as follows:

H. Brian Thompson, 71, has served as Chairman of our Board of Directors since January 2005, as our Executive Chairman since October 2006, and as our interim Chief Executive Officer from January 2005 to October 2006 and from February 2007 to May 2007. Mr. Thompson continues to head his own private equity investment and advisory firm, Universal Telecommunications, Inc. From December 2002 to June 2007, Mr. Thompson was Chairman of Comsat International, one of the largest independent telecommunications operators serving all of Latin America. He also served as Chairman and Chief Executive Officer of Global TeleSystems Group, Inc. from March 1999 through September of 2000. Mr. Thompson was Chairman and CEO of LCI International from 1991 until its merger with Qwest Communications International Inc. in June 1998, and became Vice Chairman of the board for Qwest until his resignation in December 1998. He previously served as Executive Vice President of MCI Communications Corporation from 1981 to 1990, and prior to MCI, was a management consultant with the Washington, DC offices of McKinsey & Company for nine years, where he specialized in the management of telecommunications. Mr. Thompson currently serves as a member of the board of directors of Axcelis Technologies, Inc, ICO Global Communications (Holdings) Ltd, Penske Automotive Group, and Sonus Networks, Inc., and is a member of the Irish Prime Minister's Ireland-America Economic Advisory Board. Mr. Thompson holds a Master of Business Administration from Harvard Business School, and holds an undergraduate degree in chemical engineering from the University of Massachusetts.

Richard D. Calder, Jr., 46, has served as our President, Chief Executive Officer and Director since May 2007. Prior to joining us, from 2004 to 2006 Mr. Calder served as President & Chief Operating Officer of InPhonic, Inc., a publicly-traded online seller of wireless services and products. From 2001 to 2003, Mr. Calder served in a variety of executive roles for Broadwing Communications, Inc., including President — Business Enterprises and Carrier Markets. From 1996 to 2001, Mr. Calder held several senior management positions with Winstar Communications, including Chief Marketing Officer, and President of the company's South Division. In 1994 Mr. Calder co-founded Go Communications, a wireless communications company, and served as its Vice President of Corporate Development from its founding until 1996. Mr. Calder previously held a variety of marketing, business development, and engineering positions within MCI Communications, Inc. and Tellabs, Inc. Mr. Calder holds a Master of Business Administration from Harvard Business School and a Bachelor of Science in Electrical Engineering from Yale University.

Eric Swank, 42, has served as our Chief Financial Officer since February 2009. Prior to joining us, Mr. Swank served as the Treasurer and Senior Vice President of Finance at Mobile Satellite Ventures (now SkyTerra Communications), a publicly-held, Reston, Virginia-based developer and supplier of mobile satellite communications services from November 2001 to April 2008. From 1994 to 2001, Mr. Swank served in various positions, including Director, Corporate Development and Investor Relations, and Vice President, Corporate Planning and Investor Relations, at Motient Corporation (now TerreStar Corporation), a publicly-held, Reston, Virginia-based integrated mobile satellite and terrestrial communications network provider. Prior to joining Motient, from 1989 to 1994, Mr. Swank served as Director, Operations and Manager, Business Development for C-Tec Corporation, a diversified telecommunications holding company organized to hold Commonwealth Telephone Inc. and other non-regulated telecommunications businesses. Mr. Swank received a Bachelor's degree in Finance from King's College.

Chris McKee, 42, has served as our General Counsel and Secretary since May 2008. Prior to joining us, Mr. McKee served as the Vice President and General Counsel of StarVox Communications, Inc. from June, 2007 to April 2008. From 2005 to 2007, Mr. McKee was the Vice President and Assistant General Counsel of Covad Communications Group Inc., a publicly held San Jose, California-based broadband provider of integrated voice and data communications nationwide. Prior to joining Covad, from 2002 to 2005, Mr. McKee served as Executive Director of Legal and Regulatory Affairs for XO Communications, Inc., a publicly held Reston, Virginia-based broadband provider of integrated voice and data communications nationwide. Mr. McKee previously, from 1998 to 2002, served as Deputy General Counsel of Net2000 Communications Inc., a publicly traded Herndon, Virginia-based telecommunications services provider. Prior to that, from 1994 to 1998, Mr. McKee was an associate at Washington, D.C.-based law firms Dickstein Shapiro LLP and Dow Lohnes PLLC. Mr. McKee received a Bachelor's degree from Colby College and a Juris Doctor from Syracuse University.

Available Information

The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, NW., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to such reports filed with or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge on the SEC website at *www.sec.gov* and on our website at *www.gt-t.net* as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC.

ITEM 1A. *RISK FACTORS*

We operate in a rapidly changing environment that involves a number of risks, some of which are beyond our control. Below are the risks and uncertainties we believe are most important for you to consider. Additional risks and uncertainties not presently known to us, which we currently deem immaterial or which are similar to those faced by other companies in our industry or telecommunications and/or technology companies in general, may also impair our business operations. If any of these risks or uncertainties actually occurs, our business, financial condition and operating results could be materially adversely affected.

Risks Relating to Our Business and Operations

We might require additional capital to support business growth, and this capital might not be available on favorable terms, or at all.

Our operations or expansion efforts may require substantial additional financial, operational, and managerial resources. As of December 31, 2009, we had approximately $5.5 million in cash and cash equivalents and current liabilities $25.8 million greater than current assets. We may have insufficient cash to fund our working capital or other capital requirements (including our outstanding debt obligations maturing during 2010), and may be required to raise additional funds to continue or expand our operations. If we are required to obtain additional funding in the future, we may have to sell assets, seek debt financing, or obtain additional equity capital. Our ability to sell assets or raise additional equity or debt capital will depend on the condition of the capital and credit markets and our financial condition at such time. Accordingly, additional capital may not be available to us, or may only be available on terms that adversely affect our existing stockholders, or that restrict our operations. For example, if we raise additional funds through issuances of equity or convertible debt securities, our existing stockholders could suffer dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our common stock. In addition, certain promissory notes that we have issued contain anti-dilution provisions related to their conversion into our common stock. The issuance of new equity securities or convertible debt securities could trigger an anti-dilution adjustment pursuant to these promissory notes, and our existing stockholders would suffer dilution if these notes are converted into shares of our common stock. Also, if we were forced to sell assets, there can be no assurance regarding the terms and conditions we could obtain for any such sale, and if we were required to sell assets that are important to our current or future business, out current and future results of operations could be materially and adversely affected. We have granted security interests in substantially all of our assets to secure the repayment of our indebtedness maturing in 2010, and if we are unable to satisfy our obligations the lenders could foreclose on their security interests. Our need for capital to satisfy our outstanding indebtedness due in 2010 is discussed below under the risk factor captioned "Risks Relating to Our Indebtedness – We are obligated to repay several debt instruments that mature during 2010. If we are unable to raise additional capital or renegotiate the terms of that debt, we may be unable to make the required payments with respect to one or more of these debt instruments."

We depend on several large customers, and the loss of one or more of these clients, or a significant decrease in total revenues from any of these customers, would likely reduce our revenue and income.

For the year ended December 31, 2009, our five largest customers accounted for approximately 36% of our total service revenues. If we were to lose one or more of our large clients, or if one or more of our large clients were to reduce the services purchased from us or otherwise renegotiate the terms on which services are purchased from us, our revenues could decline and our results of operations would suffer.

If our customers elect to terminate their agreements with us, our business, financial condition and results of operations may be adversely affected.

Our services are sold under agreements that generally have initial terms of between one and three years. Following the initial terms, these agreements generally automatically renew for successive month-to-month, quarterly, or annual periods, but can be terminated by the customer without cause with relatively little notice during a renewal period. In addition, certain government customers may have rights under federal law with respect to termination for convenience that can serve to minimize or eliminate altogether the liability payable by that customer in the event of early termination. Our customers may elect to terminate their agreements as a result of a number of factors, including their level of satisfaction with the services they are receiving, their ability to continue their operations due to budgetary or other concerns, and the availability and pricing of competing services. If customers elect to terminate their agreements with us, our business, financial condition, and results of operation may be adversely affected.

Competition in the industry in which we do business is intense and growing, and our failure to compete successfully could make it difficult for us to add and retain customers or increase or maintain revenues.

The markets in which we operate are rapidly evolving and highly competitive. We currently or potentially compete with a variety of companies, including some of our transport suppliers, with respect to their products and services, including global and regional telecommunications service providers such as AT&T, British Telecom, NTT, Level 3, Qwest and Verizon, among others.

The industry in which we operate is consolidating, which is increasing the size and scope of our competitors. Competitors could benefit from assets or businesses acquired from other carriers or from strategic alliances in the telecommunications industry. New entrants could enter the market with a business model similar to ours. Our target markets may support only a limited number of competitors. Operations in such markets with multiple competitive providers may be unprofitable for one or more of such providers. Prices in the data transmission and internet access business have declined in recent years and may continue to decline.

Many of our potential competitors have certain advantages over us, including:

- substantially greater financial, technical, marketing, and other resources, including brand or corporate name recognition;
- substantially lower cost structures, including cost structures of facility-based providers who have reduced debt and other obligations through bankruptcy or other restructuring proceedings;
- larger client bases;
- longer operating histories;
- more established relationships in the industry; and
- larger geographic presence.

Our competitors may be able to use these advantages to:

- develop or adapt to new or emerging technologies and changes in client requirements more quickly;
- take advantage of acquisitions and other opportunities more readily;
- enter into strategic relationships to rapidly grow the reach of their networks and capacity;
- devote greater resources to the marketing and sale of their services;
- adopt more aggressive pricing and incentive policies, which could drive down margins; and
- expand their offerings more quickly.

If we are unable to compete successfully against our current and future competitors, our revenues and gross margins could decline and we would lose market share, which could materially and adversely affect our business.

Because our business consists primarily of reselling telecommunications network capacity purchased from third parties, the failure of our suppliers and other service providers to provide us with services, or disputes with those suppliers and service providers, could affect our ability to provide quality services to our customers and have an adverse effect on our operations and financial condition.

The majority of our business consists of integrating and reselling network capacity purchased from facility-based telecommunications carriers. Accordingly, we will be largely dependent on third parties to supply us with services. Occasionally in the past, our operating companies have experienced delays or other problems in receiving services from third party providers. Disputes also arise from time to time with suppliers with respect to billing or interpretation of contract terms. Any failure on the part of third parties to adequately supply us or to maintain the quality of their facilities and services in the future, or the termination of any significant contracts by a supplier, could cause customers to experience delays in service and lower levels of customer care, which could cause them to switch providers. Furthermore, disputes over billed amounts or interpretation of contract terms could lead to claims against us, some of which if resolved against us could have an adverse impact on our results of operations and/or financial condition. Suppliers may also attempt to impose onerous terms as part of purchase contract negotiations. Although we know of no pending or threatened claims with respect to past compliance with any such terms, claims asserting any past noncompliance, if successful, could have a material adverse effect on our operations and/or financial condition. Moreover, to the extent that key suppliers were to attempt to impose such provisions as part of future contract negotiations, such developments could have an adverse impact on the company's operations. Finally, some of our suppliers are potential competitors. We cannot guarantee that we will be able to obtain use of facilities or services in a timely manner or on terms acceptable and in quantities satisfactory to us.

Industry consolidation may affect our ability to obtain services from suppliers on a timely or cost-efficient basis.

A principal method of connecting with our customers is through local transport and last mile circuits we purchase from incumbent carriers such as AT&T and Verizon, or competitive carriers such as Time Warner Telecom, XO, or Level 3. In recent years, AT&T, Verizon, and Level 3 have acquired competitors with significant local and/or long-haul network assets. Industry consolidation has occurred on a lesser scale as well through mergers and acquisitions involving regional or smaller national or international competitors. Generally speaking, we believe that a marketplace with multiple supplier options for transport access is important to the long-term availability of competitive pricing, service quality, and carrier responsiveness. It is unclear at this time what the long-term impact of such consolidation will be, or whether it will continue at the same pace as it has in recent years; we cannot guarantee that we will continue to be able to obtain use of facilities or services in a timely manner or on terms acceptable and in quantities satisfactory to us from such suppliers.

We may occasionally have certain sales commitments to customers that extend beyond the Company's commitments from its underlying suppliers.

The Company's financial results could be adversely affected if the Company were unable to purchase extended service from a supplier at a cost sufficiently low to maintain the Company's margin for the remaining term of its commitment to a customer. While the Company has not encountered material price increases from suppliers with respect to continuation or renewal of services after expiration of initial contract terms, the Company cannot be certain that it would be able to obtain similar terms and conditions from suppliers. In most cases where the Company has faced any price increase from a supplier following contract expiration, the Company has been able to locate another supplier to provide the service at a similar or reduced future cost; however, the Company's suppliers may not provide services at such cost levels in the future.

We may make purchase commitments to vendors for longer terms or in excess of the volumes committed by our underlying customers.

The Company attempts to match its purchase of network capacity from its suppliers and its service commitments from its customers. However, from time to time the Company has obligations to its suppliers that exceed the duration of the Company's related customer contracts or that are for capacity in excess of the amount for which it has Customer commitments. This could arise based upon the terms and conditions available from the Company's suppliers, from an expectation of the Company that we will be able to utilize the excess capacity, as a result of a breach of a customer's commitment to us, or to support fixed elements of the Company's network. Under any of these circumstances, the Company would incur the cost of the network capacity from its supplier without having corresponding revenues from its customers, which could result in a material and adverse impact on the Company's operating results.

The networks on which we depend may fail, which would interrupt the network availability they provide and make it difficult to retain and attract customers.

Our customers depend on our ability to provide network availability with minimal interruption. The ability to provide this service depends in part on the networks of third party transport suppliers. The networks of transport suppliers may be interrupted as a result of various events, many of which they cannot control, including fire, human error, earthquakes and other natural disasters, disasters along communications rights-of-way, power loss, telecommunications failures, terrorism, sabotage, vandalism, or the financial distress or other event adversely affecting a supplier, such as bankruptcy or liquidation.

We may be subject to legal claims and be liable for losses suffered by customers due to our inability to provide service. If our network failure rates are higher than permitted under the applicable customer contracts, we may incur significant expenses related to network outage credits, which would reduce our revenues and gross margins. Our reputation could be harmed if we fail to provide a reasonably adequate level of network availability, and in certain cases, customers may be entitled to seek to terminate their contracts with us in case of prolonged or severe service disruptions or other outages.

System disruptions could cause delays or interruptions of our service due to terrorism, natural disasters and other events beyond our control, which could cause us to lose customers or incur additional expenses.

Our success depends on our ability to provide reliable service. Although we have attempted to design our network services to minimize the possibility of service disruptions or other outages, in addition to risks associated with third party provider networks, our services may be disrupted by problems on our own systems, including events beyond our control such as terrorism, computer viruses, or other infiltration by third parties that affect our central offices, corporate headquarters, network operations centers, or network equipment. Such events could disrupt our service, damage our facilities, and damage our reputation. In addition, customers may, under certain contracts, have the ability to terminate services in case of prolonged or severe service disruptions or other outages. Accordingly, service disruptions or other outages may cause us to, among other things, lose customers and could harm our results of operations.

If the products or services that we market or sell do not maintain market acceptance, our results of operations will be adversely affected.

Certain segments of the telecommunications industry are dependent on developing and marketing new products and services that respond to technological and competitive developments and changing customer needs. We cannot assure you that our products and services will gain or obtain increased market acceptance. Any significant delay or failure in developing new or enhanced technology, including new product and service offerings, could result in a loss of actual or potential market share and a decrease in revenues.

The communications market in which we operate is highly competitive; we could be forced to reduce prices, may lose customers to other providers that offer lower prices and have problems attracting new customers.

The communications industry is highly competitive and pricing for some of our key service offerings, such as our dedicated IP transport services, have been generally declining. If our costs of service, including the cost of leasing underlying facilities, do not decline in a similar fashion, we could experience significant margin compression, reduction of profitability and loss of business.

If carrier and enterprise connectivity demand does not continue to expand, we may experience a shortfall in revenues or earnings or otherwise fail to meet public market expectations.

The growth of our business will be dependent, in part, upon the increased use of carrier and enterprise connectivity services and our ability to capture a higher proportion of this market. Increased usage of enterprise connectivity services depends on numerous factors, including:

- the willingness of enterprises to make additional information technology expenditures;
- the availability of security products necessary to ensure data privacy over the public networks;
- the quality, cost, and functionality of these services and competing services;
- the increased adoption of wired and wireless broadband access methods;
- the continued growth of broadband-intensive applications; and
- the proliferation of electronic devices and related applications.

If the demand for carrier and enterprise connectivity services does not continue to grow, we may not be able to grow our business, achieve profitability, or meet public market expectations.

Our long sales and service deployment cycles require us to incur substantial sales costs that may not result in related revenues.

Our business is characterized by long sales cycles, which are often in the range of 45 days or more, between the time a potential customer is contacted and a customer contract is signed. Furthermore, once a customer contract is signed, there is typically an extended period of between 30 and 120 days before the customer actually begins to use the services, which is when we begin to realize revenues. As a result, we may invest a significant amount of time and effort in attempting to secure a customer, which investment may not result in near term, if any, revenues. Even if we enter into a contract, we will have incurred substantial sales-related expenses well before we recognize any related revenues. If the expenses associated with sales increase, if we are not successful in our sales efforts, or if we are unable to generate associated offsetting revenues in a timely manner, our operating results could be materially and adversely affected.

Because much of our business is international, our financial results may be affected by foreign exchange rate fluctuations.

Approximately 42% of our revenue comes from countries outside of the United States. As such, other currencies, particularly the Euro and the British Pound Sterling, can have an impact on the Company's results (expressed in U.S. Dollars). Currency variations also contribute to variations in sales in impacted jurisdictions. Accordingly, fluctuations in foreign currency rates, most notably the strengthening of the dollar against the euro and the pound, could have a material impact on our revenue growth in future periods. In addition, currency variations can adversely affect margins on sales of our products in countries outside of the United States and margins on sales of products that include components obtained from suppliers located outside of the United States.

If our goodwill or amortizable intangible assets become further impaired we may be required to record a significant charge to earnings.

Under generally accepted accounting principles, we review our amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is tested for impairment at least annually. Factors that may be considered a change in circumstances indicating that the carrying value of our goodwill or amortizable intangible assets may not be recoverable include reduced future cash flow estimates, a decline in stock price and market capitalization, and slower growth rates in our industry. During the year ending December 31, 2008, the Company recorded impairment to goodwill and amortizable intangible assets of $41.9 million in aggregate. During the year ended December 31, 2009, the Company recorded no impairment to goodwill and amortizable intangible assets. We may be required to record a significant charge to earnings in our financial statements during the period in which any impairment of our goodwill or amortizable intangible assets is determined, negatively impacting our results of operations.

Because much of our business is international, we may be subject to local taxes, tariffs, or other restrictions in foreign countries, which may reduce our profitability.

Revenues from our foreign subsidiaries, or other locations where we provide or procure services internationally, may be subject to additional taxes in some foreign jurisdictions. Additionally, some foreign jurisdictions may subject us to additional withholding tax requirements or the imposition of tariffs, exchange controls, or other restrictions on foreign earnings. Any such taxes, tariffs, controls, and other restrictions imposed on our foreign operations may increase our costs of business in those jurisdictions, which in turn may reduce our profitability.

The ability to implement and maintain our databases and management information systems is a critical business requirement, and if we cannot obtain or maintain accurate data or maintain these systems, we might be unable to cost-effectively provide solutions to our customers.

To be successful, we must increase and update information in our databases about network pricing, capacity, and availability. Our ability to provide cost-effective network availability and access cost management depends upon the information we collect from our transport suppliers regarding their networks. These suppliers are not obligated to provide this information and could decide to stop providing it to us at any time. Moreover, we cannot be certain that the information that these suppliers share with us is accurate. If we cannot continue to maintain and expand the existing databases, we may be unable to increase revenues or to facilitate the supply of services in a cost-effective manner.

Furthermore, we are in the process of reviewing, integrating, and augmenting our management information systems to facilitate management of client orders, client service, billing, and financial applications. Our ability to manage our businesses could be materially adversely affected if we fail to successfully and promptly maintain and upgrade the existing management information systems.

If we are unable to protect our intellectual property rights, competitors may be able to use our technology or trademarks, which could weaken our competitive position.

We own certain proprietary programs, software, and technology. However, we do not have any patented technology that would preclude competitors from replicating our business model; instead, we rely upon a combination of know-how, trade secret laws, contractual restrictions, and copyright, trademark and service mark laws to establish and protect our intellectual property. Our success will depend in part on our ability to maintain or obtain (as applicable) and enforce intellectual property rights for those assets, both in the United States and in other countries. Although our Americas operating company has registered some of its service marks in the United States, we have not otherwise applied for registration of any marks in any other jurisdiction. Instead, with the exception of the few registered service marks in the United States, we rely exclusively on common law trademark rights in the countries in which we operate.

We may file applications for patents, copyrights and trademarks as our management deems appropriate. We cannot assure you that these applications, if filed, will be approved, or that we will have the financial and other resources necessary to enforce our proprietary rights against infringement by others. Additionally, we cannot assure you that any patent, trademark, or copyright obtained by us will not be challenged, invalidated, or circumvented, and the laws of certain foreign countries may not protect intellectual property rights to the same extent as do the laws of the United States or the member states of the European Union. Finally, although we intend to undertake reasonable measures to protect the proprietary assets of our combined operations, we cannot guarantee that we will be successful in all cases in protecting the trade secret status of certain significant intellectual property assets. If these assets should be misappropriated, if our intellectual property rights are otherwise infringed, or if a competitor should independently develop similar intellectual property, this could harm our ability to attract new clients, retain existing customers, and generate revenues.

Intellectual property and proprietary rights of others could prevent us from using necessary technology to provide our services or otherwise operate our business.

We utilize data and processing capabilities available through commercially available third-party software tools and databases to assist in the efficient analysis of network engineering and pricing options. Where such technology is held under patent or other intellectual property rights by third parties, we are required to negotiate license agreements in order to use that technology. In the future, we may not be able to negotiate such license agreements at acceptable prices or on acceptable terms. If an adequate substitute is not available on acceptable terms and at an acceptable price from another software licensor, we could be compelled to undertake additional efforts to obtain the relevant network and pricing data independently from other, disparate sources, which, if available at all, could involve significant time and expense and adversely affect our ability to deliver network services to customers in an efficient manner.

Furthermore, to the extent that we are subject to litigation regarding the ownership of our intellectual property or the licensing and use of others' intellectual property, this litigation could:

- be time-consuming and expensive;
- divert attention and resources away from our daily business;
- impede or prevent delivery of our products and services; and
- require us to pay significant royalties, licensing fees, and damages.

Parties making claims of infringement may be able to obtain injunctive or other equitable relief that could effectively block our ability to provide our services and could cause us to pay substantial damages. In the event of a successful claim of infringement, we may need to obtain one or more licenses from third parties, which may not be available at a reasonable cost, if at all. The defense of any lawsuit could result in time-consuming and expensive litigation, regardless of the merits of such claims, and could also result in damages, license fees, royalty payments, and restrictions on our ability to provide our services, any of which could harm our business.

We may experience difficulties integrating the recently acquired business of WBS Connect, which could adversely affect our financial condition and results of operations.

On December 16, 2009 we acquired WBS Connect. The success of this acquisition will depend in part on our success in integrating this business with our own. If we are unable to meet the challenges involved in successfully integrating the operations of WBS Connect or if we are otherwise unable to realize the anticipated benefits of this acquisition, our results of operations and financial condition could be seriously harmed. In addition, the overall integration of the acquired business will require substantial attention from our management, which could further harm our results of operations and financial condition.

The challenges involved in integrating the business of WBS Connect include:

- integrating the company's operations, processes, people, technologies, products and services;
- coordinating and integrating sales and marketing functions;
- demonstrating to the WBS Connect customers and suppliers that the acquisition will not result in adverse changes in business focus, products or service (including customer satisfaction);
- assimilating and retaining the key personnel; and
- consolidating administrative infrastructures and eliminating duplicative operations and administrative functions.

We may not be able to successfully integrate the business of WBS Connect with our own business in a timely manner, or at all, and we may not realize the anticipated benefits of the acquisition, including potential synergies or sales or growth opportunities, to the extent or in the time frame anticipated.

We continue to evaluate merger and acquisition opportunities and may purchase additional companies in the future, and the failure to integrate them successfully with our existing business may adversely affect our financial condition and results of operations.

We have recently grown through the acquisition of WBS Connect. We continue to explore merger and acquisition opportunities, and we may face difficulties if we acquire other businesses in the future, including:

- integrating the personnel, services, products and technologies of the acquired businesses into our existing operations;
- retaining key personnel of the acquired businesses;
- failing to adequately identify or assess liabilities of acquired businesses;
- failing to achieve the synergies, revenue growth and other expected benefits we used to determine the purchase price of the acquired businesses;
- failing to realize the anticipated benefits of a particular merger and acquisition;
- incurring significant transaction and acquisition-related costs;
- incurring significant amounts of additional debt;
- creating significant contingent earn-out obligations and other financial liabilities;
- incurring unanticipated problems or legal liabilities;
- being subject to business uncertainties and contractual restrictions while an acquisition is pending that could adversely affect our business; and
- diverting our management's attention from the day-to-day operation of our business.

These difficulties could disrupt our ongoing business and increase our expenses. As of the date of this Form 10-K, we have no agreement or memorandum of understanding to enter into any acquisition transaction.

In addition, our ability to complete acquisitions may depend, in part, on our ability to finance these acquisitions, including both the costs of the acquisition and the cost of the subsequent integration activities. Our ability may be constrained by our cash flow, the level of our indebtedness, restrictive covenants in the agreements governing our indebtedness, conditions in the securities and credit markets and other factors, most of which are generally beyond our control. If we proceed with one or more acquisitions in which the consideration consists of cash, we may use a substantial portion of our available cash to complete such acquisitions, thereby reducing our liquidity. If we finance one or more acquisitions with the proceeds of indebtedness, our interest expense and debt service requirements could increase materially. Thus, the financial impact of future acquisitions could materially affect our business and could cause substantial fluctuations in our quarterly and yearly operating results.

Our efforts to develop new service offerings may not be successful, in which case our revenues may not grow as we anticipate or may decline.

The market for telecommunications services is characterized by rapid change, as new technologies are developed and introduced, often rendering established technologies obsolete. For our business to remain competitive, we must continually update our service offerings to make new technologies available to our customers and prospects. To do so, we may have to expend significant management and sales resources, which may increase our operating costs. The success of our potential new service offerings is uncertain and would depend on a number of factors, including the acceptance by end-user customers of the telecommunications technologies which would underlie these new service offerings, the compatibility of these technologies with existing customer information technology systems and processes, the compatibility of these technologies with our then-existing systems and processes, and our ability to find third-party vendors that would be willing to provide these new technologies to us for delivery to our users. If we are unsuccessful in developing and selling new service offerings, our revenues may not grow as we anticipate, or may decline.

If we do not continue to train, manage and retain employees, clients may reduce purchases of services.

Our employees are responsible for providing clients with technical and operational support, and for identifying and developing opportunities to provide additional services to existing clients. In order to perform these activities, our employees must have expertise in areas such as telecommunications network technologies, network design, network implementation, and network management, including the ability to integrate services offered by multiple telecommunications carriers. They must also accept and incorporate training on our systems and databases developed to support our operations and business model. Employees with this level of expertise tend to be in high demand in the telecommunications industry, which may make it more difficult for us to attract and retain qualified employees. If we fail to train, manage, and retain our employees, we may be limited in our ability to gain more business from existing clients, and we may be unable to obtain or maintain current information regarding our clients' and suppliers' communications networks, which could limit our ability to provide future services.

The regulatory framework under which we operate could require substantial time and resources for compliance, which could make it difficult and costly for us to operate the businesses.

In providing certain interstate and international telecommunications services, we must comply, or cause our customers or carriers to comply, with applicable telecommunications laws and regulations prescribed by the Federal Communications Commission ("FCC") and applicable foreign regulatory authorities. In offering services on an intrastate basis, we may also be subject to state laws and to regulation by state public utility commissions. Our international services may also be subject to regulation by foreign authorities and, in some markets, multinational authorities, such as the European Union. The costs of compliance with these regulations, including legal, operational, and administrative expenses, may be substantial. In addition, delays in receiving or failure to obtain required regulatory approvals or the enactment of new or adverse legislation, regulations, or regulatory requirements may have a material adverse effect on our financial condition, results of operations, and cash flow.

If we fail to obtain required authorizations from the FCC or other applicable authorities, or if we are found to have failed to comply, or are alleged to have failed to comply, with the rules of the FCC or other authorities, our right to offer certain services could be challenged and/or fines or other penalties could be imposed on us. Any such challenges or fines could be substantial and could cause us to incur substantial legal and administrative expenses as well; these costs in the forms of fines, penalties, and legal and administrative expenses could have a material adverse impact on our business and operations. Furthermore, we are dependent in certain cases on the services other carriers provide, and therefore on other carriers' abilities to retain their respective licenses in the regions of the world in which they operate. We are also dependent, in some circumstances, on our customers' abilities to obtain and retain the necessary licenses. The failure of a customer or carrier to obtain or retain any necessary license could have an adverse effect on our ability to conduct operations.

Future changes in regulatory requirement, new interpretations of existing regulatory requirements, or determinations that we violated existing regulatory requirements may impair our ability to provide services, result in financial losses or otherwise reduce our profitability.

Many of the laws and regulations that apply to providers of telecommunications services are subject to frequent changes and different interpretations and may vary between jurisdictions. Changes to existing legislation or regulations in particular markets may limit the opportunities that are available to enter into markets, may increase the legal, administrative, or operational costs of operating in those markets, or may constrain other activities, including our ability to complete subsequent acquisitions, or purchase services or products, in ways that we cannot anticipate. Because we purchase telecommunications services from other carriers, our costs and manner of doing business can also be adversely affected by changes in regulatory policies affecting these other carriers.

In addition, any determination that we, including companies that we have acquired, have violated applicable regulatory requirements could result in material fines, penalties, forfeitures, interest or retroactive assessments. For example, a determination that we have not paid all required universal service fund contributions could result in substantial retroactive assessment of universal service contributions, together with applicable interest, penalties, fines or forfeitures.

We depend on key personnel to manage our businesses effectively in a rapidly changing market, and our ability to generate revenues will suffer if we are unable to retain key personnel and hire additional personnel.

The future success, strategic development, and execution of our business will depend upon the continued services of our executive officers and other key sales, marketing, and support personnel. We do not maintain "key person" life insurance policies with respect to any of our employees, nor are we certain if any such policies will be obtained or maintained in the future. We may need to hire additional personnel in the future, and we believe the success of the combined business depends, in large part, upon our ability to attract and retain key employees. The loss of the services of any key employees, the inability to attract or retain qualified personnel in the future, or delays in hiring required personnel could limit our ability to generate revenues and to operate our business.

Risks Relating to Our Indebtedness

We are obligated to repay several debt instruments that mature during 2010. If we are unable to raise additional capital or to renegotiate the terms of that debt, we may be unable to make the required principal payments with respect to one or more of these debt instruments.

A significant amount of our indebtedness for borrowed money will become due in December 2010, including (i) approximately $4.8 million in principal, plus accrued interest, of promissory notes we issued in November 2007, (ii) $4.0 million in principal, plus accrued interest, with respect to promissory notes we issued in October 2006 and, (iii) the then outstanding amount of our revolving credit facility with Silicon Valley Bank (under which we had $3.1 million outstanding at December 31, 2009 and $3.0 million outstanding at March 20, 2010. Also, in connection with the WBS Connect acquisition, we issued and assumed indebtedness in the aggregate amount of $0.8 million, of which approximately $0.6 million is due during 2010.

If we are unable to raise additional capital or arrange other refinancing options, we may be unable to make the principal payments and/or payments of accrued interest when due with respect to one or more of these promissory notes. We do not have sufficient cash currently available to pay all of these obligations, and absent the renewal or replacement of our revolving credit facility, we do not expect that our results of operations will provide sufficient funds to enable us to pay these obligations in full. Accordingly, we expect that we will need to extend these debt obligations or obtain additional capital to satisfy these debt obligations through one or more alternatives, such as raising equity capital, raising new debt capital or selling assets. Our ability to sell assets or raise additional equity or debt capital, and our ability to extend or refinance our existing indebtedness will depend on the condition of the capital and credit markets and our financial condition at such time. As a result, we may not be able to extend the maturity of our indebtedness maturing in 2010, or obtain additional capital to satisfy these obligations on terms acceptable to us or at all. Any additional capital may be available only on terms that adversely affect our existing stockholders, or that restrict our operations. For example, if we raise additional funds through issuances of equity or convertible debt securities, our existing stockholders could suffer dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our common stock. In addition, certain promissory notes that we have issued contain anti-dilution provisions related to their conversion into our common stock. The issuance of new equity securities or convertible debt securities could trigger an anti-dilution adjustment pursuant to these promissory notes, and our existing stockholders would suffer dilution if these notes are converted into shares of our common stock. Also, if we were forced to sell assets, there can be no assurance regarding the terms and conditions we could obtain for any such sale, and if we were required to sell assets that are important to our current or future business, our current and future results of operations could be materially and adversely affected. We have granted security interests in substantially all of our assets to secure the repayment of our indebtedness maturing in 2010, and if we are unable to satisfy our obligations the lenders could foreclose on their security interests. The impact of our debt obligations on our other operating requirements is discussed above under the risk factor captioned "Risks Related to Our Business and Operations — We might require additional capital to support business growth, and this capital might not be available on favorable terms, or at all."

Our failure to renew our credit facility on terms acceptable to the Company, if at all, could result in the loss of future borrowing capacity and/or higher costs to maintain or access the borrowing capacity.

On December 16, 2009, the Company entered into the Second Amended and Restated Loan and Security Agreement (the "SVB Amended Loan Agreement") with Silicon Valley Bank. The SVB Amended Loan Agreement and related documents amend and restate the existing SVB credit facility to provide, among other things, for an increase in available borrowing to $5.0 million with provision for further increase to an aggregate facility amount of $8.0 million if the Company acquires certain customer accounts from a third party and obtains certain additional financing. The facility expires and is subject to renewal by December 10, 2010. The Company had drawn approximately $3.1 million on the facility at December 31, 2009.

If the Company were to lose access to the borrowing capacity under the credit agreement, or if any refinancing or replacement facility were on terms that are burdensome to the Company, the Company could lose access to this borrowing capacity or incur higher costs to maintain and access such borrowing capacity.

Our failure to comply with covenants in our credit facility could result in our indebtedness being immediately due and payable and the loss of our assets.

Pursuant to the terms of our credit facility with Silicon Valley Bank we have pledged substantially all of our assets to the lender as security for our payment obligations under the credit facility. If we fail to pay any of our indebtedness under this credit facility when due, or if we breach any of the other covenants in the credit facility, it may result in one or more events of default. An event of default under our credit facility would permit the lender to declare all amounts owing to be immediately due and payable and, if we were unable to repay any indebtedness owed, the lender could proceed against the collateral securing that indebtedness.

Covenants in our credit facility and outstanding notes, and in any future debt agreement, may restrict our future operations.

The indenture governing the notes and the New Credit Facility will impose financial restrictions that limit our discretion on some business matters, which could make it more difficult for us to expand our business, finance our operations and engage in other business activities that may be in our interest. These restrictions include compliance with, or maintenance of, certain financial tests and ratios and restrictions that limit our ability and that of our subsidiaries to, among other things:

- incur additional indebtedness or place additional liens on our assets;
- pay dividends or make other distributions on, redeem or repurchase our capital stock;
- make investments or repay subordinated indebtedness;
- enter into transactions with affiliates;
- sell assets;
- engage in a merger, consolidation or other business combination; or

- change the nature of our businesses.

Any additional indebtedness we may incur in the future may subject us to similar or even more restrictive conditions.

Our substantial level of indebtedness and debt service obligations could impair our financial condition, hinder our growth and put us at a competitive disadvantage.

As of December 31, 2009 our indebtedness was substantial in comparison to our available cash and our net income. Our substantial level of indebtedness could have important consequences for our business, results of operations and financial condition. For example, a high level of indebtedness could, among other things:

- make it more difficult for us to satisfy our financial obligations;
- increase our vulnerability to general adverse economic and industry conditions, including interest rate fluctuations;
- increase the risk that a substantial decrease in cash flows from operating activities or an increase in expenses will make it difficult for us to meet our debt service requirements and will require us to modify our operations;
- require us to dedicate a substantial portion of our cash flow from operations to make payments on our indebtedness, thereby reducing the availability of our cash flow to fund future business opportunities, working capital, capital expenditures and other general corporate purposes;
- limit our ability to borrow additional funds to expand our business or ease liquidity constraints;
- limit our ability to refinance all or a portion of our indebtedness on or before maturity;
- limit our ability to pursue future acquisitions;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- place us at a competitive disadvantage relative to competitors that have less indebtedness.

Risks Related to our Common Stock and the Securities Markets

Because we do not currently intend to pay dividends on our common stock, stockholders will benefit from an investment in our common stock only if it appreciates in value.

We do not currently anticipate paying any dividends on shares of our common stock. Any determination to pay dividends in the future will be made by our Board of Directors and will depend upon results of operations, financial conditions, contractual restrictions, restrictions imposed by applicable law, and other factors our Board of Directors deems relevant. Accordingly, realization of a gain on stockholders' investments will depend on the appreciation of the price of our common stock. There is no guarantee that our common stock will appreciate in value or even maintain the price at which stockholders purchased their shares.

Our outstanding warrants may have an adverse effect on the market price of our common stock.

At March 24, 2010, we had 12,090,000 Class W warrants outstanding, each of which entitles the holder to purchase a share of our common stock at an exercise price of $5.00 per share on or before April 10, 2010. In addition, at March 24, 2010 we had 12,090,000 Class Z warrants, each of which entitles the holder to purchase a share of our common stock at an exercise price of $5.00 per share on or before April 10, 2012. We also have outstanding approximately $4.8 million in principal amount of promissory notes due in December 2010 that are convertible into common stock at a conversion price of $1.70 per share. We also issued to the representative of the underwriters in our initial public offering an option to purchase at any time on or before April 10, 2010, 25,000 Series A units at an exercise price of $17.325 per Series A unit (each of which is comprised of two shares of common stock, five Class W warrants and five Class Z warrants) and/or 230,000 Series B units at an exercise price of $16.665 per Series B unit (each of which is comprised of two shares of common stock, one Class W warrant and one Class Z warrant), except that (a) the exercise price for these Class W warrants and Class Z warrants is $5.50 per share and these Class Z warrants expire on April 10, 2010. If the Series A units and Series B units are issued, it would result in the issuance of an additional 710,000 warrants. The common stock underlying the warrants, the convertible notes and the underwriters' options have been registered for sale under the Securities Act or are entitled to registration rights or are otherwise generally eligible for sale in the public market at or soon after exercise or conversion. If and to the extent these warrants are exercised, stockholders may experience dilution to their ownership interests in the Company. The presence of this additional number of shares of common stock and warrants eligible for trading in the public market may have an adverse effect on the market price of our common stock.

The concentration of our capital stock ownership will likely limit a stockholder's ability to influence corporate matters, and could discourage a takeover that stockholders may consider favorable and make it more difficult for a stockholder to elect directors of its choosing.

Based on public filings with the SEC made by J. Carlo Cannell, we believe that as of December 31, 2009, funds associated with Cannell Capital LLC owned 3,419,106 shares of our common stock and warrants to acquire 2,224,000 shares of our common stock. Based on the number of shares of our common stock outstanding on March 20, 2010 without taking into account their unexercised warrants, these funds would beneficially own approximately 20% of our common stock. In addition, as of March 24, 2010, our executive officers, directors and affiliated entities together beneficially owned common stock, without taking into account their unexercised and unconverted warrants, options and convertible notes, representing approximately 32% of our common stock. As a result, these stockholders have the ability to exert significant control over matters that require approval by our stockholders, including the election of directors and approval of significant corporate transactions. The interests of these stockholders might conflict with your interests as a holder of our securities, and it may cause us to pursue transactions that, in their judgment, could enhance their equity investments, even though such transactions may involve significant risks to you as a security holder. The large concentration of ownership in a small group of stockholders might also have the effect of delaying or preventing a change of control of our company that other stockholders may view as beneficial.

It may be difficult for you to resell shares of our common stock if an active market for our common stock does not develop.

Our common stock is not actively traded on a securities exchange and we currently do not meet the initial listing criteria for any registered securities exchange, including the NASDAQ National Market System. It is quoted on the less recognized Over-the-Counter Bulletin Board. This factor may further impair your ability to sell your shares when you want and/or could depress our stock price. As a result, you may find it difficult to dispose of, or to obtain accurate quotations of the price of, our securities because smaller quantities of shares could be bought and sold, transactions could be delayed, and security analyst and news coverage of our company may be limited. These factors could result in lower prices and larger spreads in the bid and ask prices for our shares.

ITEM 2. *PROPERTIES*

The Company does not own any real estate. Instead, all of the Company's facilities are leased. GTT's headquarters in McLean, Virginia are occupied under a lease that expires in December 2014. We also maintain offices in Denver, Colorado, London, England and Düsseldorf, Germany. The lease of our London, England facility expires in June 2012. The Company leases its facility in Düsseldorf, Germany under a multi-year lease that expires in July 2011. The Company's offices in Denver, Colorado are leased under a three month lease that renews for successive three month periods unless either GTT or the landlord gives a notice of non-renewal. We are currently evaluating our options with respect to our offices in Düsseldorf, Germany, and Denver, Colorado. We believe the necessary office space in these locations will be available on commercially reasonable terms.

We believe our properties, taken as a whole, are in good operating condition and are adequate for our business needs.

ITEM 3. *LEGAL PROCEEDINGS*

The Company is not currently subject to any material legal proceedings. From time to time, however, we or our operating companies may party to other various legal proceedings that arise in the normal course of business. In the opinion of management, none of these proceedings, individually or in the aggregate, are likely to have a material adverse effect on our consolidated financial position or consolidated results of operations or cash flows. However, we cannot provide assurance that any adverse outcome would not be material to our consolidated financial position or consolidated results of operations or cash flows.

PART II

ITEM 5. *MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*

Market for Equity Securities

Our common stock trades on the Over-the-Counter Bulletin Board under the symbol GTLT, and our Class W warrants and Class Z warrants trade under the symbols GTLTW and GTLTZ, respectively. At March 24, 2010, we had outstanding 17,216,390 shares of our common stock, 12,090,000 Class W Warrants and 12,090,000 Class Z Warrants.

Each Class W and Class Z warrant entitles the holder to purchase from us one share of common stock at an exercise price of $5.00. The Class W warrants will expire at 5:00 p.m., New York City time, on April 10, 2010, or earlier upon redemption. The Class Z warrants will expire at 5:00 p.m., New York City time, on April 10, 2012, or earlier upon redemption. The trading of our securities, especially our Class W warrants and Class Z warrants, is limited, and therefore there may not be deemed to be an established public trading market under guidelines set forth by the SEC.

The following table sets forth, for the calendar quarters indicated, the quarterly high and low bid information of our common stock, warrants, and units as reported on the Over-the-Counter Bulletin Board. The quotations listed below reflect interdealer prices, without retail markup, markdown, or commission, and may not necessarily represent actual transactions.

	Common Stock		Class W Warrants		Class Z Warrants	
	High	Low	High	Low	High	Low
2008						
First Quarter	$1.10	$0.33	$ 0.05	$ 0.03	$ 0.10	$ 0.02
Second Quarter	$0.75	$0.40	$ 0.05	$ 0.04	$ 0.14	$ 0.06
Third Quarter	$0.65	$0.33	$ 0.04	$ 0.01	$ 0.05	$ 0.01
Fourth Quarter	$0.59	$0.26	$ 0.01	$ 0.00	$ 0.03	$ 0.01
2009						
First Quarter	$0.50	$0.36	$ 0.00	$ 0.00	$ 0.01	$ 0.01
Second Quarter	$1.40	$0.62	$ 0.02	$ 0.00	$ 0.06	$ 0.00
Third Quarter	$1.44	$1.26	$ 0.01	$ 0.00	$ 0.06	$ 0.01
Fourth Quarter	$1.25	$0.95	$ 0.00	$ 0.00	$ 0.03	$ 0.01

As of February 23, 2010 there were approximately 33 holders of record of our common stock, 16 holders of record of our Class W warrants, and 21 holders of record of our Class Z warrants.

Dividends

We have not paid any dividends on our common stock to date, and do not anticipate paying any dividends in the foreseeable future. Moreover, restrictive covenants existing in certain promissory notes that we have issued preclude us from paying dividends until those notes are paid in full.

ITEM 7. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

The following discussion and analysis should be read in conjunction with the financial statements and accompanying notes included elsewhere in this report.

Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company

The following discussion and analysis should be read together with the Company's Consolidated Financial Statements and related notes thereto beginning on page F-1. Reference is made to "Cautionary Statement Regarding Forward-Looking Statements" on page 1 hereof, which describes important factors that could cause actual results to differ from expectations and non-historical information contained herein.

Overview

GTT is a global network integrator providing a broad portfolio of Wide-Area Network (WAN), dedicated Internet access, and managed date services. With over 800 supplier relationships worldwide, GTT combines multiple networks and technologies such as traditional OC-x, MPLS and Ethernet, to deliver cost-effective solutions specifically designed for each client's unique requirements. GTT enhances its client performance through its proprietary Client Management Database (CMD), providing customers with an integrated support system for all of its services. GTT is committed to providing comprehensive solutions, project management and 24x7 global operations support.

The Company sells through a direct sales force on a global basis. The Company generally competes with large, facilities-based providers and other services providers in each of our global markets. As of December 31, 2009, our customer base was comprised of over 700 businesses. Our five largest customers accounted for approximately 36% of consolidated revenues during the year ended December 31, 2009.

Costs and Expenses

The Company's cost of revenue consists almost entirely of the costs for procurement of services associated with customer solutions. The key terms and conditions appearing in both supplier and customer agreements are substantially the same, with margin applied to the suppliers' costs. There are no wages or overheads included in these costs. From time to time, the Company has agreed to certain special commitments with vendors in order to obtain better rates, terms and conditions for the procurement of services from those vendors. These commitments include volume purchase commitments and purchases on a longer-term basis than the term for which the applicable customer has committed.

Our supplier contracts do not have any market related net settlement provisions. The Company has not entered into, and has no plans to enter into, any supplier contracts which involve financial or derivative instruments. The supplier contracts are entered into solely for the direct purchase of telecommunications capacity, which is resold by the Company in its normal course of business. As such, the Company considers its contracts with its suppliers to be normal purchases, according to the criteria in 10(b) of SFAS 133, "A*ccounting for Derivative Instruments and Hedging Activities,*" which was codified into ASC Topic 815, *Derivatives and Hedging*.

Other than cost of revenue, the Company's most significant operating expenses are employment costs. As of December 31, 2009, the Company had 83 employees and employment costs comprised approximately 15% of total operating expenses for the year ended December 31, 2009.

Critical Accounting Policies and Estimates

The Company's significant accounting policies are described in Note 2 to its accompanying consolidated financial statements. The Company considers the following accounting policies to be those that require the most significant judgments and estimates in the preparation of its consolidated financial statements, and believes that an understanding of these policies is important to a proper evaluation of the reported consolidated financial results.

Revenue Recognition

The Company provides data connectivity solutions, such as dedicated circuit access, access aggregation and hubbing and managed network services to its customers. Certain of the Company's current revenue activities have features that may be considered multiple elements. The Company believes that there is insufficient evidence to determine each element's fair value and as a result, in those arrangements where there are multiple elements, revenue is recorded ratably over the term of the arrangement.

The Company's services are provided under contracts that typically provide for an installation charge along with payments of recurring charges on a monthly (or other periodic) basis for use of the services over a committed term. Our contracts with customers specify the terms and conditions for providing such services. These contracts call for the Company to provide the service in question (e.g., data transmission between point A and point Z), to manage the activation process, and to provide ongoing support (in the form of service maintenance and trouble-shooting) during the service term. The contracts do not typically provide the customer any rights to use specifically identifiable assets. Furthermore, the contracts generally provide us with discretion to engineer (or re-engineer) a particular network solution to satisfy each customer's data transmission requirement, and typically prohibit physical access by the customer to the network infrastructure used by the Company and its suppliers to deliver the services.

The Company recognizes revenue as follows:

*Network Services and Support***.** The Company's services are provided pursuant to contracts that typically provide for payments of recurring charges on a monthly basis for use of the services over a committed term. Each service contract typically has a fixed monthly cost and a fixed term, in addition to a fixed installation charge (if applicable). Variable usage charges are applied when incurred for certain product offerings. At the end of the initial term of most service contracts the contracts roll forward on a month-to-month or other periodic basis and continue to bill at the same fixed recurring rate. If any cancellation or termination charges become due from the customer as a result of early cancellation or termination of a service contract, those amounts are calculated pursuant to a formula specified in each contract. Recurring costs relating to supply contracts are recognized ratably over the term of the contract.

Non-recurring fees, Deferred Revenue. Non-recurring fees for data connectivity typically take the form of one-time, non-refundable provisioning fees established pursuant to service contracts. The amount of the provisioning fee included in each contract is generally determined by marking up or passing through the corresponding charge from the Company's supplier, imposed pursuant to the Company's purchase agreement. Non-recurring revenues earned for providing provisioning services in connection with the delivery of recurring communications services are recognized ratably over the contractual term of the recurring service starting upon commencement of the service contract term. Fees recorded or billed from these provisioning services are initially recorded as deferred revenue then recognized ratably over the contractual term of the recurring service. Installation costs related to provisioning incurred by the Company from independent third party suppliers, directly attributable and necessary to fulfill a particular service contract, and which costs would not have been incurred but for the occurrence of that service contract, are recorded as deferred contract costs and expensed proportionally over the contractual term of service in the same manner as the deferred revenue arising from that contract. Deferred costs do not exceed deferred upfront fees. Due to its limited operating history, the Company believes the initial contractual term is the best estimate of the period of earnings.

*Other Revenue***.** From time to time, the Company recognizes revenue in the form of fixed or determinable cancellation (pre-installation) or termination (post-installation) charges imposed pursuant to the service contract. These revenues are earned when a customer cancels or terminates a service agreement prior to the end of its committed term. These revenues are recognized when billed if collectability is reasonably assured. In addition, the Company from time to time sells equipment in connection with data networking applications. The Company recognizes revenue from the sale of equipment at the contracted selling price when title to the equipment passes to the customer (generally F.O.B. origin) and when collectability is reasonably assured.

The Company does not use estimates in determining amounts of revenue to be recognized. Each service contract has a fixed monthly cost and a fixed term, in addition to a fixed installation charge (if applicable). At the end of the initial term of most service contracts, the contracts roll forward on a month-to-month or other periodic basis and the Company continues to bill at the same fixed recurring rate. If any cancellation or disconnection charges become due from the customer as a result of early cancellation or termination of a service contract, those amounts are calculated pursuant to a formula specified in each contract.

Estimating Allowances and Accrued Liabilities

The Company employs the "allowance for bad debts" method to account for bad debts. The Company states its accounts receivable balances at amounts due from the customer net of an allowance for doubtful accounts. The Company determines this allowance by considering a number of factors, including the length of time receivables are past due, previous loss history, and the customer's current ability to pay.

In the normal course of business from time to time, the Company identifies errors by suppliers with respect to the billing of services. The Company performs bill verification procedures to attempt to ensure that errors in its suppliers' billed invoices are identified and resolved. The bill verification procedures include the examination of bills, comparison of billed rates to rates shown on the actual contract documentation and logged in the Company's operating systems, comparison of circuits billed to the Company's database of active circuits, and evaluation of the trend of invoiced amounts by suppliers, including the types of charges being assessed. If the Company concludes by reference to such objective factors that it has been billed inaccurately, the Company will record a liability for the amount that it believes is owed with reference to the applicable contractual rate and, in the instances where the billed amount exceeds the applicable contractual rate, the likelihood of prevailing with respect to any dispute.

These disputes with suppliers generally fall into three categories: pricing errors, network design or disconnection errors, and taxation and regulatory surcharge errors. In the instances where the billed amount exceeds the applicable contractual rate the Company does not accrue the full face amount of obvious billing errors in accounts payable because to do so would present a misleading and confusing picture of the Company's current liabilities by accounting for liabilities that are erroneous based upon a detailed review of objective evidence. If the Company ultimately pays less than the corresponding accrual in resolution of an erroneously over-billed amount, the Company recognizes the resultant decrease in cost of revenue in the period in which the resolution is reached. If the Company ultimately pays more than the corresponding accrual in resolution of an erroneously billed amount, the Company recognizes the resultant cost of revenue increase in the period in which the resolution is reached and during which period the Company makes payment to resolve such account.

Although the Company disputes erroneously billed amounts in good faith and historically has prevailed in most cases, it recognizes that it may not prevail in all cases (or in full) with a particular supplier with respect to such billing errors or it may choose to settle the matter because of the quality of the supplier relationship or the cost and time associated with continuing the dispute. Careful judgment is required in estimating the ultimate outcome of disputing each error, and each reserve is based upon a specific evaluation by management of the merits of each billing error (based upon the bill verification process) and the potential for loss with respect to that billing error. In making such a case-by-case evaluation, the Company considers, among other things, the documentation available to support its assertions with respect to the billing errors, its past experience with the supplier in question, and its past experience with similar errors and disputes. As of December 31, 2009, the Company had $1.7 million in billing errors disputed with suppliers, for which we have accrued $1.0 million in liabilities.

In instances where the Company has been billed less than the applicable contractual rate, the accruals remain on the Company's consolidated financial statements until the vendor invoices for the under-billed amount or until such time as the obligations related to the under-billed amounts, based upon applicable contract terms and relevant statutory periods in accordance with the Company's internal policy, have passed. If the Company ultimately determines it has no further obligation related to the under-billed amounts, the Company recognizes a decrease in expense in the period in which the determination is made.

Goodwill and Intangible Assets

Goodwill is the excess purchase price paid over identified intangible and tangible net assets of acquired companies. Goodwill is not amortized, and is tested for impairment at the reporting unit level annually or when there are any indications of impairment, as required by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350, *Intangibles — Goodwill and Other (*formerly Statement of Financial Accounting Standards *"SFAS"* No. 142*)*. A reporting unit is an operating segment, or component of an operating segment, for which discrete financial information is available and is regularly reviewed by management. We have one reporting unit to which goodwill is assigned.

A two-step approach is required to test goodwill for impairment. The first step tests for impairment by applying fair value-based tests. The second step, if deemed necessary, measures the impairment by applying fair value-based tests to specific assets and liabilities. Application of the goodwill impairment test requires significant judgments including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for the Company, the useful life over which cash flows will occur, and determination of the Company's cost of capital. Changes in these estimates and assumptions could materially affect the determination of fair value and conclusions on goodwill impairment.

The Company performs its annual goodwill impairment testing in the third quarter of each year, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. The Company tested its goodwill during the third quarter of 2009 and concluded that no impairment existed. In 2008, the Company tested its goodwill and concluded that impairment existed and recorded an impairment charge to goodwill of $38.9 million.

Intangible assets are assets that lack physical substance, and are accounted for in accordance with ASC Topic 350 and ASC Topic 360, *Impairment or Disposal of Long-Lived Assets* (formerly SFAS 144). Intangible assets arose from business combinations and consist of customer contracts, acquired technology and restrictive covenants related to employment agreements that are amortized, on a straight-line basis, over periods of up to five years. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. During the third quarter of 2009, the Company tested their intangible assets and concluded that no impairment existed. In 2008, we determined that certain of our intangible assets were impaired and recorded an impairment charge to intangible assets of $2.9 million.

In December 2009, the Company recorded an additional $7.2 million of goodwill and $4.8 million of intangible assets related to the purchase of WBS Connect. The intangible assets consist primarily of customer contracts and relationships as well as restrictive covenants related to employment agreements.

Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes* (formerly SFAS 109). Under ASC Topic 740, deferred tax assets are recognized for future deductible temporary differences and for tax net operating loss and tax credit carry-forwards, and deferred tax liabilities are recognized for temporary differences that will result in taxable amounts in future years. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be realized or settled. A valuation allowance is provided to offset the net deferred tax asset if, based upon the available evidence, management determines that it is more likely than not that some or all of the deferred tax asset will not be realized.

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"). FIN 48 was codified into ASC Topic 740, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements, and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The adoption of the new FASB ASC Topic did not have a material effect on the Company's consolidated financial statements

We may from time to time be assessed interest and/or penalties by taxing jurisdictions, although any such assessments historically have been minimal and immaterial to our financial results. In the event we have received an assessment for interest and/or penalties, it has been classified in the statement of operations as other general and administrative costs.

Share-Based Compensation

On October 16, 2006, the Company adopted SFAS No. 123 (revised 2004), *Share-Based Payment"* ("SFAS 123(R)") which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees, directors, and consultants based on estimated fair values. In March 2005, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107 ("SAB 107") relating to SFAS 123(R). The Company has applied the provisions of SAB 107 in its adoption of SFAS 123(R). SFAS 123(R) was codified into ASC Topic 718, *Compensation — Stock Compensation*. The adoption of the new FASB ASC Topic did not have a material effect on the Company's consolidated financial statements.

ASC Topic 718 requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company's consolidated statement of operations. The Company follows the straight-line single option method of attributing the value of stock-based compensation to expense. As stock-based compensation expense recognized is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. ASC Topic 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The Company elected the Black-Scholes option-pricing model as its method of valuation for share-based awards granted. The Company's determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to the Company's expected stock price volatility over the term of the awards and the expected term of the awards. The Company accounts for non-employee share-based compensation expense in accordance with ASC Topic 505, *Equity — Based Payments to Non-Employees* (formerly EITF Issue No. 96-18).

Use of Estimates and Assumptions

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results can, and in many cases will, differ from those estimates.

Recent Accounting Pronouncements

Reference is made to Note 2 ("Significant Accounting Policies") of the consolidated financial statements, which commence on page F-1 of this report, which Note is incorporated herein by reference.

Results of Operations of the Company

Fiscal Year Ended December 31, 2009 compared to Fiscal Year Ended December 31, 2008

Overview. The financial information presented in the table below comprises the audited consolidated financial information of the Company for the years ended December 31, 2009 and 2008 (amounts in thousands):

	Year Ended December 31, 2009	Year Ended December 31, 2008
Revenue:		
Telecommunications services sold	$ 64,221	$ 66,974
Operating expenses:		
Cost of telecommunications services provided	45,868	47,568
Selling, general and administrative expense	14,684	18,197
Impairment of goodwill and intangibles	—	41,854
Restructuring costs, employee termination and non-recurring items	641	—
Depreciation and amortization	1,733	2,211
Total operating expenses	62,926	109,830
Operating income (loss)	1,295	(42,856)
Other income (expense):		
Interest income (expense), net	(849)	(781)
Other income (expense), net	24	(28)
Total other expense, net	(825)	(809)
Income (loss) before income taxes	470	(43,665)
Provision for (benefit from) income taxes	16	(1,291)
Net income (loss)	$ 454	$ (42,374)
Net income (loss) per share:		
Basic	$ 0.03	$ (2.85)
Diluted	$ 0.03	$ (2.85)
Weighted average shares:		
Basic	15,268,826	14,863,658
Diluted	15,470,763	14,863,658

Revenues. The table below presents the components of revenues for the years ended December 31, 2009 and 2008:

Geographical Revenue Source	2009	2008
United States	58%	51%
United Kingdom	29	35
Germany	13	13
Other Countries	—	1
Totals	100%	100%

Total revenue decreased $2.8 million, or 4.1%, for the year ended December 31, 2009 compared to the year ended December 31, 2008 primarily due to the impact of changes in foreign currency valuations as they related to our revenue generated outside of the United States offset by the Company's resulting sales and installation of additional services for new and existing customers. Absent currency translation impacts, total revenue increased approximately 2% over 2008.

Costs of Service. Total costs of service decreased $1.7 million, or 3.6%, for the year ended December 31, 2009 compared to the year ended December 31, 2008 primarily due to the impact of foreign currency valuation as related to our revenue and costs outside of the United States, as well as the installation of higher margin services and customer disconnections with lower margins.

Selling, General and Administrative Expenses. SG&A decreased $3.5 million, or 19.3%, for the year ended December 31, 2009 compared to the year ended December 31, 2008. This reduction is due to the Company's plan in 2009 to significantly reduce all general and administrative expenses, as well as the impact of foreign currency translations.

Depreciation and Amortization. Depreciation and amortization expense decreased $0.5 million, or 21.6%, to $1.7 million for the year ended December 31, 2009, compared to the year ended December 31, 2008. The net decrease was primarily due to a reduction in amortization expense resulting from the impairment of the Company's intangible assets in the third quarter of 2008.

Impairment of goodwill and intangible assets. Impairment of goodwill and intangible asset expense decreased from $41.9 million for the year ended December 31, 2008, to $0 for the year ended December 31, 2009.

Interest Expense. Interest expense increased $0.1 million, or 8.8%, to $0.8 million for the year ended December 31, 2009 compared to the year ended December 31, 2008. The net increase was primarily due to interest on draw-downs against the Company's line of credit during the third and fourth quarter of 2009.

Liquidity and Capital Resources **(amounts in thousands)**

	December 31, 2009	December 31, 2008
Cash and cash equivalents and short-term investments	$ 5,548	$ 5,785
Debt	$ 12,707	$ 8,796

During 2009, the Company generated positive operating cash flow, inclusive of significant reductions in accounts payable, and generated positive net income. The Company also consummated the acquisition of WBS Connect in the last half of December 2009. As a result, the Company assumed additional current liabilities of WBS Connect and drew approximately $3.1 million on its credit facility to support cash payments required to consummate the acquisition.

The Company believes that cash currently on hand, expected cash flows from future operations and potential future borrowing capacity are sufficient to fund operations for the next twelve months, including the repayment, extension or refinancing of indebtedness pursuant to multiple agreements including: (i) approximately $4.8 million in principal, plus accrued interest, of promissory notes we issued in November 2007, (ii) $4.0 million in principal, plus accrued interest, with respect to promissory notes we issued in October 2006, (iii) the then outstanding amount of our revolving credit facility with Silicon Valley Bank (under which we had $3.1 million outstanding at December 31, 2009 and 3.0 million outstanding at March 20, 2010, and (iv) indebtedness issued or assumed in connection with the WBS Connect acquisition of which approximately $0.6 million is due during 2010.

If our operating performance differs significantly from our forecasts, we may be required to reduce our operating expenses and curtail capital spending, and we may not remain in compliance with our debt covenants. In addition, if the Company were unable to fully fund its cash requirements through operations and current cash on hand, the Company would need to obtain additional financing through a combination of equity and debt financings and/or renegotiation of terms of its existing debt. If any such activities become necessary, there can be no assurance that the Company would be successful in obtaining additional financing or modifying its existing debt terms, particularly in light of the general economic downturn that began in 2008 and the general reduction in lending activity by many lending institutions.

Operating Activities. Net cash provided by operating activities was $1.4 million for the year ended December 31, 2009, reflecting a net income of $0.5, a change in operating assets and liabilities of $1.4 million, offset by $2.3 million in non-cash operating items. The source of cash in working capital was primarily due to an overall decrease in accounts receivable resulting from improved customer collections, offset by a decrease in accounts payable as a result of faster vendor payment. The decrease in working capital on the Company's balance sheet was primarily due to an increase in short-term debt and an increase in accrued expenses and accounts payable in connection with the acquisition of WBS Connect in December 2009.

During 2009 and 2008, we made cash payments for interest totaling $0.3 million and $0.1 million, respectively. The increase in interest payments was a result of a contractual increase in the amount of cash interest due, as well as interest on draw-downs against the Company's line of credit during the third and fourth quarter of 2009.

Investing Activities. Net cash used in investing activities was $4.1 million in the year ended December 31, 2009, consisting primarily of the $3.7 million of cash used in the purchase of WBS Connect, and $0.4 million of capital expenditures.

As a global network integrator, the Company typically has very low levels of capital expenditures, especially when compared to infrastructure-owning traditional telecommunications competitors. Additionally, the Company's cost structure is somewhat variable and provides management an ability to manage costs as appropriate. The Company's capital expenditures are predominantly related to the maintenance of computer facilities, office fixtures and furnishings, and the network elements, and are very low as a proportion of revenue. The Company may require additional capital investment as part of growing it base of customer services.

Financing Activities. Net cash provided by financing activities increased to $3.1 million for the year ended December 31, 2009 as compared to $0.0 million for the year ended December 31, 2008. This increase was due to borrowings under its expanded SVB Credit facility, used to fund the WBS Connect acquisition.

Effect of Exchange Rate Changes on Cash. Effect of Exchange Rate Changes decreased $0.5 million to $0.6 million for the year ended December 31, 2009 as compared to an effect of $1.1 million for the year ended December 31, 2008, due primarily to cash balances denominated in currencies that weakened against the US Dollar during 2009 as well as impacts to the Company's current assets and liabilities denominated in currencies that weakened against the US Dollar.

Debt

As of December 31, 2009, the Company had $12.7 million of debt, consisting of the $3.1 million of borrowings under our revolving credit facility that matures in December 2010, approximately $8.8 million of promissory notes that mature in December 2010, approximately $0.3 million of promissory notes due during 2010 that were issued to the former owners of WBS Connect in connection with our acquisition of WBS Connect, and $0.6 million of capital lease obligations assumed in the acquisition (amounts in thousands):

	Total Debt	Notes Payable to former GII Shareholders	Notes Payable to former ETT and GII Shareholders	Notes Payable to Other Investors	Promissory Note / Capital Lease	Senior Secured Credit Facility
Debt obligation as of December 31, 2008	$ 8,796	$ 4,000	$ 2,871	$ 1,925	$ —	$ —
Draw on Senior Secured Credit Facility	3,078	—	—	—	—	3,078
Promissory Note Issued	250	—	—	—	250	—
Captial lease obligation assumed	583	—	—	—	583	—
Debt obligation as of December 31, 2009	$ 12,707	$ 4,000	$ 2,871	$ 1,925	$ 833	$ 3,078

On November 12, 2007, the Company and the holders of the approximately $5.9 million of promissory notes due on April 30, 2008 (the "April 2008 Notes") entered into agreements to pursuant to which the holders of the April 2008 Notes (i) exchanged $3.5 million in aggregate principal amount of the April 2008 Notes for an aggregate of 2,570,144 shares of the Company's common stock, and (ii) exchanged the remaining $2.4 million in aggregate principal amount of the April 2008 Notes, plus accrued interest, for $2.9 million aggregate principal amount of the 10% convertible unsecured subordinated promissory notes due on December 31, 2010 (the "December 2010 Notes"). All principal and accrued interest under the December 2010 Notes is payable on December 31, 2010. In addition, on November 13, 2007, the Company sold an additional $1.9 million of December 2010 Notes to certain accredited investors including approximately $1.7 million of December 2010 Notes to certain members of the Company's board of directors and entities affiliated with members of the Company's board of directors. An aggregate of $4.8 million in principal amount of the December 2010 Notes was outstanding as of December 31, 2009.

The holders of the December 2010 Notes can convert the principal due under the December 2010 Notes into shares of the Company's common stock, at any time, at a price per share equal to $1.70. The Company has the right to require the holders of the December 2010 Notes to convert the principal amount due under the December 2010 Notes at any time after the closing price of the Company's common stock shall be equal to or greater than $2.64 for 15 consecutive trading days. The conversion provisions of the December 2010 Notes include protection against dilutive issuances of the Company's common stock, subject to certain exceptions. The December 2010 Notes and the Amended Notes permit the incurrence of senior indebtedness up to an aggregate principal amount of $4.0 million. The Company has agreed to register with the Securities and Exchange Commission the shares of Company's common stock issued to the holders of the December 2010 Notes upon their conversion, subject to certain limitations.

In addition, on November 13, 2007, the holders of the $4.0 million of promissory notes due on December 29, 2008 agreed to amend those notes to extend the maturity date to December 31, 2010, subject to increasing the interest rate to 10% per annum, beginning January 1, 2009. Under the terms of the notes, as amended (the "Amended Notes"), 50% of all interest accrued during 2008 and 2009 is payable on each of December 31, 2008 and 2009, respectively, and all principal and remaining accrued interest is payable on December 31, 2010.

On March 17, 2008, the Company entered into a Loan and Security Agreement (the "credit facility") with Silicon Valley Bank. Under the terms of the credit facility, the Company could borrow up to a maximum amount of $2.0 million; with the actual amount available being based upon criteria related to accounts receivable and cash collections. Advances under the credit facility would bear interest at the bank's prime rate plus either 1.5% or 2.0%, and would also be subject to a monthly collateral handling fee ranging from 0.25% to 0.50%, in each case depending on certain financial criteria. The credit facility had a 364 day term and contained customary covenants, but there were no covenants that required compliance with financial criteria. The Company's payment obligations under the credit facility were secured by a pledge of substantially all of its assets, including a pledge of 67% of the outstanding stock of the Company's foreign subsidiaries.

On June 16, 2009, the Company and Silicon Valley Bank entered into an Amended and Restated Loan and Security Agreement (the "amended credit facility"). Under the terms of the amended credit facility, the Company's revolving line of credit was increased to a maximum amount of $2.5 million, with the actual amount available being based upon criteria related to accounts receivable. Advances under the credit facility would bear interest at the bank's prime rate plus either 1.75% or 2.0%, and would also be subject to a monthly collateral handling fee ranging from 0.15% to 0.35%, in each case depending on certain financial criteria. The amended credit facility had a 364 day term and contained customary covenants, but there were no covenants that required compliance with financial criteria. The Company's payment obligations under the amended credit facility were secured by a pledge of substantially all of its assets, including a pledge of 67% of the outstanding stock of the Company's foreign subsidiaries.

In December 2009, the Company and Silicon Valley Bank entered into a Second Amended and Restated Credit Facility (the "current credit facility"). Under the terms of the current credit facility, the Company's revolving line of credit was increased to a maximum amount of $5.0 million, with the actual amount available being based on criteria related to the Company's accounts receivable in the United States (but not to exceed $3.4 million with respect to the United States receivables) and on criteria related to the Company's accounts receivable in Europe (but not to exceed $2.0 million with respect to the European receivables). The revolving line of credit can be increased to $8.0 million if the Company raises at least $4.5 million of additional equity and subordinated debt capital and completes the Global Capacity acquisition. Advances under the current credit facility bear interest at the bank's prime rate plus 1.75% or 2.0%, and would also be subject to a monthly collateral handling fee ranging from 0.15% to 0.35%, in each case depending on certain financial criteria. The current credit facility has a 364 day term and matures in December 2010. The current credit facility contains customary covenants, including covenants not included in the amended credit facility that require the Company to maintain, on a consolidated basis, specified amounts of net operating cash flow over certain specified periods of time. The Company's payment obligations under the current credit facility are secured by a pledge of substantially all of all of its assets, including a pledge of 67% of the outstanding stock of the Company's foreign subsidiaries.

In connection with the closing of the WBS Connect acquisition, the Company assumed in the acquisition approximately $0.6 million in capital lease obligations payable in monthly installments through April 2011, and issued approximately $0.3 million of promissory notes to the sellers of WBS Connect, due in monthly installments payable in full by October 2010.

Contractual Obligations and Commitments

As of December 31, 2009, the Company had total contractual obligations of approximately $45.9 million. Of these obligations, approximately $33.0 million, or 71.9%, are supplier agreements associated with the telecommunications services that the Company has contracted to purchase from its vendors. The Company generally tries to structure its contracts so the terms and conditions in the vendor and client customer contracts are substantially the same in terms of duration and capacity. The back-to-back nature of the Company's contracts means that the largest component of its contractual obligations is generally mirrored by its customer's commitment to purchase the services associated with those obligations. However, in certain instances relating to network infrastructure, the Company will enter into purchase commitments with vendors that do not directly tie to underlying customer commitments.

Approximately $10.5 million, or 22.9%, of the total contractual obligations are associated with promissory notes issued by the Company which are due December 31, 2010.

Operating leases amount to $2.4 million, or 5.2% of total contractual obligations, which consist of building and vehicle leases.

ITEM 7A. ***QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

Interest Rate Sensitivity

Interest due on the Company's loans is based upon the applicable stated fixed contractual rate with the lender. Interest earned on the Company's bank accounts is linked to the applicable base interest rate. For the year ended December 31, 2009, the Company had interest expense, net of income, of approximately $0.8 million. The Company believes that its results of operations are not materially affected by changes in interest rates. For the year ended December 31, 2008, the Company had no material net interest income.

Exchange Rate Sensitivity

Approximately 42% of the Company's revenues for the year ended December 31, 2009 are derived from services provided outside of the United States. As a consequence, a material percentage of the Company's revenues are billed in British Pounds Sterling or Euros. Since we operate on a global basis, we are exposed to various foreign currency risks. First, our consolidated financial statements are denominated in U.S. Dollars, but a significant portion of our revenue is generated in the local currency of our foreign subsidiaries. Accordingly, changes in exchange rates between the applicable foreign currency and the U.S. Dollar will affect the translation of each foreign subsidiary's financial results into U.S. Dollars for purposes of reporting consolidated financial results.

In addition, because of the global nature of our business, we may from time to time be required to pay a supplier in one currency while receiving payments from the underlying customer of the service in another currency. Although it is the Company's general policy to pay its suppliers in the same currency that it will receive cash from customers, where these circumstances arise with respect to supplier invoices in one currency and customer billings in another currency, the Company's gross margins may increase or decrease based upon changes in the exchange rate. Such factors did not have a material impact on the Company's results in the year ended December 31, 2009.

ITEM 8. *FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA*

Reference is made to the consolidated financial statements, the notes thereto, and the reports thereon, commencing on page F-1 of this report, which consolidated financial statements, notes, and report are incorporated herein by reference.

ITEM 9A(T). *CONTROLS AND PROCEDURES*

As of the end of the period covered by this Annual Report, an evaluation was carried out under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) and "internal control over financial reporting".

The evaluation of the Company's disclosure controls and procedures and internal control over financial reporting included a review of our objectives and processes, implementation by the Company and the effect on the information generated for use in this Annual Report. In the course of this evaluation and in accordance with Section 302 of the Sarbanes Oxley Act of 2002, we sought to identify material weaknesses in our controls, to determine whether we had identified any acts of fraud involving personnel who have a significant role in our internal control over financial reporting that would have a material effect on our consolidated financial statements, and to confirm that any necessary corrective action, including process improvements, were being undertaken. Our evaluation of our disclosure controls and procedures is done quarterly and management reports the effectiveness of our controls and procedures in our periodic reports filed with the SEC. Our internal control over financial reporting is also evaluated on an ongoing basis by personnel in the Company's finance organization. The overall goals of these evaluation activities are to monitor our disclosure controls and procedures and internal control over financial reporting and to make modifications as necessary. We periodically evaluate our processes and procedures and make improvements as required.

Because of its inherent limitations, disclosure controls and procedures and internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Management applies its judgment in assessing the benefits of controls relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed with the objective of ensuring that (i) information required to be disclosed in the Company's reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. Our Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the our disclosure controls and procedures in place at the end of the period covered by this Annual Report pursuant to Rule 13a-15(b) of the Exchange Act. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures (as defined in the Exchange Act Rule 13(a)-15(e)) were effective as of December 31, 2009.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of the Company management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control — Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2009.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

Changes in Internal Control over Financial Reporting

There have been no significant changes in our internal control over financial reporting during the most recently completed fiscal quarter ended December 31, 2009 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART III

ITEM 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

The information required by this Item relating to our directors and corporate governance is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2009 Annual Meeting of Stockholders. The information required by this Item relating to our executive officers is included in Item 1, "Business — Executive Officers" of this report.

ITEM 11. *EXECUTIVE COMPENSATION*

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2010 Annual Meeting of Stockholders.

ITEM 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS*

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2010 Annual Meeting of Stockholders.

ITEM 13. *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE*

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2010 Annual Meeting of Stockholders.

ITEM 14. *PRINCIPAL ACCOUNTING FEES AND SERVICES*

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2010 Annual Meeting of Stockholders.

PART IV

ITEM 15. *EXHIBITS AND FINANCIAL STATEMENT SCHEDULES*

(a) Financial Statements

(1) Financial Statements are listed in the Index to Financial Statements on page F-1 of this report.

(2) Schedules have been omitted because they are not applicable or because the information required to be set forth therein is included in the consolidated financial statements or notes thereto.

(b) Exhibits

The following exhibits, which are numbered in accordance with Item 601 of Regulation S-K, are filed herewith or, as noted, incorporated by reference herein:

EXHIBIT INDEX

Exhibit Number	Description of Document
3 .1(1)	Second Amended and Restated Certificate of Incorporation dated October 16, 2006.
3 .2(1)	Amended and Restated Bylaws dated October 15, 2006.
4 .1(4)	Specimen of Common Stock Certificate of the Company.
4 .2(4)	Specimen of Class W Warrant Certificate of the Company.
4 .3(4)	Specimen of Class Z Warrant Certificate of the Company.
4 .4(3)	Unit Purchase Option granted to HCFP/Brenner Securities LLC.
4 .5(3)	Warrant Agreement between American Stock Transfer & Trust Company and the Registrant.
10 .5(3)	Investment Management Trust Agreement between American Stock Transfer & Trust Company and the Registrant.
10 .6(1)	Employment Agreement for H. Brian Thompson, dated October 15, 2006.
10 .8(1)	Form of Lock-up letter agreement entered into by the Registrant and the stockholders of Global Internetworking, Inc., dated October 15, 2006.
10 .9(4)	2006 Employee, Director and Consultant Stock Plan, as amended. On November 30, 2006, the Plan was amended to (i) change the termination date to May 21, 2016 and (ii) reflect the Company's new corporate name.
10 .10(2)	Form of Registration Rights Agreement.
10 .11(1)	Form of Promissory Note issued to the stockholders of Global Internetworking, Inc., dated October 15, 2006.
10 .12(5)	Note Amendment Agreement entered into by the Registrant and the former stockholders of Global Internetworking, Inc., dated November 13, 2007.
10 .13(6)	Form of Stock Option Agreement.
10 .14(6)	Form of Restricted Stock Agreement.
10 .15(7)	Separation Agreement for D. Michael Keenan, dated February 23, 2007.
10 .16(8)	Employment Agreement for Richard D. Calder, Jr., dated May 7, 2007.
10 .17(5)	Form of Exchange Agreement entered into by the Registrant and certain holders of promissory notes.
10 .18(5)	Form of 10% Convertible Unsecured Subordinated Promissory Note.
10 .19(9)	Loan and Security Agreement entered into by the Registrant, its subsidiary Global Telecom & Technology Americas, Inc. and Silicon Valley Bank, dated March 17, 2008.
10 .20(10)	Amendment No. 1 to the Employment Agreement for Richard D. Calder, Jr., dated July 18, 2008.
10 .21(11)	Employment Agreement for Eric A. Swank, dated February 2, 2009.

Exhibit Number	Description of Document
10.22(12)	Amended and Restated Loan and Security Agreement, dated June 16, 2009, between Silicon Valley Bank, Global Telecom & Technology, Inc. and Global Telecom & Technology Americas, Inc.
10.23(13)	Purchase Agreement, dated as of November 3, 2009, by and among Global Telecom & Technology Americas, Inc., GTT-EMEA, Limited, WBS Connect, LLC, TEK Channel Consulting, LLC, WBS Connect Europe Ltd., Scott Charter and Michael Hollander.
10.24(14)	Amendment, dated December 16, 2009, to the Purchase Agreement, dated as of November 2, 2009, by and among Global Telecom & Technology Americas, Inc., GTT-EMEA, Limited, WBS Connect, LLC, TEK Channel Consulting, LLC, WBS Connect Europe Ltd., Scott Charter and Michael Hollander.
10.25(14)	Waiver, dated December 16, 2009, executed by Global Telecom & Technology Americas, Inc.
10.26(14)	Promissory Note, dated December 16, 2009, executed by Global Telecom & Technology Americas, Inc. in favor of Scott Charter.
10.27(14)	Promissory Note, dated December 16, 2009, executed by Global Telecom & Technology Americas, Inc. in favor Michael Hollander.
10.28(14)	Guaranty, dated December 16, 2009, between Global Telecom & Technology, Inc. and Scott Charter.
10.29(14)	Guaranty, dated December 16, 2009, between Global Telecom & Technology, Inc. and Michael Hollander.
10.30(14)	Second Amended and Restated Loan and Security Agreement, dated December 16, 2009, between Silicon Valley Bank, Global Telecom & Technology, Inc., Global Telecom & Technology Americas, Inc., WBS Connect, LLC and GTT-EMEA, Ltd.
10.31(14)	Amended and Restated Unconditional Guaranty, dated December 16, 2009, executed by TEK Channel Consulting, LLC and GTT Global Telecom Government Services, LLC in favor of Silicon Valley Bank
10.32(14)	GTT-EMEA, Ltd. Debenture in favor of Silicon Valley Bank.
10.33(15)	Asset Purchase Agreement, dated December 31, 2009, by and among Capital Growth Systems, Inc., Global Capacity Group, Inc., Global Capacity Direct, LLC (f/k/a Vanco Direct USA, LLC) and Global Telecom & Technology Americas, Inc.
10.34(16)	Form of Promissory Note of Global Telecom & Technology, Inc. due February 8, 2012.
10.35(16)	Form of Note Amendment No. 2, dated as of January 14, 2010, by and between Global Telecom & Technology, Inc. and each holder of Global Telecom & Technology's 10% promissory notes due December 31, 2010 and issued in October 2006.
10.36(16)	Note Amendment effective as of January 14, 2010, by and among Global Telecom & Technology, Inc. and the holders of Global Telecom & Technology's 10% promissory notes due December 31, 2010 and issued in November 2007.
21 .1*	Subsidiaries of the Registrant.
23 .1*	Consent of J.H. Cohn LLP.
24 .1*	Power of Attorney (included on the signature page to this report).
31 .1*	Certification of Chief Executive Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934.
31 .2*	Certification of Chief Financial Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934.

Exhibit Number	Description of Document
32 .1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32 .2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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* Filed herewith

(1) Previously filed as an Exhibit to the Registrant’s Form 8-K filed October 19, 2006, and incorporated herein by reference.

(2) Previously filed as an Exhibit to the Registrant’s Amendment No. 1 to the Registration Statement on Form S-1 (Registration No. 333-122303) and incorporated herein by reference.

(3) Previously filed as an Exhibit to the Registrant’s Annual Report on Form 10-K filed March 30, 2006, and incorporated herein by reference.

(4) Previously filed as an Exhibit to the Registrant’s Form 10-Q filed November 14, 2006 and incorporated herein by reference.

(5) Previously filed as an Exhibit to the Registrant’s Form 8-K filed November 14, 2007 and incorporated herein by reference.

(6) Previously filed as an Exhibit to the Registrant’s Annual Report on Form 10-K filed April 17, 2007, and incorporated herein by reference.

(7) Previously filed as an Exhibit to the Registrant’s Form 8-K filed February 23, 2007, and incorporated herein by reference.

(8) Previously filed as an Exhibit to the Registrant’s Form 8-K filed May 10, 2007, and incorporated herein by reference.

(9) Previously filed as an Exhibit to the Registrant’s Form 8-K filed March 20, 2008, and incorporated herein by reference.

(10) Previously filed as an Exhibit to the Registrant’s Form 8-K filed August 4, 2008, and incorporated herein by reference.

(11) Previously filed as an Exhibit to the Registrant’s Form 8-K filed February 5, 2009, and incorporated herein by reference.

(12) Previously filed as an exhibit to the Registrant’s Form 8-K filed June 22, 2009, and incorporated herein by reference

(13) Previously filed as an exhibit to the Registrant’s Form 8-K filed June 22, 2009, and incorporated herein by reference

(14) Previously filed as an exhibit to the Registrant’s Form 8-K filed December 22, 2009, and incorporated herein by reference.

(15) Previously filed as an exhibit to the Registrant’s Form 8-K filed January 6, 2010, and incorporated herein by reference.

(16) Previously filed as an exhibit to the Registrant’s Form 8-K filed February 12, 2010, and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GLOBAL TELECOM & TECHNOLOGY, INC.

By: /s/ Richard D. Calder, Jr

Richard D. Calder, Jr.
President and Chief Executive Officer

Date: March 24, 2010

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard D. Calder, Jr. and Eric A. Swank, jointly and severally, his attorney-in-fact, each with the full power of substitution, for such person, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might do or could do in person hereby ratifying and confirming all that each of said attorneys-in-fact and agents, or his substitute, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed on or before March 24, 2010 by the following persons on behalf of the registrant and in the capacities indicated.

Signature	Title
/s/ Richard D. Calder, Jr. Richard D. Calder, Jr.	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Eric A. Swank Eric A. Swank	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)
/s/ H. Brian Thompson H. Brian Thompson	Chairman of the Board and Executive Chairman
/s/ S. Joseph Bruno S. Joseph Bruno	Director
/s/ Didier Delepine Didier Delepine	Director
/s/ Rhodric C. Hackman Rhodric C. Hackman	Director
/s/ Howard Janzen Howard Janzen	Director

Signature	Title
/s/ Morgan E. O'Brien Morgan E. O'Brien	Director
/s/ Theodore B. Smith, III Theodore B. Smith, III	Director

INDEX TO FINANCIAL STATEMENTS

Global Telecom & Technology, Inc.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Global Telecom & Technology, Inc.

We have audited the accompanying consolidated balance sheets of Global Telecom & Technology, Inc. and Subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Global Telecom & Technology, Inc. and Subsidiaries as of December 31, 2009 and 2008, and their consolidated results of operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ J.H. Cohn LLP

Jericho, New York
March 24, 2010

Global Telecom & Technology, Inc.
Consolidated Balance Sheets
(Amounts in thousands, except for share and per share data)

	December 31, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,548	$ 5,785
Accounts receivable, net	9,389	8,687
Deferred contract costs	454	1,226
Prepaid expenses and other current assets	937	853
Total current assets	16,328	16,551
Property and equipment, net	2,235	1,303
Intangible assets, net	7,613	4,051
Other assets	429	692
Goodwill	29,156	22,000
Total assets	$ 55,761	$ 44,597
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 12,204	$ 13,284
Accrued expenses and other current liabilities	11,372	5,300
Short-term debt	12,463	—
Deferred revenue	6,112	3,961
Total current liabilities	42,151	22,545
Long-term debt	244	8,796
Deferred revenue and other long-term liabilities	352	1,126
Total liabilities	42,747	32,467
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value $.0001 per share, 80,000,000 shares authorized, 15,472,912, and 14,942,840 shares issued and outstanding as of December 31 ,2009 and 2008, respectively	2	1
Additional paid-in capital	58,710	57,584
Accumulated deficit	(45,499)	(45,953)
Accumulated other comprehensive income (loss)	(199)	498
Total stockholders' equity	13,014	12,130
Total liabilities and stockholders' equity	$ 55,761	$ 44,597

The accompanying notes are an integral part of these Consolidated Financial Statements.

Global Telecom & Technology, Inc.
Consolidated Statements of Operations
(Amounts in thousands, except for share and per share data)

	Year Ended December 31, 2009	Year Ended December 31, 2008
Revenue:		
Telecommunications services sold	$ 64,221	$ 66,974
Operating expenses:		
Cost of telecommunications services provided	45,868	47,568
Selling, general and administrative expense	14,684	18,197
Impairment of goodwill and intangibles	—	41,854
Restructuring costs, employee termination and non-recurring items	641	—
Depreciation and amortization	1,733	2,211
Total operating expenses	62,926	109,830
Operating income (loss)	1,295	(42,856)
Other income (expense):		
Interest income (expense), net	(849)	(781)
Other income (expense), net	24	(28)
Total other expense, net	(825)	(809)
Income (loss) before income taxes	470	(43,665)
Provision for (benefit from) income taxes	16	(1,291)
Net income (loss)	$ 454	$ (42,374)
Net income (loss) per share:		
Basic	$ 0.03	$ (2.85)
Diluted	$ 0.03	$ (2.85)
Weighted average shares:		
Basic	15,268,826	14,863,658
Diluted	15,470,763	14,863,658

The accompanying notes are an integral part of these Consolidated Financial Statements.

Global Telecom & Technology, Inc.
Consolidated Statements of Stockholders' Equity
(Amounts in thousands, except for share and per share data)

	Common Stock		Additional Paid -In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount				
Balance, December 31, 2007	14,479,678	$ 1	$ 56,771	$ (3,579)	$ 241	$ 53,434
Share-based compensation for options issued	—	—	107	—	—	107
Share-based compensation for restricted stock issued	621,428	1	732	—	—	733
Repurchase of restricted stock	(158,266)	(1)	(26)	—	—	(27)
Comprehensive income (loss)						
Net loss	—	—	—	(42,374)	—	(42,374)
Change in accumulated foreign currency gain on translation	—	—	—	—	257	257
Comprehensive loss						(42,117)
Balance, December 31, 2008	14,942,840	1	57,584	(45,953)	498	12,130
Share-based compensation for options issued	—	—	169	—	—	169
Share-based compensation for restricted stock issued	443,115	1	381	—	—	382
Share-based compensation for restricted stock issued related to WBS acquisition	86,957	—	100	—	—	100
Shares to be issued related to WBS acquisition	—	—	476	—	—	476
Comprehensive income (loss)						
Net income	—	—	—	454	—	454
Change in accumulated foreign currency gain on translation	—	—	—	—	(697)	(697)
Comprehensive loss						(243)
Balance, December 31, 2009	15,472,912	$ 2	$ 58,710	$ (45,499)	$ (199)	$ 13,014

The accompanying notes are an integral part of these Consolidated Financial Statements.

Global Telecom & Technology, Inc.
Consolidated Statements of Cash Flows
(Amounts in thousands)

	Year Ended December 31, 2009	Year Ended December 31, 2008
Cash Flows From Operating Activities:		
Net Income (loss)	454	$ (42,374)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	1,733	2,211
Impairment of goodwill and intangible assets	—	41,854
Shared-based compensation	551	813
Deferred income taxes	—	(1,227)
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable, net	3,191	(3,765)
Deferred contract cost, prepaid expenses, income tax refund receivable and other current assets	1,905	(268)
Other assets	459	(35)
Accounts payable	(6,676)	3,943
Accrued expenses and other liabilities	558	1,210
Deferred revenue and other long-term liabilities	(812)	1,796
Net cash provided by operating activities	1,363	4,158
Cash Flows from Investing Activities:		
Acquisition of businesses, net of cash acquired	(3,711)	
Purchases of property and equipment	(389)	(609)
Net cash used in investing activities	(4,100)	(609)
Cash Flows from Financing Activities:		
Borrowing on line of credit	3,078	—
Net cash provided by financing activities	3,078	—
Effect of exchange rate changes on cash	(578)	(1,097)
Net (decrease) increase in cash and cash equivalents	(237)	2,452
Cash and cash equivalents at beginning of year	5,785	3,333
Cash and cash equivalents at end of year	$ 5,548	$ 5,785
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 343	$ 136
Supplemental disclosure of non cash investing and financing activities (Note 3)		
WBS Connect acquisition related:		
Fair value of liabilities assumed	$ 13,054	$ —
Fair value of GTT common shares, to be issued	476	—
Fair value of earn out consideration	100	—

The accompanying notes are an integral part of these Consolidated Financial Statements.

Global Telecom & Technology, Inc.
Notes to Consolidated Financial Statements

NOTE 1 — ORGANIZATION AND BUSINESS

Organization and Business

Global Telecom & Technology, Inc. ("GTT") is a Delaware corporation which was incorporated on January 3, 2005. GTT is a global network integrator providing a broad portfolio of Wide-Area Network (WAN), dedicated Internet access, and managed data services. With over 800 supplier relationships worldwide, GTT combines multiple networks and technologies such as traditional OC-x, MPLS and Ethernet, to deliver cost-effective solutions specifically designed for each client's unique requirements. GTT enhances its client performance through its proprietary Client Management Database ("CMD"), providing customers with an integrated support system for all of its services. GTT is committed to providing comprehensive solutions, project management and 24x7 global operations support.

GTT serves as the holding company for two operating subsidiaries, Global Telecom & Technology Americas, Inc. ("GTTA") and GTT — EMEA Ltd. ("GTTE") and their respective subsidiaries (collectively, hereinafter, the "Company").

On December 16, 2009, GTT acquired privately-held WBS Connect LLC, TEK Channel Consulting, LLC and WBS Connect Europe, Ltd. (collectively "WBS Connect"). WBS Connect, based in Denver, Colorado, is a provider of global IP transit and data transport services worldwide.

Headquartered in McLean, Virginia, GTT has offices in Denver, London and Dusseldorf, and provides services to more than 700 enterprise, government and carrier clients in over 80 countries worldwide.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation of Consolidated Financial Statements and Use of Estimates

The consolidated financial statements include the accounts of the Company, GTTA, GTTE, and GTTA's and GTTE's operating subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

GTTA's subsidiaries:

GTT Global Telecom, LLC
GTT Global Telecom Government Services, LLC
WBS Connect LLC
TEK Channel Consulting, LLC

GTTE's subsidiaries:

Global Telecom & Technology SARL (formerly called European Telecommunications & Technology SARL), a French corporation
European Telecommunications & Technology Inc., a Delaware corporation
Global Telecom & Technology Deutschland GmbH (formerly called ETT European Telecommunications & Technology Deutschland GmbH), a German corporation
ETT (European Telecommunications & Technology) Private Limited, an Indian corporation
European Telecommunications & Technology (S) Pte Limited, a Singapore corporation
ETT Network Services Limited, a United Kingdom corporation
WBS Connect Europe, Ltd., a company formed under the laws of Ireland

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant accounting estimates to be made by management include allowances for doubtful accounts, valuation of goodwill and other long-lived assets, accrual for billing disputes, and expected valuation of equity instruments. Because of the uncertainty inherent in such estimates, actual results may differ from these estimates.

Revenue Recognition

The Company provides data connectivity solutions, such as dedicated circuit access, access aggregation and hubbing and managed network services to its customers. Certain of the Company's current revenue activities have features that may be considered multiple elements. The Company believes that there is insufficient evidence to determine each element's fair value and as a result, in those arrangements where there are multiple elements, revenue is recorded ratably over the term of the arrangement.

*Network Services and Support***.** The Company's services are provided pursuant to contracts that typically provide for payments of recurring charges on a monthly basis for use of the services over a committed term. Each service contract has a fixed monthly cost and a fixed term, in addition to a fixed installation charge (if applicable). At the end of the initial term of most service contracts the contracts roll forward on a month-to-month or other periodic basis and continue to bill at the same fixed recurring rate. If any cancellation or termination charges become due from the customer as a result of early cancellation or termination of a service contract, those amounts are calculated pursuant to a formula specified in each contract. Recurring costs relating to supply contracts are recognized ratably over the term of the contract.

Non-recurring fees, Deferred Revenue. Non-recurring fees for data connectivity typically take the form of one-time, non-refundable provisioning fees established pursuant to service contracts. The amount of the provisioning fee included in each contract is generally determined by marking up or passing through the corresponding charge from the Company's supplier, imposed pursuant to the Company's purchase agreement. Non-recurring revenues earned for providing provisioning services in connection with the delivery of recurring communications services are recognized ratably over the contractual term of the recurring service starting upon commencement of the service contract term. Fees recorded or billed from these provisioning services are initially recorded as deferred revenue then recognized ratably over the contractual term of the recurring service. Installation costs related to provisioning incurred by the Company from independent third party suppliers, directly attributable and necessary to fulfill a particular service contract, and which costs would not have been incurred but for the occurrence of that service contract, are recorded as deferred contract costs and expensed proportionally over the contractual term of service in the same manner as the deferred revenue arising from that contract. Deferred costs do not exceed deferred upfront fees. Due to its limited operating history, the Company believes the initial contractual term is the best estimate of the period of earnings.

*Other Revenue***.** From time to time, the Company recognizes revenue in the form of fixed or determinable cancellation (pre-installation) or termination (post-installation) charges imposed pursuant to the service contract. These revenues are earned when a customer cancels or terminates a service agreement prior to the end of its committed term. These revenues are recognized when billed if collectibility is reasonably assured. In addition, the Company from time to time sells equipment in connection with data networking applications. The Company recognizes revenue from the sale of equipment at the contracted selling price when title to the equipment passes to the customer (generally F.O.B. origin) and when collectibility is reasonably assured.

Translation of Foreign Currencies

These consolidated financial statements have been reported in U.S. Dollars by translating asset and liability amounts at the closing exchange rate, equity amounts at historical rates, and the results of operations and cash flow at the average exchange rate prevailing during the periods reported.

A summary of exchange rates used is as follows:

	U.S. Dollars /British Pounds Sterling		U.S. Dollars / Euro	
	2009	2008	2009	2008
Closing exchange rate at December 31,	1.59	1.45	1.43	1.41
Average exchange rate during the period	1.62	1.86	1.46	1.47

Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising upon settlement of a transaction are reported in the consolidated statements of operations.

Other Income (Expense)

The Company recognized other income (expense), net of approximately $24,000 in income and $28,000 of expense for the years ended December 31, 2009 and 2008, respectively, primarily comprised of the unrealized and realized gain and loss on foreign exchange.

Accounts Receivable, Net

Accounts receivable balances are stated at amounts due from the customer net of an allowance for doubtful accounts. Credit extended is based on an evaluation of the customer's financial condition and is granted to qualified customers on an unsecured basis.

The Company, pursuant to its standard service contracts, is entitled to impose a finance charge of a certain percentage per month with respect to all amounts that are past due. The Company's standard terms require payment within 30 days of the date of the invoice. The Company treats invoices as past due when they remain unpaid, in whole or in part, beyond the payment time set forth in the applicable service contract.

The Company determines its allowance for doubtful accounts by considering a number of factors, including the length of time trade receivables are past due, the customer's current ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. Specific reserves are also established on a case-by-case basis by management. The Company writes off accounts receivable when they become uncollectible. Credit losses have historically been within management's expectations. Actual bad debts, when determined, reduce the allowance, the adequacy of which management then reassesses. The Company writes off accounts after a determination by management that the amounts at issue are no longer likely to be collected, following the exercise of reasonable collection efforts, and upon management's determination that the costs of pursuing collection outweigh the likelihood of recovery. As of December 31, 2009 and 2008, the total allowance for doubtful accounts was $0.6 million and $0.4 million, respectively.

Other Comprehensive Income

In addition to net income, comprehensive income (loss) includes charges or credits to equity occurring other than as a result of transactions with stockholders. For the Company, this consists of foreign currency translation adjustments.

Share-Based Compensation

ASC Topic 718, *Compensation — Stock Compensation* (formerly SFAS 123(R)), requires the Company to measure and recognize compensation expense for all share-based payment awards made to employees and directors based on estimated fair values.

Share-based compensation expense recognized under ASC Topic 718 for the years ended December 31, 2009 and 2008 was $0.6 million and $0.8 million respectively. 2009 amounts consisted of $0.2 million of share-based compensation expense related to stock option grants and $0.4 million in restricted stock awards. 2008 amounts consisted of $0.1 million of share-based compensation expense related to stock option grants and $0.7 million in restricted stock awards. Share-based compensation expense is included in selling general and administrative expense on the accompanying consolidated statements of operations. See Note 9 for additional information.

ASC Topic 718 requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company's consolidated statement of operations.

Share-based compensation expense recognized in the Company's consolidated statements of operations for the years ended December 31, 2009 and 2008 included compensation expense for share-based payment awards based on the grant date fair value estimated in accordance with the provisions of ASC Topic 718. The Company follows the straight-line single option method of attributing the value of stock-based compensation to expense. As stock-based compensation expense recognized in the consolidated statement of operations for the years ended December 31, 2009 and 2008 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. ASC Topic 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The Company used the Black-Scholes option-pricing model ("Black-Scholes model") as its method of valuation for share-based awards granted. The Company's determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by the Company's stock price as well as assumptions regarding a number of complex and subjective variables. These variables include, but are not limited to; the Company's expected stock price volatility over the term of the awards and the expected term of the awards.

The Company accounts for non-employee stock-based compensation expense in accordance with ASC Topic 505, *Equity — Based Payments to Non-Employees* (formerly EITF Issue No. 96-18). The Company issued non-employee grants totaling 91,957 share options in 2009.

Cash and Cash Equivalents

Included in cash and cash equivalents are deposits with financial institutions as well as short-term money market instruments, certificates of deposit and debt instruments with maturities of three months or less when purchased.

Accounting for Derivative Instruments

The Company accounts for derivative instruments in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities,* as amended ("SFAS 133"), which establishes accounting and reporting standards for derivative instruments and hedging activities, including certain derivative instruments imbedded in other financial instruments or contracts. The Company also considers the EITF 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Settled in, a Company's Own Stock*, which provides criteria for determining whether freestanding contracts that are settled in a company's own stock, including common stock warrants, should be designated as either an equity instrument, an asset or as a liability under SFAS 133. EITF 00-19 and SFAS 133 were codified into ASC Topic 815, *Derivatives and Hedging* and ASC Topic 718, *Compensation — Stock Compensation.* The adoption of these new FASB ASC Topics did not have a material effect on the Company's consolidated financial statements.

The Company also considers EITF No. 07-5, *Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock* which was effective for the Company on January 1, 2009. EITF No. 07-5 was codified into ASC Topic 815, which provides guidance for determining whether an equity-linked financial instrument (or embedded feature) issued by an entity is indexed to the entity's stock, and therefore, qualifying for the first part of the scope exception in paragraph 15-74 of ASC Topic 718. The Company evaluated the conversion feature embedded in its convertible notes payable based on the criteria of ASC Topic 815 to determine whether the conversion feature would be required to be bifurcated from the convertible notes and accounted for separately as derivative liabilities. Based on management's evaluation, the embedded conversion feature did not require bifurcation and derivative accounting as of December 31, 2009.

Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes* (formerly SFAS No. 109). Under ASC Topic 740, deferred tax assets are recognized for future deductible temporary differences and for tax net operating loss and tax credit carry-forwards, and deferred tax liabilities are recognized for temporary differences that will result in taxable amounts in future years. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be realized or settled. A valuation allowance is provided to offset the net deferred tax asset if, based upon the available evidence, management determines that it is more likely than not that some or all of the deferred tax asset will not be realized.

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*, and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 was codified into ASC Topic 740, which provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company may from time to time be assessed interest and/or penalties by taxing jurisdictions, although any such assessments historically have been minimal and immaterial to its financial results. In the event the Company has received an assessment for interest and/or penalties, it has been classified in the statements of operations as other general and administrative costs.

The Company is liable in certain cases for collecting regulatory fees and/or certain sales taxes from its customers and remitting the fees and taxes to the applicable governing authorities. The Company records taxes applicable under ASC Topic 605, Subtopic 45, *Revenue Recognition — Principal Agent* Considerations (formerly EITF No. 06-3), on a net basis.

Net Income (loss) Per Share

Basic income per share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding. Diluted earnings per share reflect, in periods with earnings and in which they have a dilutive effect, the effect of common shares issuable upon exercise of stock options and warrants. Diluted loss per share for the years ended December 31, 2009 and 2008 excludes potentially issuable common shares of 28,633,056 and 28,237,931, respectively, primarily related to the Company's outstanding stock options, warrants, and convertible notes, and because the assumed issuance of such potential common shares is anti-dilutive as the exercise prices of such securities are greater than the average closing price of the Company's common stock during the period.

At March 24, 2010, we had 12,090,000 Class W warrants outstanding, each of which entitles the holder to purchase a share of our common stock at an exercise price of $5.00 per share on or before April 10, 2010. In addition, at March 24, 2010 we had 12,090,000 Class Z warrants, each of which entitles the holder to purchase a share of our common stock at an exercise price of $5.00 per share on or before April 10, 2012. We also have outstanding approximately $4.8 million in principal amount of promissory notes due in December 2010 that are convertible into common stock at a conversion price of $1.70 per share. We also issued to the representative of underwriters in our initial public offering an option to purchase at any time on or before April 10, 2010, 25,000 Series A units at an exercise price of $17.325 per Series A unit (each of which is comprised of two shares of common stock, five Class W warrants and five Class Z warrants) and/or 230,000 Series B units at an exercise price of $16.665 per Series B unit (each of which is comprised of two shares of common stock, one Class W warrant and one Class Z warrant), except that (a) the exercise price for these Class W warrants and Class Z warrants is $5.50 per share and these Class Z warrants expire on April 10, 2010.

Software Capitalization

Internal Use Software — The Company recognizes internal use software in accordance with ASC Topic 350, Sub-topic 40, *Internal-Use Software* (formerly SOP 98-1). This Statement requires that certain costs incurred in purchasing or developing software for internal use be capitalized as internal use software development costs and included in fixed assets. Amortization of the software begins when the software is ready for its intended use.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation computed using the straight-line method. Depreciation on these assets is computed over the estimated useful lives of the assets ranging from three to seven years. Leasehold improvements are amortized over the term of the lease, excluding optional extensions. Depreciable lives used by the Company for its classes of assets are as follows:

Furniture and Fixtures	7 years
Telecommunication Equipment	5 years
Leasehold Improvements	up to 10 years
Computer Hardware and Software	3-5 years
Internal Use Software	3 years

Goodwill

Goodwill is the excess purchase price paid over identified intangible and tangible net assets of acquired companies. Goodwill is not amortized, and is tested for impairment at the reporting unit level annually or when there are any indications of impairment, as required by ASC Topic 350, *Intangibles — Goodwill and Other* (formerly SFAS 142). A reporting unit is an operating segment, or component of an operating segment, for which discrete financial information is available and is regularly reviewed by management. We have one reporting unit to which goodwill is assigned.

A two-step approach is required to test goodwill for impairment. The first step tests for impairment by applying fair value-based tests. The second step, if deemed necessary, measures the impairment by applying fair value-based tests to specific assets and liabilities. Application of the goodwill impairment test requires significant judgments including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for the Company, the useful life over which cash flows will occur, and determination of the Company's cost of capital. Changes in these estimates and assumptions could materially affect the determination of fair value and conclusions on goodwill impairment.

Intangibles

Intangible assets are accounted for in accordance with ASC Topic 350 and ASC Topic 360. Intangible assets arose from business combinations and consist of customer contracts, acquired technology and restrictive covenants related to employment agreements that are amortized, on a straight-line basis, over periods of up to five years.

In accordance with ASC Topic 350, the Company reviews long-lived assets to be held-and-used for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows the asset is considered to be impaired. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Fair Value of Financial Instruments

The fair values of the Company's assets and liabilities that qualify as financial instruments under ASC Topic 825, *Financial Instruments* (formerly SFAS No. 107), including cash and cash equivalents, accounts receivable, accounts payable, short-term debt, and accrued expenses are carried at cost, which approximates fair value due to the short-term maturity of these instruments. Long-term obligations approximate fair value, given management's evaluation of the instruments' current rates compared to market rates of interest and other factors.

Accrued Carrier Expenses

The Company accrues estimated charges owed to its suppliers for services. The Company bases this accrual on the supplier contract, the individual service order executed with the supplier for that service, the length of time the service has been active, and the overall supplier relationship.

Disputed Carrier Expenses

It is common in the telecommunications industry for users and suppliers to engage in disputes over amounts billed (or not billed) in error or over interpretation of contract terms. The disputed carrier cost included in the consolidated financial statements includes disputed but unresolved amounts claimed as due by suppliers, unless management is confident, based upon its experience and its review of the relevant facts and contract terms, that the outcome of the dispute will not result in liability for the Company. Management estimates this liability and reconciles the estimates with actual results as disputes are resolved, or as the appropriate statute of limitations with respect to a given dispute expires.

As of December 31, 2009, open disputes totaled approximately $1.7 million. Based upon its experience with each vendor and similar disputes in the past, and based upon management review of the facts and contract terms applicable to each dispute, management has determined that the most likely outcome is that the Company will be liable for approximately $1.0 million in connection with these disputes, for which accrued liabilities are included on the accompanying consolidated balance sheet at December 31, 2009.

Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations* ("SFAS 141(R)") and SFAS No.160, *Non-controlling Interests in Consolidated Financial Statements* ("SFAS 160") that took effect January 1, 2009. These two standards changed the accounting for and the reporting for business combination transactions and non-controlling (minority) interests in the consolidated financial statements, respectively. SFAS No. 141 was codified into ASC Topic 805, *Business Combinations* and SFAS No. 160 was codified into ASC Topic 810 (*Consolidation)*, which relates to non-controlling interests and classified as a component of equity. The adoption of these new FASB ASC Topics did not have a material effect on the Company's consolidated financial statements.

In June 2009, the FASB issued SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162*, ("SFAS 168"), which is effective for the Company on July 1, 2009. The accounting standard was codified into ASC Topic 105, *Generally Accepted Accounting Principles,* which establishes the FASB Accounting Standards Codification as the sole source of authoritative GAAP. The replacement of the new FASB ASC Topic did not have a material effect on the Company's consolidated financial statements.

In September 2009, the FASB ratified the consensus approach reached at the Sept. 9-10 Emerging Issues Task Force (EITF) meeting on two EITF issues related to revenue recognition. The first, EITF Issue no. 08-01, *Revenue Arrangements with Multiple Deliverables*, which applies to multiple-deliverable revenue arrangements that are currently within the scope of FASB Accounting Standards Codification (ASC) Subtopic 605-25 and the second, EITF Issue no. 09-3, *Certain Revenue Arrangements That Include Software Elements,* which focuses on determining which arrangements are within the scope of the software revenue guidance in ASC Topic 985 and which are not. Both EITF issues are effective on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010.

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the Company's consolidated financial statements or the Company's future results of operations.

NOTE 3 — ACQUISITION

On December 16, 2009, GTT acquired privately-held WBS Connect. Based in Denver, Colorado, WBS Connect provides wide area network and dedicated Internet access services to over 400 customers worldwide. The acquisition of WBS Connect will expand the portfolio of dedicated Internet access and Ethernet services. Additionally, GTT will add WBS Connect's network infrastructure assets with over 60 points of presence in major North American, Asian and European metro centers.

The Company acquired 100 percent of the outstanding equity of WBS Connect from its two members (collectively the "Sellers") in exchange for an aggregate transaction consideration consisting of the following:

- Issuance to the Sellers of 500,870 shares of the Company common stock issued over 18 months after the transaction closes. The value of common stock to be issued is valued based on the closing price of GTT's common stock on December 16, 2009 of $0.95 per share, or a total value of $0.5 million
- Payment to the Sellers of $1.1 million in cash at Closing
- Issuance to the Sellers of promissory notes from the Company with an aggregate initial principal amount of approximately $0.3 million

- Up to $0.5 million in contingent earn out payments to the Sellers based upon the realization of certain accounts receivable that may be achieved within 36 months of the Sale. The fair value of the earn out liability as of December 16, 2009 as determined by management is $0.1 million
- Repayment in full of the outstanding balance on the Promissory notes owed by WBS Connect of $0.8 million
- Repayment in full of the outstanding balances and accrued interest totaling $2.1 million on the Company's Bank Loan
- Assumption of WBS Connect liabilities of $13.1 million

The results of operations for WBS Connect have been included in the Company's consolidated results of operations beginning December 17, 2009. The Acquisition has been accounted for under the purchase method of accounting and resulted in the transaction being valued at $17.8 million.

The Company accounted for the Acquisition using the purchase method of accounting with GTT treated as the acquiring entity. Accordingly, consideration paid by the Company to complete the acquisition of WBS Connect has been allocated to WBS Connect's assets and liabilities based upon their estimated fair values as of the date of completion of the Acquisition, December 16, 2009. The Company estimated the fair value of WBS Connect's assets and liabilities based on discussions with WBS Connect's management, due diligence and information presented in financial statements.

	Amounts in thousands
Purchase Price:	
Cash consideration paid at closing	$ 1,050
WBS debt extinguished by GTT at closing, including accrued interest and other fees	2,849
Total cash consideration	3,899
Fair value of liabilities assumed	13,054
Fair value of GTT common shares, to be issued over 18 months following the transaction	476
Fair value of earn out consideration	100
Fair value of promissory note issued to former WBS Connect owners	250
Total consideration rendered	$ 17,779
Purchase Price Allocation:	
Tangible net assets acquired	
Acquired Assets	
Current assets	$ 4,613
Property and equipment	1,175
Intangible assets	4,800
Other assets	35
Total fair value of assets acquired	10,623
Goodwill	7,156
Total consideration	$ 17,779

The following schedule presents unaudited consolidated pro forma results of operations as if the Acquisition had occurred on January 1, 2008. This information does not purport to be indicative of the actual results that would have occurred if the Acquisition had actually been completed January 1, 2008, nor is it necessarily indicative of the future operating results or the financial position of the combined company. The unaudited pro forma results of operations do not reflect the cost of any integration activities or benefits that may result from synergies that may be derived from any integration activities. In addition, the unaudited pro forma combined consolidated financial statements do not reflect one-time fees and expenses of approximately $0.6 million payable by GTT as a result of the merger.

Amounts in thousands, except per share data	Year ended December 31, 2009	2008
Revenue	$ 90,917	$ 93,033
Net loss	$ (4,344)	$ (46,508)
Net loss per share — basic and diluted	$ (0.28)	$ (3.13)

NOTE 4 — GOODWILL AND INTANGIBLE ASSETS

During the third quarter of 2009, the Company completed its annual goodwill impairment testing in accordance with ASC Topic 350. As part of step one, the Company considered three methodologies to determine the fair-value of our entity:

- A market capitalization approach, which measures market capitalization at the measurement date.
- A discounted cash flow approach, which entails determining fair value using a discounted cash flow methodology. This method requires significant judgment to estimate the future cash flows and to determine the appropriate discount rates, growth rates, and other assumptions.
- A guideline company approach, which entails analysis of comparable, publicly traded companies.

Each of these methodologies the Company believes has merit in estimating the value of its goodwill. The Company accordingly employed each of these three methodologies in our analysis. The Company tested its goodwill during the third quarter of 2009 and concluded that no impairment existed.

In 2008, the Company concluded that an impairment charge of $38.9 million should be recognized. This was a non-cash charge and was recognized in the third quarter of 2008. During the third quarter of 2008, we further determined that the carrying amount of certain intangible assets may not be recoverable. We analyzed these assets in accordance with ASC Topic 350 and ASC Topic 360 and concluded that intangible assets were impaired by $2.9 million.

During the fourth quarter of 2009, the Company recorded goodwill in the amount of $7.2 million in connection with the WBS Connect acquisition. Additionally, $4.8 million of the purchase price was allocated to certain finite-lived intangible assets of WBS Connect which are subject to straight-line amortization. Acquired finite-lived intangible assets included $4.5 million associated with customer relationship and $0.3 million associated with non-compete agreements.

The following table summarizes the Company's intangible assets as of December 31, 2009 and 2008 (amounts in thousands):

		December 31, 2009			
	Amortization Period	**Gross Asset Cost**	**Accumulated Amortization**	**Impairment**	**Net Book Value**
Customer contracts	4-5 years	$ 4,800	$ 193	$ —	$ 4,607
Carrier contracts	1 year	151	151	—	—
Noncompete agreements	4-5 years	4,800	2,634	1,269	897
Software	7 years	6,600	2,826	1,665	2,109
		$ 16,351	$ 5,804	$ 2,934	$ 7,613

		December 31, 2008			
	Amortization Period	Gross Asset Cost	Accumulated Amortization	Impairment	Net Book Value
Customer contracts	4-5 years	$ 300	$ 133	$ —	$ 167
Carrier contracts	1 year	151	151	—	—
Noncompete agreements	4-5 years	4,500	2,084	1,269	1,147
Software	7 years	6,600	2,198	1,665	2,737
		$ 11,551	$ 4,566	$ 2,934	$ 4,051

Amortization expense was $1.2 million and $1.8 million for the years ended December 31, 2009 and 2008, respectively.

Estimated amortization expense related to intangible assets subject to amortization at December 31, 2009 for each of the years in the five-year period ending December 31, 2014 is as follows (amounts in thousands):

2010	$ 1,845
2011	1,794
2012	1,603
2013	1,471
2014	900
Total	$ 7,613

NOTE 5 — PROPERTY AND EQUIPMENT

The following table summarizes the Company's property and equipment as of December 31, 2009 and 2008 (amounts in thousands):

	2009	2008
Furniture and fixtures	$ 242	$ 222
Computer equipment	2,375	1,046
Computer software	478	437
Leasehold improvements	539	501
Property and equipment, gross	3,634	2,206
Less accumulated depreciation and amortization	(1,399)	(903)
Property and equipment, net	$ 2,235	$ 1,303

Depreciation expense associated with property and equipment was $0.5 million and $0.4 million for the years ended December 31, 2009 and 2008, respectively.

NOTE 6 — ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

The following table summarizes the Company's accrued expenses and other current liabilities as of December 31, 2009 and 2008 (amounts in thousands):

	2009	2008
Accrued compensation and benefits	$ 1,880	$ 1,187
Accrued selling and administrative	347	70
Accrued interest payable	1,546	394
Accrued taxes	2,277	2,078
Accrued carrier costs	4,599	774
Accrued early termination liability	580	—
Accrued other	143	797
	$ 11,372	$ 5,300

NOTE 7 — INCOME TAXES

The components of the provision for (benefit from) income taxes for the years ended December 31, 2009 and 2008 are as follows (amounts in thousands):

	2009	2008
Current:		
Federal	$ —	$ (189)
State	—	(23)
Foreign	16	358
Subtotal	16	146
Deferred:		
Federal	(332)	(1,407)
State	(58)	(143)
Foreign	(206)	(617)
Subtotal	(596)	(2,167)
Change in Valuation Allowance	596	730
Provision for (benefit from) income taxes	$ 16	$ (1,291)

The provision for or benefit from income taxes differs from the amount computed by applying the U.S. federal statutory income tax rates for federal, state, and local to income before income taxes for the reasons set forth below for the years ended December 31, 2009 and 2008:

	2009	2008
US federal statutory income tax rate	35.00%	35.00%
Permanent Items	1.02%	-31.27%
State Taxes	-3.75%	0.35%
Foreign tax rate differential	-15.10%	0.62%
Change in Valuation Allowance	-23.03%	-1.67%
Other Items	9.29%	0.07%
Effective Tax Rate	3.43%	3.10%

Permanent items in 2008 consist primarily of the write-off of goodwill that had no tax basis. (See Note 4 – Goodwill and Intangible Assets)

As of December 31, 2009, the Company has net operating loss ("NOL") carryforwards of approximately $20.6 million for tax purposes which will be available to offset future income. These net operating loss carryforwards were generated in a number of jurisdictions. If not used, these carryforwards will expire between 2020 and 2029. Approximately $2.8 million of the Company's U.S. NOL carryforward may be significantly limited under Section 382 of the Internal Revenue Code ("IRC"). NOL carryforwards are limited under Section 382 when there is a significant "ownership change" as defined in the IRC. During 2006, the Company experienced such an ownership change.

Deferred income taxes reflect the net effects of net operating loss carryforwards and the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities at December 31, 2009 and 2008 are as follows (amounts in thousands):

	2009	2008
Deferred tax assets:		
Net operating loss carryforwards	$ 6,394	$ 6,332
Allowance for Doubtful Accounts	12	104
Fixed Assets	390	285
Stock Compensation	1,136	862
Accrued Bonuses	—	137
Miscellaneous items	250	121
Total deferred tax assets before valuation allowance	8,182	7,841
Less: Valuation Allowance	(7,017)	(6,260)
Total deferred tax assets	1,165	1,581
Deferred tax liabilities:		
Identified intangibles	(1,165)	(1,539)
Tax Accounting Method Changes and other miscellaneous items	—	(42)
Total deferred tax liabilities	(1,165)	(1,581)
Net deferred tax liability	**$ —**	**$ —**

ASC Topic 740 provides for the recognition of deferred tax assets if realization of such assets is more likely than not. The Company believes that it is more likely than not that all of the deferred tax assets will be realized against future taxable income but does not have objective evidence to support this future assumption. Based upon the weight of available evidence, which includes the Company's historical operating performance and the reported accumulated net losses to date, the Company has provided a full valuation allowance against its deferred tax assets, except to the extent that those assets are expected to be realized through continuing amortization of the Company's deferred tax liabilities for intangible assets.

The majority of the Company’s valuation allowance relates to deferred tax assets in the United Kingdom, the United States, France and Germany.

NOTE 8 — RESTRUCTURING COSTS, EMPLOYEE TERMINATION AND NON-RECURRING ITEMS

In the fourth quarter of 2009, the Company implemented various organizational restructuring plans in connection with the acquisition of WBS Connect to enable the combined organization to realize operating cost reductions or synergy and to best align its global sales strategy post acquisition. In connection with this, the Company incurred severance costs and contract termination costs related to the realigned organization. In addition, the Company incurred non-recurring costs associated with executing and closing the WBS Connect acquisition, including legal fees, professional fees and travel.

The restructuring charges and accruals established by the Company, and activities related thereto, are summarized as follows (amounts in thousands):

	Severance	Other	Total
Balance, December 31, 2008	$ —	$ —	$ —
Charges net of reversals	264	377	641
Cash uses	(204)	(307)	(511)
Balance, December 31, 2009	**$ 60**	**$ 70**	**$ 130**

The remaining balance of restructuring costs, employee termination and non-recurring items as of December 31, 2009 is expected to be paid in 2010.

NOTE 9 — EMPLOYEE SHARE-BASED COMPENSATION BENEFITS

Stock-Based Compensation Plan

The Company adopted its 2006 Employee, Director and Consultant Stock Plan (the “Plan”) in October 2006. In addition to stock options, the Company may also grant restricted stock or other stock-based awards under the Plan. The maximum number of shares issuable over the term of the Plan is limited to 3,500,000 shares.

The Plan permits the granting of stock options and restricted stock to employees (including employee directors and officers) and consultants of the Company, and non-employee directors of the Company. Options granted under the Plan have an exercise price of at least 100% of the fair market value of the underlying stock on the grant date and expire no later than ten years from the grant date. The options generally vest over four years with 25% of the option shares becoming exercisable one year from the date of grant and the remaining 75% annually or quarterly over the following three years. The Compensation committee of the Board of Directors, as administrator of the Plan, has the discretion to use a different vesting schedule.

Stock Options

Due to the Company’s limited history as a public company, the Company has estimated expected volatility based on the historical volatility of certain comparable companies as determined by management. The risk-free interest rate assumption is based upon observed interest rates at the time of grant appropriate for the term of the Company’s employee stock options. The dividend yield assumption is based on the Company’s intent not to issue a dividend under its dividend policy. The Company uses the simplified method under ASC Topic 718, *Compensation – Stock Compensation*, to estimate the options’ expected term. Assumptions used in the calculation of the stock option expense were as follows:

	2009	2008
Volatility	92.2% - 98.5%	80.0% - 88.5%
Risk free rate	1.9% - 3.7%	1.7% - 4.7%
Term	6.25 - 9.16	6.0 - 6.25
Dividend yield	0.0%	0.0%

Stock-based compensation expense recognized in the accompanying consolidated statement of operations for the year ended December 31, 2009 is based on awards ultimately expected to vest, reduced for estimated forfeitures. ASC Topic 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeiture assumptions were based upon management's estimate.

The fair value of each stock option grant to employees is estimated on the date of grant. The fair value of each stock option grant to non-employees is estimated on the applicable performance commitment date, performance completion date or interim financial reporting date.

During the years ended December 31, 2009 and 2008, the Company recognized compensation expense of $0.2 million and $0.1 million, respectively, related to stock options issued to employees and consultants, which is included in selling, general and administrative expense on the accompanying consolidated statements of operations.

During the year ended December 31, 2009, 321,500 options were granted pursuant to the Plan. The following table summarizes information concerning options outstanding as of December 31, 2009 (amounts in thousands):

	Options	Weighted Average Price	Weighted Average Fair Value	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Balance at December 31, 2008	528,375	$ 1.66	$ 1.04	8.78	$ —
Granted	321,500	0.48	0.39		
Exercised	—				
Forfeited	(160,375)	1.62	1.33		
Balance at December 31, 2009	689,500	$ 1.20	$ 0.82	8.32	$305,660
Exercisable	77,535	$ 0.57	$ 0.45	8.30	$150,655

As of December 31, 2009, the unvested portion of share-based compensation expense attributable to stock options and the period in which such expense is expected to vest and be recognized is as follows (amounts in thousands):

Year ending December 2010	$ 139
Year ending December 2011	74
Year ending December 2012	30
Year ending December 2013	7
Total	$ 250

Restricted Stock

The Company expenses restricted shares granted in accordance with the provisions of ASC Topic 718. The fair value of the restricted shares issued is amortized on a straight-line basis over the vesting periods. During the years ended December 31, 2009 and 2008, the Company recognized compensation expense related to restricted stock of $0.4 million and $0.7 million, respectively, which is included in selling, general and administrative expense on the accompanying consolidated statements of operations.

The following table summarizes restricted stock activity during the years ended December 31, 2009 and 2008:

	2009		2008	
	Shares	Weighted Average Fair Value	Shares	Weighted Average Fair Value
Nonvested Balance at January 1,	566,752	$ 1.12	420,320	$ 2.64
Granted	454,365	0.48	621,428	0.59
Forfeited	(11,250)	0.52	(103,867)	1.23
Vested	(392,368)	0.71	(371,129)	1.92
Nonvested Balance at December 31,	617,499	$ 0.72	566,752	$ 1.12

As of December 31, 2009, the unvested portion of share-based compensation expense attributable to restricted stock amounts to $0.4 million which is expected to vest and be recognized during a weighted-average period of 1.4 years.

NOTE 10 – DEFINED CONTRIBUTION PLAN

The Company has a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code that covers substantially all US based employees. Eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations. During 2009, the Company matched 25% of employees' contributions to the plan. The Company's 401(k) expense was $42,000 in 2009 and $32,000 in 2008.

NOTE 11 — DEBT

The following summarizes the debt activity of the Company during 2009 (amounts in thousands):

	Total Debt	Notes Payable to former GII Shareholders	Notes Payable to former ETT and GII Shareholders	Notes Payable to Other Investors	Promissory Note / Capital Lease	Senior Secured Credit Facility
Debt obligation as of December 31, 2008	$ 8,796	$ 4,000	$ 2,871	$ 1,925	$ —	$ —
Draw on Senior Secured Credit Facility	3,078	—	—	—	—	3,078
Promissory Note Issued	250	—	—	—	250	—
Captial lease obligation assumed	583	—	—	—	583	—
Debt obligation as of December 31, 2009	$ 12,707	$ 4,000	$ 2,871	$ 1,925	$ 833	$ 3,078

On November 12, 2007, the Company and the holders of the approximately $5.9 million of promissory notes due on April 30, 2008 (the "April 2008 Notes") entered into agreements to convert not less than 30% of the amounts due under the April 2008 Notes as of November 13, 2007 (including principal and accrued interest) into shares of the Company's common stock, and to obtain 10% convertible unsecured subordinated promissory notes due on December 31, 2010 (the "December 2010 Notes") for the remaining indebtedness then due under the April 2008 Notes. Pursuant to the conversion, a total of 2,570,143 shares of the Company's common stock (with a quoted market price of $2,929,963) were issued for $3,528,987 of principal and accrued interest due under the April 2008 Notes as of November 13, 2007. All principal and accrued interest under the December 2010 Notes is payable on December 31, 2010. These exchanges are considered an extinguishment of debt in which the aggregate fair value of common stock and new convertible notes is less than the carrying value of the original notes. Accordingly, the Company recorded a gain, included in other income (expense), of $0.6 million for the year ended December 31, 2007 on the extinguishment of the original notes in accordance with ASC Topic 470, *Debt — Modifications and Extinguishes* (formerly EITF No. 96-19).

The holders of the December 2010 Notes can convert the principal due under the December 2010 Notes into shares of the Company's common stock, at any time, at a price per share equal to $1.70. The Company has the right to require the holders of the December 2010 Notes to convert the principal amount due under the December 2010 Notes at any time after the closing price of the Company's common stock shall be equal to or greater than $2.64 for 15 consecutive business days. The conversion provisions of the December 2010 Notes include protection against dilutive issuances of the Company's common stock, subject to certain exceptions. The December 2010 Notes and the Amended Notes are subordinate to any future credit facility entered into by the Company, up to an amount of $4.0 million. The Company has agreed to register with the Securities and Exchange Commission the shares of Company's common stock issued to the holders of the December 2010 Notes upon their conversion, subject to certain limitations.

Included in the December 2010 Notes are notes totaling $1.5 million due to a related party, Universal Telecommunications, Inc. Brian Thompson, the Company's Executive Chairman of the Board of Directors, is also the head of Universal Telecommunications, Inc, his own private equity investment and advisory firm.

On November 12, 2007, the holders of the $4.0 million of promissory notes due on December 29, 2008 agreed to amend those notes to extend the maturity date to December 31, 2010, subject to increasing the interest rate to 10% per annum, beginning January 1, 2009. Under the terms of the notes, as amended (the "Amended Notes"), 50% of all interest accrued during 2008 and 2009 is payable on each of December 31, 2008 and 2009, respectively, and all principal and remaining accrued interest is payable on December 31, 2010.

On March 17, 2008, the Company entered into a Loan and Security Agreement (the "credit facility") with Silicon Valley Bank. Under the terms of the credit facility, the Company could borrow up to a maximum amount of $2.0 million; with the actual amount available being based upon criteria related to accounts receivable and cash collections. Advances under the credit facility would bear interest at the bank's prime rate plus either 1.5% or 2.0%, and would also be subject to a monthly collateral handling fee ranging from 0.25% to 0.50%, in each case depending on certain financial criteria. The credit facility had a 364 day term and contained customary covenants, but there were no covenants that required compliance with financial criteria. The Company's payment obligations under the credit facility were secured by a pledge of substantially all of its assets, including a pledge of 67% of the outstanding stock of the Company's foreign subsidiaries.

On June 16, 2009, the Company and Silicon Valley Bank entered into an Amended and Restated Loan and Security Agreement (the "amended credit facility"). Under the terms of the amended credit facility, the Company's revolving line of credit was increased to a maximum amount of $2.5 million, with the actual amount available being based upon criteria related to accounts receivable. Advances under the credit facility would bear interest at the bank's prime rate plus either 1.75% or 2.0%, and would also be subject to a monthly collateral handling fee ranging from 0.15% to 0.35%, in each case depending on certain financial criteria. The amended credit facility had a 364 day term and contained customary covenants, but there were no covenants that required compliance with financial criteria. The Company's payment obligations under the amended credit facility were secured by a pledge of substantially all of its assets, including a pledge of 67% of the outstanding stock of the Company's foreign subsidiaries.

In December 2009, the Company and Silicon Valley Bank entered into a Second Amended and Restated Credit Facility (the "current credit facility"). Under the terms of the current credit facility, the Company's revolving line of credit was increased to a maximum amount of $5.0 million, with the actual amount available beeing based on criteria related to the Company's accounts receivable in the United States (but not to exceed $3.4 million with respect to the United States receivables) and on criteria related to the Company's accounts receivable in Europe (but not to exceed $2.0 million with respect to the European receivables). The revolving line of credit would be increased to $8.0 million if the Company raised at least $4.5 million of additional equity and subordinated debt capital and completes the Global Capacity acquisition. Advances under the current credit facility bear interest at the bank's prime rate plus 1.75% or 2.0%, and would also be subject to a monthly collateral handling fee ranging from 0.15% to 0.35%, in each case depending on certain financial criteria. The current credit facility has a 364 day term and matures in December 2010. The current credit facility contains customary covenants, including covenants not included in the amended credit facility that require the Company to maintain, on a consolidated basis, specified amounts of net operating cash flow over certain specified periods of time. The Company's payment obligations under the current credit facility are secured by a pledge of substantially all of all of its assets, including a pledge of 67% of the outstanding stock of the Company's foreign subsidiaries.

The Company had approximately $3.1 million outstanding on its SVB Credit facility at December 31, 2009. The facility is subject to renewal by December 10, 2010.

In addition to amounts drawn on the Company's SVB credit facility to facilitate the closing of the WBS Connect acquisition, the Company also assumed in the acquisition approximately $0.6 million in capital lease obligations payable in monthly installments through April 2011, and issued approximately $0.3 million in subordinated seller notes to the sellers of WBS Connect, due in monthly installments payable in full by October 2010.

As of December 31, 2009, the Company's total short-term debt obligation is $12.5 million, which is due on or before December 31, 2010.

Interest expense for 2009 and 2008 was $0.9 and $0.8 million, respectively. Total short-term accrued interest associated with these notes at each of the years ended December 31, 2009 and 2008 was $1.6 million and $0.4 million respectively. Total long-term accrued interest at December 31, 2009 and 2008 was $0.0 million and $0.7 million, respectively.

NOTE 12 — CONCENTRATIONS

Financial instruments potentially subjecting the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents and designated cash. At times during the periods presented, the Company had funds in excess of $250,000 insured by the US Federal Deposit Insurance Corporation, or in excess of similar Deposit Insurance programs outside of the United States, on deposit at various financial institutions. As of December 31, 2009, approximately $4.8 million of the Company's deposits were held at institutions as balances in excess of the US Federal Deposit Insurance Corporation and international insured deposit limits for those institutions. However, management believes the Company is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

For the year ended December 31, 2009, no single customer exceeded 10% of total consolidated revenues. For the year ended December 31, 2008, one customer accounted for 12% of total consolidated revenues.

NOTE 13 — COMMITMENTS AND CONTINGENCIES

Commitment — Leases

GTTA is required to provide its landlord with a letter of credit to provide protection from default under the lease for the Company's headquarters. GTTA has provided the landlord with a letter of credit in the amount of $100,000 supported by hypothecation of a Certificate of Deposit held by the underlying bank in the same amount.

Office Space and Operating Leases

Office facility leases may provide for escalations of rent or rent abatements and payment of pro rata portions of building operating expenses. The Company currently leases facilities located in McLean, Virginia (lease expires December, 2014), London (United Kingdom), (lease expires June, 2012), Düsseldorf (Germany), (lease expires July, 2011) and Denver, Colorado (three month lease that automatically renews unless a notice of non-renewal is delivered). The Company records rent expense using the straight-line method over the term of the lease agreement. Office facility rent expense was $0.9 million and $1.2 million for the years ended December 31, 2009 and 2008, respectively.

The Company has also entered into certain non-cancelable operating lease agreements related to vehicles. Total expense under vehicle leases was $0.1 million for each of the years ended December 31, 2009 and 2008.

Estimated annual commitments under non-cancelable operating leases are as follows at December 31, 2009 (amounts in thousands):

	Office Space	Other
2010	$ 688	$ 28
2011	598	11
2012	424	—
2013	327	—
2014	335	—
	$ 2,372	$ 39

Commitments-Supply agreements

As of December 31, 2009, the Company had supplier agreement purchase obligations of $33.0 million associated with the telecommunications services that the Company has contracted to purchase from its vendors. The Company's contracts are generally such that the terms and conditions in the vendor and client customer contracts are substantially the same in terms of duration. The back-to-back nature of the Company's contracts means that the largest component of its contractual obligations is generally mirrored by its customer's commitment to purchase the services associated with those obligations.

If a customer disconnects its service before the term ordered from the vendor expires, and if GTT were unable to find another customer for the capacity, GTT may be subject to an early termination liability. Under standard telecommunications industry practice (commonly referred to in the industry as "portability"), this early termination liability may be waived by the vendor if GTT were to order replacement service with the vendor of equal or greater value to the service cancelled. Additionally, the Company maintains some fixed network costs and from time to time if it deems portions of the network are not economically beneficial, the Company may disconnect those portions and potentially incur early termination liabilities. As of December 31, 2009, the Company has $0.6 million accrued for early termination liabilities.

"Take-or-Pay" Purchase Commitments

Some of the Company's supplier purchase agreements call for the Company to make monthly payments to suppliers whether or not the Company is currently utilizing the underlying capacity in that particular month (commonly referred to in the industry as "take-or-pay" commitments). As of December 31, 2009 and 2008, the Company's aggregate monthly obligations under such take-or-pay commitments over the remaining term of all of those contracts totaled $4.7 million and $0.0, respectively.

Contingencies-Legal proceedings

The Company is subject to legal proceedings arising in the ordinary course of business. In the opinion of management, the ultimate disposition of those matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity. No material reserves have been established for any pending legal proceeding, either because a loss is not probable or the amount of a loss, if any, cannot be reasonably estimated.

NOTE 14 — FOREIGN OPERATIONS

Our operations are located primarily in the United States and Europe. Our financial data by geographic area is as follows:

	US	UK	Other	Total GTT
2009				
Revenues by geographic area	$ 36,941	$ 18,917	$ 8,363	$ 64,221
Long-lived assets at December 31	38,872	561	—	39,433
2008				
Revenues by geographic area	34,087	23,308	9,579	66,974
Long-lived assets at December 31	27,084	591	51	27,726

NOTE 15 — SUBSEQUENT EVENTS

On December 31, 2009, GTT entered into an agreement to acquire from Capital Growth Systems, Inc., Global Capacity Group, Inc. and Global Capacity Direct, LLC (collectively "Global Capacity") certain customer contracts and other assets related to point-to-point circuits for the transmission of data. The closing of the Global Capacity acquisition has not yet occurred.

In exchange for the purchased assets, the Company agreed to pay the Global Capacity an aggregate purchase price of $8.0 million, provided that all customer contracts, and the corresponding underlying contracts for the supply of the circuits, are duly assigned. To the extent any Customer Contract is not assigned to the Buyer, the purchase price shall be reduced on a ratable basis.

On February 8, 2010, the Company completed a financing transaction in which it sold 500 units at a purchase price of $10,000 per unit, resulting in $5.0 million of proceeds to the Company. Each unit consisted of 2,970 shares of the Company's common stock, and $7,000 in principal amount of the Company's subordinated promissory notes due February 8, 2012. The proceeds of the notes will be applied by the Company to finance a portion of the purchase price under the asset purchase agreement with Global Capacity. If the Global Capacity transaction in not consummated, the units will be redeemed by the Company at the purchase price paid by the investors without penalty and without premium.

Exhibit 21.1

SUBSIDIARIES OF THE REGISTRANT

Global Telecom & Technology Americas, Inc., a Virginia corporation

GTT — EMEA Ltd., a United Kingdom corporation

GTT Global Telecom Government Services, LLC, a Virginia limited liability company

Global Telecom & Technology SARL (formerly called European Telecommunications & Technology SARL), a French corporation

European Telecommunications & Technology Inc., a Delaware corporation

Global Telecom & Technology Deutschland GmbH (formerly called ETT European Telecommunications & Technology Deutschland GmbH), a German corporation

ETT (European Telecommunications & Technology) Private Limited, an Indian corporation

European Telecommunications & Technology (S) Pte Limited, a Singapore corporation

ETT Network Services Limited, a United Kingdom corporation

WBS Connect LLC, a Colorado limited liability company

TEK Channel Consulting, LLC, a Colorado limited liability company

WBS Connect Europe, Ltd., a company formed under the laws of Ireland

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in Form S-8 (No. 333-139356) of Global Telecom & Technology, Inc. of our report dated March 24, 2010 relating to the consolidated financial statements of Global Telecom & Technology, Inc. and Subsidiaries as of December 31, 2009 and 2008 and for the years then ended included in this annual report on Form 10-K.

/s/ J.H. Cohn LLP

Jericho, New York
March 24, 2010

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Richard D. Calder, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Global Telecom & Technology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e))and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 24, 2010

/s/ Richard D. Calder, Jr.
Richard D. Calder, Jr.
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Eric A. Swank, certify that:

1. I have reviewed this annual report on Form 10-K of Global Telecom & Technology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e))and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 24, 2010

/s/ Eric A. Swank
Eric A. Swank
Chief Financial Officer and Treasurer

Exhibit 32.1

**CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Global Telecom & Technology, Inc. (the "Company") on Form 10-K for the year ended December 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard D. Calder, Jr., Chairman of the Board, Executive Chairman and Chief Executive Officer of the Company certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my best knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 24, 2010

/s/ Richard D. Calder, Jr.
Richard D. Calder, Jr.
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Global Telecom & Technology, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Eric A. Swank, Chief Financial Officer and Treasurer of the Company certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my best knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 24, 2010

/s/ Eric A. Swank
Eric A. Swank
Chief Financial Officer and Treasurer