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FORM 10-K

GTT Communications, Inc. - GTT

Filed: March 19, 2013 (period: December 31, 2012)

Annual report with a comprehensive overview of the company

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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, 2012
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
(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 ▯

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ▯ No ☐

Indicate by check mark whether the registrant has 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 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 (7,351,334 shares) based on the $2.35 closing price of the registrant's common stock as reported on the Over-the-Counter Bulletin Board on June 30, 2012, was $17,275,635. 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 19, 2013 there were outstanding 19,129,765 shares of the registrant's common stock, par value $.0001 per share.

Documents Incorporated by Reference

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Portions of our definitive proxy statement for the 2013 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 and Exchange Commission ("SEC"), as well as oral forward-looking statements. You should consider 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 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;
- our ability to obtain capital to grow our business;
- 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.

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PART I

ITEM 1. *BUSINESS*

Introduction

Global Telecom & Technology, Inc. ("GTT" or the "Company") is a Delaware corporation which was incorporated on January 3, 2005. GTT is a premiere cloud network provider delivering simplicity, speed and agility to enterprise, government and carrier customers in over 80 countries worldwide. Powered by our global Ethernet and IP backbone, GTT operates one of the most interconnected global networks. GTT's solutions include cloud networking, high bandwidth IP transit for content delivery and hosting, and network-to-network carrier interconnects.

Our Customers

As of December 31, 2012, our customer base was comprised of over 1,000 businesses. For the year ended December 31, 2012, no single customer accounted for more than 11% of our total consolidated revenue. Our five largest customers accounted for approximately 27% of consolidated revenue 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, 2012, approximately 76% of our revenue was attributable to our operations based in the United States, 19% was attributable to operations based in the United Kingdom, and 5% was attributable to operations based in other countries.

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 ranging from one month to one year. 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 Network

GTT has deployed network assets in North America, Europe and Asia to provide Dedicated Internet Access and Ethernet Transport services. GTT's core network consists of a global Layer 2 switched Ethernet, diversely routed 10Gb mesh network as well as IP Transit or Dedicated Internet Access through approximately 130 Points of Presence ("PoPs"), delivering cloud networking services to enterprise, government and wholesale customers. GTT has network connectivity in all major U.S. cities and European cities, established Ethernet hubs with various carriers and multiple connections to Tier 1 IP providers.

The GTT backbone network is built using a multi-layer design developed to offer the highest level of performance and reliability. GTT's private optical long-haul network provides the foundation for a Layer 2 Ethernet-over-MPLS mesh between core backbone routers in each city. This same infrastructure also provides dedicated data transport services to customers in GTT's backbone cities.

Built on top of GTT's highly-resilient optical transport network, the Company's Layer 3/IP Network was engineered to provide the highest levels of capacity and performance, even when utilizing enhanced services such as traffic analysis, DDoS mitigation and traffic filtering.

Additionally, we have over 800 supplier relationships worldwide from which we source bandwidth and other services and combine our own network assets 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.

Our supplier management team works 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 team is 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 team continually monitors supplier performance.

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Business Overview and Strategy

Our customer facing operations are led by two business units – “Americas” based in the United States and “EMEA” in the United Kingdom. Each business unit owns the key customer touch points including quoting, sales engineering, ordering, provisioning and account management.

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 direct sales forces located across the globe, as well as strong agent channel relationships, with principal concentration in the United States and the United Kingdom. Most of our sales representatives have many years of experience in selling to multinational enterprises, governmental entities, service providers, and carriers. The average sales cycle can be as little as two to six weeks for existing customers and three to six months or longer for new customers with complicated service requirements.

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, government and wholesale 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.

Our project management teams assure the successful implementation of 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

Network Operations include the global Network Operations Center (“NOC”), Service Engineering, and Information and Communications Technology (“ICT”). The NOC receives, prioritizes, tracks, and resolves network outages or other customer needs. Service Engineering is charged with provisioning and testing of new services, and also provides Tier 3 network support. ICT manages all internal desktop and network and server infrastructure.

Engineering is responsible for the overall network architecture, including design, capacity planning, configuration, maintenance and implementation of all GTT owned network assets. Engineering also provides support for the business units and the Network Operations group.

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, Comcast 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.

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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, 2012, we had a total of 97 employees.

Executive Officers

Our executive officers and their respective ages and positions as of March 19, 2013 are as follows:

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Richard D. Calder, Jr, 49, 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 and 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.

H. Brian Thompson, 74, 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, Pendrell Corporation, 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.

Michael R. Bauer, 40, has served as our Chief Financial Officer and Treasurer since June 2012. Mr. Bauer oversees all global financial functions and has direct responsibility for financial operations, investor relations activities, and all banking and advisory relationships. Mr. Bauer brings over 16 years of finance and accounting experience to GTT. Prior to joining GTT, Mr. Bauer led the financial planning and analysis and investor relations efforts at MeriStar Hospitality Corporation. Mr. Bauer's previous telecommunications experience includes Sprint and OneMain.com, an internet service provider. Mr. Bauer began his career with Arthur Andersen in audit and business advisory services. Mr. Bauer is a Certified Public Accountant and holds his Bachelor of Science degree in Accounting from the Pennsylvania State University.

Chris McKee, 45, 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 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.

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Risks Relating to Our Business and Operations

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

For the year ended December 31, 2012, our five largest customers accounted for approximately 27% of our total service revenue. If we were to lose all of the underlying services from one or more of our large customers, or if one or more of our large customers were to significantly reduce the services purchased from us or otherwise renegotiate the terms on which services are purchased from us, our revenue 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 revenue.

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;

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- 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 revenue and gross margin could decline and we would lose market share, which could materially and adversely affect our business.

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, 2012, we had approximately $4.7 million in cash, and our current liabilities were $21.6 million greater than current assets. We may have insufficient cash to fund our working capital or other capital requirements 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. 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 between 2013 and 2016, and if we are unable to satisfy our obligations, the lenders could foreclose on their security interests.

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.

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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 revenue from its customers, which could result in a material and adverse impact on the Company's operating results.

System disruptions, either in our network or in third party networks on which we depend, could cause delays or interruptions of our service, which could cause us to lose customers, or incur additional expenses.

Our customers depend on our ability to provide network availability with minimal interruption or degradation in serivces. 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, power loss, telecommunications failures, terrorism, sabotage, vandalism, computer viruses or other infiltration by third parties or the financial distress or other event adversely affecting a supplier, such as bankruptcy or liquidation.

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, that affect our central offices, corporate headquarters, network operations centers, or network equipment.

Disruptions or degradations in our service, could subject us to legal claims and liability 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 revenue and gross margin. In addition, customers may, under certain contracts, have the ability to terminate services in case of prolonged or severe service disruptions or other outages which would also adversely impact our results of operations. Our reputation could be harmed if we fail to provide a reasonably adequate level of network availability, and as a result we could find it more difficult to attract and retain customers.

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 revenue.

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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 revenue 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.

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

Our business is characterized by long sales cycles between the time a potential customer is contacted and a customer contract is signed. The average sales cycle can be as little as two to six weeks for existing customers and three to six months or longer for new customers with complicated service requirements. 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 revenue. 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, revenue. Even if we enter into a contract, we will have incurred substantial sales-related expenses well before we recognize any related revenue. 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 revenue 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 24% 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.

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.

Revenue 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.

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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 years ended December 31, 2012 and 2011, 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.

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 revenue 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 revenue.

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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 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 continue to explore merger and acquisition opportunities and we may face difficulties if we acquire other businesses in the future including:

- integrating the management personnel, services, products, systems 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;
- retaining existing customers and/or vendors of both companies;
- 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 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 the filing of this Form 10-K, we have no agreement or memorandum of understanding to enter into any acquisition transaction.

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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, including the costs to pursue acquisitions that do not ultimately close, 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 revenue 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 revenue 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 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.

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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 fund 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 revenue 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 revenue and to operate our business.

Interruption or failure of our information technology and communications systems could hurt our ability to effectively provide our products and services, which could damage our reputation and harm our operating results.

The availability of our products and services depends on the continuing operation of our information technology and communications systems. Our systems are vulnerable to damage or interruption from earthquakes, terrorist attacks, floods, fires, power loss, telecommunications failures, computer viruses, computer denial of service attacks or other attempts to harm our systems. Some of our systems are not fully redundant and our disaster recovery planning cannot account for all eventualities. The occurrence of a natural disaster, a decision to close a facility we are using without adequate notice for financial reasons, or other unanticipated problems at our data centers could result in lengthy interruptions in our service.

Risks Relating to Our Indebtedness

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

Pursuant to the terms of our loan agreement with Silicon Valley Bank, we have pledged substantially all of our assets to the lender as security for our payment obligations under the loan agreement. If we fail to pay any of our indebtedness under this loan agreement when due, or if we breach any of the other covenants in the loan agreement, it may result in one or more events of default. An event of default under our loan agreement 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 loan agreement and outstanding notes, and in any future debt agreement, may restrict our future operations.

The loan agreements related to our outstanding senior and mezzanine indebtedness 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;

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- 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, 2012, 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.

As of December 31, 2012, we had outstanding warrants to purchase approximately 1.4 million shares of common stock at a weighted-average exercise price equal to $1.73 per share. The common stock underlying the warrants is entitled to registration rights 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.

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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.

H. Brian Thompson, the Company's Executive Chairman of the Board of Directors, and Universal Telecommunications, Inc., his own private equity investment and advisory firm, owned 5,716,171 shares of our common stock at December 31, 2012. Based on the number of shares of our common stock outstanding on December 31, 2012, Mr. Thompson and Universal Telecommunication, Inc. would beneficially own approximately 30% of our common stock. Based on public filings with the SEC made by J. Carlo Cannell, we believe that, as of December 31, 2012, funds associated with Cannell Capital LLC owned 3,472,080 shares of our common stock. Based on the number of shares of our common stock outstanding on December 31, 2012, these funds would beneficially own approximately 18% of our common stock. In addition, as of December 31, 2012, our executive officers, directors and affiliated entities, excluding H. Brian Thompson and Universal Telecommunications, together beneficially owned common stock, without taking into account their unexercised options, representing approximately 13% 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 thinly traded on the OTC Markets. This factor, in addition to the concentrated ownership of our capital stock, 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 1B. *UNRESOLVED STAFF COMMENTS*

Not applicable.

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, and London, England. The lease of our London, England facility expires in May 2017. The lease of our Denver, Colorado office expires in January 2014.

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 filed a civil complaint against Artel, LLC on June 15, 2012 in the Fairfax County Virginia Circuit Court, docket number CL2012-04735. The nature of the Company's claims against Artel is breach of contract with respect to telecommunication services provided by the Company. In response to the Company's complaint, Artel filed a counterclaim against the Company alleging breach of contract, fraud in the inducement and intentional interference with a business relationship. In its counterclaim, Artel is seeking monetary damages in the amount of $6.0 million. The Company believes it has meritorious defenses against the Artel counterclaim, and the Company is contesting the Artel counterclaim vigorously. Discovery is on-going, and a trial date is set for April 2013.

ITEM 4. *MINE SAFETY DISCLOSURE*

Not applicable.

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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 OTC Markets under the symbol GTLT. At March 19, 2013, we had outstanding 19,129,765 shares of our common stock. Until April 10, 2012, we also had Class Z Warrants outstanding and eligible for sale on the OTC Markets, at which time all of the Class Z Warrants expired unexercised.

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

	Common Stock		Class Z Warrants	
	High	Low	High	Low
2011				
First Quarter	$ 1.30	$ 1.05	$ 0.00	$ 0.00
Second Quarter	$ 1.26	$ 1.01	$ 0.01	$ 0.01
Third Quarter	$ 1.30	$ 1.10	$ 0.07	$ 0.01
Fourth Quarter	$ 1.40	$ 0.95	$ 0.01	$ 0.00
2012				
First Quarter	$ 2.39	$ 1.12	$ 0.01	$ 0.00
Second Quarter	$ 2.39	$ 1.75	$ 0.00	$ 0.00
Third Quarter	$ 2.79	$ 2.10	-	-
Fourth Quarter	$ 2.82	$ 1.02	-	-

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 6. *SELECTED FINANCIAL DATA*

Not required as a Smaller Reporting Company.

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

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 Notes Regarding Forward-Looking Statements" which describes important factors that could cause actual results to differ from expectations and non-historical information contained herein.

Overview

Global Telecom & Technology, Inc. ("GTT" or the "Company") is a Delaware corporation which was incorporated on January 3, 2005. GTT is a premiere cloud network provider delivering simplicity, speed and agility to enterprise, government and carrier customers in over 80 countries worldwide. Powered by our global Ethernet and IP backbone, GTT operates one of the most interconnected global networks. GTT's solutions include cloud networking, high bandwidth IP transit for content delivery and hosting, and network-to-network carrier interconnects.

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The Company sells services largely through direct sales forces from its Americas and EMEA business units. The Company generally competes with traditional, facilities-based providers and other services providers in each of our global markets. As of December 31, 2012, our customer base was comprised of over 1,000 businesses. Our five largest customers accounted for approximately 27% of consolidated revenue during the year ended December 31, 2012.

Costs and Expenses

The Company's cost of revenue consists of the costs for its core network consisting of a global Layer 2 Switched Ethernet mesh network as well as IP Transit/Internet Access through approximately 130 PoPs and for off-net procurement of services associated with customer services across North America, EMEA and Asia. The key off-net terms and conditions appearing in both supplier and customer agreements are substantially the same, with margin applied to the suppliers' costs, and generally on back-to-back term lengths. 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.

Other than cost of revenue, the Company's most significant operating expenses are employment costs. As of December 31, 2012, the Company had 97 employees and employment costs comprised approximately 11% of total operating expenses for the year ended December 31, 2012.

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 cloud networking solutions, such as ethernet transport and IP transit 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.

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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 revenue earned for providing provisioning services in connection with the delivery of recurring communications services is 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. 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. This revenue is earned when a customer cancels or terminates a service agreement prior to the end of its committed term. This revenue is 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.

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 four categories: pricing errors, network design, start of service date 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, 2012, the Company had $4.1 million in disputed billings from suppliers.

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.

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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*. ASC Topic 350 provides guidance on financial accounting and reporting related to goodwill and other intangibles, other than the accounting at acquisition for goodwill and other intangibles. 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.

In September 2011, the FASB issued ASU No. 2011-08, *Intangibles—Goodwill and Other (Topic 350): Testing Goodwill for Impairment.* ASU 2011-08 is intended to simplify how entities, both public and nonpublic, test goodwill for impairment. ASU 2011-08 permits an entity to first assess qualitative factors to determine whether it is "more likely than not" that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350, *Intangibles-Goodwill and Other.* 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 2012 and 2011 and concluded that no impairment existed.

Intangible assets are assets that lack physical substance, and are accounted for in accordance with ASC Topic 350 and ASC Topic 360-10-35, *Impairment or Disposal of Long-Lived Assets.* ASC Topic 360-10-35 provides guidance for recognition and measurement of the impairment of long-lived assets to be held, used and disposed of by sale. 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 2012 and 2011, the Company performed a qualitative assessment and concluded that no impairment existed.

Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes.* 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. The Company's federal, state and international tax returns for 2008, 2009, 2010 and 2011 are still open. 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.

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Share-Based Compensation

On October 16, 2006, the Company adopted ASC Topic 718, *Compensation — Stock Compensation* 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.

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 uses 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-Employee.*

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-8 of this report, which Note is incorporated herein by reference.

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Results of Operations of the Company

Fiscal Year Ended December 31, 2012 compared to Fiscal Year Ended December 31, 2011

Overview. The financial information presented in the table below comprises the audited consolidated financial information of the Company for the years ended December 31, 2012 and 2011 (amounts in thousands):

	Year Ended December 31, 2012	Year Ended December 31, 2011
Revenue:		
Telecommunications services sold	$ 107,877	$ 91,188
Operating expenses:		
Cost of telecommunications services provided	76,000	64,198
Selling, general and administrative expense	18,957	18,597
Restructuring costs, employee termination and other items	701	958
Depreciation and amortization	7,296	3,896
Total operating expenses	102,954	87,649
Operating income	4,923	3,539
Other expense:		
Interest expense, net	(4,686)	(2,491)
Other expense, net	(1,054)	(218)
Total other expense	(5,740)	(2,709)
Income (loss) before income taxes	(817)	830
Provision for income taxes	746	575
Net income (loss):	$ (1,563)	$ 255
Earnings (loss) per share:		
Basic	$ (0.08)	$ 0.01
Diluted	$ (0.08)	$ 0.01
Weighted average shares:		
Basic	18,960,347	18,599,028
Diluted	18,960,347	18,820,380

Revenue. The table below presents the components of revenue for the years ended December 31, 2012 and 2011:

Geographical Revenue	2012	2011
United States	76%	72%
United Kingdom	19%	21%
Other	5%	7%
Totals	100%	100%

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Revenue increased $16.7 million, or 18%, for the year ended December 31, 2012 compared to the year ended December 31, 2011 primarily due to the acquisitions of PacketExchange (Ireland) Limited ("PacketExchange") in June 2011 and nLayer Communications Inc. ("nLayer") in April 2012, as well as increased sales to new and existing customers offset by disconnected services.

Costs of Service. Costs of telecommunications services provided increased $11.8 million, or 18%, for the year ended December 31, 2012 compared to the year ended December 31, 2011 primarily due to the PacketExchange and nLayer acquisitions, as well as increased sales to new and existing customers offset by disconnected services.

Selling, General and Administrative Expenses. SG&A increased $0.4 million, or 2% for the year ended December 31, 2012 compared to the year ended December 31, 2011, primarily due to the PacketExchange and nLayer acquisition.

Restructuring costs, employee termination and non-recurring items. Restructuring costs decreased by $0.3 million for the year ended December 31, 2012 compared to the year ended December 31, 2011. The decrease primarily reflects the lower costs associated with the acquisition of nLayer in 2012 in comparison to the costs associated with the PacketExchange acquisition in 2011.

Depreciation and Amortization. Depreciation and amortization expense increased $3.4 million, or 87%, to $7.3 million for the year ended December 31, 2012, compared to the year ended December 31, 2011. The increase was due primarily to the network assets and intangible assets added in the PacketExchange and nLayer acquisitions, intangible assets added through the novations of customer relationships, and increased levels of capital expenditures in 2012 on network routing gear.

Interest Expense. Interest expense increased $2.2 million, or 88%, to $4.7 million for the year ended December 31, 2012 compared to the year ended December 31, 2011. The increase was due to the additional debt incurred in connection with the nLayer and PacketExchange acquisitions.

Other Expense. Other expense increased $0.8 million to $1.1 million for the year ended December 31, 2012 compared to the year ended December 31, 2011. The increase is due to the warrant liability that was marked to market in 2012, which resulted in a loss of $1.0 million.

Liquidity and Capital Resources (amounts in thousands)

	December 31, 2012	December 31, 2011
Cash and cash equivalents and short-term investments	$ 4,726	$ 3,249
Debt	$ 42,829	$ 27,989

Management monitors cash flow and liquidity requirements. Based on the Company's cash, the Silicon Valley Bank credit facility, and analysis of the anticipated working capital requirements, management believes the Company has sufficient liquidity to fund the business and meet its contractual obligations for 2013. The Company's current planned cash requirements for 2013 are based upon certain assumptions, including its ability to manage expenses and the growth of revenue from service arrangements. In connection with the activities associated with the services, the Company expects to incur expenses, including provider fees, employee compensation and consulting fees, professional fees, sales and marketing, insurance and interest expense. Should the expected cash flows not be available, management believes it would have the ability to revise its operating plan and make reductions in expenses.

The Company believes that cash currently on hand, expected cash flows from future operations and existing borrowing capacity are sufficient to fund operations for at least the next twelve months, including the scheduled repayment of indebtedness pursuant to the Silicon Valley Bank Term Loan. 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 subordinated 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.

Operating Activities. Net cash provided by operating activities was $4.0 million for the year ended December 31, 2012, driven primarily by an increase in depreciation and amortization and other long-term liabilities, offset by a decrease in accounts payable, and net loss.

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Investing Activities. Net cash used in investing activities for the year ended December 31, 2012 was $17.0 million, consisting primarily of the $12.6 million of cash used, net of cash acquired, in the acquisition of nLayer. Net cash used in investing activities for the year ended December 31, 2011 was $16.1 million, consisting primarily of the $14.6 million of cash used, net of cash acquired, in the acquisition of PacketExchange.

Financing Activities. Net cash provided by financing activities increased to $14.7 million for the year ended December 31, 2012 consisting primarily of the $20.5 million raised for the acquisition of nLayer. Cash flows provided by financing activities were $13.0 million for the year ended December 31, 2011.

Effect of Exchange Rate Changes on Cash. Effect of exchange rate changes on cash increased $0.3 million to $0.2 million for the year ended December 31, 2012 compared to ($0.1) million for the year ended December 31, 2011.

Interest Payments. During the year ended December 31, 2012 and 2011, the Company made cash payments for interest totaling $4.8 million and $2.2 million, respectively. The increase in interest payments was a result of the modified Term Loan with Silicon Valley Bank and the Amended and Restated Note Purchase Agreement with BIA Digital Partners and Plexus Fund II, L.P. during the second quarter of 2012

Debt

The following summarizes the debt activity of the Company for the year ended December 31, 2012 (amounts in thousands):

	Total Debt	SVB Term Loan	SVB Line of Credit	BIA Note	Plexus Note	Subordinated Notes	Promissory Note
Debt obligation as of December 31, 2011	$ 27,989	$ 13,500	$ 3,100	$ 8,078	$ -	$ 2,602	$ 709
Issuance, net of discount	25,714	14,500	4,000	-	7,214	-	-
Debt discount amortization	303	-	-	95	94	114	-
Payments	(11,177)	(3,500)	(7,100)	-	-	(105)	(472)
Debt obligation as of December 31, 2012	$ 42,829	$ 24,500	$ -	$ 8,173	$ 7,308	$ 2,611	$ 237

Term Loan and Line of Credit

On June 6, 2011, immediately following the PacketExchange acquisition, the Company entered into a joinder and first loan modification agreement with Silicon Valley Bank ("SVB"), which amended the loan agreement, dated September 30, 2010, by and among SVB and the Company. The modification agreement contains customary representations, warranties and covenants of the Company and customary events of default. The obligations of the Company under the modification agreement are secured by substantially all of the Company's tangible and intangible assets pursuant to the loan agreement. As of December 31, 2012, the Company is in compliance with the reporting and financial covenants stated in the modification agreement.

On April 30, 2012, in connection with the nLayer acquisition, the Company and nLayer entered into a modification agreement with SVB, which increased the outstanding amount of the Term Loan by $7.5 million, while the existing covenants and revolving Line of Credit in the aggregate principal amount of up to $5 million remained unchanged.

On May 23, 2012, the Company refinanced the Term Loan through a syndication led by SVB, which amends the loan agreement dated April 30, 2012, as amended, by and among SVB and the Company, which increased the outstanding amount of the Term Loan by $7.0 million, while the existing covenants and the amount of the Line of Credit remained unchanged.

The Term Loan matures on May 1, 2016. The Company will repay the Term Loan in sixteen (16) equal quarterly principal installments of $1.25 million, with each payment of principal being accompanied by a payment of accrued interest. The Term Loan bears interest at a floating rate per annum, calculated daily, equal to the prime rate plus 4.5% per annum, which may be reduced to 3.5% per annum if the Company's consolidated senior leverage ratio is less than 2:1 and certain other criteria are met.

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Any borrowing under the Line of Credit will mature on April 30, 2016, and will bear interest at a floating rate per annum, calculated daily, equal to the prime rate plus 3.5% per annum, which may be reduced to 2.5% per annum if the Company's consolidated senior leverage ratio is less than 2:1 and certain other criteria are met.

BIA and Plexus Notes

Concurrent with entering in to the modification agreement, on June 6, 2011, the Company entered into a note purchase agreement (the "Purchase Agreement") with the BIA Digital Partners SBIC II LP ("BIA"). The Purchase Agreement provided for a total commitment of $12.5 million, of which $7.5 million was immediately funded (the "BIA Notes"). The BIA Notes were issued at a discount to face value of $0.4 million and the discount is being amortized, into interest expense, over the life of the notes. The remaining $5.0 million of the committed financing was available to be called by the Company on or before August 11, 2011, subject to extension to December 31, 2011 at the sole option of BIA. On September 19, 2011, BIA agreed to extend the commitment period and funded the Company an additional $1.0 million. The additional funding was issued at a discount to face value of $45,000, due to the warrants issued, and the discount is being amortized, into interest expense, over the life of the notes.

On April 30, 2012, in connection with the nLayer acquisition, the Company entered into an amended and restated note purchase agreement (the "Amended Note Purchase Agreement") with BIA and Plexus Fund II, L.P. ("Plexus") (together with BIA, the "Note Holders"). The Amended Note Purchase Agreement provides for an increase in the total financing commitment by $8.0 million, of which $6.0 million was immediately funded (the "Plexus Notes" and together with the BIA Notes, the "Notes"). The Company called on the remaining $2.0 million on December 31, 2012. The funding by Plexus was issued at a total discount to face value of $0.8 million, due to the warrants issued, and the discount is being amortized into interest expense over the life of the Notes.

The Notes mature on June 6, 2016. The obligations evidenced by the Notes shall bear interest at a rate of 13.5% per annum, of which (i) at least 11.5% per annum shall be payable, in cash, monthly ("Cash Interest Portion") and (ii) 2.0% per annum shall be, at the Company's option, paid in cash or paid-in-kind. If the Company achieves certain performance criteria, the obligations evidenced by the Notes shall bear interest at a rate of 12.0% per annum, with a Cash Interest Portion of at least 11.0% per annum.

The obligations of the Company under the Amended Note Purchase Agreement are secured by a second lien on substantially all of Company's tangible and intangible assets. Pursuant to a pledge agreement (the "Pledge Agreement"), dated June 6, 2011, by and between BIA and the Company, the obligations of the Company are also secured by a pledge in all of the equity interests of the Company in its respective United States subsidiaries and a pledge of 65% of the voting equity interests and all of the non-voting equity interests of the Company in its respective non-United States subsidiaries.

Concurrent with entering into the Amended Note Purchase Agreement, SVB and BIA entered into an agreement (the "Intercreditor and Subordination Agreement") which governs, among other things, ranking and collateral access for the respective lenders.

Warrants

On June 6, 2011, pursuant to the Purchase Agreement, the Company issued to BIA a warrant to purchase from the Company 634,648 shares of the Company's common stock, at an exercise price equal to $1.144 per share (as adjusted from time to time as provided in the Purchase Agreement). Upon the additional $1.0 million funding, the Company issued to BIA an additional warrant to purchase from the Company 63,225 shares of the Company's common stock, at an exercise price equal to $1.181 per share.

On April 30, 2012, pursuant to the Amended Note Purchase Agreement, the Company issued to Plexus a warrant to purchase from the Company 535,135 shares of the Company's common stock at an exercise price equal to $2.208 per share (as adjusted from time to time as provided in the warrant). On December 31, 2012, the Company issued to Plexus an additional warrant to purchase from the Company 178,378 shares of the Company's common stock, at an exercise price equal to $2.542 per share (as adjusted from time to time as provided in the warrant). Upon a change of control (as defined in the Amended Note Purchase Agreement), the repayment of the Notes prior to the maturity date of the Notes, the occurrence of an event of default under the Notes or the maturity date of the Notes, the holder of the warrant shall have the option to require the Company to repurchase from the holder the warrant and any shares received upon exercise of the warrant and then held by the holder, which repurchase would be at a price equal to the greater of the closing price of the Company's common stock on such date or a price determined by reference to the Company's adjusted enterprise value on such date, in each case, with respect to any warrant, less the exercise price per share.

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The Company evaluated the down round ratchet feature embedded in the warrants and after considering ASC 480, *Distinguishing Liabilities from Equity,* which establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity, and ASC 815, *Derivatives and Hedging,* the Company concluded the warrants should be treated as a derivative and recorded a liability for the original fair value amount of $1.3 million as of 2012. During 2012, the warrant liability was marked to market which resulted in a loss of $1.0 million. The balance of the warrant liability was $2.3 million as of December 31, 2012, which is included in other long-term liabilities.

Subordinated Notes

On February 8, 2010, the Company completed a financing transaction in which it sold debt and common stock ("February 2010 Units"), resulting in $2.4 million of proceeds to the Company. The February 2010 Units consisted of $1.5 million in aggregated principal amount of the Company's subordinated promissory notes due February 8, 2012, and $0.9 million of the Company's common stock. The subordinated promissory notes were issued at a discount to face value of $0.2 million and the discount is being amortized into interest expense over the life of the subordinated promissory notes. Interest on the subordinated promissory notes accrues at 10% per annum. In May 2011, $1.4 million of the subordinated promissory notes were amended to mature in four equal installments on March 31, June 30, September 30 and December 31, 2013. The remaining $0.1 million of the subordinated promissory notes were paid off in February 2012. The total subordinated promissory notes of $1.4 million are included in short-term debt as of December 31, 2012. Accrued but unpaid interest was $283,000 as of December 31, 2012.

On December 31, 2010, the Company completed a financing transaction in which it sold debt and common stock ("December 2010 Units"), resulting in $2.2 million of proceeds to the Company. The December 2010 Units consisted of $1.1 million in aggregated principal amount of the Company's subordinated promissory notes due December 31, 2013, and $1.1 million of the Company's common stock. On February 16, 2011, the Company and the holders of the December 2010 Units amended the offering solely to increase the aggregate principal amount available for issuance, resulting in an additional $0.4 million of proceeds to the Company, consisting of $0.2 million in aggregated principal amount of the Company's subordinated promissory notes due December 31, 2013, and $0.2 million of the Company's common stock. The subordinated promissory notes were issued at a discount to face value of $0.3 million and the discount is being amortized into interest expense over the life of the subordinated promissory notes. Interest on the subordinated promissory notes accrues at 10% per annum. All accrued interest as of December 31, 2012 was paid.

As of December 31, 2012, the subordinated notes payable had a balance of $2.6 million. The balance includes notes totaling $2.1 million due to a related party, Universal Telecommunications, Inc. H. 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. Also, included in the balance is $0.1 million of the subordinated promissory notes held by officers and directors of the Company.

Promissory Note

As part of the June 2011 acquisition of PacketExchange, the Company assumed a promissory note of approximately $0.7 million. As of December 31, 2012, the remaining balance due was $0.2 million.

Contractual Obligations and Commitments

As of December 31, 2012, the Company had total contractual obligations of approximately $84.2 million. Of these obligations, approximately $39.4 million, or 47% are supplier agreements associated with the telecommunications services that the Company has contracted to purchase from its vendors through 2017 and beyond. 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 $42.8 million, or 51%, of the total contractual obligations are associated with the Company's debt which matures between 2013 and 2016.

Operating leases amount to $2.0 million, or 2% of total contractual obligations, which consist of building leases.

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The following table summarizes the Company's significant contractual obligations as of December 31, 2012 (amounts in thousands):

	Payments due by periods				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Term loan	$ 24,500	$ 5,000	$ 10,000	$ 9,500	$ -
BIA note	8,173	-	-	8,173	-
Plexus note	7,308	-	-	7,308	-
Subordinated notes	2,611	2,611	-	-	-
Promissory note	237	237	-	-	-
Operating leases	2,034	682	952	400	-
Supplier agreements	39,404	8,330	21,491	6,440	3,143
	$ 84,267	$ 16,860	$ 32,443	$ 31,821	$ 3,143

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 years ended December 31, 2012 and 2011, the Company had interest expense, net of interest income, of approximately $4.7 million and $2.5 million, respectively. The Company believes that its results of operations are not materially affected by changes in interest rates.

Exchange Rate Sensitivity

Approximately 24% of the Company's revenue for the year ended December 31, 2012 is derived from services provided outside of the United States. As a consequence, a material percentage of the Company's revenue is 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, 2012.

ITEM 8. *FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA*

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

ITEM 9. *CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES*

Not applicable.

ITEM 9A. *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 Accounting 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.

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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 Accounting Officer, as appropriate to allow timely decisions regarding required disclosures. Our Chief Executive Officer and Chief Accounting 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 Accounting 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, 2012.

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 Accounting 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, 2012.

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to 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, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. ***OTHER INFORMATION***

Not applicable.

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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 2013 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 2013 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 2013 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 2013 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 2013 Annual Meeting of Stockholders.

PART IV

ITEM 15. *EXHIBITS, 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
2.1 (1)	Agreement for the sale and purchase of the entire issued share capital of and loan notes in PacketExchange (Ireland) Limited, dated May 23, 2011, by and among Esprit Capital I Fund No. 1 LP, Esprit Capital I Fund No. 2 LP and the others, as Sellers, and GTT-EMEA, Limited, as Buyer.
2.2 (2)	Stock Purchase Agreement, dated as of April 30, 2012, by and among nLayer Communications, Inc., Jordan Lowe, Daniel Brosk Trust dated December 22, 2006, Global Telecom & Technology Americas, Inc. and Global Telecom and Technology.

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3.1 (3)	Second Amended and Restated Certificate of Incorporation dated October 16, 2006.
3.2 (3)	Amended and Restated Bylaws dated October 15, 2006.
3.3 (4)	Amendment to Amended and Restated Bylaws dated May 7, 2007.
4.1 (5)	Specimen of Common Stock Certificate.
4.2 (6)	Warrant, dated June 6, 2011, issued by Global Telecom & Technology, Inc. to BIA Digital Partners SBIC II LP.
4.3 (2)	Warrant, dated April 30, 2012, issued by Global Telecom & Technology, Inc. to Plexus Fund II, L.P.
4.4 (7)	Form of Registration Rights Agreement, dated as of 2005, by and among the Registrant, Universal Telecommunications, Inc., Hackman Family Trust, Charles Schwab & Company Custodian FBO David Ballarini IRA and Mercator Capital L.L.C.
4.5 (2)	Registration Rights Agreement, dated as of April 30, 2012, by and among Global Telecom & Technology, Inc., Jordan Lowe and Daniel Brosk Trust dated December 22, 2006.
10.1 (8)+	2006 Employee, Director and Consultant Stock Plan, as amended.
10.2 (9) +	2011 Employee, Director and Consultant Stock Plan.
10.3 (3) +	Employment Agreement for H. Brian Thompson, dated October 15, 2006.
10.4 (4) +	Employment Agreement for Richard D. Calder, Jr., dated May 7, 2007.
10.5 (10) +	Amendment No. 1 to the Employment Agreement for Richard D. Calder, Jr., dated July 18, 2008.
10.6 (11) +	Employment Agreement for Christopher McKee, dated September 12, 2011.
10.7 (12) +	Employment Agreement for Michael R. Bauer, dated June 27, 2012.
10.8 (2)	Joinder and Second Loan Modification Agreement, dated April 30, 2012, by and between (i) Silicon Valley Bank, (ii) Global Telecom & Technology, Inc., Global Telecom & Technology (Americas), Inc., PacketExchange (USA), Inc., PacketExchange, Inc., WBS Connect LLC and (iii) nLayer Communications, Inc.
10.9*	First Loan Modification Agreement, dated as of December 15, 2011, by and between Global Telecom and Technology, Inc., Global Telecom and Technology Americas, Inc., PacketExchange (USA), Inc., PacketExchange, Inc. and WBS Connect LLC and Silicon Valley Bank.
10.10 (13)	Loan and Security Agreement, dated June 29, 2011, by and between Global Telecom and Technology, Inc., Global Telecom and Technology Americas, Inc., PacketExchange (USA), Inc., PacketExchange, Inc. and WBS Connect LLC and Silicon Valley Bank.
10.11 (13)	Amended and Restated Unconditional Guaranty by TEK Channel Consulting, LLC dated June 29, 2011.
10.12 (13)	Amended and Restated Unconditional Guaranty by GTT Global Telecom Government Services, LLC dated June 29, 2011.
10.13 (13)	Pledge Agreement, dated June 29, 2011, by and between Global Telecom and Technology, Inc., Global Telecom and Technology Americas, Inc. and Silicon Valley Bank.
10.14 (2)	Second Loan Modification Agreement, dated April 30, 2012, by and between (i) Silicon Valley Bank and (ii) GTT-EMEA, Ltd., PacketExchange (Ireland) Limited and PacketExchange (Europe) Limited.
10.15*	First Loan Modification Agreement, dated December 15,2011, by and between (i) Silicon Valley Bank and (ii) GTT-EMEA, Ltd., PacketExchange (Ireland) Limited and PacketExchange (Europe) Limited.
10.16 (13)	Amended and Restated Loan & Security Agreement, dated June 29, 2011, by and between (i) GTT-EMEA, Ltd., PacketExchange (Ireland) Limited, PacketExchange (Europe) Limited and (ii) Silicon Valley Bank.
10.17 (13)	Unconditional Guaranty by TEK Channel Consulting, LLC dated June 29, 2011.
10.18 (13)	Unconditional Guaranty by GTT Global Telecom Government Services, LLC dated June 29, 2011.
10.19 (13)	Unconditional Guaranty by Global Telecom & Technology, Inc., Global Telecom & Technology Americas, Inc., PacketExchange (USA), Inc., PacketExchange, Inc. and WBS Connect, LLC, dated June 29, 2011.
10.20 (6)	Debenture executed by PacketExchange (Europe) Ltd. in favor of Silicon Valley Bank dated June 6, 2011.
10.21 (6)	Debenture executed by PacketExchange (Ireland) Ltd. in favor of Silicon Valley Bank dated June 6, 2011.
10.22 (14)	Debenture executed by GTT-EMEA, Ltd. in favor of Silicon Valley Bank dated September 30, 2010.
10.23 (13)	Amended and Restated Security Agreement, dated June 29, 2011, by and between GTT Global Telecom Government Services, LLC, TEK Channel Consulting, LLC and Silicon Valley Bank.

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10.24 (6)	Note Purchase Agreement, dated June 6, 2011, by and between (i) Global Telecom & Technology, Inc., Global Telecom & Technology (Americas), Inc., WBS Connect, LLC, PacketExchange, Inc., PacketExchange (USA), Inc. and (ii) BIA Digital Partners SBIC II LP.
10.25 (6)	Unconditional Guaranty, dated June 6, 2011, by and between TEK Channel Consulting, LLC and BIA Digital Partners SBIC II LP.
10.26 (6)	Unconditional Guaranty, dated June 6, 2011, by and between GTT Global Telecom Government Services, LLC and BIA Digital Partners SBIC II LP.
10.27 (6)	Security Agreement, dated June 6, 2011, by and between BIA Digital Partners SBIC II LP and TEK Channel Consulting, LLC and GTT Global Telecom Government Services, LLC.
10.28 (6)	Pledge Agreement, dated June 6, 2011, by and between BIA Digital Partners SBIC II LP and Global Telecom & Technology, Inc. and Global Telecom & Technology Americas, Inc.
10.29 (2)	Amended and Restated Note Purchase Agreement, dated April 30, 2012, by and between (i) Global Telecom & Technology, Inc., Global Telecom & Technology (Americas), Inc., WBS Connect, LLC, PacketExchange, Inc., PacketExchange (USA), Inc., nLayer Communications, Inc., (ii) BIA Digital Partners SBIC II LP, as agent for the Purchasers, and (iii) the Purchasers party thereto.
10.30 (2)	Note, dated April 30, 2012, issued by Global Telecom & Technology, Inc., Global Telecom & Technology (Americas), Inc., WBS Connect, LLC, PacketExchange (USA), Inc, PacketExchange, Inc. and nLayer Communications, Inc., jointly and severally as borrowers, to Plexus Fund II, L.P.
10.31 (2)	Amended and Restated Note, dated April 30, 2012, issued by Global Telecom & Technology, Inc., Global Telecom & Technology (Americas), Inc., WBS Connect, LLC, PacketExchange (USA), Inc, PacketExchange, Inc. and nLayer Communications, Inc., jointly and severally as borrowers, to BIA Digital Partners II LP.
10.32 (15)	Form of Promissory Note of Global Telecom & Technology, Inc. due February 8, 2012.
10.33*	Amendment No. 1, dated May __, 2011, to Promissory Notes of Global Telecom & Technology, Inc. due February 8, 2012.
10.34 (16)	Form of Promissory Note of Global Telecom & Technology, Inc. due December 31, 2013.
21.1*	Subsidiaries of the Registrant.
23.1*	Consent of CohnReznick 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.
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.
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase
101.DEF**	XBRL Taxonomy Extension Definition Linkbase
101.LAB**	XBRL Taxonomy Extension Label Linkbase
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase

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* Filed herewith

** Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability.

\+ Denotes a management or compensatory plan or arrangement.

(1) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K filed May 21, 2011, and incorporated herein by reference.

(2) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K filed May 4, 2012, and incorporated herein by reference.

(3) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K filed October 19, 2006, and incorporated herein by reference.

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

(5) Previously filed as an Exhibit to the Registrant's Quarterly Report on Form 10-Q filed November 14, 2006 and incorporated herein by reference.

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(6) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K filed June 10, 2011, and incorporated herein by reference.

(7) Previously filed as an Exhibit to the Registrant's Amendment No. 1 to the Registration Statement on Form S-1 (Registration No. 333-122303) filed January 26, 2005, and incorporated herein by reference.

(8) Previously filed as Annex E to the Registrant's Definitive Proxy Statement on Schedule 14A filed October 2, 2006, and incorporated herein by reference.

(9) Previously filed as Appendix A to the Registrant's Definitive Proxy Statement on Schedule 14A filed April 29, 2011, and incorporated herein by reference.

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

(11) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K filed September 16, 2011, and incorporated herein by reference.

(12) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K filed June 29, 2012, and incorporated herein by reference.

(13) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K filed July 6, 2011, and incorporated herein by reference.

(14) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K filed October 6, 2010, and incorporated herein by reference.

(15) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K filed February 12, 1010, and incorporated herein by reference.

(16) Previously filed as an Exhibit to the Registrant's Current Report on Form 8-K filed February 23, 2011, and incorporated herein by reference.

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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 19, 2013

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard D. Calder, Jr. and Michael R. Bauer, 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 19, 2013 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/ Michael R. Bauer Michael R. Bauer	Chief Financial Officer and Treasurer (Principal Financial 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
/s/ Morgan E. O’Brien Morgan E. O’Brien	Director
/s/ Theodore B. Smith, III Theodore B. Smith, III	Director

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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, 2012 and 2011, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for the years then ended. Global Telecom and Technology, Inc. and Subsidiaries management is responsible for these financial statements. Our responsibility is to express an opinion on these 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. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 financial position of Global Telecom & Technology, Inc. and Subsidiaries as of December 31, 2012 and 2011 and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ CohnReznick LLP

Jericho, New York
March 19, 2013

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Global Telecom & Technology, Inc.

Consolidated Balance Sheets
(Amounts in thousands, except for share and per share data)

	December 31, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,726	$ 3,249
Accounts receivable, net of allowances of $748 and $1,516, respectively	11,003	10,855
Deferred contract costs	1,346	1,831
Prepaid expenses and other current assets	1,877	2,197
Total current assets	18,952	18,132
Property and equipment, net	5,494	3,262
Intangible assets, net	20,903	11,828
Other assets	2,614	4,153
Goodwill	49,793	40,950
Total assets	$ 97,756	$ 78,325
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 12,857	$ 16,457
Accrued expenses and other current liabilities	13,301	8,325
Short-term debt	7,848	6,677
Deferred revenue	6,588	6,157
Total current liabilities	40,594	37,616
Long-term debt	34,981	21,312
Deferred revenue	234	265
Other long-term liabilities	4,908	1,001
Total liabilities	80,717	60,194
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value $.0001 per share, 80,000,000 shares authorized, 19,129,765 and 18,674,860 shares issued and outstanding as of December 31, 2012 and 2011, respectively	2	2
Additional paid-in capital	63,207	62,442
Accumulated deficit	(45,437)	(43,874)
Accumulated other comprehensive loss	(733)	(439)
Total stockholders' equity	17,039	18,131
Total liabilities and stockholders' equity	$ 97,756	$ 78,325

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

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Global Telecom & Technology, Inc.

Condensed Consolidated Statements of Operations
(Amounts in thousands, except for share and per share data)

	Year Ended December 31, 2012	Year Ended December 31, 2011
Revenue:		
Telecommunications services sold	$ 107,877	$ 91,188
Operating expenses:		
Cost of telecommunications services provided	76,000	64,198
Selling, general and administrative expense	18,957	18,597
Restructuring costs, employee termination and other items	701	958
Depreciation and amortization	7,296	3,896
Total operating expenses	102,954	87,649
Operating income	4,923	3,539
Other expense:		
Interest expense, net	(4,686)	(2,491)
Other expense, net	(1,054)	(218)
Total other expense	(5,740)	(2,709)
Income (loss) before income taxes	(817)	830
Provision for income taxes	746	575
Net income (loss)	$ (1,563)	$ 255
Earnings (loss) per share:		
Basic	$ (0.08)	$ 0.01
Diluted	$ (0.08)	$ 0.01
Weighted average shares:		
Basic	18,960,347	18,599,028
Diluted	18,960,347	18,820,380

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Global Telecom & Technology, Inc.

Consolidated Statements of Comprehensive Income (Loss)
(Amounts in thousands, except for share and per share data)

	Year Ended December 31, 2012	Year Ended December 31, 2011
Net income (loss)	$ (1,563)	$ 255
Other comprehensive loss:		
Change in accumulated foreign currency translation loss	(294)	(152)
Comprehensive income (loss)	$ (1,857)	$ 103

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Global Telecom & Technology, Inc.

Consolidated Statements of Stockholders' Equity
(Amounts in thousands, except for share and per share data)

	Common Stock		Additional Paid -In	Accumulated	Accumulated Other Comprehensive	
	Shares	Amount	Capital	Deficit	Loss	Total
Balance, December 31, 2010	17,880,254	$ 2	$ 61,497	$ (44,129)	$ (287)	$ 17,083
Share-based compensation for options issued	-	-	171	-	-	171
Share-based compensation for restricted stock issued	384,606	-	527	-	-	527
Shares issued related to December 2009 acquisition	210,000	-	-	-	-	-
Shares issued in February 2011 units offering	200,000	-	247	-	-	247
Net income	-	-	-	255	-	255
Change in accumulated foreign currency translation loss	-	-	-	-	(152)	(152)
Balance, December 31, 2011	18,674,860	2	62,442	(43,874)	(439)	18,131
Share-based compensation for options issued	-	-	210	-	-	210
Share-based compensation for restricted stock issued	406,248	-	400	-	-	400
Stock options exercised	48,657	-	3	-	-	3
Tax benefit from stock option plans	-	-	152	-	-	152
Net loss	-	-	-	(1,563)	-	(1,563)
Change in accumulated foreign currency translation loss	-	-	-	-	(294)	(294)
Balance, December 31, 2012	19,129,765	$ 2	$ 63,207	$ (45,437)	$ (733)	$ 17,039

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

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

	Year Ended	
	December 31, 2012	December 31, 2011
Cash flows from operating activities:		
Net Income (loss)	$ (1,563)	$ 255
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,296	3,896
Shared-based compensation	610	698
Debt discount amortization	303	316
Change in fair value of warrant liability	1,072	(42)
Tax benefit for stock options	(152)	
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable, net	1,017	(2,307)
Deferred contract cost	517	(1,295)
Prepaid expenses and other current assets	361	731
Other assets	(601)	(108)
Accounts payable	(4,109)	2,829
Accrued expenses and other current liabilities	(1,382)	(3,124)
Deferred revenue and other long-term liabilities	644	(1,877)
Net cash provided by (used in) operating activities	4,013	(28)
Cash flows from investing activities:		
Acquisition of businesses, net of cash acquired	(13,833)	(14,604)
Purchase of customer list	(1,723)	(1,000)
Purchases of property and equipment	(1,839)	(530)
Net cash used in investing activities	(17,395)	(16,134)
Cash flows from financing activities:		
Principal payments on promissory note	(472)	(244)
(Repayment of) borrowing from line of credit, net	(3,100)	762
Repayment of term loan	(3,500)	(2,333)
Issuance of term loan	14,500	14,417
Issuance of Plexus note, net of discount	7,214	-
Payment of subordinate notes payable	(105)	-
Issuance of subordinated notes	-	153
Issuance of units offering common shares	-	247
Tax benefit for stock options	152	-
Exercise of stock options	3	-
Net cash provided by financing activities	14,692	13,002
Effect of exchange rate changes on cash	167	(153)
Net increase (decrease) in cash and cash equivalents	1,477	(3,313)
Cash and cash equivalents at beginning of year	3,249	6,562
Cash and cash equivalents at end of year	$ 4,726	$ 3,249
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 4,759	$ 2,175
Supplemental disclosure of non cash investing and financing activities (Note 4):		
Measurement period adjustment related to PacketExchange acquisition	$ 744	$ -
Adjustment related to August 2010 sales novations	2,885	-
Fair value of PacketExchange liabilities assumed	-	9,869

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Fair value of PacketExchange assets acquired	-	16,015
Fair value of promissory note assumed in PacketExchange acquisition	-	709
Non-cash increase in other assets due to the PacketExchange acquisition	-	544
Fair value of warrant liability (Note 5)	-	430

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

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Global Telecom & Technology, Inc.

Notes to Consolidated Financial Statements

NOTE 1 — ORGANIZATION AND BUSINESS

Organization and Business

Global Telecom & Technology, Inc. ("GTT" or the "Company") is a Delaware corporation which was incorporated on January 3, 2005. GTT is a premiere cloud network provider delivering simplicity, speed and agility to enterprise, government and carrier customers in over 80 countries worldwide. Powered by our global Ethernet and IP backbone, GTT operates one of the most interconnected global networks. GTT's solutions include cloud networking, high bandwidth IP transit for content delivery and hosting, and network-to-network carrier interconnects.

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").

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 include:

GTT Global Telecom Government Services, LLC

WBS Connect LLC

TEK Channel Consulting, LLC

PEUSA

PEINC

nLayer Communications, Inc.

GTTE's subsidiaries include:

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

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WBS Connect Europe, Ltd.

PEIRL PacketExchange Ireland

PEX Hong Kong

PEX KK (Japan)

PEX (Singapore)

PEEL PacketExchange Europe

PEUK PacketExchange, Ltd.

PEML PacketExchange Metro

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 revenue 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 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 revenue earned for providing provisioning services in connection with the delivery of recurring communications services is 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. Based on operating activity, the Company believes the initial contractual term is the best estimate of the period of earnings.

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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. This revenue is earned when a customer cancels or terminates a service agreement prior to the end of its committed term. This revenue is 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.

Translation of Foreign Currencies

These consolidated financial statements have been reported in U.S. Dollars by translating asset and liability amounts of foreign subsidiaries 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	
	2012	2011	2012	2011
Closing exchange rate at December 31	1.62	1.55	1.32	1.29
Average exchange rate during the period	1.58	1.60	1.29	1.39

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 in other income.

Other Income (Expense), Net

The Company recognized other expense, net of income, of $1.1 million and $0.2 for the years ended December 31, 2012 and 2011, respectively, primarily comprised of the change in the fair value of the warrant liability.

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, 2012 and 2011, the total allowance for doubtful accounts was $0.7 million and $1.5 million, respectively.

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Other Comprehensive Income (Loss)

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

Accounting Standards Codification ("ASC") Topic 718, *Compensation — Stock Compensation* 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 was $0.6 million for the year ended December 31, 2012 and $0.7 for the year ended December 31, 2011. For the year ended December 31, 2012 and 2011, share-based compensation expense related to stock option grants were both approximately $0.2 million. Share-based compensation expense related to restricted stock awards were $0.4 million for the year ended December 31, 2012 and $0.5 million for the years ended December 31, 2011. Share-based compensation expense is included in selling general and administrative expense on the accompanying consolidated statements of operations. See Note 10 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, 2012 and 2011, 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, 2012 and 2011 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 uses 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 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*. The Company did not issue any options or shares to non-employees in 2012 and 2011.

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 ASC 815, *Derivatives and Hedging*, 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 ASC 815 Subtopic 40, *Contracts in Entity's Own Equity*, 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.

The Company also considers in ASC 815, the 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 718, *Compensation —Stock Compensation*. As a result, the Company recorded a warrant liability in the amount of $0.8 million in 2012 and $0.5 million in 2011. As of December 31, 2012, the warrant liability was marked to market which resulted in a loss of $1.1 million. The balance of the warrant liability was $2.3 million at December 31, 2012, which is included in other long-term liabilities.

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Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes*. Under ASC Topic 740, deferred tax assets are recognized for future deductible temporary differences and for 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.

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. The Company's federal, state and international tax returns for 2008, 2009, 2010 and 2011 are still open. 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*, on a net basis.

Net Income 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.

The table below details the calculations of earnings per share (in thousands, except share and per share data):

	Year Ended December 31,	
	2012	2011
Numerator for basic and diluted EPS – income (loss) available to common stockholders	$ (1,563)	$ 255
Denominator for basic EPS – weighted average shares	18,960,347	18,599,028
Effect of dilutive securities	-	221,352
Denominator for diluted EPS – weighted average shares	18,960,347	18,820,380
Earnings (loss) per share: basic and diluted	$ (0.08)	$ 0.01

The table below details the anti-dilutive items that were excluded in the computation of earnings per share (in thousands):

	Year ended December 31,	
	2012	2011
Class Z warrants	-	12,090
BIA warrant	698	698
Plexus warrant	714	-
Stock options	1,395	658
Totals	2,807	13,446

On April 10, 2012, the Class Z warrants expired. No Class Z warrants were exercised to purchase common stock.

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Software Capitalization

Internal Use Software — The Company recognizes internal use software in accordance with ASC Topic 350-40, *Internal-Use Software*, which 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 shorter of the term of the lease, excluding optional extensions, or the useful life. 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 businesses. 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* . ASC Topic 350 provides guidance on financial accounting and reporting related to goodwill and other intangibles, other than the accounting at acquisition for goodwill and other intangibles. 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.

In September 2011, the FASB issued Accounting Standards Update (“ASU”) No. 2011-08, *Intangibles—Goodwill and Other (Topic 350): Testing Goodwill for Impairment.* ASU 2011-08 is intended to simplify how entities, both public and nonpublic, test goodwill for impairment. ASU 2011-08 permits an entity to first assess qualitative factors to determine whether it is “more likely than not” that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350, *Intangibles-Goodwill and Other.* 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 360-10-35, *Impairment or Disposal of Long-Lived Assets.* ASC Topic 360-10-35 provides guidance for recognition and measurement of the impairment of long-lived assets to be held, used and disposed of by sale. 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.

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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*, 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. The reported amounts of 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.

For the year ended December 31, 2012, open disputes totaled approximately $4.1 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 $1.1 million in connection with these disputes as of December 31, 2012. As of December 31, 2011, open disputes totaled approximately $3.4 million and the Company determined the liability from these disputes to be $1.3 million.

Recent Accounting Pronouncements

In May 2011, the FASB issued ASU No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, which amends the current fair value measurement and disclosure guidance of ASC Topic 820, *Fair Value Measurement,* to include increased transparency around valuation inputs and investment categorization. The Company adopted the guidance provided in ASU No. 2011-04 for interim and annual periods beginning after December 15, 2011. The adoption of these provisions did not have a material impact on the unaudited condensed consolidated statements of operations and balance sheets.

Management does not believe that any 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 — ACQUISITIONS

On April 30, 2012, the Company entered into an agreement (the "Acquisition Agreement") to acquire privately-owned Chicago-based, nLayer Communications, Inc. ("nLayer") through the acquisition of all of the equity interests in nLayer. nLayer owns and operates its own continuously upgraded all-optical IP/MPLS network and provides wholesale IP transit, data transport, and managed networking services in major markets throughout North America and Europe.

The closing of the acquisition occurred simultaneously with the signing of the Acquisition Agreement. In consideration for the equity interests in nLayer, the Company agreed to pay the sellers $18.0 million, subject to a working capital adjustment and a reduction if nLayer's revenue is lower than specified target levels during the two-year period after the closing of the acquisition.

At the closing, the Company paid $12.0 million, with the remaining $6.0 million, subject to adjustment, to be paid over the two-year period after the closing. The sellers may elect to receive up to one-half of the post-closing payments to which they become entitled in the form of common stock of the Company, valued for this purpose at $2.45 per share. As a result of this option, the Company valued the deferred consideration at $6.2 million.

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During the third quarter of 2012, the Company and the former stockholders of nLayer finalized an agreement to allow the Company to treat the acquisition as an asset purchase. This agreement resulted in additional purchase price and goodwill of $0.6 million. As a result of the agreement, the book and tax basis of the acquired assets will be the same.

The Company accounted for the acquisition using the acquisition method of accounting with GTT treated as the acquiring entity. Accordingly, consideration paid by the Company to complete the acquisition of nLayer has been preliminarily allocated to nLayer's assets and liabilities based upon their estimated fair values as of the date of completion of the acquisition, April 30, 2012. The Company estimated the fair value of nLayer's assets and liabilities based on discussions with nLayer's management, due diligence and information presented in financial statements.

		Amounts in thousands
Purchase Price:		
Cash consideration paid	$	12,621
Fair value of liabilities assumed		1,143
Fair value of deferred consideration		6,200
Total consideration	$	19,964
Purchase Price Allocation:		
Acquired Assets		
Current assets	$	1,148
Property and equipment		2,657
Intangible assets		8,400
Total fair value of assets acquired		12,205
Goodwill		7,759
Total consideration	$	19,964

The following schedule presents unaudited consolidated pro forma results of operations as if the acquisition had occurred on January 1, 2011. 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, 2011, 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.

	Year Ended December 31,			
		2012		**2011**
Amounts in thousands, except per share data				
Revenue	$	113,401	$	105,922
Net income (loss)	$	(774)	$	1,633
Net income (loss) per share:				
Basic	$	(0.04)	$	0.09
Diluted	$	(0.04)	$	0.09
Basic		18,960,347		18,599,028
Diluted		18,960,347		18,820,380

On August 24, 2012, the Company entered into an agreement to acquire Electra, LTD. At closing, the Company paid $1.0 million in consideration, offset by a $0.1 million working capital true up to be received by December 31, 2012. The Company acquired certain service level agreements and all rights under those agreements, as well as certain supply agreements and obligations thereunder. The Company valued the customer relationships from the acquisition and recorded $0.9 million in intangible assets. There were no other assets or liabilities acquired.

On June 6, 2011, GTT acquired privately-held PacketExchange. Based in London, PacketExchange provides customized Ethernet network solutions for approximately 500 customers worldwide. PacketExchange's redundant network stretches across over 20 major cities in Europe, the United States and Asia.

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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 PacketExchange has been allocated to PacketExchange's assets and liabilities based upon their estimated fair values as of the date of completion of the acquisition, June 6, 2011. The Company estimated the fair value of PacketExchange's assets and liabilities based on discussions with PacketExchange's management, due diligence and information presented in financial statements. The intangible assets acquired were related to customer relationships.

	Amounts in thousands
Purchase Price:	
Debt extinguished by GTT at closing	$ 11,767
Accrued liabilities extinguished by GTT at closing	4,074
Total cash consideration	15,841
Fair value of liabilities assumed	10,613
Fair value of debt assumed	709
Fair value of deferred consideration	1,500
Total consideration rendered	$ 28,663
Purchase Price Allocation:	
Acquired Assets:	
Current assets, including cash acquired of $1,238	$ 5,823
Property and equipment	2,455
Intangible assets	7,578
Other assets	159
Total fair value of assets acquired	16,015
Goodwill	12,648
Total consideration	$ 28,663

The following schedule presents unaudited consolidated pro forma results of operations as if the acquisition had occurred on January 1, 2011. 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, 2011, 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.

Amounts in thousands, except per share data	**Year Ended December 31, 2011**
Revenue	$ 101,919
Net loss	$ (528)
Net loss per share:	
Basic	$ (0.03)
Diluted	$ (0.03)
Basic	18,599,028
Diluted	18,599,028

During the year ended December 31, 2011, the Company settled outstanding contingent consideration resulting from the 2009 acquisition. The Company issued 210,000 shares of common stock, which had been fair valued as part of the purchase price allocation, and as such, no further charges were recorded.

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NOTE 4 — GOODWILL AND INTANGIBLE ASSETS

During the third quarter of 2012, the Company completed its annual goodwill impairment testing in accordance with ASC Topic 350, *Intangibles—Goodwill and Other*. After performing the qualitative assessment, the Company determined that it is more likely than not that the fair value of the reporting unit is greater than its carrying amount; therefore, the first and second steps of the goodwill impairment test were unnecessary and concluded that no impairment existed.

The Company recorded goodwill in the amount of $7.8 million in 2012 in connection with the nLayer acquisition and in accordance with ASC Topic 350, *Intangibles—Goodwill and Other*. Additionally, $8.4 million of the purchase price was allocated to intangible assets related to customer relationships and non-compete agreements which are subject to straight-line amortization.

During the second quarter of 2012, the Company completed a final measurement review of the PacketExchange goodwill that was initially recorded during the acquisition in the second quarter of 2011. In accordance with ASC Topic 805, *Business Combinations*, the Company recorded a $0.7 million measurement period adjustment. New information was obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in the recognition of those assets and liabilities as of that date.

The Company entered into sales novation agreements in 2012 which assigned and transferred to the Company certain service level agreements and all rights under those agreements, as well as certain supply agreements and obligations thereunder. The Company valued the customer relationships from the novations and recorded $1.7 million in intangible assets. The Company valued the customer relationships from the Electra acquisition and recorded $0.9 million in intangible assets and $0.3 million in goodwill.

The Company adjusted certain prepaid expenses and other assets relating to the August 2010 sales novation agreements, resulting in a $2.9 million increase to intangible assets. This was the result of a settlement agreement which triggered the re-characterization of the asset.

The changes in the carrying amount of goodwill for the year ended December 31, 2012 are as follows (in thousands):

Balance at December 31, 2011	$	40,950
Goodwill associated with the nLayer acquisition		7,759
Measurement period adjustment related to the PacketExchange acquisition		744
Goodwill associated with the Electra acquisition		340
Balance at December 31, 2012	$	49,793

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The following table summarizes the Company's intangible assets as of December 31, 2012 and December 31, 2011 (amounts in thousands):

		December 31, 2012		
	Amortization Period	Gross Asset Cost	Accumulated Amortization	Net Book Value
Customer contracts	4-7 years	$ 26,471	$ 6,802	$ 19,669
Carrier contracts	1 year	151	151	-
Noncompete agreements	4-5 years	4,331	3,593	738
Software	7 years	4,935	4,439	496
		$ 35,888	$ 14,985	$ 20,903

		December 31, 2011		
	Amortization Period	Gross Asset Cost	Accumulated Amortization	Net Book Value
Customer contracts	4-5 years	$ 13,384	$ 2,827	$ 10,557
Carrier contracts	1 year	151	151	-
Noncompete agreements	4-5 years	3,531	3,384	147
Software	7 years	4,935	3,811	1,124
		$ 22,001	$ 10,173	$ 11,828

Amortization expense was $4.8 million and $2.5 million for the years ended December 31, 2012 and 2011, respectively.

Estimated amortization expense related to intangible assets subject to amortization at December 31, 2012 in each of the years subsequent to December 31, 2012 is as follows (amounts in thousands):

2013	$ 6,048
2014	5,455
2015	4,110
2016	3,201
2017	1,626
and beyond	463
Total	$ 20,903

NOTE 5 — FAIR VALUE MEASUREMENTS

The Company accounts for fair value measurements in accordance with ASC 820, *Fair Value Measurements*, as it relates to financial assets and financial liabilities. ASC 820 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America and expands disclosures about fair value measurements. ASC 820 applies under other previously issued accounting pronouncements that require or permit fair value measurements but does not require any new fair value measurements.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs).

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The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described as follows:

- Level 1- Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3- Inputs that are unobservable for the asset or liability.

The following section describes the valuation methodologies that we used to measure financial instruments at fair value.

The Company considers the valuation of its warrant liability as a Level 3 liability based on unobservable inputs. The Company uses the Black-Scholes pricing model to measure the fair value of the warrant liability. The model required the input of highly subjective assumptions including volatility of 61%, expected term of 5 years, risk-free interest rate of 0% and a dividend yield of 0%.

The following table presents the liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of December 31, 2012 (amounts in thousands):

	Level 1	Level 2	Level 3	Total
Liabilities:				
Warrant liability	$ —	$ —	$ 2,288	$ 2,288

Rollforward of Level 3 liabilities are as follows (amounts in thousands):

Balance at December 31, 2011	$ 430
Issuance of warrants	786
Change in fair value of warrant liability	1,072
Balance at December 31, 2012	$ 2,288

The carrying amounts of cash equivalents, investments, receivables, accounts payable, and accrued expenses approximate fair value due to the immediate or short-term maturity of these financial instruments. The fair value of notes payable is determined using current applicable rates for similar instruments as of the balance sheet date and approximates the carrying value of such debt.

NOTE 6 — PROPERTY AND EQUIPMENT

The following table summarizes the Company's property and equipment at December 31, 2012 and 2011 (amounts in thousands):

	2012	2011
Network equipment	$ 8,710	$ 6,840
Computer software	3,353	617
Leasehold improvements	744	527
Furniture and fixtures	256	248
Property and equipment, gross	13,063	8,232
Less accumulated depreciation and amortization	(7,569)	(4,970)
Property and equipment, net	$ 5,494	$ 3,262

Depreciation expense associated with property and equipment was $2.5 million and $1.4 million for the years ended December 31, 2012 and 2011, respectively.

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NOTE 7 — ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

The following table summarizes the Company's accrued expenses and other current liabilities as of December 31, 2012 and 2011 (amounts in thousands):

	2012	2011
Accrued compensation and benefits	$ 1,056	$ 1,280
Accrued interest payable	610	144
Accrued taxes	843	856
Accrued carrier costs	3,912	4,258
Accrued other	6,880	1,787
	$ 13,301	$ 8,325

NOTE 8 — INCOME TAXES

The components of the provision for income taxes for the years ended December 31, 2012 and 2011 are as follows (amounts in thousands):

	2012	2011
Current:		
Federal	$ 219	$ 41
State	144	31
Foreign	279	308
Subtotal	642	380
Deferred:		
Federal	(285)	271
State	(93)	500
Foreign	(167)	104
Subtotal	(545)	875
Change in valuation allowance	649	(680)
Provision for income taxes	$ 746	$ 575

The provision for income taxes differs from the amount computed by applying the U.S. federal statutory income tax rate to income before income taxes for the reasons set forth below for the years ended December 31, 2012 and 2011:

	2012	2011
US federal statutory income tax rate	35.00%	35.00%
Permanent items	-4.26%	1.57%
State taxes, net of federal benefit	-13.12%	7.58%
Foreign tax rate differential	-15.79%	9.95%
Change in valuation allowance	-98.81%	-64.88%
Stock compensation shortfalls	0.00%	46.68%
Intangibles	0.00%	28.16%
Prior year AMT	-6.74%	0.00%
Return to provision adjustments	12.37%	5.28%
Effective Tax Rate	-91.35%	69.34%

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In 2012, loss before income taxes of $0.8 million consisted of $0.3 million domestic and $0.5 million foreign. In 2011, income before income taxes of $0.8 million consisted of $0.4 million domestic and $0.4 million foreign.

As of December 31, 2012, the Company has net operating loss ("NOL") carryforwards of approximately $25.3 million for tax purposes which will be available to offset future income. The NOL carryforwards consist of $20.7 million in foreign NOL carryforward and $4.6 million in U.S. NOL carryforward. If not used, these carryforwards will expire between 2020 and 2030. 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.

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, 2012 and 2011 are as follows (amounts in thousands):

	2012	2011
Deferred tax assets:		
Net operating loss carryforwards	$ 5,400	$ 5,951
Allowance for doubtful accounts	85	315
Fixed assets	320	394
Stock compensation	503	440
Miscellaneous items	646	155
Total deferred tax assets before valuation allowance	6,954	7,255
Less: valuation allowance	(6,708)	(6,059)
Total deferred tax assets	246	1,196
Deferred tax liabilities:		
Identified intangibles	780	1,349
Miscellaneous items	274	211
Total deferred tax liabilities	1,054	1,560
Net deferred tax liability	$ 808	$ 364

ASC Topic 740 provides for the recognition of deferred tax assets if realization of such assets if 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, and France.

The Company does not expect to remit earnings from its foreign subsidiaries. Earnings are considered to be permanently reinvested and, accordingly, no U.S. federal and state income taxes have been provided thereon. Upon distribution of those earnings in the form of dividends or otherwise, the Company could be subject to both U.S. income taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to various foreign countries.

As of December 31, 2012 and 2011, the Company had no uncertain tax positions.

NOTE 9 — RESTRUCTURING COSTS, EMPLOYEE TERMINATION AND OTHER ITEMS

During the year ended December 31, 2012, the Company incurred costs associated with executing and closing the nLayer acquisition, including legal fees, professional fees, and travel.

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

	Charges Net of Reversals	Cash Payments	Total
Balance, December 31, 2011	$ -	$ -	$ -
Legal, advisory, consulting fees	150	(150)	-
Integration expenses	541	(541)	-
Travel and other expenses	10	(10)	-
Balance, December 31, 2012	$ 701	$ (701)	$ -

NOTE 10 — EMPLOYEE SHARE-BASED COMPENSATION BENEFITS

Stock-Based Compensation Plan

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

The Company adopted its 2011 Employee, Director and Consultant Stock Plan (the "2011 Plan") in June 2011. In addition to stock options, the Company may also grant restricted stock or other stock-based awards under the 2011 Plan. The maximum number of shares issuable over the term of the 2011 Plan is limited to 3,000,000 shares. The 2006 Plan will continue according to its terms.

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:

	2012	2011
Volatility	61.9% - 64.0%	59.8% - 92.4%
Risk free rate	0.8% - 1.8%	1.2% - 2.5%
Term	6.25	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, 2012 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 year ended December 31, 2012 and 2011, the Company recognized compensation expense of $0.6 million and $0.2 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.

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During the year ended December 31, 2012, 515,000 options were granted pursuant to the Plan. The following table summarizes information concerning options outstanding as of December 31, 2012:

	Options		Weighted Average Exercise Price		Weighted Average Fair Value	Weighted Average Remaining Contractual Life (Years)		Aggregate Intrinsic Value
Balance at December 31, 2011	1,067,657	$	1.20	$	0.87	7.56	$	228,298
Granted	515,000		1.95		1.16	-		-
Exercised	48,657		-		-	-		74,257
Forfeited	(236,064)		1.32		0.54	-		389,460
Balance at December 31, 2012	1,395,250	$	1.49	$	0.43	7.23	$	1,834,685
Exercisable	512,384	$	0.90	$	0.68	5.60	$	1,766,295

As of December 31, 2012, 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):

2013	$	241
2014		198
2015		141
2016		44
Total	$	624

The fair value of share based compensation for options that vested as of December 31, 2012 was $0.6 million.

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 year ended December 31, 2012 and 2011, the Company recognized compensation expense related to restricted stock of $0.4 million and $0.5 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, 2012 and 2011:

	2012			**2011**		
	Shares		**Weighted Average Fair Value**	**Shares**		**Weighted Average Fair Value**
Nonvested Balance at January 1,	587,089	$	0.91	667,499	$	0.91
Granted	419,726		2.08	386,387		1.20
Forfeited	-		-	(90,375)		1.07
Vested	(104,225)		2.38	(376,422)		1.19
Nonvested Balance at December 31,	902,590	$	1.66	587,089	$	0.91

As of December 31, 2012, 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 1.5 years.

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NOTE 11 — DEFINED CONTRIBUTION PLAN

The Company has a defined contribution retirement plan under Section 401(k) of the IRC that covers substantially all US based employees. Eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations. During 2012 and 2011, the Company matched 35% of employees' contributions to the plan. The Company's 401(k) expense was $84,000 in 2012 and $59,000 in 2011.

NOTE 12 — DEBT

The following summarizes the debt activity of the Company during 2012 (amounts in thousands):

	Total Debt	SVB Term Loan	SVB Line of Credit	BIA Note	Plexus Note	Subordinated Notes	Promissory Note
Debt obligation as of December 31, 2011	$ 27,989	$ 13,500	$ 3,100	$ 8,078	$ -	$ 2,602	$ 709
Issuance, net of discount	25,714	14,500	4,000	-	7,214	-	-
Debt discount amortization	303	-	-	95	94	114	-
Payments	(11,177)	(3,500)	(7,100)	-	-	(105)	(472)
Debt obligation as of December 31, 2012	$ 42,829	$ 24,500	$ -	$ 8,173	$ 7,308	$ 2,611	$ 237

Estimated annual commitments for debt maturities net of unamortized discounts are as follows at December 31, 2012 (amounts in thousands):

	Total Debt
2013	$ 7,848
2014	5,000
2015	5,000
2016	24,981
	$ 42,829

Term Loan and Line of Credit

On June 6, 2011, immediately following the PacketExchange acquisition, the Company entered into a joinder and first loan modification agreement with Silicon Valley Bank ("SVB"), which amended the loan agreement, dated September 30, 2010, by and among SVB and the Company. The modification agreement contains customary representations, warranties and covenants of the Company and customary events of default. The obligations of the Company under the modification agreement are secured by substantially all of the Company's tangible and intangible assets pursuant to the loan agreement. As of December 31, 2012, the Company is in compliance with the reporting and financial covenants stated in the modification agreement.

On April 30, 2012, in connection with the nLayer acquisition, the Company and nLayer entered into a modification agreement with SVB, which increased the outstanding amount of the Term Loan by $7.5 million, while the existing covenants and revolving Line of Credit in the aggregate principal amount of up to $5 million remained unchanged.

On May 23, 2012, the Company refinanced the Term Loan through a syndication led by SVB, which amends the loan agreement dated April 30, 2012, as amended, by and among SVB and the Company, which increased the outstanding amount of the Term Loan by $7.0 million, while the existing covenants and the amount of the Line of Credit remained unchanged.

The Term Loan matures on May 1, 2016. The Company will repay the Term Loan in sixteen (16) equal quarterly principal installments of $1.25 million, with each payment of principal being accompanied by a payment of accrued interest. The Term Loan bears interest at a floating rate per annum, calculated daily, equal to the prime rate plus 4.5% per annum, which may be reduced to 3.5% per annum if the Company's consolidated senior leverage ratio is less than 2:1 and certain other criteria are met.

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Any borrowing under the Line of Credit will mature on April 30, 2016, and will bear interest at a floating rate per annum, calculated daily, equal to the prime rate plus 3.5% per annum, which may be reduced to 2.5% per annum if the Company's consolidated senior leverage ratio is less than 2:1 and certain other criteria are met.

BIA and Plexus Notes

Concurrent with entering in to the modification agreement, on June 6, 2011, the Company entered into a note purchase agreement (the "Purchase Agreement") with the BIA Digital Partners SBIC II LP ("BIA"). The Purchase Agreement provided for a total commitment of $12.5 million, of which $7.5 million was immediately funded (the "BIA Notes"). The BIA Notes were issued at a discount to face value of $0.4 million and the discount is being amortized, into interest expense, over the life of the notes. The remaining $5.0 million of the committed financing was available to be called by the Company on or before August 11, 2011, subject to extension to December 31, 2011 at the sole option of BIA. On September 19, 2011, BIA agreed to extend the commitment period and funded the Company an additional $1.0 million. The additional funding was issued at a discount to face value of $45,000, due to the warrants issued, and the discount is being amortized, into interest expense, over the life of the notes.

On April 30, 2012, in connection with the nLayer acquisition, the Company entered into an amended and restated note purchase agreement (the "Amended Note Purchase Agreement") with BIA and Plexus Fund II, L.P. ("Plexus") (together with BIA, the "Note Holders"). The Amended Note Purchase Agreement provides for an increase in the total financing commitment by $8.0 million, of which $6.0 million was immediately funded (the "Plexus Notes" and together with the BIA Notes, the "Notes"). The Company called on the remaining $2.0 million on December 31, 2012. The funding by Plexus was issued at a total discount to face value of $0.8 million, due to the warrants issued, and the discount is being amortized into interest expense over the life of the Notes.

The Notes mature on June 6, 2016. The obligations evidenced by the Notes shall bear interest at a rate of 13.5% per annum, of which (i) at least 11.5% per annum shall be payable, in cash, monthly ("Cash Interest Portion") and (ii) 2.0% per annum shall be, at the Company's option, paid in cash or paid-in-kind. If the Company achieves certain performance criteria, the obligations evidenced by the Notes shall bear interest at a rate of 12.0% per annum, with a Cash Interest Portion of at least 11.0% per annum.

The obligations of the Company under the Amended Note Purchase Agreement are secured by a second lien on substantially all of Company's tangible and intangible assets. Pursuant to a pledge agreement (the "Pledge Agreement"), dated June 6, 2011, by and between BIA and the Company, the obligations of the Company are also secured by a pledge in all of the equity interests of the Company in its respective United States subsidiaries and a pledge of 65% of the voting equity interests and all of the non-voting equity interests of the Company in its respective non-United States subsidiaries.

Concurrent with entering into the Amended Note Purchase Agreement, SVB and BIA entered into an agreement (the "Intercreditor and Subordination Agreement") which governs, among other things, ranking and collateral access for the respective lenders.

Warrants

On June 6, 2011, pursuant to the Purchase Agreement, the Company issued to BIA a warrant to purchase from the Company 634,648 shares of the Company's common stock, at an exercise price equal to $1.144 per share (as adjusted from time to time as provided in the Purchase Agreement). Upon the additional $1.0 million funding, the Company issued to BIA an additional warrant to purchase from the Company 63,225 shares of the Company's common stock, at an exercise price equal to $1.181 per share.

On April 30, 2012, pursuant to the Amended Note Purchase Agreement, the Company issued to Plexus a warrant to purchase from the Company 535,135 shares of the Company's common stock at an exercise price equal to $2.208 per share (as adjusted from time to time as provided in the warrant). On December 31, 2012, the Company issued to Plexus an additional warrant to purchase from the Company 178,378 shares of the Company's common stock, at an exercise price equal to $2.542 per share (as adjusted from time to time as provided in the warrant). Upon a change of control (as defined in the Amended Note Purchase Agreement), the repayment of the Notes prior to the maturity date of the Notes, the occurrence of an event of default under the Notes or the maturity date of the Notes, the holder of the warrant shall have the option to require the Company to repurchase from the holder the warrant and any shares received upon exercise of the warrant and then held by the holder, which repurchase would be at a price equal to the greater of the closing price of the Company's common stock on such date or a price determined by reference to the Company's adjusted enterprise value on such date, in each case, with respect to any warrant, less the exercise price per share.

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The Company evaluated the down round ratchet feature embedded in the warrants and after considering ASC 480, *Distinguishing Liabilities from Equity,* which establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity, and ASC 815, *Derivatives and Hedging,* the Company concluded the warrants should be treated as a derivative and recorded a liability for the original fair value amount of $1.3 million as of 2012. During 2012, the warrant liability was marked to market which resulted in a loss of $1.0 million. The balance of the warrant liability was $2.3 million as of December 31, 2012, which is included in other long-term liabilities.

Subordinated Notes

On February 8, 2010, the Company completed a financing transaction in which it sold debt and common stock ("February 2010 Units"), resulting in $2.4 million of proceeds to the Company. The February 2010 Units consisted of $1.5 million in aggregated principal amount of the Company's subordinated promissory notes due February 8, 2012, and $0.9 million of the Company's common stock. The subordinated promissory notes were issued at a discount to face value of $0.2 million and the discount is being amortized into interest expense over the life of the Notes. Interest on the subordinated promissory notes accrues at 10% per annum. In May 2011, $1.4 million of the February 2010 Units subordinated notes were amended to mature in four equal installments on March 31, June 30, September 30 and December 31, 2013. The remaining $0.1 million of the February 2010 Units subordinated notes were paid off in February 2012. The total subordinate notes of $1.4 million are included in short-term debt as of December 31, 2012. Accrued but unpaid interest was $283,000 as of December 31, 2012.

On December 31, 2010, the Company completed a financing transaction in which it sold debt and common stock ("December 2010 Units"), resulting in $2.2 million of proceeds to the Company. The December 2010 Units consisted of $1.1 million in aggregated principal amount of the Company's subordinated promissory notes due December 31, 2013, and $1.1 million of the Company's common stock. On February 16, 2011, the Company and the holders of the December 2010 Units amended the offering solely to increase the aggregate principal amount available for issuance, resulting in an additional $0.4 million of proceeds to the Company, consisting of $0.2 million in aggregated principal amount of the Company's subordinated promissory notes due December 31, 2013, and $0.2 million of the Company's common stock. The subordinated promissory notes were issued at a discount to face value of $0.3 million and the discount is being amortized into interest expense over the life of the Notes. Interest on the subordinated promissory notes accrues at 10% per annum. All accrued interest as of December 31, 2012 was paid.

As of December 31, 2012, the subordinated notes payable had a balance of $2.6 million. The balance includes notes totaling $2.1 million due to a related party, Universal Telecommunications, Inc. H. 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. Also, included in the balance is $0.1 million of the notes held by officers and directors of the Company.

Promissory Note

As part of the June 2011 acquisition of PacketExchange, the Company assumed a promissory note of approximately $0.7 million. As of December 31, 2012, the remaining balance due was $0.2 million.

NOTE 13 — CONCENTRATIONS

Financial instruments potentially subjecting the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents. 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, 2012, approximately $0.8 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, 2012, no single customer exceeded 11% of total consolidated revenue. For the year ended December 31, 2011, no single customer exceeded 7% of total consolidated revenue.

NOTE 14 — 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.

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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 May 2017), and Denver, Colorado (lease expires January 2014). The Company gained additional lease obligations with the acquisition of PacketExchange in London (United Kingdom) (lease expires April 2014). The Company records rent expense using the straight-line method over the term of the lease agreement. Office facility rent expense was $0.8 million and $1.3 million for the years ended December 31, 2012 and 2011, respectively.

Estimated annual commitments under non-cancelable operating leases are as follows at December 31, 2012 (amounts in thousands):

	Office Space
2013	$ 682
2014	670
2015	282
2016	282
2017	117
	$ 2,033

Commitments-Supply agreements

As of December 31, 2012, the Company had supplier agreement purchase obligations of $39.4 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.

Estimated annual commitments under supplier contractual agreements are as follows at December 31, 2012 (amounts in thousands):

	Supplier Agreements
2013	$ 8,330
2014	11,009
2015	10,483
2016	3,300
2017	3,141
and beyond	3,143
	$ 39,406

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.

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"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, 2012 and 2011, the Company's aggregate monthly obligations under such take-or-pay commitments over the remaining term of all of those contracts totaled $2.6 million and $1.1 million, 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 15 — FOREIGN OPERATIONS

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

	US	UK	OTHER	Total GTT
2012				
Revenues by geographic area	$ 82,430	$ 20,648	$ 4,799	$ 107,877
Long-lived assets at December 31	$ 63,492	$ 12,679	$ 19	$ 76,190
2011				
Revenues by geographic area	$ 65,364	$ 19,522	$ 6,302	$ 91,188
Long-lived assets at December 31	$ 44,430	$ 14,065	$ 41	$ 58,536

NOTE 16 — SUBSEQUENT EVENTS

On February 1, 2013, the Company entered into a Stock Purchase Agreement (the "Agreement'), with IDC Global Incorporated ("IDC"), a privately held company in Chicago. IDC owns and operates two data co-location facilities and its own metro optical fiber network in Chicago. The two data facilities fiber connects to 350 East Cermack, which is the largest multi-story data center property in the world. IDC provides cloud networking, co-location, and managed cloud services to nearly 100 clients with a focus on providing multi-location enterprises with a complete portfolio of cloud infrastructure services.

Pursuant to the Agreement, the Company acquired 100% of the issued and outstanding shares of capital stock of IDC for an aggregate purchase price of $4.6 million, which amount is subject to adjustment to the extent that IDC's net working capital as of the closing of the transaction is determined to be greater or less than the estimated net working capital as of such date provided by IDC.

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FIRST LOAN MODIFICATION AGREEMENT

This First Loan Modification Agreement (this "**Loan Modification Agreement**") is entered into as of December 15, 2011 (the "**First Loan Modification Effective Date**"), by and between (i) **SILICON VALLEY BANK**, a California corporation with a loan production office located at 275 Grove Street, Suite 2-200, Newton, Massachusetts 02466 ("**Bank**"), and (ii) **GLOBAL TELECOM & TECHNOLOGY, INC**., a Delaware corporation ("**GTTI**"), **GLOBAL TELECOM & TECHNOLOGY AMERICAS, INC.** , a Virginia corporation ("**GTTA**"), each with offices located at 8484 Westpark Drive, Suite 720, McLean, Virginia 22102, **PACKETEXCHANGE (USA), INC.**, a Delaware corporation ("**PEUSA**"), **PACKETEXCHANGE, INC.**, a Delaware corporation ("**PEINC**") and **WBS CONNECT, LLC,** a Colorado limited liability company with offices located at 8400 E. Crescent Parkway, Suite 600, Greenwood Village, Colorado 80111 ("**WBS**", and together with GTTI, GTTA, PEINC and PEUSA, individually and collectively, jointly and severally, the "**Borrower**").

1. DESCRIPTION OF EXISTING INDEBTEDNESS AND OBLIGATIONS . Among other indebtedness and obligations which may be owing by Borrower to Bank, Borrower is indebted to Bank pursuant to a loan arrangement dated as of June 29, 2011, evidenced by, among other documents, a certain Loan and Security Agreement dated as of June 29, 2011, between Borrower and Bank (as amended, the " **Loan Agreement**"). Capitalized terms used but not otherwise defined herein shall have the same meaning as in the Loan Agreement.

2. DESCRIPTION OF COLLATERAL. Repayment of the Obligations is secured by (a) the Collateral as described in the Loan Agreement and (b) the Intellectual Property Collateral as defined in each Intellectual Property Security Agreement between each Borrower and Bank (each, as amended, an " **IP Agreement**") (together with any other collateral security granted to Bank, the " **Security Documents**")

Hereinafter, the Security Documents, together with all other documents evidencing or securing the Obligations shall be referred to as the " **Existing Loan Documents**".

3. DESCRIPTION OF CHANGE IN TERMS .

A. Modifications to Loan Agreement.

1 The Loan Agreement shall be amended by deleting the text appearing as Sections 2.1.2, 2.1.3 and 2.1.4, and inserting in lieu thereof the following:

"**2.1.2 [Reserved.]**
2.1.3 [Reserved.]
2.1.4 [Reserved.]"

2 The Loan Agreement shall be amended by deleting the following text appearing as Section 2.2 thereof:

"**2.2 Overadvances.** If, at any time, the sum of (a) the outstanding principal amount of any Advances (including any amounts used for Cash Management Services); plus (b) the face amount of any outstanding Letters of Credit (including drawn but unreimbursed Letters of Credit and any Letter of Credit Reserve); plus (c) the FX Reduction Amount exceeds the lesser of either the Revolving Line or the Borrowing Base (such excess amount being an " **Overadvance**"), Borrower shall immediately pay to Bank in cash such Overadvance. Without limiting Borrower's obligation to repay Bank any amount of the Overadvance, Borrower agrees to pay Bank interest on the outstanding amount of any Overadvance, on demand, at the Default Rate."

and inserting in lieu thereof the following:

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"**2.2 Overadvances.** If, at any time, the sum of the outstanding principal amount of any Advances exceeds the lesser of either the Revolving Line or the Borrowing Base (such excess amount being an " **Overadvance**"), Borrower shall immediately pay to Bank in cash such Overadvance. Without limiting Borrower's obligation to repay Bank any amount of the Overadvance, Borrower agrees to pay Bank interest on the outstanding amount of any Overadvance, on demand, at the Default Rate."

3 The Loan Agreement shall be amended by deleting the following text appearing as Section 2.4(c) thereof:

"(c) Letter of Credit Fee. Bank's customary fees and expenses for the issuance or renewal of Letters of Credit, upon the issuance of such Letter of Credit, each anniversary of the issuance during the term of such Letter of Credit, and upon the renewal of such Letter of Credit by Bank;"

and inserting in lieu thereof the following:

"(c) [Reserved];"

4 The Loan Agreement shall be amended by deleting the following text appearing as Section 3.4 thereof:

"**3.4 Procedures for Borrowing; Advances**. Subject to the prior satisfaction of all other applicable conditions to the making of an Advance set forth in this Agreement, to obtain an Advance (other than Advances under Sections 2.1.2 or 2.1.4), Borrower shall notify Bank (which notice shall be irrevocable) by electronic mail, facsimile, or telephone by 3:00 p.m. Eastern time on the Funding Date of the Advance. Together with any such electronic or facsimile notification, Borrower shall deliver to Bank by electronic mail or facsimile a completed Transaction Report executed by a Responsible Officer or his or her designee. Bank may rely on any telephone notice given by a person whom Bank believes is a Responsible Officer or designee. Bank shall credit Advances to the Designated Deposit Account. Bank may make Advances under this Agreement based on instructions from a Responsible Officer or his or her designee or without instructions if the Advances are necessary to meet Obligations which have become due."

and inserting in lieu thereof the following:

"**3.4 Procedures for Borrowing; Advances**. Subject to the prior satisfaction of all other applicable conditions to the making of an Advance set forth in this Agreement, to obtain an Advance, Borrower shall notify Bank (which notice shall be irrevocable) by electronic mail, facsimile, or telephone by 3:00 p.m. Eastern time on the Funding Date of the Advance. Together with any such electronic or facsimile notification, Borrower shall deliver to Bank by electronic mail or facsimile a completed Transaction Report executed by a Responsible Officer or his or her designee. Bank may rely on any telephone notice given by a person whom Bank believes is a Responsible Officer or designee. Bank shall credit Advances to the Designated Deposit Account. Bank may make Advances under this Agreement based on instructions from a Responsible Officer or his or her designee or without instructions if the Advances are necessary to meet Obligations which have become due."

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5 The Loan Agreement shall be amended by deleting the following text appearing as Section 4.1 thereof:

"**4.1 Grant of Security Interest.** Each Borrower hereby grants Bank, to secure the payment and performance in full of all of the Obligations (including, without limitation, Obligations arising under the European Loan Agreement), a continuing security interest in, and pledges to Bank, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof."

and inserting in lieu thereof the following:

"**4.1 Grant of Security Interest.** Borrower hereby grants Bank, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Bank, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof.

Borrower acknowledges that it previously has entered, and/or may in the future enter, into Bank Services Agreements with Bank. Regardless of the terms of any Bank Services Agreement, Borrower agrees that any amounts Borrower owes Bank thereunder shall be deemed to be Obligations hereunder and that it is the intent of Borrower and Bank to have all such Obligations secured by the first priority perfected security interest in the Collateral granted herein (subject only to Permitted Liens that expressly have superior priority to Bank's Lien in this Agreement).

If this Agreement is terminated, Bank's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are satisfied in full, and at such time, Bank shall, at Borrower's sole cost and expense, terminate its security interest in the Collateral and all rights therein shall revert to Borrower. In the event (a) all Obligations (other than inchoate indemnity obligations), except for Bank Services, are satisfied in full, and (b) this Agreement is terminated, Bank shall terminate the security interest granted herein upon Borrower providing cash collateral acceptable to Bank in its good faith business judgment for Bank Services, if any. In the event such Bank Services consist of outstanding Letters of Credit, Borrower shall provide to Bank cash collateral in an amount equal to 105% (110% if such letters of credit is denominated in a currency other than Dollars), of the Dollar Equivalent of the face amount of all such Letters of Credit plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment), to secure all of the Obligations relating to such Letters of Credit."

6 The Loan Agreement shall be amended by deleting the following text appearing in Section 4.2 thereof:

"If this Agreement is terminated, Bank's Lien in the Collateral shall continue until the Obligations (other than inchoate liabilities, but including, without limitation, Obligations arising under the European Loan Agreement) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate liabilities, but including, without limitation, Obligations arising under the European Loan Agreement) and at such time as Bank's obligation to make Credit Extensions has terminated, Bank shall, at Borrower's sole cost and expense, release its Liens in the Collateral and all rights therein shall revert to Borrower."

7 The Loan Agreement shall be amended by deleting the following text appearing as Section 6.9(a) thereof:

"(a) Liquidity. GTTI and its direct and indirect Domestic Subsidiaries shall at all times maintain unrestricted domestic cash at Bank plus the unused availability under the Borrowing Base (the " **Minimum Liquidity**") of at least the amounts indicated below for the periods indicated below:

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Period	Minimum Liquidity
Effective Date through and including July 31, 2011	$3,000,000
August 1, 2011 through and including September 30, 2011	$3,500,000
October 1, 2011 through and including April 30, 2012	$4,500,000
May 1, 2012 through and including August 31, 2012	$5,000,000
September 1, 2012 and at all times thereafter	$5,500,000"

and inserting in lieu thereof the following:

"(a) Liquidity. GTTI and its direct and indirect Domestic Subsidiaries shall at all times maintain unrestricted domestic cash at Bank plus the unused availability under the Borrowing Base (the "**Minimum Liquidity**") of at least the amounts indicated below for the periods indicated below:

Period	Minimum Liquidity
Effective Date through and including July 31, 2011	$3,000,000
August 1, 2011 through and including September 30, 2011	$3,500,000
October 1, 2011 through and including February 29, 2012	$3,250,000
March 1, 2012 through and including August 31, 2012	$4,000,000
September 1, 2012 through and including November 30, 2012	$4,500,000
December 1, 2012 through and including February 28, 2013	$5,000,000
March 1, 2013 and at all times thereafter	$5,500,000"

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8 The Loan Agreement shall be amended by deleting the following clauses (c) and (d) from Section 9.1 thereof:

"(c) demand that Borrower (i) deposit cash with Bank in an amount equal to (i) 105% if the Letter of Credit is denominated in U.S. Dollars, or (ii) 110% if the Letter of Credit is denominated in a currency other than U.S. Dollars, of the Dollar Equivalent of the aggregate face amount of all Letters of Credit remaining undrawn plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment), to secure all of the Obligations relating to such Letters of Credit, as collateral security for the repayment of any future drawings under such Letters of Credit, and Borrower shall forthwith deposit and pay such amounts, and (ii) pay in advance all letter of credit fees scheduled to be paid or payable over the remaining term of any Letters of Credit; provided, however, if an Event of Default described in Section 8.5 occurs, the obligation of Borrower to cash collateralize all Letters of Credit remaining undrawn shall automatically become effective without any action by Bank;

(d) terminate any FX Forward Contracts;"

and inserting in lieu thereof the following:

"(c) demand that Borrower (i) deposit cash with Bank in an amount equal to (i) 105% if the letter of credit is denominated in U.S. Dollars, or (ii) 110% if the letter of credit is denominated in a currency other than U.S. Dollars, of the Dollar Equivalent of the aggregate face amount of all letters of credit remaining undrawn plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment), to secure all of the Obligations relating to such letters of credit, as collateral security for the repayment of any future drawings under such letters of credit, and Borrower shall forthwith deposit and pay such amounts, and (ii) pay in advance all letter of credit fees scheduled to be paid or payable over the remaining term of any letters of credit; provided, however, if an Event of Default described in Section 8.5 occurs, the obligation of Borrower to cash collateralize all letters of credit remaining undrawn shall automatically become effective without any action by Bank;

(d) terminate any foreign exchange forward contracts;"

9 The Loan Agreement shall be amended by deleting the following text appearing as Section 12.9 thereof:

"**12.9 Survival.** All covenants, representations and warranties made in this Agreement continue in full force until this Agreement has terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been paid in full and satisfied. The obligation of Borrower in Section 12.3 to indemnify Bank shall survive until the statute of limitations with respect to such claim or cause of action shall have run."

and inserting in lieu thereof the following:

"**12.9 Survival.** All covenants, representations and warranties made in this Agreement continue in full force until this Agreement has terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been paid in full and satisfied. Without limiting the foregoing, except as otherwise provided in Section 4.1, the grant of security interest by Borrower in Section 4.1 shall survive until the termination of all Bank Services Agreements. The obligation of Borrower in Section 12.3 to indemnify Bank shall survive until the statute of limitations with respect to such claim or cause of action shall have run."

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10 The Loan Agreement shall be amended by inserting the following definitions, each in its appropriate alphabetical order, in Section 13.1 thereof:

"“**Bank Services**” are any products and/or credit services facilities provided to Borrower by Bank, including, without limitation, all letters of credit, guidance facilities, cash management services (including, without limitation, merchant services, direct deposit of payroll, business credit cards and check cashing services) and foreign exchange services as any such products or services may be identified in Bank’s various agreements related thereto (each, a “ **Bank Services Agreement**”).

“**First Loan Modification Effective Date**” is December , 2011.”

11 The Loan Agreement shall be amended by deleting the following definitions appearing in Section 13.1 thereof:

"“**Availability Amount**” is (a) the lesser of (i) the Revolving Line or (ii) the amount available under the Borrowing Base minus (b) the Dollar Equivalent amount of all outstanding Letters of Credit (including drawn but unreimbursed Letters of Credit plus an amount equal to the Letter of Credit Reserve), minus (c) the FX Reduction Amount, minus (d) any amounts used for Cash Management Services, and minus (e) the outstanding principal balance of any Advances.

“**Credit Extension**” is any Advance, Letter of Credit, Term Loan, FX Forward Contract, amount utilized for Cash Management Services, or any other extension of credit by Bank for Borrower’s benefit.

“**Loan Documents**” are, collectively, this Agreement, the European Loan Agreement, each Guaranty, each Security Agreement, each Perfection Certificate, each IP Agreement, the Stock Pledge Agreement, any note, or notes or guaranties executed by Borrower or any Guarantor, and any other present or future agreement between Borrower, any Guarantor and/or for the benefit of Bank in connection with this Agreement, all as amended, restated, or otherwise modified.

“**Reserves**” means, as of any date of determination, such amounts as Bank may, after consultation with Borrower, from time to time establish and revise in good faith reducing the amount of Advances, Letters of Credit and other financial accommodations which would otherwise be available to Borrower under the lending formulas: (a) to reflect events, conditions, contingencies or risks which, as determined by Bank in good faith, do or may have a material adverse affect on (i) the Collateral or any other property which is security for the Obligations or its value (including without limitation any increase in delinquencies of Accounts), (ii) the assets or business of Borrower or any guarantor, or (iii) the security interests and other rights of Bank in the Collateral (including the enforceability, perfection and priority thereof); or (b) to reflect Bank’s good faith belief that any collateral report or financial information furnished by or on behalf of Borrower or any guarantor to Bank is or may have been incomplete, inaccurate or misleading in any material respect; or (c) in respect of any state of facts which Bank determines in good faith reasonable business judgment constitutes an Event of Default or may, with notice or passage of time or both, constitute an Event of Default.”

and inserting in lieu thereof the following:

"“**Availability Amount**” is (a) the lesser of (i) the Revolving Line or (ii) the amount available under the Borrowing Base minus (b) the outstanding principal balance of any Advances.

“**Credit Extension**” is any Advance, letter of credit, Term Loan, foreign exchange forward contract, amount utilized for cash management services, or any other extension of credit by Bank for Borrower’s benefit.

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"**Loan Documents**" are, collectively, this Agreement, the European Loan Agreement, any Bank Services Agreement, each Guaranty, each Security Agreement, each Perfection Certificate, each IP Agreement, the Stock Pledge Agreement, any note, or notes or guaranties executed by Borrower or any Guarantor, and any other present or future agreement between Borrower, any Guarantor and/or for the benefit of Bank in connection with this Agreement and/or Bank Services, all as amended, restated, or otherwise modified.

"**Reserves**" means, as of any date of determination, such amounts as Bank may, after consultation with Borrower, from time to time establish and revise in good faith reducing the amount of Advances, letters of credit and other financial accommodations which would otherwise be available to Borrower under the lending formulas: (a) to reflect events, conditions, contingencies or risks which, as determined by Bank in good faith, do or may have a material adverse affect on (i) the Collateral or any other property which is security for the Obligations or its value (including without limitation any increase in delinquencies of Accounts), (ii) the assets or business of Borrower or any guarantor, or (iii) the security interests and other rights of Bank in the Collateral (including the enforceability, perfection and priority thereof); or (b) to reflect Bank's good faith belief that any collateral report or financial information furnished by or on behalf of Borrower or any guarantor to Bank is or may have been incomplete, inaccurate or misleading in any material respect; or (c) in respect of any state of facts which Bank determines in good faith reasonable business judgment constitutes an Event of Default or may, with notice or passage of time or both, constitute an Event of Default."

12 The Loan Agreement shall be amended by deleting the following definitions from Section 13.1 thereof:

""**Cash Management Services**" is defined in Section 2.1.4.

"**FX Forward Contract**" is defined in Section 2.1.3.

"**FX Reserve**" is defined in Section 2.1.3.

"**FX Reduction Amount**" is defined in Section 2.1.3.

"**Letter of Credit**" means a standby letter of credit issued by Bank or another institution based upon an application, guarantee, indemnity or similar agreement on the part of Bank as set forth in Section 2.1.2.

"**Letter of Credit Application**" is defined in Section 2.1.2(b).

"**Letter of Credit Reserve**" has the meaning set forth in Section 2.1.2(e)."

13 The Compliance Certificate attached as Exhibit B to the Loan Agreement is hereby deleted and shall be replaced with Exhibit A attached hereto.

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4. CONDITIONS PRECEDENT. As a condition precedent to the effectiveness of this Loan Modification Agreement and the Bank's obligation to make further Advances under the Revolving Line, the Bank shall have received the following documents prior to or concurrently with this Agreement, each in form and substance satisfactory to the Bank:

A. Copies, certified by a duly authorized officer of each Borrower, to be true and complete as of the date hereof, of each of (i) the governing documents of each Borrower, respectively, as in effect on the date hereof (but only to the extent modified since last delivered to the Bank), (ii) the resolutions of each Borrower, respectively, authorizing the execution and delivery of this Loan Modification Agreement, the other documents executed in connection herewith and each Borrower's respective performance of all of the transactions contemplated hereby (but only to the extent required since last delivered to Bank), and (iii) an incumbency certificate giving the name and bearing a specimen signature of each individual who shall be so authorized (but only to the extent any signatories have changed since such incumbency certificate was last delivered to Bank);

B. Updated evidence of insurance;

C. A fully executed copy of Acknowledgment, Amendment and Reaffirmation of Intercreditor and Subordination Agreement with BIA; and

D. Such other documents as Bank may reasonably request.

5. FEES. Borrower shall pay to Bank a Revolving Line modification fee equal to Two Thousand Five Hundred Dollars ($2,500) plus a Term Loan modification fee equal to Two Thousand Five Hundred Dollars ($2,500), each of which fees shall be due on the date hereof and shall be deemed fully earned as of the date hereof. Borrower shall also reimburse Bank for all legal fees and expenses incurred in connection with this amendment to the Existing Loan Documents.

6. RATIFICATION OF IP AGREEMENTS. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and conditions of each IP Agreement, and acknowledges, confirms and agrees that each respective IP Agreement contains an accurate and complete listing of all Intellectual Property Collateral as defined in each such IP Agreement as otherwise supplemented by the Loan Agreement and any Perfection Certificate related thereto, shall remain in full force and effect. Notwithstanding the terms and conditions of each IP Agreement, the Borrower shall not register any Copyrights or Mask Works in the United States Copyright Office unless it: (i) has given at least fifteen (15) days' prior-written notice to Bank of its intent to register such Copyrights or Mask Works and has provided Bank with a copy of the application it intends to file with the United States Copyright Office (excluding exhibits thereto); (ii) executes a security agreement or such other documents as Bank may reasonably request in order to maintain the perfection and priority of Bank's security interest in the Copyrights proposed to be registered with the United States Copyright Office; and (iii) records such security documents with the United States Copyright Office contemporaneously with filing the Copyright application(s) with the United States Copyright Office. Borrower shall promptly provide to Bank a copy of the Copyright application(s) filed with the United States Copyright Office, together with evidence of the recording of the security documents necessary for Bank to maintain the perfection and priority of its security interest in such Copyrights or Mask Works. Borrower shall provide written notice to Bank of any application filed by Borrower in the United States Patent Trademark Office for a patent or to register a trademark or service mark within fifteen (15) days of any such filing.

7. ADDITIONAL COVENANTS: RATIFICATION OF PERFECTION CERTIFICATE. Borrower is not a party to, nor is bound by, any license or other agreement with respect to which Borrower is the licensee (a) that prohibits or otherwise restricts Borrower from granting a security interest in Borrower's interest in such license or agreement or any other property, or (b) for which a default under or termination of could interfere with the Bank's right to sell any Collateral. Borrower shall provide written notice to Bank within ten (10) days of entering or becoming bound by any such license or agreement (other than over-the-counter software that is commercially available to the public). Borrower shall take such steps as Bank requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for (x) all such licenses or contract rights to be deemed "Collateral" and for Bank to have a security interest in it that might otherwise be restricted or prohibited by law or by the terms of any such license or agreement (such consent or authorization may include a licensor's agreement to a contingent assignment of the license to Bank if Bank determines that is necessary in its good faith judgment), whether now existing or entered into in the future, and (y) Bank to have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Bank's rights and remedies under the Loan Agreement and the other Loan Documents. In addition, the Borrower hereby certifies that no Collateral with a value greater than Twenty-Five Thousand Dollars ($25,000) in the aggregate is in the possession of any third party bailee (such as at a warehouse). In the event that Borrower, after the date hereof, intends to store or otherwise deliver the Collateral with a value in excess of Twenty-Five Thousand Dollars ($25,000), in the aggregate to such a bailee, then Borrower shall first receive, the prior written consent of Bank and such bailee must acknowledge in writing that the bailee is holding such Collateral for the benefit of Bank. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate, dated as of June 29, 2011, and acknowledges, confirms and agrees the disclosures and information Borrower provided to Bank in the Perfection Certificate remain true and correct in all material respects as of the date hereof.

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8. CONSISTENT CHANGES. The Existing Loan Documents are hereby amended wherever necessary to reflect the changes described above.

9. RATIFICATION OF LOAN DOCUMENTS. Borrower hereby ratifies, confirms, and reaffirms all terms and conditions of all security or other collateral granted to the Bank, and confirms that the indebtedness secured thereby includes, without limitation, the Obligations.

10. NO DEFENSES OF BORROWER. Borrower hereby acknowledges and agrees that Borrower has no offsets, defenses, claims, or counterclaims against Bank with respect to the Obligations, or otherwise, and that if Borrower now has, or ever did have, any offsets, defenses, claims, or counterclaims against Bank, whether known or unknown, at law or in equity, all of them are hereby expressly WAIVED and Borrower hereby RELEASES Bank from any liability thereunder.

11. CONTINUING VALIDITY. Borrower understands and agrees that in modifying the existing Obligations, Bank is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Loan Documents. Except as expressly modified pursuant to this Loan Modification Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. Bank's agreement to waive the Existing Defaults pursuant to this Loan Modification Agreement in no way shall obligate Bank to make any future waivers or any other modifications to the Obligations. Nothing in this Loan Modification Agreement shall constitute a satisfaction of the Obligations. It is the intention of Bank and Borrower to retain as liable parties all makers of Existing Loan Documents, unless the party is expressly released by Bank in writing. No maker will be released by virtue of this Loan Modification Agreement.

12. JURISDICTION/VENUE. Section 11 of the Loan Agreement is hereby incorporated by reference.

13. COUNTERSIGNATURE. This Loan Modification Agreement shall become effective only when it shall have been executed by Borrower and Bank.

[The remainder of this page is intentionally left blank]

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IN WITNESS WHEREOF, the parties hereto have caused this Loan Modification Agreement to be executed as of the date first above written.

BORROWER:

GLOBAL TELECOM & TECHNOLOGY, INC.

By ____
Name: Eric A. Swank
Title: CFO

GLOBAL TELECOM & TECHNOLOGY AMERICAS, INC.

By ____
Name: Eric A. Swank
Title: CFO

PACKETEXCHANGE, INC.

By ____
Name: Eric A. Swank
Title: Director

WBS CONNECT, LLC

By ____
Name: Eric A. Swank
Title: CFO of Managing Member

PACKETEXCHANGE (USA), INC.

By ____
Name: Eric A. Swank
Title: Director

BANK:

SILICON VALLEY BANK

By ____
Name: ____
Title: ____

The undersigned, Eric Swank of GTT Global Telecom Government Services, LLC, a Virginia limited liability company and wholly owned Subsidiary of GTTA, ratifies, confirms and reaffirms, all and singular, the terms and conditions of (i) a certain Amended and Restated Unconditional Guaranty dated as of June 29, 2011 (the "Guaranty") and (ii) a certain Amended and Restated Security Agreement dated as of June 29, 2011 (the "Security Agreement") and acknowledges, confirms and agrees that the Guaranty and the Security Agreement shall remain in full force and effect and shall in no way be limited by the execution of this Loan Modification Agreement, or any other documents, instruments and/or agreements executed and/or delivered in connection herewith.

By ____
Name: Eric A. Swank
Title: CFO of Sole Member

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The undersigned, Eric Swank of TEK Channel consulting, LLC, a Colorado limited liability company and wholly owned Subsidiary of GTTA, ratifies, confirms and reaffirms, all and singular, the terms and conditions of (i) a certain Amended and Restated Unconditional Guaranty dated as of June 29, 2011 (the "Guaranty") and (ii) a certain Amended and Restated Security Agreement dated as of June 29, 2011 (the "Security Agreement") and acknowledges, confirms and agrees that the Guaranty and the Security Agreement shall remain in full force and effect and shall in no way be limited by the execution of this Loan Modification Agreement, or any other documents, instruments and/or agreements executed and/or delivered in connection herewith.

By ________________________________
Name: Eric A. Swank
Title: CFO of Managing Member

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Exhibit B

SILICON VALLEY BANK Date: ________________________________
FROM: GLOBAL TELECOM & TECHNOLOGY, INC. et al.

The undersigned authorized officer of Global Telecom and Technology, Inc. (a "**Borrower**") certifies that under the terms and conditions of the Loan and Security Agreement between Borrower and Bank (as amended, the "**Agreement**"), (1) Borrower is in complete compliance for the period ending _______________ with all required covenants except as noted below, (2) there are no Events of Default, (3) all representations and warranties in the Agreement are true and correct in all material respects on this date except as noted below; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date , (4) each Borrower, and each of its respective Subsidiaries, has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state, national and local taxes, assessments, deposits and contributions owed by Borrower except as otherwise permitted pursuant to the terms of Section 5.9 of the Agreement, and (5) no Liens have been levied or claims made against any Borrower or any of its respective Subsidiaries, if any, relating to unpaid employee payroll or benefits of which any Borrower has not previously provided written notification to Bank. Attached are the required documents supporting the certification. The undersigned certifies that these are prepared in accordance with GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes. The undersigned acknowledges that no borrowings may be requested at any time or date of determination that Borrower is not in compliance with any of the terms of the Agreement, and that compliance is determined not just at the date this certificate is delivered. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

Please indicate compliance status by circling Yes/No under "Complies" column.

Reporting Covenant	Required	Complies
Monthly consolidated unaudited financial statements of (w) GTTI and its direct and indirect Subsidiaries; (x) monthly consolidated unaudited financial statements of GTTI and its direct and indirect Domestic Subsidiaries; (y) monthly consolidated unaudited financial statements of EMEA and its direct and indirect Subsidiaries; and (z) monthly consolidating unaudited financial statements for GTTI and its direct and indirect Subsidiaries with a Compliance Certificate	Monthly within 30 days	Yes No
Annual financial statement (CPA Audited) + CC	FYE within150 days	Yes No
10-Q, 10-K and 8-K	Within 5 days after filing with SEC	Yes No
A/R & A/P Agings, Deferred Revenue report	Monthly within 20 days (current as of the 15th day of the immediately preceding month)	Yes No
Transaction Reports	Monthly within 20 days (current as of the 15th day of the immediately preceding month)and with each request for a Credit Extension	Yes No
Projections	FYE within 45 days and as amended or updated	Yes No

The following Intellectual Property was registered and/or the following Governmental Approvals were obtained after the delivery of the last Compliance Certificate (if no registrations or approvals, state "None")

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Financial Covenant	**Required**	**Actual**	**Complies**
Maintain as indicated:			
Minimum Liquidity (certified monthly)	*	**$_______**	**Yes No**
Minimum Fixed Charge Coverage Ratio (tested quarterly, on a T3M basis	**1.50:1.00**	**_____:1.0**	**Yes No**
Leverage Ratio	**	**_____:1.0**	**Yes No**

* See Section 6.9(a) of the Loan Agreement
** See Section 6.9(c) of the Loan Agreement

Performance Pricing		**Applies**
Senior Leverage Ratio ≤ 2.00:1.00	Prime + 2.75%	Yes No
Senior Leverage Ratio > 2.00:1.00	Prime + 3.75%	Yes No

The following financial covenant analyses and information set forth in Schedule 1 attached hereto are true and accurate as of the date of this Certificate .

The following are the exceptions with respect to the certification above: (If no exceptions exist, state “No exceptions to note.”)

GLOBAL TELECOM & TECHNOLOGY, INC. et al.

By: ______________________
Name: ______________________
Title: ______________________

BANK USE ONLY

Received by: ______________________
authorized signer

Date: ______________________

Verified: ______________________
authorized signer

Date: ______________________

Compliance Status: Yes No

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Exhibit 10.9

Schedule 1 to Compliance Certificate

Financial Covenants of Borrower

In the event of a conflict between this Schedule and the Loan Agreement, the terms of the Loan Agreement shall govern.

Dated: ______________________

I. **Liquidity** (Section 6.9(a))

Required: GTTI and its direct and indirect Domestic Subsidiaries shall at all times maintain unrestricted domestic cash at Bank plus the unused availability under the Borrowing Base (the "**Minimum Liquidity**") of at least the amounts indicated below for the periods indicated below:

Period	Minimum Liquidity
Effective Date through and including July 31, 2011	$3,000,000
August 1, 2011 through and including September 30, 2011	$3,500,000
October 1, 2011 through and including February 29, 2012	$3,250,000
March 1, 2012 through and including August 31, 2012	$4,000,000
September 1, 2012 through and including November 30, 2012	$4,500,000
December 1, 2012 through and including February 28, 2013	$5,000,000
March 1, 2013 and at all times thereafter	$5,500,000

Actual:

A. Aggregate value of the unrestricted cash at Bank of GTTI and its direct and indirect Domestic Subsidiaries $ ___________

B. Aggregate value of the unused availability under the Borrowing Base $ ___________

C. LIQUIDITY (line A plus line B) $ ___________

Is line C equal to or greater than $[______________________________]?

__________ No, not in compliance __________ Yes, in compliance

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II. **Fixed Charge Coverage Ratio.** (Section 6.9(b))

Required: On a quarterly basis, as of the last day of each fiscal quarter of the Borrower, measured on a trailing three month basis, GTTI and its Domestic Subsidiaries shall maintain a ratio of (i) Cash Basis EBITDA for such period divided by (ii) Fixed Charges of at least 1.50:1.00.

Actual: All amounts measured on a trailing three month basis:

A.	EBITDA	$	________
B.	Unfinanced Capital Expenditures	$	________
C.	Non-recurring cash expenses related to the PEX Acquisition approved by Bank, in its reasonable discretion, on a case-by-case basis	$	________
D.	CASH BASIS EBITDA (line A minus line B plus line C)	$	________
E.	Fixed Charges	$	________
F.	FIXED CHARGE COVERAGE RATIO (line D divided by line E, expressed as a ratio)		__________:1.00

Is line F equal to or greater than 1.50:1:00?

__________ No, not in compliance __________ Yes, in compliance

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1. III. **Leverage Ratio.** (Section 6.9(c))

Required: On a quarterly basis, as of the last day of each of the following fiscal quarters of Borrower, GTTI and its direct and indirect Subsidiaries shall maintain a ratio (the "**Leverage Ratio**") of (i) total Indebtedness of Borrower and its respective Subsidiaries (excluding the PEX Earn-out) divided by (ii) trailing four (4) quarters Free Cash Flow, not to exceed the following:

Quarterly Period Ending	Maximum Leverage Ratio
June 30, 2011	4.75:1.00
September 30, 2011	4.25:1.00
December 31, 2011	3.50:1.00
March 31, 2012	3.00:1.00
June 30, 2012	2.75:1.00
September 30, 2012, and as of the last day of each quarterly period ending thereafter	2.50:1.00

Actual:

A.	Total Indebtedness of Borrower and its respective Subsidiaries (excluding the PEX Earn-out)	$	________
B.	CASH BASIS EBITDA (from line II.D above)	$	________
C.	Taxed actually paid in cash	$	________
D.	FREE CASH FLOW (line B minus line C)	$	________
E.	MAXIMUM LEVERAGE RATIO (line A divided by line D)		________:1.00

Is line E equal to or greater than 1:00?

__________ No, not in compliance __________ Yes, in compliance

2.

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FIRST LOAN MODIFICATION AGREEMENT

This First Loan Modification Agreement (this "**Loan Modification Agreement**") is entered into as of December 15, 2011 (the "**First Loan Modification Effective Date**"), by and between (i) **SILICON VALLEY BANK**, a California corporation with a loan production office located at 275 Grove Street, Suite 2-200, Newton, Massachusetts 02466 ("**Bank**"), and (ii) **GTT-EMEA, LTD**., a private limited liability company incorporated and registered in England and Wales with offices located at 5th Floor, Morley House, 26 Holborn Viaduct, London EC1A 2AT ("**EMEA**") **PACKETEXCHANGE (IRELAND) LIMITED**., a company incorporated and existing under the laws of Ireland with registered number 373202, and whose registered address is 24-26 City Quay, Dublin 2 Ireland ("**PEIRL**") and **PACKETEXCHANGE (EUROPE) LIMITED.**, a private limited company incorporated and registered in England and Wales under company number 05164474 ("**PELTD**", and together with EMEA and PEIRL, individually and collectively, jointly and severally, the "**Borrower**").

1. DESCRIPTION OF EXISTING INDEBTEDNESS AND OBLIGATIONS. Among other indebtedness and obligations which may be owing by Borrower to Bank, Borrower is indebted to Bank pursuant to a loan arrangement dated as of June 29, 2011, evidenced by, among other documents, a certain Amended and Restated Loan and Security Agreement dated as of June 29, 2011, between Borrower and Bank (as amended, the "**Loan Agreement**"). Capitalized terms used but not otherwise defined herein shall have the same meaning as in the Loan Agreement.

2. DESCRIPTION OF COLLATERAL. Repayment of the Obligations is secured by (a) the Collateral as described in the Loan Agreement and (b) the Intellectual Property Collateral as defined in each Intellectual Property Security Agreement between each Borrower and Bank (each, as amended, an "**IP Agreement**") (together with any other collateral security granted to Bank, the "**Security Documents**")

Hereinafter, the Security Documents, together with all other documents evidencing or securing the Obligations shall be referred to as the "**Existing Loan Documents**".

3. DESCRIPTION OF CHANGE IN TERMS.

A. Modifications to Loan Agreement.

1 The Loan Agreement shall be amended by deleting the text appearing as Sections 2.1.2, 2.1.3 and 2.1.4, and inserting in lieu thereof the following:

"**2.1.2 [Reserved.]**
2.1.3 [Reserved.]
2.1.4 [Reserved.]"

2 The Loan Agreement shall be amended by deleting the following text appearing as Section 2.2 thereof:

"**2.2 Overadvances.** If, at any time, the sum of (a) the outstanding principal amount of any Advances (including any amounts used for Cash Management Services); plus (b) the face amount of any outstanding Letters of Credit (including drawn but unreimbursed Letters of Credit and any Letter of Credit Reserve); plus (c) the FX Reduction Amount exceeds the lesser of either the Revolving Line or the Borrowing Base (such excess amount being an "**Overadvance**"), Borrower shall immediately pay to Bank in cash such Overadvance. Without limiting Borrower's obligation to repay Bank any amount of the Overadvance, Borrower agrees to pay Bank interest on the outstanding amount of any Overadvance, on demand, at the Default Rate."

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and inserting in lieu thereof the following:

"**2.2 Overadvances.** If, at any time, the sum of the outstanding principal amount of any Advances exceeds the lesser of either the Revolving Line or the Borrowing Base (such excess amount being an " **Overadvance**"), Borrower shall immediately pay to Bank in cash such Overadvance. Without limiting Borrower's obligation to repay Bank any amount of the Overadvance, Borrower agrees to pay Bank interest on the outstanding amount of any Overadvance, on demand, at the Default Rate."

3 The Loan Agreement shall be amended by deleting the following text appearing as Section 2.4(c) thereof:

"(c) Letter of Credit Fee. Bank's customary fees and expenses for the issuance or renewal of Letters of Credit, upon the issuance of such Letter of Credit, each anniversary of the issuance during the term of such Letter of Credit, and upon the renewal of such Letter of Credit by Bank;"

and inserting in lieu thereof the following:

"(c) [Reserved];"

4 The Loan Agreement shall be amended by deleting the following text appearing as Section 3.4 thereof:

"**3.4 Procedures for Borrowing; Advances**. Subject to the prior satisfaction of all other applicable conditions to the making of an Advance set forth in this Agreement, to obtain an Advance (other than Advances under Sections 2.1.2 or 2.1.4), Borrower shall notify Bank (which notice shall be irrevocable) by electronic mail, facsimile, or telephone by 3:00 p.m. Eastern time on the Funding Date of the Advance. Together with any such electronic or facsimile notification, Borrower shall deliver to Bank by electronic mail or facsimile a completed Transaction Report executed by a Responsible Officer or his or her designee. Bank may rely on any telephone notice given by a person whom Bank believes is a Responsible Officer or designee. Bank shall credit Advances to the Designated Deposit Account. Bank may make Advances under this Agreement based on instructions from a Responsible Officer or his or her designee or without instructions if the Advances are necessary to meet Obligations which have become due."

and inserting in lieu thereof the following:

"**3.4 Procedures for Borrowing; Advances**. Subject to the prior satisfaction of all other applicable conditions to the making of an Advance set forth in this Agreement, to obtain an Advance, Borrower shall notify Bank (which notice shall be irrevocable) by electronic mail, facsimile, or telephone by 3:00 p.m. Eastern time on the Funding Date of the Advance. Together with any such electronic or facsimile notification, Borrower shall deliver to Bank by electronic mail or facsimile a completed Transaction Report executed by a Responsible Officer or his or her designee. Bank may rely on any telephone notice given by a person whom Bank believes is a Responsible Officer or designee. Bank shall credit Advances to the Designated Deposit Account. Bank may make Advances under this Agreement based on instructions from a Responsible Officer or his or her designee or without instructions if the Advances are necessary to meet Obligations which have become due."

5 The Loan Agreement shall be amended by deleting the following text appearing as Section 4.1 thereof:

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"**4.1 Grant of Security Interest.** Each Borrower hereby grants Bank, to secure the payment and performance in full of all of the Obligations (including, without limitation, Obligations arising under the European Loan Agreement), a continuing security interest in, and pledges to Bank, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof."

and inserting in lieu thereof the following:

"**4.1 Grant of Security Interest.** Borrower hereby grants Bank, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Bank, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof.

Borrower acknowledges that it previously has entered, and/or may in the future enter, into Bank Services Agreements with Bank. Regardless of the terms of any Bank Services Agreement, Borrower agrees that any amounts Borrower owes Bank thereunder shall be deemed to be Obligations hereunder and that it is the intent of Borrower and Bank to have all such Obligations secured by the first priority perfected security interest in the Collateral granted herein (subject only to Permitted Liens that expressly have superior priority to Bank's Lien in this Agreement).

If this Agreement is terminated, Bank's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are satisfied in full, and at such time, Bank shall, at Borrower's sole cost and expense, terminate its security interest in the Collateral and all rights therein shall revert to Borrower. In the event (a) all Obligations (other than inchoate indemnity obligations), except for Bank Services, are satisfied in full, and (b) this Agreement is terminated, Bank shall terminate the security interest granted herein upon Borrower providing cash collateral acceptable to Bank in its good faith business judgment for Bank Services, if any. In the event such Bank Services consist of outstanding Letters of Credit, Borrower shall provide to Bank cash collateral in an amount equal to 105% (110% if such letters of credit is denominated in a currency other than Dollars), of the Dollar Equivalent of the face amount of all such Letters of Credit plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment), to secure all of the Obligations relating to such Letters of Credit."

6 The Loan Agreement shall be amended by deleting the following text appearing in Section 4.2 thereof:

"If this Agreement is terminated, Bank's Lien in the Collateral shall continue until the Obligations (other than inchoate liabilities, but including, without limitation, Obligations arising under the European Loan Agreement) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate liabilities, but including, without limitation, Obligations arising under the European Loan Agreement) and at such time as Bank's obligation to make Credit Extensions has terminated, Bank shall, at Borrower's sole cost and expense, release its Liens in the Collateral and all rights therein shall revert to Borrower."

7 The Loan Agreement shall be amended by deleting the following text appearing as Section 6.9(a) thereof:

"(a) Liquidity. EMEA and its direct and indirect Foreign Subsidiaries shall at all times maintain unrestricted cash plus the unused availability under the Borrowing Base (the "**Minimum Liquidity**") of at least the amounts indicated below for the periods indicated below:

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Period	Minimum Liquidity
Effective Date through and including January 31, 2012	$3,000,000
February 1, 2012 through and including April 30, 2012	$3,000,000
May 1, 2012 and at all times thereafter	$2,000,000”

and inserting in lieu thereof the following:

“(a) Liquidity. EMEA and its direct and indirect Foreign Subsidiaries shall at all times maintain unrestricted cash plus the unused availability under the Borrowing Base (the “**Minimum Liquidity**”) of at least the amounts indicated below for the periods indicated below:

Period	Minimum Liquidity
Effective Date through and including September 30, 2011	$3,000,000
October 1, 2011 through and including February 29, 2012	$2,750,000
March 1, 2012 and at all times thereafter	$2,000,000”

8 The Loan Agreement shall be amended by deleting the following clauses (c) and (d) from Section 9.1 thereof:

“(c) demand that Borrower (i) deposit cash with Bank in an amount equal to (i) 105% if the Letter of Credit is denominated in U.S. Dollars, or (ii) 110% if the Letter of Credit is denominated in a currency other than U.S. Dollars, of the Dollar Equivalent of the aggregate face amount of all Letters of Credit remaining undrawn plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment), to secure all of the Obligations relating to such Letters of Credit, as collateral security for the repayment of any future drawings under such Letters of Credit, and Borrower shall forthwith deposit and pay such amounts, and (ii) pay in advance all letter of credit fees scheduled to be paid or payable over the remaining term of any Letters of Credit**;** provided, however, if an Event of Default described in Section 8.5 occurs, the obligation of Borrower to cash collateralize all Letters of Credit remaining undrawn shall automatically become effective without any action by Bank;

(d) terminate any FX Forward Contracts;”

and inserting in lieu thereof the following:

“(c) demand that Borrower (i) deposit cash with Bank in an amount equal to (i) 105% if the letter of credit is denominated in U.S. Dollars, or (ii) 110% if the letter of credit is denominated in a currency other than U.S. Dollars, of the Dollar Equivalent of the aggregate face amount of all letters of credit remaining undrawn plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment), to secure all of the Obligations relating to such letters of credit, as collateral security for the repayment of any future drawings under such letters of credit, and Borrower shall forthwith deposit and pay such amounts, and (ii) pay in advance all letter of credit fees scheduled to be paid or payable over the remaining term of any letters of credit**;** provided, however, if an Event of Default described in Section 8.5 occurs, the obligation of Borrower to cash collateralize all letters of credit remaining undrawn shall automatically become effective without any action by Bank;

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(d) terminate any foreign exchange forward contracts;"

9 The Loan Agreement shall be amended by deleting the following text appearing as Section 12.9 thereof:

"**12.9 Survival.** All covenants, representations and warranties made in this Agreement continue in full force until this Agreement has terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been paid in full and satisfied. The obligation of Borrower in Section 12.3 to indemnify Bank shall survive until the statute of limitations with respect to such claim or cause of action shall have run."

and inserting in lieu thereof the following:

"**12.9 Survival.** All covenants, representations and warranties made in this Agreement continue in full force until this Agreement has terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been paid in full and satisfied. Without limiting the foregoing, except as otherwise provided in Section 4.1, the grant of security interest by Borrower in Section 4.1 shall survive until the termination of all Bank Services Agreements. The obligation of Borrower in Section 12.3 to indemnify Bank shall survive until the statute of limitations with respect to such claim or cause of action shall have run."

10 The Loan Agreement shall be amended by inserting the following definitions, each in its appropriate alphabetical order, in Section 13.1 thereof:

""**Bank Services**" are any products and/or credit services facilities provided to Borrower by Bank, including, without limitation, all letters of credit, guidance facilities, cash management services (including, without limitation, merchant services, direct deposit of payroll, business credit cards and check cashing services) and foreign exchange services as any such products or services may be identified in Bank's various agreements related thereto (each, a "**Bank Services Agreement**").

"**First Loan Modification Effective Date**" is December , 2011."

11 The Loan Agreement shall be amended by deleting the following definitions appearing in Section 13.1 thereof:

""**Availability Amount**" is (a) the lesser of (i) the Revolving Line or (ii) the amount available under the Borrowing Base minus (b) the Dollar Equivalent amount of all outstanding Letters of Credit (including drawn but unreimbursed Letters of Credit plus an amount equal to the Letter of Credit Reserve), minus (c) the FX Reduction Amount, minus (d) any amounts used for Cash Management Services, and minus (e) the outstanding principal balance of any Advances.

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"**Credit Extension**" is any Advance, Letter of Credit, Term Loan, FX Forward Contract, amount utilized for Cash Management Services, or any other extension of credit by Bank for Borrower's benefit.

"**Loan Documents**" are, collectively, this Agreement, each Debenture, each Share Charge, each Guaranty, each Security Agreement, the Perfection Certificate, each IP Agreement (if any), any note, or notes or guaranties executed by Borrower or any Guarantor, and any other present or future agreement between Borrower any Guarantor and/or for the benefit of Bank in connection with this Agreement, all as amended, restated, or otherwise modified.

"**Reserves**" means, as of any date of determination, such amounts as Bank may, after consultation with Borrower, from time to time establish and revise in good faith reducing the amount of Advances, Letters of Credit and other financial accommodations which would otherwise be available to Borrower under the lending formulas: (a) to reflect events, conditions, contingencies or risks which, as determined by Bank in good faith, do or may have a material adverse affect on (i) the Collateral or any other property which is security for the Obligations or its value (including without limitation any increase in delinquencies of Accounts), (ii) the assets or business of Borrower or any guarantor, or (iii) the security interests and other rights of Bank in the Collateral (including the enforceability, perfection and priority thereof); or (b) to reflect Bank's good faith belief that any collateral report or financial information furnished by or on behalf of Borrower or any guarantor to Bank is or may have been incomplete, inaccurate or misleading in any material respect; or (c) in respect of any state of facts which Bank determines in good faith reasonable business judgment constitutes an Event of Default or may, with notice or passage of time or both, constitute an Event of Default."

and inserting in lieu thereof the following:

""**Availability Amount**" is (a) the lesser of (i) the Revolving Line or (ii) the amount available under the Borrowing Base minus (b) the outstanding principal balance of any Advances.

"**Credit Extension**" is any Advance, letter of credit, Term Loan, foreign exchange forward contract, amount utilized for cash management services, or any other extension of credit by Bank for Borrower's benefit.

"**Loan Documents**" are, collectively, this Agreement, any Bank Services Agreement, each Debenture, each Share Charge, each Guaranty, each Security Agreement, the Perfection Certificate, each IP Agreement (if any), any note, or notes or guaranties executed by Borrower or any Guarantor, and any other present or future agreement between Borrower any Guarantor and/or for the benefit of Bank in connection with this Agreement and/or Bank Services, all as amended, restated, or otherwise modified.

"**Reserves**" means, as of any date of determination, such amounts as Bank may, after consultation with Borrower, from time to time establish and revise in good faith reducing the amount of Advances, letters of credit and other financial accommodations which would otherwise be available to Borrower under the lending formulas: (a) to reflect events, conditions, contingencies or risks which, as determined by Bank in good faith, do or may have a material adverse affect on (i) the Collateral or any other property which is security for the Obligations or its value (including without limitation any increase in delinquencies of Accounts), (ii) the assets or business of Borrower or any guarantor, or (iii) the security interests and other rights of Bank in the Collateral (including the enforceability, perfection and priority thereof); or (b) to reflect Bank's good faith belief that any collateral report or financial information furnished by or on behalf of Borrower or any guarantor to Bank is or may have been incomplete, inaccurate or misleading in any material respect; or (c) in respect of any state of facts which Bank determines in good faith reasonable business judgment constitutes an Event of Default or may, with notice or passage of time or both, constitute an Event of Default."

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12 The Loan Agreement shall be amended by deleting the following definitions from Section 13.1 thereof:

““**Cash Management Services**” is defined in Section 2.1.4.

“**FX Forward Contract**” is defined in Section 2.1.3.

“**FX Reserve**” is defined in Section 2.1.3.

“**FX Reduction Amount**” is defined in Section 2.1.3.

“**Letter of Credit**” means a standby letter of credit issued by Bank or another institution based upon an application, guarantee, indemnity or similar agreement on the part of Bank as set forth in Section 2.1.2.

“**Letter of Credit Application**” is defined in Section 2.1.2(b).

“**Letter of Credit Reserve**” has the meaning set forth in Section 2.1.2(e).”

13 The Compliance Certificate attached as Exhibit B to the Loan Agreement is hereby deleted and shall be replaced with Exhibit A attached hereto.

4. CONDITIONS PRECEDENT. As a condition precedent to the effectiveness of this Loan Modification Agreement and the Bank’s obligation to make further Advances under the Revolving Line, the Bank shall have received the following documents prior to or concurrently with this Agreement, each in form and substance satisfactory to the Bank:

A. Copies, certified by a duly authorized officer of each Borrower, to be true and complete as of the date hereof, of each of (i) the governing documents of each Borrower, respectively, as in effect on the date hereof (but only to the extent modified since last delivered to the Bank), (ii) the resolutions of each Borrower, respectively, authorizing the execution and delivery of this Loan Modification Agreement, the other documents executed in connection herewith and each Borrower’s respective performance of all of the transactions contemplated hereby (but only to the extent required since last delivered to Bank), and (iii) an incumbency certificate giving the name and bearing a specimen signature of each individual who shall be so authorized (but only to the extent any signatories have changed since such incumbency certificate was last delivered to Bank);

B. Updated evidence of insurance; and

C. Such other documents as Bank may reasonably request.

5. FEES. Borrower shall pay to Bank a Revolving Line modification fee equal to Two Thousand Five Hundred Dollars ($2,500) plus a Term Loan modification fee equal to Two Thousand Five Hundred Dollars ($2,500), each of which fees shall be due on the date hereof and shall be deemed fully earned as of the date hereof. Borrower shall also reimburse Bank for all legal fees and expenses incurred in connection with this amendment to the Existing Loan Documents.

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6. RATIFICATION OF IP AGREEMENTS. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and conditions of each IP Agreement, and acknowledges, confirms and agrees that each respective IP Agreement contains an accurate and complete listing of all Intellectual Property Collateral as defined in each such IP Agreement as otherwise supplemented by the Loan Agreement and any Perfection Certificate related thereto, shall remain in full force and effect. Notwithstanding the terms and conditions of each IP Agreement, the Borrower shall not register any Copyrights or Mask Works in the United States Copyright Office unless it: (i) has given at least fifteen (15) days' prior-written notice to Bank of its intent to register such Copyrights or Mask Works and has provided Bank with a copy of the application it intends to file with the United States Copyright Office (excluding exhibits thereto); (ii) executes a security agreement or such other documents as Bank may reasonably request in order to maintain the perfection and priority of Bank's security interest in the Copyrights proposed to be registered with the United States Copyright Office; and (iii) records such security documents with the United States Copyright Office contemporaneously with filing the Copyright application(s) with the United States Copyright Office. Borrower shall promptly provide to Bank a copy of the Copyright application(s) filed with the United States Copyright Office, together with evidence of the recording of the security documents necessary for Bank to maintain the perfection and priority of its security interest in such Copyrights or Mask Works. Borrower shall provide written notice to Bank of any application filed by Borrower in the United States Patent Trademark Office for a patent or to register a trademark or service mark within fifteen (15) days of any such filing.

7. ADDITIONAL COVENANTS: RATIFICATION OF PERFECTION CERTIFICATE. Borrower is not a party to, nor is bound by, any license or other agreement with respect to which Borrower is the licensee (a) that prohibits or otherwise restricts Borrower from granting a security interest in Borrower's interest in such license or agreement or any other property, or (b) for which a default under or termination of could interfere with the Bank's right to sell any Collateral. Borrower shall provide written notice to Bank within ten (10) days of entering or becoming bound by any such license or agreement (other than over-the-counter software that is commercially available to the public). Borrower shall take such steps as Bank requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for (x) all such licenses or contract rights to be deemed "Collateral" and for Bank to have a security interest in it that might otherwise be restricted or prohibited by law or by the terms of any such license or agreement (such consent or authorization may include a licensor's agreement to a contingent assignment of the license to Bank if Bank determines that is necessary in its good faith judgment), whether now existing or entered into in the future, and (y) Bank to have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Bank's rights and remedies under the Loan Agreement and the other Loan Documents. In addition, the Borrower hereby certifies that no Collateral with a value greater than Twenty-Five Thousand Dollars ($25,000) in the aggregate is in the possession of any third party bailee (such as at a warehouse). In the event that Borrower, after the date hereof, intends to store or otherwise deliver the Collateral with a value in excess of Twenty-Five Thousand Dollars ($25,000), in the aggregate to such a bailee, then Borrower shall first receive, the prior written consent of Bank and such bailee must acknowledge in writing that the bailee is holding such Collateral for the benefit of Bank. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate, dated as of June 29, 2011, and acknowledges, confirms and agrees the disclosures and information Borrower provided to Bank in the Perfection Certificate remain true and correct in all material respects as of the date hereof.

8. CONSISTENT CHANGES. The Existing Loan Documents are hereby amended wherever necessary to reflect the changes described above.

9. RATIFICATION OF LOAN DOCUMENTS. Borrower hereby ratifies, confirms, and reaffirms all terms and conditions of all security or other collateral granted to the Bank, and confirms that the indebtedness secured thereby includes, without limitation, the Obligations.

10. NO DEFENSES OF BORROWER. Borrower hereby acknowledges and agrees that Borrower has no offsets, defenses, claims, or counterclaims against Bank with respect to the Obligations, or otherwise, and that if Borrower now has, or ever did have, any offsets, defenses, claims, or counterclaims against Bank, whether known or unknown, at law or in equity, all of them are hereby expressly WAIVED and Borrower hereby RELEASES Bank from any liability thereunder.

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11. CONTINUING VALIDITY. Borrower understands and agrees that in modifying the existing Obligations, Bank is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Loan Documents. Except as expressly modified pursuant to this Loan Modification Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. Bank's agreement to waive the Existing Defaults pursuant to this Loan Modification Agreement in no way shall obligate Bank to make any future waivers or any other modifications to the Obligations. Nothing in this Loan Modification Agreement shall constitute a satisfaction of the Obligations. It is the intention of Bank and Borrower to retain as liable parties all makers of Existing Loan Documents, unless the party is expressly released by Bank in writing. No maker will be released by virtue of this Loan Modification Agreement.

12. JURISDICTION/VENUE. Section 11 of the Loan Agreement is hereby incorporated by reference.

13. COUNTERSIGNATURE. This Loan Modification Agreement shall become effective only when it shall have been executed by Borrower and Bank.

[The remainder of this page is intentionally left blank]

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IN WITNESS WHEREOF, the parties hereto have caused this Loan Modification Agreement to be executed as of the date first above written.

BORROWER:

GTT-EMEA, LTD.

By__________________________________
Name: Richard D. Calder, Jr.
Title: Director

PACKETEXCHANGE (EUROPE) LTD.

By_______________________________
Name: Eric A. Swank
Title: Director

PACKETEXCHANGE (IRELAND) LIMITED

By__________________________________
Name:Chris McKee
Title: Director

BANK:

SILICON VALLEY BANK

By__________________________________
Name:______________________________
Title:_______________________________

The undersigned Responsible Officer of each entity listed below, ratifies, confirms and reaffirms, all and singular, the terms and conditions of (i) a certain Amended and Restated Unconditional Guaranty dated as of June 29, 2009 (the "Guaranty") and (ii) a certain Amended and Restated Security Agreement dated as of June 29, 2009 (the "Security Agreement") and acknowledges, confirms and agrees that the Guaranty and the Security Agreement shall remain in full force and effect and shall in no way be limited by the execution of this Loan Modification Agreement, or any other documents, instruments and/or agreements executed and/or delivered in connection herewith.

GLOBAL TELECOM & TECHNOLOGY, INC.

By____________________________________
Name: Eric A. Swank
Title: CFO

GLOBAL TELECOM & TECHNOLOGY AMERICAS, INC.

By____________________________________
Name: Eric A. Swank
Title: CFO

PACKETEXCHANGE, INC.

By_____________________________________
Name: Eric A. Swank
Title: Director

WBS CONNECT, LLC

By____________________________________
Name: Eric A. Swank
Title: CFO of Managing Member

PACKETEXCHANGE (USA), INC.
By_____________________________________
Name: Eric A. Swank
Title: Director

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The undersigned, Eric Swank, of GTT Global Telecom Government Services, LLC, a Virginia limited liability company and wholly owned Subsidiary of GTTA, ratifies, confirms and reaffirms, all and singular, the terms and conditions of (i) a certain Unconditional Guaranty dated as of June 29, 2011 (the "Guaranty") and (ii) a certain Amended and Restated Security Agreement dated as of June 29, 2011 (the "Security Agreement") and acknowledges, confirms and agrees that the Guaranty and the Security Agreement shall remain in full force and effect and shall in no way be limited by the execution of this Loan Modification Agreement, or any other documents, instruments and/or agreements executed and/or delivered in connection herewith.

By___________________________
Name: Eric A. Swank
Title: CFO of Sole Member

The undersigned, Eric Swank of TEK Channel consulting, LLC, a Colorado limited liability company and wholly owned Subsidiary of GTTA, ratifies, confirms and reaffirms, all and singular, the terms and conditions of (i) a certain Unconditional Guaranty dated as of June 29, 2011 (the "Guaranty") and (ii) a certain Amended and Restated Security Agreement dated as of June 29, 2011 (the "Security Agreement") and acknowledges, confirms and agrees that the Guaranty and the Security Agreement shall remain in full force and effect and shall in no way be limited by the execution of this Loan Modification Agreement, or any other documents, instruments and/or agreements executed and/or delivered in connection herewith.

By___________________________
Name: Eric A. Swank
Title: CFO of Managing Member

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EXHIBIT B

COMPLIANCE CERTIFICATE

TO: SILICON VALLEY BANK Date: ______________________________
FROM: GTT-EMEA, LTD. et al.

The undersigned authorized officer of GTT-EMEA, LTD. (a "**Borrower**") certifies that under the terms and conditions of the Loan and Security Agreement between Borrower and Bank (the "**Agreement**"), (1) Borrower is in complete compliance for the period ending _______________ with all required covenants except as noted below, (2) there are no Events of Default, (3) all representations and warranties in the Agreement are true and correct in all material respects on this date except as noted below; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date , (4) each Borrower, and each of its respective Subsidiaries, has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state, national and local taxes, assessments, deposits and contributions owed by Borrower except as otherwise permitted pursuant to the terms of Section 5.9 of the Agreement, and (5) no Liens have been levied or claims made against any Borrower or any of its respective Subsidiaries, if any, relating to unpaid employee payroll or benefits of which any Borrower has not previously provided written notification to Bank. Attached are the required documents supporting the certification. The undersigned certifies that these are prepared in accordance with GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes. The undersigned acknowledges that no borrowings may be requested at any time or date of determination that Borrower is not in compliance with any of the terms of the Agreement, and that compliance is determined not just at the date this certificate is delivered. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

Please indicate compliance status by circling Yes/No under "Complies" column.

Reporting Covenant	Required	Complies
Monthly consolidated unaudited financial statements of EMEA and its direct and indirect Subsidiaries with Compliance Certificate	Monthly within 30 days	Yes No
Annual financial statement (CPA Audited) + CC	FYE within150 days	Yes No
10-Q, 10-K and 8-K	Within 5 days after filing with SEC	Yes No
A/R & A/P Agings, Deferred Revenue report	Monthly within 15 days	Yes No
Transaction Reports	Monthly within 20 days and with each request for a Credit Extension	Yes No
Projections	FYE within 45 days and as amended or updated	Yes No

The following Intellectual Property was registered and/or the following Governmental Approvals were obtained after the Effective Date (if no registrations or approvals, state "None")
____

Financial Covenant	Required	Actual	Complies
Maintain as indicated:			
Minimum Liquidity (certified monthly)	*	$_______	**Yes No**
Minimum Fixed Charge Coverage Ratio (tested quarterly, on a T3M basis	**1.50:1.00**	_____:1.0	**Yes No**

* See Section 6.9(a) of the Loan Agreement

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The following financial covenant analyses and information set forth in Schedule 1 attached hereto are true and accurate as of the date of this Certificate.

The following are the exceptions with respect to the certification above: (If no exceptions exist, state "No exceptions to note.")

GTT-EMEA, LTD. et al.	**BANK USE ONLY**
	Received by: ______________________
By:	authorized signer
Name:	Date: ___________________________
Title:	
	Verified: _________________________
	authorized signer
	Date: ___________________________
	Compliance Status: Yes No

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Schedule 1 to Compliance Certificate

Financial Covenants of Borrower

In the event of a conflict between this Schedule and the Loan Agreement, the terms of the Loan Agreement shall govern.

Dated: ______________________

I. **Liquidity** (Section 6.9(a))

Required: EMEA and its direct and indirect Foreign Subsidiaries shall at all times maintain unrestricted cash plus the unused availability under the Borrowing Base (the "**Minimum Liquidity**") of at least the amounts indicated below for the periods indicated below:

Period	Minimum Liquidity
Effective Date through and including September 30, 2011	$3,000,000
October 1, 2011 through and including February 29, 2012	$2,750,000
March 1, 2012 and at all times thereafter	$2,000,000

Actual:

A.	Aggregate value of the unrestricted cash of EMEA and its direct and indirect Foreign Subsidiaries	$_________
B.	Aggregate value of the unused availability under the Borrowing Base	$_________
C.	LIQUIDITY (line A plus line B)	$_________

Is line C equal to or greater than $5,000,000?

__________ No, not in compliance　　　　　__________ Yes, in compliance

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II. **Fixed Charge Coverage Ratio.** (Section 6.9(b))

Required: On a quarterly basis, as of the last day of each fiscal quarter of the Borrower, measured on a trailing three month basis, EMEA and its Foreign Subsidiaries shall maintain a ratio of (i) Cash Basis EBITDA for such period divided by (ii) Fixed Charges of at least 1.50:1.00

Actual: All amounts measured on a trailing three month basis:

A.	EBITDA	$_________
B.	Unfinanced Capital Expenditures	$_________
C.	Non-recurring cash expenses related to the PEX Acquisition approved by Bank, in its reasonable discretion, on a case-by-case basis	$_________
D.	CASH BASIS EBITDA (line A minus line B plus line C)	$_________
E.	Fixed Charges	$_________
F.	FIXED CHARGE COVERAGE RATIO (line D divided by line E, expressed as a ratio)	_________:1.00

Is line F equal to or greater than 1.50:1:00?

__________ No, not in compliance __________ Yes, in compliance

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III. **Leverage Ratio.** (Section 6.9(c))

Required: On a quarterly basis, as of the last day of each of the following fiscal quarters of Borrower, GTTI and its direct and indirect Subsidiaries shall maintain a ratio (the "**Leverage Ratio**") of (i) total Indebtedness of Borrower and its respective Subsidiaries (excluding the PEX Earn-out) divided by (ii) trailing four (4) quarters Free Cash Flow, not to exceed the following:

Quarterly Period Ending	Maximum Leverage Ratio
June 30, 2011	4.75:1.00
September 30, 2011	4.25:1.00
December 31, 2011	3.50:1.00
March 31, 2012	3.00:1.00
June 30, 2012	2.75:1.00
September 30, 2012, and as of the last day of each quarterly period ending thereafter	2.50:1.00

Actual:

A.	Total Indebtedness of Borrower and its respective Subsidiaries (excluding the PEX Earn-out)	$_________
B.	CASH BASIS EBITDA (from line II.D above)	$_________
C.	Taxed actually paid in cash	$_________
D.	FREE CASH FLOW (line B minus line C)	$_________
E.	MAXIMUM LEVERAGE RATIO (line A divided by line D)	_________:1.00

Is line E equal to or greater than 1:00?

__________ No, not in compliance __________ Yes, in compliance

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Exhibit 10.33

NOTE AMENDMENT NO. 1

This NOTE AMENDMENT No. 1 (this "Amendment ") is entered into as of May _, 20 11, by and between Global Telecom & Technology, Inc. (the "Company") and the undersigned holder (the "Holder") of certain of the Company's 10% promissory notes issued on February 8, 2010 and originally due on February 8, 2012 (collectively, the "Notes," and each a "Note"). Capitalized terms not otherwise defined herein shall have the respective definitions provided in the Note.

RECITALS

A. On February 8, 2010, the Company issued a Note to the Holder due February 8, 2012 in the principal amount of $35,000.

B. The Notes provide for subordination of the payment obligations under the Notes to the Senior Debt of the Company.

C. The Company is engaged in acquisition activities in order to expand its business, and in connection therewith the Company is seeking to (i) amend its existing credit agreement with SVB in order to increase the available borrowings thereunder to $20,000,000 (the " SVB Amendment "), and (iii) enter into a new senior subordinated credit arrangement in the amount of $12,500,000 with BIA Digital Partners SBIC II LP.

D. In recognition of the benefit s that will accrue to the Company as a result of these activities, and in recognition of the benefits that will accrue to the Holder in his capacity as a holder of Notes, the Company and the Holder agree as follows:

AGREEMENT

1. Amendment to Section I. Section I of the Note is hereby amended by deleting the text thereof and replacing it with the following:

"1. Interest. The principal sum outstanding from time to time h ereunder shall, from the date hereof until repaid, bear interest at the rate of I 0% per annum. Interest shall be computed on the basis of the actual number of days elapsed. Accrued but unpaid interest shall be payable on each date on which principal l is to be paid hereunder pursuant to Section 2; provided that any accrued but unpaid interest existing as of December 31,2012 shall be payable in equal installments on each date on which principal is to be paid hereunder pursuant to Section 2. Each payment of interest shall be paid in cash."

2. Amendment to Section 2. Section 2 of the Note is hereby amended by deleting the text thereof and replacing it with the following:

"2. Principal. The principal amount of this Note shall be paid in four equal installments on March 31, June 30, September 30 and December 31, 20 13 (the "Principal Payment Dates")."

3. Amendment to Section 5. Section 5 of the Note is hereby amended by deleting the last sentence of clause (b) thereof and replacing the sentence with the following:

""Credit Facility" means, collectively, the Loan and Security Agreement by and among the Company, certain of its subsidiaries and Silicon Valley Bank and the Note Purchase Agreement by and among the Company, certain of its subsidiaries and BIA Digital Partners SBIC II LLP, and any indebtedness incurred in connection with the refinancing or replacement of each thereof thereof, in each case as the same may be modified or amended from time to time, including the SVB Amendment."

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4. Amendment to Section 6. Section 6 of the Note is hereby amended by deleting the text of clause (a)(i) thereof and replacing it in its entirety with the following:

"(a)(i) if a default occurs in the payment of any principal of, interest on, or other obligation with respect to, any of the 2012 Notes, whether at any Principal Payment Date or upon acceleration thereof, and such default shall continue for more than ten days after written notice to the Company thereof from the Majority Lenders (as hereafter defined);"

5. Amendment to Section 8. Section 8 of the Note is hereby amended by deleting the text of clause (a)(i) thereof and replacing it in its entirety with the following:

"(a)(i) No Acceleration, Etc. This Note shall not be declared due and payable before the earlier of the final Principal Payment Date or the date on which the entire amount of the Senior Debt is indefeasibly paid in full in cash; provided, however, this Note shall automatically, without declaration or notice of any kind, be immediately due and payable upon the occurrence of a Change of Control or an Event of Default specified in Section 6(a)(ii) or Section 6(a)(iii)."

6. Amendment to Section 8. Section 8 of the Note is hereby amended by deleting the text of clause (a)(ii) thereof and replacing it in its entirety with the following:

"(a)(ii) No Payment. Until the Senior Debt is paid in full, the Lender shall not ask, demand or sue for any payment of all or any part of the indebtedness hereunder (other than payments of interest or in the form of securities of the Company that are subordinated to the Senior Debt at least to the same degree as this Note ("Permitted Payments")), provided, however, this Note shall automatically, without declaration or notice of any kind, be immediately due and payable on the final Principal Payment Date, upon the occurrence of a Change of Control or an Event of Default specified in Section 6(a)(ii) or Section 6(a)(iii)."

7. Amendment to Section 8. Section 8 of the Note is hereby amended by deleting the text of clause (d) thereof and replacing it in its entirety with the following :

"(d) Further Assurances. The Lender agrees to execute an agreement in such form as may be reasonably requested by the holders of Senior Debt subordinat ing this Note to the Senior Debt; *provided, however,* no such agreement shall require the Lender to defer the receipt of payment of the Amount Due after the final Principal Payment Date.

8. Amendment to Section 11. Section 11 of the Note is hereby amended by deleting the text of clause (c) thereof and replacing it in its entirety with the following:

"(c) Amendment and Waiver. No provision of this Note may be amended or modified, nor may compliance with any term, covenant, agreement, condition or provision set forth in this Note be omitted or waived (either generally or in a particular instance and either retroactively or prospectively), except by a written consent of the Company and the holders of at least a majority of the aggregate amount of outstanding principal due under the 2012 Notes ("Majority Lenders"). The obligation to repay the principal amount of this Note and all accrued interest thereon on the final Principal Payment Date cannot be amended or modified without the written consent of the Lender ."

9. No Waiver. Except as expressly stated herein, nothing herein shall be deemed to constitute a waiver of compliance with, or other modification of, any term or condition contained in the Notes.

10. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the Holder and the Company and their successors and permitted assigns.

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11. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF VIRGINIA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE.

12. Attachment to Note. The Holder agrees to attach a copy of this Amendment to his Note, and upon demand of the Company to deliver the original Note for replacement and exchange for a new note reflecting the amendments set forth in this Amendment and any prior amendments of such Note.

13. Affirmation. The Holder affirms that all provisions of the Note, as modified hereby, shall remain in full force and effect and are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first written above.

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Exhibit 10.33

GLOBAL TELECOM & TECHNOLOGY, INC.

By: ________________________________

Name: Chris McKee

Title: Secretary

____

Name: Eric A. Swank

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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 19, 2013 relating to the consolidated financial statements of Global Telecom & Technology, Inc. and Subsidiaries as of December 31, 2012 and 2011 and for the years then ended included in this Annual Report on Form 10-K of Global Telecom & Technology, Inc. for the year ended December 31, 2012.

/s/ CohnReznick LLP

Jericho, New York
March 19, 2013

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Exhibit 31.1

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 19, 2013

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

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Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Michael R. Bauer, 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 19, 2013

/s/ Michael R. Bauer

Michael R. Bauer
Chief Financial Officer and Treasurer

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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, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard D. Calder, Jr., President 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 19, 2013

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

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Exhibit 32.2

CERTIFICATION OF
PRINCIPAL ACCOUNTING 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, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael R. Bauer, 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 19, 2013

/s/ Michael R. Bauer
Michael R. Bauer
Chief Financial Officer and Treasurer

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