

# SECURITIES AND EXCHANGE COMMISSION

## FORM S-3

Registration statement for specified transactions by certain issuers

Filing Date: **1996-12-30**  
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### FILER

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#### **GLOBAL TELECOMMUNICATION SOLUTIONS INC**

CIK: **925004** | IRS No.: **13358527** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **S-3** | Act: **33** | File No.: **333-19005** | Film No.: **96688369**  
SIC: **4899** Communications services, nec

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ELMONT NY 11003

Business Address  
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ELMONT NY 11003  
5163261940

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM S-3  
REGISTRATION STATEMENT  
UNDER THE SECURITIES ACT OF 1933

GLOBAL TELECOMMUNICATION SOLUTIONS, INC.  
(Exact Name of Registrant as Specified in its Charter)

Delaware

-----  
(State of Incorporation)

13-3698386

-----  
(I.R.S. Employer Identification  
Number)

5697 Rising Sun Avenue  
Philadelphia, PA 19120  
(215) 342-7700

(Address and telephone number of principal executive offices)

Shelly Finkel  
Chairman of the Board  
Global Telecommunication Solutions, Inc.  
5697 Rising Sun Avenue  
Philadelphia, PA 19120

(Name, address and telephone number of agent for service)

Copies to:

David Alan Miller, Esq.  
Graubard Mollen & Miller  
600 Third Avenue  
New York, New York 10016  
(212) 818-8800  
(212) 818-8881 - Telecopy

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

<TABLE>  
<CAPTION>

Title of Each Class of Securities to be Registered <S>	Amount to be Registered <C>	Proposed Maximum Offering Price Per Unit(1) <C>	Proposed Maximum Aggregate Offering Price(2) <C>	Amount Of Registration Fee <C>
Common Stock, \$.01 par value	18,868	\$3.0625	\$57,783.25	\$19.93
-----	-----	-----	-----	-----
Common Stock, \$.01 par value,	3,000,000(4)		\$9,187,500.00	\$3,168.10
underlying Warrants(3)	150,000(5)	\$3.0625	\$459,375.00	\$158.41
	50,000(6)		\$153,125.00	\$52.80
TOTAL FEE.....				\$3,399.24
=====	=====	=====	=====	=====

<FN>

- (1) Based upon the market price of the Common Stock, as reported by The Nasdaq Stock Market, on December 27, 1996, in accordance with Rule 457(c) promulgated under the Securities Act of 1933, as amended ("Securities Act").
- (2) The proposed maximum aggregate offering price, based upon the market price of the Common Stock, as reported by The Nasdaq Stock Market, on December 27, 1996, in accordance with Rules 457(c) under the Securities Act.
- (3) Pursuant to Rule 416, there are also being registered additional shares of Common Stock as may become issuable pursuant to the antidilution provisions in the instruments governing the Warrants pursuant to which the shares of Common Stock registered hereon are issuable.
- (4) Represents the resale of shares of Common Stock underlying the Warrants by the holders of such warrants ("Warrant Holders") who purchased the securities in a private placement of these and certain other securities consummated in December 1996 ("December 1996 Private Placement").
- (5) Represents the resale of shares of Common Stock underlying the Warrants acquired by Whale Securities Co., L.P. as a finder's fee in connection with the December 1996 Private Placement.
- (6) Represents the resale of shares of Common Stock underlying the Warrants acquired by Graubard Mollen & Miller in payment of certain legal fees and expenses.

</FN>  
</TABLE>

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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PRELIMINARY PROSPECTUS DATED DECEMBER 30, 1996  
SUBJECT TO COMPLETION

PROSPECTUS

GLOBAL TELECOMMUNICATION SOLUTIONS, INC.  
3,218,868 Shares of Common Stock

This Prospectus relates to up to 3,218,868 shares ("Shares") of Common Stock, par value \$.01 per share, of Global Telecommunication Solutions, Inc. ("Company" or "GTS") that may be offered for resale for the account of certain securities holders ("Selling Securityholders") of the Company as set forth herein under the heading "Selling Securityholders."

Of the 3,218,868 shares being offered for resale by the Selling Securityholders, (i) 18,868 shares are currently outstanding, (ii) 3,000,000

shares are issuable upon exercise of the Common Stock Purchase Warrants ("Warrants") issued in connection with a private placement consummated by the Company in December 1996 ("December 1996 Private Placement"), (iii) 150,000 shares are issuable upon exercise of Warrants issued to Whale Securities Co., L.P. ("Whale") as a finder's fee in connection with the December 1996 Private Placement and (iv) 50,000 shares are issuable upon exercise of Warrants issued to Graubard Mollen & Miller in payment of certain legal fees and expenses.

All of the Shares are being offered hereby for the respective accounts of the Selling Securityholders. No period of time has been fixed within which the securities covered by this Prospectus may be offered or sold. The Company will not receive any of the proceeds from the sale of the Shares by the Selling Securityholders. Of the 3,218,868 shares offered hereby, 3,200,000 shares are issuable upon exercise of the Warrants. If such securities are fully exercised, the Company will receive up to an aggregate of \$8,000,000 in gross proceeds. All proceeds received by the Company, if any, will be used for working capital and general corporate purposes. See "Use of Proceeds" and "Selling Securityholders."

All costs, expenses and fees in connection with the registration of the Shares offered by this Prospectus will be borne by the Company. Such expenses are estimated to be \$30,000. Brokerage commissions and discounts, if any, attributable to the sale of the Shares for the account of Selling Securityholders will be borne by them.

The principal market for trading of the Common Stock and the Company's publicly-traded warrants ("Public Warrants") is the Nasdaq SmallCap Market under the symbols GTST and GTSTW, respectively. On December 27, 1996, the last sale price for the Common Stock was \$3-1/16 and for the Public Warrants was \$3/4 as reported by the Nasdaq SmallCap Market. The Common Stock and the Public Warrants also are listed on the Boston Stock Exchange under the symbols GTL and GTLW, respectively.

THE SECURITIES OFFERED HEREBY INVOLVE A HIGH DEGREE OF RISK.  
SEE "RISK FACTORS" BEGINNING ON PAGE 9.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is \_\_\_\_\_

No person is authorized in connection with any offering made hereby to give any information or to make any representation not contained in this Prospectus, and if given or made, such information or representation must not be relied upon as having been authorized by the Company. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Common Stock offered hereby, nor does it constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby to any person in any jurisdiction in which it is unlawful to make such an offer or solicitation. Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances create any implication that the information contained herein is correct as of any date subsequent to the date hereof.

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AVAILABLE INFORMATION

The Company has filed with the Securities and Exchange Commission ("Commission") a Registration Statement on Form S-3 ("Registration Statement") under the Securities Act of 1933, as amended ("Securities Act") with respect to the Shares offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and exhibits thereto. For further information with respect to the Company and the Shares, reference is hereby made to the Registration Statement and exhibits. The statements contained in this Prospectus as to the contents of any contract or other document filed as an exhibit are not complete and the description of such contract or document is qualified in its entirety by reference to such contract or document. The Registration Statement, together with the exhibits, may be inspected at the Commission's principal office in Washington, D.C. and copies may be obtained upon payment of the fees prescribed by the Commission.

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Commission. Copies of such information, reports, proxy statements and other information filed by the Company under the Exchange Act may be examined without charge at the public reference facilities of the Commission, Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, as well as at the following Regional Offices: 7 World Trade Center, Suite 1300, New York, New York 10048; and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60611. Copies can also be obtained at prescribed rates from the Commission's Public Reference Section, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. In addition, all reports filed by the Company via the Commission's Electronic Data Gathering and Retrieval System (EDGAR) can be obtained from the Commission's Internet Web Site located at <http://www.sec.gov>. The Common Stock and Public Warrants are traded on the Nasdaq SmallCap Market (Symbols: GTST and GTSTW), and such reports, proxy statements and other information concerning the Company also can be inspected at the offices of the Nasdaq SmallCap Market, 1735 K Street, N.W., Washington, D.C. 20006. The Common

Stock and Public Warrants also are listed on the Boston Stock Exchange (Symbols: GTL and GTLW) and information concerning the Company can be inspected and copied at the Boston Stock Exchange, Inc., One Boston Place, Boston, Massachusetts 02108.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents, which are on file with the Commission (Exchange Act File No. 1-13478) are incorporated in this Prospectus by reference and made a part hereof:

- (a) Annual Report on Form 10-KSB of the Company for the year ended December 31, 1995 and amendment thereto on Form 10-KSB/A, filed with the Commission on September 6, 1996;
- (b) Current Report of the Company on Form 8-K, dated March 1, 1996, filed with the Commission on March 15, 1996, and amendments thereto on Form 8-K/A, filed with the Commission on May 10, 1996 and September 6, 1996, respectively;
- (c) Quarterly Report on Form 10-QSB of the Company for the quarter ended March 31, 1996 and amendment thereto on Form 10-QSB/A, filed with the Commission on September 6, 1996;
- (d) Quarterly Report on Form 10-QSB of the Company for the quarter ended June 30, 1996 and amendment thereto on Form 10-QSB/A, filed with the Commission on September 27, 1996;
- (e) Proxy Statement dated July 11, 1996; and
- (f) Quarterly Report on Form 10-QSB of the Company for the quarter ended September 30, 1996 and amendment thereto on Form 10-QSB/A, filed with the Commission on November 20, 1996;

(g) Current Report of the Company on Form 8-K, dated December 20, 1996, filed with the Commission on December 26, 1996.

The Company's Registration Statement on Form 8-A (which contains descriptions of the Company's Common Stock and Public Warrants), which was declared effective by the Commission on December 14, 1994, is also incorporated in this Prospectus by reference and made a part hereof.

All documents filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to the termination of this Offering shall be deemed to be incorporated by reference in this Prospectus and shall be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated by reference in this Prospectus and filed with the Commission prior to the date of this Prospectus shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein, or in any other subsequently filed document which is deemed to be incorporated by reference herein, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will provide without charge to each person to whom this Prospectus is delivered, upon written or oral request of such person, a copy of any or all of the foregoing documents incorporated herein by reference (other than exhibits to such documents, unless such exhibits are specifically incorporated by reference into such documents). Written or telephone requests should be directed to the Company at 5697 Rising Sun Avenue, Philadelphia, Pennsylvania 19120, Attention: Investor Relations (telephone number: (215) 342-7700).

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#### PROSPECTUS SUMMARY

The information set forth below is qualified in its entirety by the information set forth in those documents incorporated herein by reference. Certain of the information contained in this summary and elsewhere in this Prospectus are forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. In order to comply with the terms of the safe harbor, the Company notes that a variety of factors could cause the Company's actual results and experience to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. For a discussion of important factors that could cause actual results to differ materially from the forward-looking statements, see "Risk Factors."

#### The Company

##### General

The Company and its subsidiaries design, develop and market prepaid phone cards featuring licensed, promotional and standard graphics. The Company markets its prepaid phone cards as a convenient alternative to credit calling cards and conventional coin or collect long distance calls. The Company also provides card user access to long distance service through its switching facilities and long distance network arrangements. The Company's phone cards are designed to promote a high level of consumer awareness and appeal by combining creative graphic designs and widely-recognized concepts, characters and/or images with long distance service features and ancillary advertising and promotional benefits, such as broadcast messaging, voice mail, foreign language instruction, customized information and advertising, celebrity and character voices and customized greetings.

##### Recent Events

#### Acquisition of Global Link

The Company acquired Global Link Teleco Corporation ("Global Link") by merging (the "Merger") the Company's wholly-owned subsidiary, Link Acquisition Corp., with and into Global Link, with Global Link surviving the Merger as a wholly-owned subsidiary of the Company. The Merger was effective March 1, 1996. The purchase price paid for Global Link was approximately \$11,500,000. Global Link is engaged in the marketing and selling of prepaid phone cards through its retail phone centers in the New York City metropolitan area and in South Miami

Beach, Florida, and a diverse wholesale distribution network.

Global Link markets its prepaid phone cards through various wholesale distributors and retailers, including supermarkets, convenience stores, travel agents and tour wholesalers, to consumers seeking economical and convenient long distance services and to international travelers for use in the United States and abroad. Global Link also markets its prepaid phone cards to corporations seeking phone cards for promotional use, internal use or sale to the corporations' customers.

Global Link's retail phone centers are brightly lit environments located in urban shopping areas having a high volume of pedestrian traffic. Each retail phone center has a street level store front offering high and easy accessibility. These retail phone centers provide two primary functions: (i) to sell Global Link's phone cards and (ii) to enable the customers to place telephone calls and pay for those calls with the phone card. Other services, including money transfers, mailbox rentals, photocopying, may also be provided at some of Global Link's retail phone centers. Such other services, however, do not and are not expected to constitute a material part of the retail phone centers' business. Global Link currently operates 12 retail phone centers in Brooklyn and Queens, New York and South Miami Beach, Florida.

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#### May 1996 Private Placement

In May 1996, the Company consummated a private placement ("May 1996 Private Placement") from which the Company derived gross proceeds of \$3,000,000 through the sale of 30 units ("Units"), each consisting of 20,000 shares of Common Stock and 40,000 Redeemable Common Stock Purchase Warrants ("May 1996 Warrants"). The May 1996 Warrants are identical to the Public Warrants of the Company listed on the Nasdaq SmallCap Market under the symbol "GTSTW" and on the Boston Stock Exchange under the symbol "GTLW." The Company has agreed, however, that, notwithstanding the terms of its Public Warrants, each of the May 1996 Warrants is not redeemable by the Company until it is (i) registered for public sale under the Securities Act and (ii) transferred by the original purchasers thereof. The per Unit offering price was \$100,000, which price was determined by arms' length negotiations between the Company and Whale based on an assessment of the prospects for the industry in which the Company competes, the Company's management and capital structure, and the prevailing market prices of the Common Stock and Public Warrants, with a discount taken due to the private nature of the transaction. The securities underlying the Units sold in the May 1996 Private Placement were registered for public resale by the holders thereof under the Securities Act pursuant to a registration statement declared effective on September 30, 1996.

Whale served as the placement agent in connection with the May 1996 Private Placement and received a commission equal to 10% of the gross proceeds from the sale of 27 1/2 of the 30 Units sold (no commission was paid with respect to 2 1/2 Units sold to certain purchasers introduced to the Company by entities other than Whale) and a \$15,000 nonaccountable expense allowance. Whale also received an option ("UPO") to purchase three Units, which Units are identical to the Units sold in the May 1996 Private Placement, at an exercise price of \$100,000 per Unit, exercisable until May 10, 2001.

#### December 1996 Private Placement

In December 1996, the Company consummated the December 1996 Private Placement from which the Company derived gross proceeds of \$3,000,000 through the sale of an aggregate of \$3,000,000 of promissory notes ("Notes") and 3,000,000 Warrants. Each Warrant is exercisable at any time during the period commencing March 1, 1997 and ending on November 27, 2001, at an initial exercise price equal to \$2.50 per share. The Notes are payable on the earlier of (i) November 27, 1998 and (ii) the date on which the Company undergoes a "change in control" in which any person other than an officer, director or 5% stockholder acquires securities of the Company having 50% or more of the total voting power of all of the Company's securities then outstanding ("Maturity Date"). No interest will accrue on the Notes unless the Notes are not paid on or prior to the Maturity Date, at which time the outstanding principal will immediately begin to accrue interest at the rate of 12% per annum and the principal amount outstanding and interest accrued thereon will become convertible, at the option of the holders, into that number of shares of Common Stock equal to the principal amount and interest being converted divided by the lesser of (i) \$2.00 and (ii) 80% of the average of the closing bid prices of the Common Stock on the five trading days ending on the date immediately following the date a holder

elects to convert. The Notes are not convertible unless the Notes are not paid in full on the Maturity Date.

Whale was paid a finder's fee in connection with the December 1996 Private Placement equal to 5% of the gross proceeds received by the Company (\$150,000) and 150,000 Warrants. Additionally, Graubard Mollen & Miller received \$50,000 of Notes and 50,000 Warrants in payment of certain legal fees and expenses.

Shelly Finkel, Chairman of the Board of Directors of the Company, participated in the December 1996 Private Placement. See "Selling Securityholders."

#### Market Overview

The markets for prepaid phone cards have grown in recent years. Advances in long distance telephone services, coupled with the convenience and features of prepaid phone cards, have resulted in demand for and increasing use of phone cards for various business and personal reasons. The number of prepaid phone cards sold as collectors' items in worldwide markets has also increased and prepaid phone cards have become popular with large corporations for internal use and in connection with marketing, advertising and promotional activities. Although the markets for prepaid phone cards in Europe and Japan have matured, markets in the United States are emerging and are largely undeveloped. According to industry sources, domestic prepaid phone card sales were approximately \$75 million in 1993 and grew to approximately \$500 million in 1995.

Two types of prepaid phone card technologies are currently used in the United States. Most domestic prepaid phone cards, including the Company's cards, utilize a remote memory technology, which permits users to place domestic and international calls from any touch-tone phone by calling a toll-free 800 number and entering a PIN number printed on the back of the card. In contrast, "smart" card technology utilizes computer chips, magnetic strips or optical readers incorporated into the cards which must be swiped or inserted through a specially-designed device incorporated into the telephone. Smart card technology requires the replacement of standard telephones with telephones that have mechanisms capable of reading such cards. Smart card technology is currently in widespread commercial use in Europe and Japan and has been introduced in the United States on a limited basis by companies such as NYNEX Corporation ("NYNEX"), a leading regional telephone company. In order for smart card technology to become a viable option for a calling card company in any particular area, all or substantially all of the public pay telephones in that area must have the technology to accept and read the smart cards. Accordingly, NYNEX might be able to utilize smart card technology as a viable economic alternative to remote memory technology in areas, such as New York City, in which NYNEX owns and operates a significant number of its own public pay telephones (and thus, controls the technology), but currently the Company could not. However, smart card technology may be a viable alternative in a "closed" environment in which the Company would have access to each of the consumers which would utilize the public telephone system in such environment and in which there was only one public pay telephone provider. Examples of closed environments include colleges, universities and entertainment facilities. Notwithstanding the foregoing, the Company may choose not to implement smart card technology at all if the Company determines that its prepaid calling cards are not being primarily utilized from public pay telephones. Moreover, in the event the Company chooses to implement smart card technology, it may not replace its remote memory technology entirely because many of the Company's customers utilize its prepaid phone cards from telephones other than public pay telephones. Unlike smart cards, the Company's prepaid phone cards may be utilized from any touch-tone telephone.

#### Strategy

The Company is pursuing a growth strategy to capitalize on its early entrance into the emerging and expanding markets for prepaid phone cards in the United States and Canada, and on the marketability of the licensed concepts featured on many of the Company's cards. Significant components of the Company's strategy include: (i) increasing demand for phone cards by expanding retail distribution to enhance market penetration and utilizing popular concepts, images and graphics licensed to the Company on its prepaid phone cards to heighten consumer interest; (ii) encouraging corporations to use the Company's phone cards for internal use and in connection with their marketing, advertising and promotional activities; (iii) expanding the Company's international network of distributors to market the Company's phone cards overseas; (iv) creating and



marketing interactive applications which can be accessed by using the Company's phone cards; (v) pursuing the acquisition of companies that fit within the Company's business strategy and which can, through economies of scale, improve the Company's operating margins (although, as of the date of this Prospectus, the Company has no agreements, understandings or commitments with respect thereto); and (vi) maintaining the Company's retail phone

center operations. The Company also intends to continue development of multi-functional debit card applications for entities such as colleges, sporting arenas and theme parks which can be used by consumers to make small item purchases offered at and sold by such entities, as well as for placing long distance telephone calls. The Company seeks to develop the components of its strategy both internally and, where appropriate, through joint venture arrangements. There can be no assurance that the Company's strategy will be successful.

Corporate Background

GTS and Global Link were incorporated under the laws of the State of Delaware in December 1992 and March 1994, respectively. The Company's principal executive offices are located at 5697 Rising Sun Avenue, Philadelphia, Pennsylvania 19120 and its telephone number is (215) 342-7700.

The Offering

<TABLE>  
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Securities offered by Selling

Securityholders..... 3,218,868 shares of Common Stock

Risk Factors..... The securities offered hereby are speculative and involve a high degree of risk including, among others, the Company's limited operating history and revenues; significant and continuing losses; accumulated and working capital deficits; the recent acquisition of Global Link; significant outstanding indebtedness and security interests; the relative infancy of the prepaid calling card industry and the uncertainty of market acceptance of phone cards; and the risks associated with marketing strategy and rapid expansion. See "Risk Factors."

Nasdaq SmallCap Market Symbols..... Common Stock: GTST  
 Warrants: GTSTW

Boston Stock Exchange Symbols..... Common Stock: GTL  
 Warrants: GTLW

Use of Proceeds..... The Company will not receive any of the proceeds from the sale of the Shares by the Selling Securityholders. Of the 3,218,868 shares offered hereby, 3,200,000 shares are issuable upon exercise of the Warrants. If such securities are fully exercised, the Company will receive up to an aggregate of \$8,000,000 in gross proceeds. All proceeds received by the Company, if any, will be used for working capital and general corporate purposes. See "Use of Proceeds" and "Selling Securityholders."

</TABLE>

Outstanding Securities

Common Stock. As of December 27, 1996, there were 5,531,669 shares of Common Stock outstanding.

Public Warrants. As of December 27, 1996, there were outstanding 4,141,678 Public Warrants, each of which entitles the holder thereof to purchase one share of Common Stock for \$4.00 through December 14, 1999. Additionally, the Company may issue up to 270,000 Public Warrants upon exercise of the UPO and an option issued to Whale in connection with the Company's initial public offering ("IPO") consummated on December 14, 1994. The Public Warrants may be redeemed by the Company, with the consent of Whale, upon notice of not less than 30 days, at a price of \$.10 per Public Warrant, provided that the closing bid quotation of the Common Stock on all 20 trading days ending on the third day prior to the day on which the Company gives notice, has been at least 187.5% of the then effective exercise price of the Public Warrants (currently \$7.50, subject to adjustment).

Warrants. As of December 27, 1996, there were outstanding 3,200,000 Warrants, each of which entitles the holder thereof to purchase one share of Common Stock for \$2.50 at any time during the period commencing March 1, 1997 and ending on November 27, 2001. The Company has agreed to register the shares underlying the Warrants for resale under the registration statement of which this Prospectus forms a part. Once such registration statement is effective, the Company has agreed to maintain the effectiveness of the registration statement until all such shares are sold or until all such shares may be sold by the holders thereof under Rule 144 of the Securities Act without volume limitations. The Company shall bear all fees and expenses incurred in the preparation and filing of the registration statement.

#### RISK FACTORS

The securities offered hereby are speculative and involve a high degree of risk. Each prospective investor should carefully consider the following risk factors before making an investment decision.

Limited Operating History and Revenues; Significant and Continuing Losses; Accumulated and Working Capital Deficits. The Company was organized in December 1992 and Global Link was incorporated in March 1994. Accordingly, the Company has a limited operating history upon which an evaluation of its future performance and prospects can be made. The Company's prospects must be considered in light of the risks, expenses, delays, problems and difficulties frequently encountered in the establishment of a new business in an emerging and evolving industry characterized by intense competition, which are described further below. Since inception, the Company has generated limited revenues and has incurred significant losses, including losses of \$1,946,526 and \$2,970,121, respectively, for the years ended December 31, 1994 and 1995 and Global Link has generated only limited revenues and has incurred significant losses since its inception, including losses of \$548,340 and \$4,563,401 for the years ended December 31, 1994 and 1995. Assuming the Company's acquisition of Global Link occurred on January 1, 1995, on an unaudited combined pro forma basis, giving effect to the financial results of Global Link, the Company would have incurred a net loss of \$7,765,915 for the year ended December 31, 1995. For the nine months ended September 30, 1996, assuming that the acquisition occurred on January 1, 1996, on an unaudited combined pro forma basis, the Company would have incurred a net loss of \$5,243,038. Inasmuch as the Company will continue to have a high level of operating expenses and will be required to make significant up-front expenditures in connection with its continuing expansion (including salaries of executive, creative, sales, marketing and other personnel), the Company anticipates that losses will continue until such time, if ever, as the Company is able to generate sufficient revenues to finance its operations and the costs of continuing expansion. There can be no assurance that the Company will be able to generate significant revenues or achieve profitable operations. Moreover, as of September 30, 1996, the Company had an accumulated deficit of \$9,910,074 and a working capital deficit of \$6,510,540.

Recent Acquisition of Global Link. The Company only recently acquired Global Link and has not fully integrated Global Link's operations into the Company's operations. Although the Company anticipates that its acquisition of Global Link will improve economies of scale, the Company will be required to expend a significant amount of time and resources to integrate such operations. In addition, as a result of the Merger, the Company significantly increased the size and scope of its operations. Management has no experience in managing an entity with operations as diverse and expansive as the Company's. There can be no assurance that the Company will be able to successfully integrate Global Link's operations into the Company's operations or for the Company to achieve increased economies of scale.

Significant Outstanding Indebtedness; Security Interests. In connection with the acquisition of Global Link, the Company assumed approximately \$10,719,000 of indebtedness of Global Link, including \$2,800,000 aggregate principal amount of convertible debentures ("Convertible Debentures") of Global Link, payments due from Global Link to Peoples Telephone Company, Inc. ("Peoples") of \$1,050,000, approximately \$955,000 of other indebtedness owed to Peoples, Global Link's accounts payable and accrued expenses which aggregated approximately \$3,916,000 and Global Link's deferred revenue of approximately \$1,998,000. At September 30, 1996, total indebtedness of the Company and Global Link aggregated approximately \$15,992,000, of which \$5,926,000 represented deferred revenue. Events of default under the Company's Convertible Debentures include, among others, failure to pay certain other indebtedness of the Company or Global Link in an aggregate principal amount of \$250,000 or more and failure by the Company or Global Link to observe or perform any covenant under the agreements relating to the Convertible Debentures. The Convertible Debentures are secured by a lien on substantially all of the assets of Global Link. In the event of a violation or other default by Global Link of its obligations under the Convertible Debentures or the securities purchase agreement relating to such Convertible Debentures,

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the holders of the Convertible Debentures could declare the Convertible Debentures to be due and payable and, in certain cases, foreclose on Global Link's assets. Moreover, to the extent that Global Link's assets continue to secure the Convertible Debentures, such assets will not be available to secure additional indebtedness, which may adversely affect the Company's ability to borrow in the future.

New Industry; Uncertainty of Market Acceptance. The prepaid phone card industry is an emerging business characterized by an increasing and substantial number of new market entrants who have introduced or are developing an array of new products and services. Each of these entrants is seeking to position its products and services as the preferred method for accessing long distance telephone services, including providing enhanced service features and ancillary advertising and promotional benefits. As is typically the case in an emerging industry, demand and market acceptance for newly introduced products and services are subject to a high level of uncertainty. The Company has limited marketing experience and limited financial, personnel and other resources to undertake extensive marketing activities. The Company's success depends in large part on its ability to attract large corporations to advertise and promote their products and services using the Company's prepaid phone cards, and also will be dependent on the level of acceptance and usage by consumers. Because demand by large corporations, advertisers and marketers, retailers and consumers may be interrelated, any lack or lessening of demand by any one of these could adversely affect market acceptance for the Company's products and services. In light of the relatively small, undeveloped and emerging markets for prepaid phone cards, there can be no assurance that substantial markets will develop for prepaid phone cards or that the Company will be able to meet its current marketing objectives, succeed in positioning its cards and services as a preferred method for accessing long distance telephone service or achieve significant market acceptance for its products.

Risks Associated with Marketing Strategy and Rapid Expansion. Although the Company is pursuing a strategy of growth and seeks to expand its distribution capabilities to achieve greater penetration in new and emerging markets, the Company has achieved only limited growth to date. The success of the Company's expansion is dependent on, among other things, the Company's ability to establish additional distribution arrangements targeting several market segments, including retail, promotional and corporate markets; hire and retain skilled management, financial, marketing, creative and other personnel; and successfully manage growth (including monitoring operations, controlling costs and maintaining effective quality, inventory and service controls). The Company is substantially dependent on the efforts of its distributors' marketing efforts and the popularity and sales of their products. Although the Company believes its marketing and distribution relationships are satisfactory, these arrangements are generally not embodied in written agreements having specific terms and can be terminated at any time. The Company also may seek to expand its operations through the possible acquisition of companies in businesses which the Company believes are compatible with its business. There can be no assurance that the Company will be able to successfully implement its business strategy or otherwise expand its operations, or that the Company will ultimately effect any acquisition or successfully integrate into its operations any business which it may acquire.

Possible Need for Additional Financing. The Company has been and will be dependent on the proceeds of its IPO, the May 1996 Private Placement and the December 1996 Private Placement to implement its plan of expansion and to finance its working capital requirements. The Company anticipates, based on currently proposed plans and assumptions relating to its operations (including the costs associated with its proposed expansion), that the proceeds of the December 1996 Private Placement, together with projected cash flow from operations, should be sufficient to satisfy its anticipated cash requirements during 1997. However, there can be no assurance that this will be the case. In the event that the Company's plans change or its assumptions change or prove to be inaccurate or if cash flow proves to be insufficient to fund the Company's operations after 1997 (due to unanticipated expenses, delays, problems, difficulties or otherwise), the Company would be required to seek additional financing or curtail its expansion activities. The Company may determine, depending upon the opportunities available to it, to seek additional debt or equity financing to fund the cost of continuing expansion. To the

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extent that the Company finances an acquisition with a combination of cash and equity securities, any such issuance of equity securities would result in dilution to the interests of the Company's securityholders. Additionally, to the extent that the Company incurs indebtedness or issues debt securities in connection with any acquisition, the Company will be subject to risks associated with incurring substantial indebtedness, including the risks that interest rates may fluctuate and cash flow may be insufficient to pay principal and interest on any such indebtedness. The Company has no current arrangements with respect to, or sources of, additional financing, and it is not anticipated that existing securityholders will provide any portion of the Company's future financing requirements. There can be no assurance that the Company will achieve cash flow from operations sufficient to satisfy its working capital requirements, or at all, or that additional financing will be available to the Company on commercially reasonable terms, or at all.

Dependence on Third-Party License Arrangements; Certain License Limitations; Non-Recurring Revenues. To date, a substantial portion of the Company's revenues have been derived from sales of prepaid phone cards featuring the graphics of a limited number of licensors pursuant to short-term, non-exclusive license agreements, a decline in the sale of which would have a material adverse effect on the Company. Sales of phone cards featuring licensed graphics accounted for approximately 46.7% and 37.3%, respectively, of the Company's revenues for the years ended December 31, 1994 and 1995. Sales of cards featuring graphics licensed from Marvel Entertainment Group, Inc. accounted for approximately 19% of the Company's revenues for the year ended December 31, 1995. These license agreements generally require the Company to make advance payments and pay guaranteed minimum royalties. Failure by the Company to satisfy its obligations under license agreements may result in modification of the terms, or termination, of the relevant agreement, which could have a material adverse effect on the Company. The Company's success may depend upon its licensors' ability to maintain the marketability and consumer recognition of names, images, likenesses, characters, logos and emblems, and on the Company's ability to identify and obtain additional licenses for currently popular graphics upon termination of existing licenses or in the absence of continuing sales under existing licenses. There can be no assurance that the Company will have the ability to satisfy all of its obligations under the license agreements, that any such license agreements will be renewed or result in profitable operations or that the Company will be able to obtain additional license agreements on favorable terms. In addition, for the years ended December 31, 1994 and 1995, approximately 10.2% and 25.2%, respectively, of the Company's revenues were derived from sales of promotional cards to a limited number of customers, all of which sales are non-recurring in nature. There can be no assurance that the Company will not remain largely dependent on non-recurring sales of promotional cards to a limited customer base for a significant portion of its revenues.

Intense Competition. The Company faces intense competition in the marketing and sale of its products and services. The Company's prepaid phone cards and long distance services compete for consumer recognition with other prepaid phone cards, credit calling cards and long distance telephone services which have achieved significant international, national and regional consumer loyalty. Many of these products and services are marketed by companies which are well-established, have reputations for success in the development and sale of products and services and have significantly greater financial, marketing, distribution, personnel and other resources than the Company, thereby permitting such companies to implement extensive advertising and promotional campaigns, both generally and in response to efforts by additional competitors to enter

into new markets and introduce new products and services. Certain of these competitors, including American Telephone & Telegraph Company ("AT&T"), MCI Telecommunications Corporation ("MCI") and Sprint Corporation ("Sprint"), dominate the telecommunications industry and have the financial resources to enable them to withstand substantial price competition, which is expected to increase significantly. These and other large telephone companies, as well as retailers, have also entered or have announced their intention to enter into the prepaid phone card segment of the industry. In addition, because the prepaid phone card segment of the industry has no substantial barriers to entry, competition from smaller competitors in the Company's target markets is also expected to continue to increase significantly. Since most of the Company's licenses are non-exclusive and certain of its licenses are limited in scope, the Company's licensors may also license the same or

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other graphics to the Company's competitors, which could adversely affect the marketability of the Company's licensed graphic cards. Moreover, to the extent that the Company's cards are marketed as promotional or collectors' items, such cards will also compete with other products produced as promotional giveaways and sold as collectibles. There can be no assurance that the Company will be able to compete successfully in its markets.

Consumer Preferences and Industry Trends; Possible Technological and Product Obsolescence. The telecommunications industry is characterized by frequent introduction of new products and services, and is subject to changing consumer preferences and industry trends, which may adversely affect the Company's ability to plan for future design, development and marketing of its products and services. Additionally, the Company's current licensing arrangements consist principally of comic book characters and sports-related images, which are subject to relatively frequent and rapid changes in consumer tastes and preferences. The markets for the telecommunications products and services are also characterized by rapidly changing technology and evolving industry standards, often resulting in product obsolescence or short product life cycles. The proliferation of new telecommunications technologies, including personal communication services, cellular telephone products and services and prepaid phone cards employing alternative technologies, may reduce demand for prepaid phone cards generally as well as for phone cards employing the Company's remote memory technology. NYNEX has installed telephone equipment in New York City employing "smart" card technology. Unlike the Company, NYNEX is able to utilize smart card technology in areas, such as New York City, in which NYNEX owns and operates a significant number of its own public pay telephones (and thus, controls the technology). Such technology could be perceived as a more convenient method of accessing long distance service than remote memory technology. The proliferation and widespread commercial use of telephone equipment employing such technology could materially adversely affect demand for the Company's prepaid phone cards. The Company's success will depend on the Company's ability to anticipate and respond to these and other factors affecting the industry, including new products and services which may be introduced. There can be no assurance that the Company will be able to anticipate and respond to changing consumer preferences and industry trends or that competitors will not develop and commercialize new technologies or products that render the Company's products and services obsolete or less marketable.

Dependence on Third-Party Long Distance Carriers; Possible Service Interruptions and Equipment Failures; Unauthorized Access to Services. The Company is currently dependent on a limited number of domestic and international long distance carriers to provide access to long distance telephone service on a cost-effective basis. The Company has entered into interconnect agreements or arrangements with long distance carriers, pursuant to which the Company leases phone lines and transmission facilities necessary to transmit consumer calls. Although the Company believes that it currently has sufficient access to transmission facilities and long distance networks on favorable terms and believes that its relationships with its carriers are satisfactory, any increase in the rates charged by carriers would materially adversely affect the Company's operating margins. Failure to obtain continuing access to such facilities and networks would also have a material adverse effect on the Company, including possibly requiring the Company to significantly curtail or cease its operations. In addition, the Company's operations require that its switching facilities and its carriers' long distance networks operate on a continuous basis. It is not atypical for telephone carriers and switching facilities to experience service interruptions and equipment failures which could last for a significant period of time. It is possible that the Company's switching facilities and its carriers' long distance networks may from time to time experience service interruptions or equipment failures. Service interruptions and equipment failures resulting in material delays would adversely affect consumer confidence

as well as the Company's business operations and reputation. The Company and Global Link have in the past experienced unauthorized access to their switching services by unauthorized disclosure of a PIN number and unauthorized activation of prepaid phone cards, respectively, which have resulted in the Company and Global Link being unable to recover the long distance service and switching charges associated with such calls. Continued unauthorized access to the Company's services could have a material adverse effect on the Company's operations.

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Regulatory Factors. Long distance telecommunications services are subject to regulation by the Federal Communications Commission ("FCC") and by state regulatory authorities. Among other things, these regulatory authorities impose regulations governing the rates, terms and conditions for interstate and intrastate telecommunications services. Changes in existing laws and regulations, particularly the Telecommunications Act of 1996 ("Telecommunications Act"), which allows for all providers of telecommunications services to participate in all aspects of the telecommunications market, may have a significant impact on the Company's activities and on the Company's operating results. The Company believes that it is in substantial compliance with all material laws, rules and regulations governing its operations and has obtained, or is in the process of obtaining, all licenses, tariffs and approvals necessary for the conduct of its business. There can be no assurance, however, that the Company will be able to obtain required licenses or approvals in the future or that the FCC or state regulatory authorities will not require the Company to comply with more stringent regulatory requirements. Conformance of the Company's operations with of new statutes and regulations and expansion of the Company's operations into new geographic markets could require the Company to alter methods of operation, at costs which could be substantial, or otherwise limit the types of services offered by the Company. There can be no assurance that the Company will be able to comply with additional applicable laws, regulations and licensing requirements. The Company is also subject to Federal Trade Commission regulation and other federal and state laws relating to the promotion, advertising, labeling and packaging of its products.

On June 6, 1996, the FCC issued a Notice of Proposed Rulemaking ("NPRM"), pursuant to which it proposed to adopt new rules governing the pay telephone industry, as directed by the Telecommunications Act. This proposed rulemaking requires the FCC to establish a means by which all pay telephone service providers are to be compensated for interstate and intrastate calls originated from their pay telephones, including calls which utilize "800" toll free access. If adopted, such rules may require phone card companies utilizing 800 toll free telephone numbers to access their networks to pay a "set use fee" for each call originating from a pay telephone. The Company's prepaid phone cards utilize an 800 number to access the Company's switched network. The promulgation of the rules proposed by the NPRM has not been effectuated and such proposal has been, and is expected to continue to be, the subject of numerous comments by members of the telecommunications industry and others. Consequently, there can be no assurance that the NPRM will result in the adoption of rules consistent with the form initially proposed in the NPRM, or that such rules will be adopted at all. Until such rules are actually adopted, the rules currently in existence remain in effect, which rules do not require the Company to pay set use fees. If new rules are adopted which require the Company to pay such fees, it could have a material adverse effect on the Company.

Possible Inability to Recognize Deferred Revenue; Possibility of Phone Cards Expiring Unsold. The sale of long distance telephone service through prepaid phone cards may be subject to "escheat" laws in various states. These laws generally provide that payments or deposits received in advance or in anticipation of the provision of utility (including telephone) services that remain unclaimed for a specific period of time after the termination of such services are deemed "abandoned property" and must be submitted to the state. Although the Company is not aware of any case in which such laws have been applied to the sale of prepaid phone cards, and does not believe that such laws are applicable, in the event that such laws are deemed applicable, the Company may be unable to recognize a portion of its deferred revenue remaining upon the expiration of phone cards with unused calling time. In such event, the Company may be required to deliver such amounts to certain states in accordance with these laws, which could have a material adverse effect on the Company. In addition, substantially all of the Company's prepaid phone cards have an expiration date (generally 12 to 18 months after issuance or 12 months after last use). To the extent that the Company is unable to sell any phone cards prior to their expiration date, the Company will no longer be able to sell such phone cards and will be required to write off the printing and production costs

associated with such cards.

Locations of Retail Phone Centers. The Company currently operates ten retail phone centers located in the New York City metropolitan area and in South Miami Beach, Florida. The Company has

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no experience in opening or operating phone centers in other areas. The Company's retail phone centers are located primarily in low-income, urban areas, some of which may have high crime rates. Although the Company believes that it has taken sufficient steps to provide adequate security at its retail phone center locations, including the installation of bullet-proof barriers at customer service counters, armored car collection of cash receipts, on-site lock boxes and brightly lit, street visible store layouts, there can be no assurance that incidents of crime will not interfere with the Company's operations at such locations.

Taxes. The sale of long distance services through the use of prepaid phone cards has been deemed a taxable event by the Internal Revenue Service (the "IRS") and most state taxing authorities. The IRS established a task force to determine the application of the 3% federal telecommunications excise tax (the "Telecommunications Excise Tax") to the sale and provision of long distance services through prepaid phone cards. The task force has not yet taken a formal position on the application of the Telecommunications Excise Tax. The IRS' policy, once established, if different than the Company's policy (which is to accrue for the anticipated 3% tax), could materially affect the Company's operations. Additionally, the Company believes that the sale of long distance services through prepaid phone cards is subject to state sales and use taxes. However, most state taxing authorities have also not established formal policies on the application of the sales and use taxes to the provision of long distance services through prepaid phone cards. While the Company has not filed any federal or state tax returns to report the Telecommunications Excise Tax or state sales and use taxes, it believes it is accurately accruing for these expenses on its financial statements (see Note 9 to the financial statements incorporated by reference herein). However, there can be no assurance that the IRS or a state taxing authority will concur with the Company's method of determining the applicable taxes payable.

Dependence on Key Personnel. The success of the Company is largely dependent on the personal efforts of Shelly Finkel, its Chairman of the Board, Gary Wasserson, its Chief Executive Officer, and other key personnel. Although the Company has entered into employment agreements with Messrs. Finkel and Wasserson, the loss of their services would have a material adverse effect on the Company's business and prospects. The Company's employment agreement with Mr. Finkel requires him to devote only 50% of his business time to the Company's affairs. Both Messrs. Finkel and Wasserson's employment agreements contain a provision prohibiting them from competing with the Company during the term of employment and for a period of two years thereafter. In addition, in order to successfully implement and manage its proposed expansion, the Company will be dependent upon, among other things, the successful recruiting of qualified management, marketing, sales and creative personnel with experience in business activities conducted by the Company. Competition for the type of qualified individuals sought by the Company is intense and there can be no assurance that the Company will be able to retain existing employees or that it will be able to find, attract and retain additional qualified personnel on acceptable terms.

Continuing Control by Management. Two groups of securityholders of the Company have entered into a voting agreement pursuant to which each group has agreed to vote for the other group's designees as directors of the Company. Such securityholders, in the aggregate, own approximately 47.6% of the Company's outstanding shares of Common Stock, without giving effect to the exercise of any outstanding warrants, options or convertible securities. Accordingly, such securityholders, acting together, are in a position to effectively control the Company, including the election of all or a majority of the directors of the Company.

No Dividends. The Company has never paid cash dividends on its Common Stock and does not expect to pay cash dividends in the foreseeable future. The Company intends to retain future earnings, if any, to finance the development and expansion of its business. Certain covenants contained in documents relating to Global Link's indebtedness currently prohibit the Company from declaring or paying cash dividends.

Tax Loss Carryforwards. At December 31, 1995, the Company and Global Link had net operating loss carryforwards ("NOLs") aggregating approximately

to offset future taxable income. Under Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"), utilization of prior NOLs is limited after an ownership change, as defined in such Section 382, to an amount equal to the value of the loss corporation's outstanding stock immediately before the date of the ownership change, multiplied by the federal long-term tax-exempt rate in effect during the month that the ownership change occurred. As a result of the Merger, the Company and Global Link are subject to limitations on the use of their NOLs as provided under Section 382. Accordingly, there can be no assurance that a significant amount of Global Link's existing NOLs will be available to the Company. In the event that the Company achieves profitability, as to which there can be no assurance, such limitation will have the effect of increasing the Company's tax liability and reducing the net income and available cash resources of the Company in the future.

**Litigation.** The Company is involved from time to time in litigation incidental to its business. Such litigation can be expensive and time consuming to prosecute or defend and could have the effect of causing the Company's customers to delay or cancel purchase orders until such lawsuits are resolved. Although the Company believes that none of its pending litigation matters, individually or in the aggregate, will have a material adverse effect on the Company's operating results or financial condition, there can be no assurance of this.

**Possible Delisting of Securities from Nasdaq System; Risks Associated with Low-Priced Stocks.** The Company's Common Stock and Public Warrants are currently listed on The Nasdaq SmallCap Market ("Nasdaq"). On November 6, 1996, the Board of Directors of The Nasdaq Stock Market, Inc. approved changes to the maintenance requirements that companies listed on Nasdaq (such as the Company) must meet in order to have their securities listed on Nasdaq. The failure to meet such new requirements may result in the delisting of the Company's securities from Nasdaq and trading, if any, in the Company's securities would thereafter be conducted in the non-Nasdaq over-the-counter market. As a result of such delisting, an investor may find it more difficult to dispose of, or to obtain accurate quotations as to the market value of, the Company's securities. In addition, if the Common Stock was to become delisted from trading on Nasdaq and the trading price of the Common Stock was to fall below \$5.00 per share, trading in the Common Stock would also be subject to the requirements of certain rules promulgated under the Exchange Act, which require additional disclosure by broker-dealers in connection with any trades involving a stock defined as a penny stock (generally, any non-Nasdaq equity security that has a market price of less than \$5.00 per share, subject to certain exceptions). Such rules require the delivery, prior to any penny stock transaction, of a disclosure schedule explaining the penny stock market and the risks associated therewith, and impose various sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and accredited investors (generally institutions). For these types of transactions, the broker-dealer must make a special suitability determination for the purchaser and have received the purchaser's written consent to the transaction prior to sale. The additional burdens imposed upon broker-dealers by such requirements may discourage them from effecting transactions in the Common Stock, which could severely limit the liquidity of the Common Stock and the ability of purchasers in this offering to sell the Common Stock in the secondary market.

**Shares Eligible for Future Sale.** Substantially all of the Company's outstanding shares of Common Stock have been or will be registered for sale under the Securities Act or are eligible for sale under an exemption therefrom. The possibility that substantial amounts of Common Stock may be sold in the public market may adversely affect prevailing market prices for the Common Stock and could impair the Company's ability to raise capital through the sale of its equity securities.

**Outstanding Warrants, Options and Convertible Debentures; Potential Adverse Effect on Market Price of Common Stock and Warrants.** The Company has 4,141,678 Public Warrants outstanding, exercisable at a price of \$4.00 per share. Additionally, as of the date of this Prospectus, the Company has reserved an aggregate of 5,932,863 shares of Common Stock for issuance upon exercise of the Warrants, other outstanding warrants and options and the conversion of the Convertible Debentures. To the extent that the Warrants and other outstanding options and warrants are exercised or Convertible



Debentures are converted, dilution of the percentage ownership of the Company's securityholders will occur, and any sales in the public market of the Common Stock underlying the Warrants, other options and warrants and Convertible Debentures may adversely affect prevailing market prices for the Common Stock and the Public Warrants. Moreover, the terms upon which the Company will be able to obtain additional equity capital may be adversely affected since the holders of the Warrants and other outstanding options and warrants can be expected to exercise them at a time when the Company would, in all likelihood, be able to obtain any needed capital on terms more favorable to the Company than those provided in the Warrants and other outstanding options and warrants.

Authorization and Discretionary Issuance of Preferred Stock. The Company's Certificate of Incorporation authorizes the issuance of "blank check" preferred stock with such designations, rights and preferences as may be determined from time to time by the Board of Directors. Accordingly, the Board of Directors is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of the Company's Common Stock. In the event of issuance, the preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of the Company. Although the Company has no present intention to issue any shares of its preferred stock, there can be no assurance that the Company will not do so in the future.

#### USE OF PROCEEDS

The Company will not receive any of the proceeds from the sale of the Shares by the Selling Securityholders. Of the 3,218,868 shares offered hereby, 3,200,000 shares are issuable upon exercise of the Warrants. If such securities are fully exercised, the Company will receive up to an aggregate of \$8,000,000 in gross proceeds. However, there can be no assurance as to when and if the Warrants will be exercised, and accordingly, there can be no assurance that the Company will receive any proceeds from the exercise of the Warrants. All proceeds received by the Company, if any, will be used for working capital and general corporate purposes. Pending application of the proceeds, the Company intends to place the funds in interest-bearing investments such as bank accounts, certificates of deposit and United States government obligations.

#### SELLING SECURITYHOLDERS

Of the 3,218,868 shares being offered for resale by the Selling Securityholders, (i) 18,868 shares are currently outstanding, (ii) 3,000,000 shares are issuable upon exercise of the Warrants issued in connection with the December 1996 Private Placement, (iii) 150,000 shares are issuable upon exercise of Warrants issued to Whale as a finder's fee in connection with the December 1996 Private Placement and (iv) 50,000 shares are issuable upon exercise of Warrants issued to Graubard Mollen & Miller in consideration for rendering legal services to the Company in connection with the December 1996 Private Placement. Unless otherwise indicated in the footnotes hereto or otherwise in this Prospectus, none of the Selling Securityholders has had a material relationship with the Company within the past three years.

<TABLE>  
<CAPTION>

Name(1) <S>	Beneficial Ownership of Common Stock Prior to Sale(2) <C>	Common Stock Being Registered for Sale <C>	Beneficial Ownership of Common Stock After Sale <C>	Percentage Beneficial Ownership of Common Stock After Sale <C>
Wheatley Partners, L.P.	1,880,000	1,880,000	--	*

Wheatley Foreign Partners, L.P.	120,000	120,000	--	*
Woodland Partners(3)	305,000	200,000	105,000	1.9
Barry Fingerhut(4)	200,000	200,000	--	*
Irwin Lieber(4)	200,000	200,000	--	*
Woodland Venture Fund	109,000	100,000	9,000	*
Seneca Ventures	100,000	100,000	--	*
DISS Partners	100,000	100,000	--	*
Shelly Finkel(5)	937,736	50,000	887,736	15.6
David Nussbaum	25,000	25,000	--	*
Roger Gladstone	25,000	25,000	--	*
Graubard Mollen & Miller(6)	50,000	50,000	--	*
Whale Securities Co., L.P.(7)	730,000	150,000	580,000	9.6
Laurence Sragow(8)	33,868	18,868	15,000	*

<FN>

\* Less than 1%.

- (1) To the best of the Company's knowledge, except as otherwise set forth below, all of such securities are beneficially owned and sole investment and voting power is held by the persons indicated. In accordance with Rule 13d-3 under the Exchange Act, a person is deemed to be the beneficial owner of a security for purposes of the Rule if he or she has or shares voting power or investment power with respect to the security or has the right to acquire ownership within sixty days. As used herein, "voting power" is the power to vote or direct the voting of securities voting rights and "investment power" is the power to dispose of or direct the disposition of securities.
- (2) Includes the shares of Common Stock issuable upon exercise of the Warrants.
- (3) Includes 105,000 shares of Common Stock beneficially owned by Woodland Partners, a New York general partnership of which Barry Rubenstein is a partner. 94,500 of such shares represent Mr. Rubenstein's equity interest in such partnership. Barry Rubenstein is also a general partner of Seneca Ventures and Woodland Venture Fund and is an officer and member of Wheatley Partners, LLC, which is the general partner of Wheatley Partners, L.P. and Wheatley Foreign Partners, L.P. Excludes shares beneficially owned by Mr. Rubenstein as a result of his equity interests in such partnerships or otherwise, including 100,000 shares issuable upon exercise of currently exercisable options granted to Mr. Rubenstein in connection with performing certain consulting services for the Company.
- (4) Does not include an aggregate of 2,000,000 shares of Common Stock underlying Warrants that were purchased in the December 1996 Private Placement by Wheatley Partners, L.P. (1,880,000 shares) and

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Wheatley Foreign Partners, L.P. (120,000 shares), Delaware limited partnerships of which Wheatley Partners, LLC is the general partner. Messrs. Fingerhut and Lieber are officers and members of Wheatley Partners, LLC.

- (5) Includes 50,000 shares of Common Stock issuable upon exercise of currently exercisable options and an aggregate of 92,618 shares of Common Stock issuable upon exercise of Public Warrants. Shelly Finkel is Chairman of the Board of Directors of the Company.
- (6) Graubard Mollen & Miller received 50,000 Warrants in payment of certain legal fees and expenses.
- (7) Does not include shares held in Whale's trading account. Includes shares underlying 100,000 warrants issued to Whale in consideration of certain investment banking services rendered to the Company. Also includes 60,000 shares of Common Stock and 120,000 shares of Common Stock underlying the May 1996 Warrants issuable to Whale upon exercise of the UPO. Also includes 150,000 shares of Common Stock and 150,000 shares underlying Public Warrants issuable to Whale pursuant to the warrant issued to Whale in connection with the Company's IPO ("Underwriter's Warrant"). All of the shares underlying the UPO and the Underwriter's Warrants are held in the name of Whale Securities Co., L.P. for the account of its equity owners and certain of its employees, pending transferability of such warrants pursuant to the rules of the National Association of Securities Dealers, Inc.

(8) Includes 18,868 shares issued by the Company to Mr. Sragow in connection with a termination agreement, dated December 20, 1996, entered into between the Company and Mr. Sragow. Also includes 15,000 shares issuable upon exercise of currently exercisable options.

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</TABLE>

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#### PLAN OF DISTRIBUTION

The Shares offered by the Selling Securityholders may be offered and sold from time to time as market conditions permit in the over-the-counter market, or otherwise, at prices and terms then prevailing or at prices related to the then-current market price, or in negotiated transactions. The Shares may be sold by one or more of the following methods, without limitation: (i) a block trade in which a broker or dealer so engaged will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction; (ii) purchases by a broker or dealer as principal and resale by such broker or dealer for its account pursuant to this Prospectus; (iii) ordinary brokerage transactions and transactions in which the broker solicits purchases; and (iv) transactions between sellers and purchasers without a broker/dealer. In effecting sales, brokers or dealers engaged by the Selling Securityholders may arrange for other brokers or dealers to participate. Such brokers or dealers (which may include Whale) may receive commissions or discounts from Selling Securityholders in amounts to be negotiated. Such brokers and dealers and any other participating brokers and dealers may be deemed to be "underwriters" within the meaning of the Securities Act, in connection with such sales.

All costs, expenses and fees in connection with the registration of the securities offered hereby will be borne by the Company. Brokerage commissions, if any, attributable to the sale of such securities will be borne by the Selling Securityholders.

#### LEGAL MATTERS

The legality of the securities being offered hereby has been passed upon by Graubard Mollen & Miller, New York, New York. Graubard Mollen & Miller received \$50,000 of Notes and 50,000 Warrants in payment of certain legal fees and expenses.

#### EXPERTS

The consolidated financial statements of Global Telecommunication Solutions, Inc. and subsidiaries as of December 31, 1995 and 1994, and for the years then ended have been incorporated by reference herein from the Company's Annual Report on Form 10-KSB for the year ended December 31, 1995 in reliance upon the report of KPMG Peat Marwick LLP, independent certified public accountants, included therein and upon the authority of such firm as experts in accounting and auditing.

The financial statements of Global Link Teleco Corporation as of December 31, 1995 and for the year then ended have been incorporated by reference herein from the Company's Current Report on Form 8-K, filed March 15, 1996, and as thereafter amended on May 10, 1996 and September 6, 1996, in reliance upon the report of KPMG Peat Marwick LLP, independent certified public accountants, included therein and upon authority of such firm as experts in accounting and auditing.

The financial statements of Global Link Teleco Corporation as of December 31, 1994 and for the period from inception (March 28, 1994) to December 31, 1994 have been incorporated by reference herein from the Company's Current Report on Form 8-K, filed March 15, 1996, and as thereafter amended on May 10, 1996 and September 6, 1996, in reliance upon the report of Price Waterhouse LLP, independent certified public accountants, included therein and upon authority of such firm as experts in accounting and auditing.

## PART II

## INFORMATION NOT REQUIRED IN PROSPECTUS

## ITEM 14. Other Expenses of Issuance and Distribution

The following is an itemized statement of the estimated amounts of all expenses payable by the Registrant in connection with the registration of the Common Stock offered hereby, other than underwriting discounts and commissions:

SEC filing fee.....	\$3,399.24
Legal fees and expenses.....	20,000.00
Accounting fees and expenses.....	2,000.00
Miscellaneous.....	4,600.76
Total.....	\$ 30,000.00
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## ITEM 15. Indemnification of Directors and Officers

The Company's Certificate of Incorporation provides that all directors, officers, employees and agents of the Registrant shall be entitled to be indemnified by the Company to the fullest extent permitted by law.

Section 145 of the Delaware General Corporation Law concerning indemnification of officers, directors, employees and agents is set forth below.

"Section 145. Indemnification of officers, directors, employees and agents; insurance.

(a) A corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) A corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgement in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged

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to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances

of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

(c) To the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of this section, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(d) Any indemnification under sections (a) and (b) of this section (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (a) and (b) of this section. Such determination shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders.

(e) Expenses incurred by an officer or director in defending a civil or criminal action, suite or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer, to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this section. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate.

(f) The indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

(g) A corporation shall have power to purchase and maintain insurance on behalf of any person who is or was director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under this section.

(h) For purposes of this section, references to "the corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this section with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(i) For purposes of this section, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the corporation" shall include any

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service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this section.

Insofar as indemnification for liabilities arising under the Securities

Act of 1933, as amended (the "Securities Act"), may be permitted to directors, officers, and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in a successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to the court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

ITEM 16. Exhibits

<TABLE>  
<CAPTION>

Exhibit Number		Description
<S>	<C>	<C>
3.1	A	Certificate of Incorporation
3.2	A	Amendment to Certificate of Incorporation
3.3	A	By-Laws
3.4	C	Certificate of Merger of Merger Sub into Global Link
4.1	A	Form of Common Stock Certificate
4.2	A	Form of Redeemable Warrant Certificate
4.3	A	Warrant Agreement
4.4	A	Underwriter's Warrant
4.5	A	Stock Option Agreement between the Company and Shelly Finkel
4.6	A	Stock Option Agreement between the Company and Paul Silverstein
4.7	A	Stock Option Agreement between the Company and James Koplik (Originally Exhibit 4.10 to the Company's Registration Statement on Form SB-2 (No. 33-85998))
4.8	B	Stock Option Agreement between the Company and John McCabe
4.9	D	Placement Agent Warrant dated May 10, 1996 issued to Whale Securities Co., L.P. ("Whale")
4.10	*	Warrant Agreement dated April 15, 1995 between the Company and Craig Shapiro
4.11	*	Warrant Agreement dated October 26, 1995 between the Company and Frog Hollow Partners
4.12	*	Warrant Agreement dated January 22, 1996 between Company and Whale

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Exhibit Number		Description
4.13	E	Form of Subscription Agreement for December 1996 Private Placement
4.14	E	Form of Warrant issued in the December 1996 Private Placement
4.15	E	Form of Promissory Note issued in the December 1996 Private Placement
5.1	*	Opinion of Graubard Mollen & Miller (including consent)
10.1	A	Sublease for 342 Madison Avenue, New York, New York
10.2	A	Sublease for additional space at 342 Madison Avenue, New York, New York
10.3	A	Employment Agreement between the Company and Shelly Finkel
10.4	A	Employment Agreement between the Company and Paul Silverstein
10.5	A	Employment Agreement between the Company and Maria Bruzzese
10.6	A	1994 Performance Equity Plan
10.7	A	Service Agreement between the Company and MCI Telecommunications Corporation (Originally Exhibit 10.17 to the Company's Registration Statement on Form SB-2 (No. 33-85998))
10.8	A	Service Agreement between the Company and Sprint Corporation (Originally Exhibit 10.18 to the Company's Registration Statement on Form SB-2 (No. 33-85998))
10.9	A	Service Agreement between Independent Properties Sales Corporation ("IPSC") and Metromedia Communications Corporation ("Metromedia," which was later acquired by WorldCom) (Originally Exhibit 10.19 to the Company's Registration Statement on Form SB-2 (No. 33-85998))
10.10	A	Consent between IPSC and Metromedia allowing the assignment to the Company of IPSC's right to receive services from Metromedia.
10.11	B	Employment Agreement between the Company and John McCabe
10.12	B	Consulting Agreement between the Company and Barry Rubenstein
10.13	B	Consulting Agreement between the Company and Eli Oxenhorn

10.14	C	Merger Agreement by and among the Company, Merger Sub and Global Link
10.15	C	Directors Voting Agreement
10.16	C	Peoples Agreement, together with the Company's Guaranty of Peoples Second Payment
10.17	C	Ancillary Agreement between Global Link and Peoples regarding payment of the Peoples Accounts Receivable, together with Holding Corp's Guaranty of such payment
10.18	C	Amended and Restated Securities Purchase Agreement
10.19	C	The Company's Guaranty of Debentures
10.20	C	Employment Agreement between the Company and Gary Wasserson
10.21	C	Employment Agreement between the Company and David Tobin

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Exhibit Number		Description
10.22	C	Stock Option Agreement between the Company and Gary Wasserson
10.23	C	Stock Option Agreement between the Company and David Tobin
10.24	A	Sublease for space at 40 Elmont Road, Elmont, New York (Originally Exhibit 10.14 to Post-Effective Amendment No. 1 to the Company's Registration Statement on Form SB-2 (No. 33-85998))
10.25	D	Form of Registration Rights Agreement for May 1996 Private Placement
10.26	D	Agency Agreement between the Company and Whale for May 1996 Private Placement
10.27	D	Placement Agent Warrant Agreement for May 1996 Private Placement
10.28	*	Consulting Agreement dated January 22, 1996 between the Company and Whale
10.29	*	First Amendment to Peoples Agreement, dated August 14, 1996
10.30	*	Second Amendment to Peoples Agreement, dated November 27, 1996
10.31	E	Finder's fee agreement between the Company and Whale Securities Co., L.P. relating to the December 1996 Private Placement
23.1	*	Consent KPMG Peat Marwick LLP
23.2	*	Consent of Price Waterhouse LLP
23.3	*	Consent of Graubard Mollen & Miller (filed as part of Exhibit 5.1)

<FN>

\* Filed herewith.

A Incorporated by reference to the Company's Registration Statement on Form SB-2 (No. 33-85998).

B Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1994.

C Incorporated by reference to the Company's Current Report on Form 8-K, filed with the Commission on March 15, 1996.

D Incorporated by reference to Post-Effective Amendment No. 2 to the Company's Registration Statement on Form SB-2 on Form S-3 (No. 33-85998).

E Incorporated by reference to the Company's Current Report on Form 8-K, filed with the Commission on December 26, 1996.

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</TABLE>

ITEM 17. Undertakings.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

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(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the registration statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(h) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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#### SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York on December 27, 1996.

GLOBAL TELECOMMUNICATION SOLUTIONS, INC.

By: /s/ Shelly Finkel



POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Shelly Finkel and/or Gary Wasserson his true and lawful attorneys-in-fact and agents, each acting alone, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any or all amendments to this Registration Statement, including post-effective amendments, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, and hereby ratifies and confirms all that said attorneys-in-fact and agents, each acting alone, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<TABLE>

<CAPTION>

Signature <S>	Title <C>	Date <C>
/s/ Shelly Finkel ----- Shelly Finkel	Chairman of the Board	December 27, 1996
/s/ Gary Wasserson ----- Gary Wasserson	Chief Executive Officer and Director	December 27, 1996
/s/ Alan Kaufman ----- Alan Kaufman	Director	December 27, 1996
/s/ Jack Tobin ----- Jack Tobin	Director	December 27, 1996
/s/ John McCabe ----- John McCabe	President and Director	December 27, 1996
/s/ Donald Ptalis ----- Donald Ptalis	Director	December 27, 1996
/s/ Maria Bruzzese ----- Maria Bruzzese	Chief Financial Officer (and principal accounting officer)	December 27, 1996

</TABLE>

THE REGISTERED HOLDER OF THIS WARRANT, BY ITS ACCEPTANCE HEREOF, AGREES THAT IT WILL NOT SELL, TRANSFER OR ASSIGN THIS WARRANT EXCEPT AS HEREIN PROVIDED.

VOID AFTER 5:00 P.M. EASTERN TIME, APRIL 15, 2000.

WARRANT

For the Purchase of

50,000 Shares of Common Stock

of

GLOBAL TELECOMMUNICATION SOLUTIONS, INC.

1. Warrant.

THIS CERTIFIES THAT, in consideration of \$10.00 and other good and valuable consideration, duly paid by or on behalf of Craig Shapiro ("Holder"), as registered owner of this Warrant, to Global Telecommunication Solutions, Inc. ("Company"), Holder is entitled, at any time or from time to time at or after April 15, 1995 ("Commencement Date"), and at or before 5:00 p.m., Eastern Time, April 15, 2000 ("Expiration Date"), but not thereafter, to subscribe for, purchase and receive, in whole or in part, up to Fifty Thousand (50,000) shares of Common Stock of the Company, \$.01 par value ("Common Stock"). If the Expiration Date is a day on which banking institutions are authorized by law to close, then this Warrant may be exercised on the next succeeding day which is not such a day in accordance with the terms herein. During the period ending on the Expiration Date, the Company agrees not to take any action that would terminate the Warrant. This Warrant is initially exercisable at \$5.00 per share of Common Stock purchased; provided, however, that upon the occurrence of any of the events specified in Section 6 hereof, the rights granted by this Warrant, including the exercise price and the number of shares of Common Stock to be received upon such exercise, shall be adjusted as therein specified. The term "Exercise Price" shall mean the initial exercise price or the adjusted exercise price, depending on the context, of a share of Common Stock. The term "Securities" shall mean the shares of Common Stock issuable upon exercise of this Warrant.

2. Exercise.

2.1 Exercise Form. In order to exercise this Warrant, the exercise form attached hereto must be duly executed and completed and delivered to the Company, together with this Warrant and payment of the Exercise Price for the Securities being purchased. If the subscription rights represented hereby shall not be exercised at or before 5:00 p.m., Eastern

time, on the Expiration Date, this Warrant shall become and be void without further force or effect, and all rights represented hereby shall cease and expire.

2.2 Legend. Each certificate for Securities purchased under this Warrant shall bear a legend as follows, unless such Securities have been registered under the Securities Act of 1933, as amended ("Act"):

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended ("Act") or applicable state law. The securities may not be offered for sale, sold or otherwise transferred except pursuant to an effective registration statement under the Act, or pursuant to an exemption from registration under the Act and applicable state law."

### 3. Transfer.

3.1 General Restrictions. The registered Holder of this Warrant, by its acceptance hereof, agrees that it will not sell, transfer or assign or hypothecate this Warrant to anyone except upon compliance with, or pursuant to exemptions from, applicable securities laws. In order to make any permitted assignment, the Holder must deliver to the Company the assignment form attached hereto duly executed and completed, together with this Warrant and payment of all transfer taxes, if any, payable in connection therewith. The Company shall immediately transfer this Warrant on the books of the Company and shall execute and deliver a new Warrant or Warrants of like tenor to the appropriate assignee(s) expressly evidencing the right to purchase the aggregate number of shares of Common Stock purchasable hereunder or such portion of such number as shall be contemplated by any such assignment.

3.2 Restrictions Imposed by the Securities Act. This Warrant and the Securities underlying this Warrant shall not be transferred unless and until (i) the Company has received the opinion of counsel for the Holder that such securities may be sold pursuant to an exemption from registration under the Act, and applicable state law, the availability of which is established to the reasonable satisfaction of the Company, or (ii) a registration statement relating to such Securities has been filed by the Company and declared effective by the Securities and Exchange Commission and compliance with applicable state law.

### 4. New Warrants to be Issued.

4.1 Partial Exercise or Transfer. Subject to the restrictions in

Section 3 hereof, this Warrant may be exercised or assigned in whole or in part. In the event of the exercise or assignment hereof in part only, upon surrender of this Warrant for cancellation, together with the duly executed exercise or assignment form and funds (or conversion equivalent) sufficient to pay any Exercise Price and/or transfer tax, the Company shall cause to be delivered to the Holder without charge a new Warrant of like tenor to this Warrant in the name of the Holder evidencing the right of the Holder to purchase the aggregate number of shares of Common Stock and Warrants purchasable hereunder as to which this Warrant has not been exercised or assigned.

4.2 Lost Certificate. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Warrant and of reasonably satisfactory indemnification,

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the Company shall execute and deliver a new Warrant of like tenor and date. Any such new Warrant executed and delivered as a result of such loss, theft, mutilation or destruction shall constitute a substitute contractual obligation on the part of the Company.

## 5. Registration Rights.

### 5.1 "Piggy-Back" Registration.

5.1.1 Grant of Right. The Holders of this Warrant shall have the right for a period of seven years from the Commencement Date to include all or any part of this Warrant and the shares of Common Stock underlying this Warrant (collectively, the "Registrable Securities") as part of any registration of securities filed by the Company (other than in connection with a transaction contemplated by Rule 145(a) promulgated under the Act or pursuant to Form S-8 or any equivalent form); provided, however, that if, in the written opinion of the Company's managing underwriter or underwriters, if any, for such offering (the "Underwriter"), the inclusion of the Registrable Securities, when added to the securities being registered by the Company or the selling stockholder(s), will exceed the maximum amount of the Company's securities which can be marketed (i) at a price reasonably related to their then current market value, or (ii) without materially and adversely affecting the entire offering, the Company shall nevertheless register all or any portion of the Registrable Securities required to be so registered but such Registrable Securities shall not be sold by the Holders until 90 days after the registration statement for such offering has become effective; and provided further that, if any securities are registered for sale on behalf of other stockholders in such offering and such stockholders have not agreed to defer such sale until the expiration of such 90

day period, the number of securities to be sold by all stockholders in such public offering during such 90 day period shall be apportioned pro rata among all such selling stockholders, including all holders of the Registrable Securities, according to the total amount of securities of the Company proposed to be sold by said selling stockholders, including all holders of the Registrable Securities.

5.1.2 Terms. The Company shall bear all fees and expenses attendant to registering the Registrable Securities, but the Holders shall pay any and all underwriting commissions and the expenses of any legal counsel selected by the Holders to represent them in connection with the sale of the Registrable Securities. In the event of such a proposed registration, the Company shall furnish the then Holders of outstanding Registrable Securities with not less than thirty days written notice prior to the proposed date of filing of such registration statement. Such notice to the Holders shall continue to be given for each registration statement filed by the Company until such time as all of the Registrable Securities have been sold by the Holder. The holders of the Registrable Securities shall exercise the "piggy-back" rights provided for herein by giving written notice, within twenty days of the receipt of the Company's notice of its intention to file a registration statement. The Company shall cause any registration statement filed pursuant to the above "piggyback" rights to remain effective for at least nine months from the date that the Holders of the Registrable Securities are first given the opportunity to sell all of such securities. Nothing contained in this Warrant shall be construed as requiring any Holder to exercise this Warrant or any part thereof prior to the initial filing of any registration statement or the effectiveness thereof.

## 5.2 General Terms.

### 5.2.1 Indemnification.

(a) The Company shall indemnify the Holder(s) of the Registrable Securities to be sold pursuant to any registration statement hereunder and any underwriter or person deemed to be an underwriter under the Act and each person, if any, who controls such Holders or underwriter or persons deemed to be underwriters within the meaning of Section 15 of the Act or Section 20(a) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), against all loss, claim, damage, expense or liability (including all reasonable attorneys' fees and other expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which any of them may become subject under the Act, the

Exchange Act or otherwise, arising from such registration statement. The Holder(s) of the Registrable Securities to be sold pursuant to such registration statement, and their successors and assigns, shall severally, and not jointly, indemnify the Company, against all loss, claim, damage, expense or liability (including all reasonable attorneys' fees and other expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which they may become subject under the Act, the Exchange Act or otherwise, arising from information furnished by or on behalf of such Holders, in writing, for specific inclusion in such registration statement.

(b) If any action is brought against a party hereto, ("Indemnified Party") in respect of which indemnity may be sought against the other party ("Indemnifying Party"), such Indemnified Party shall promptly notify Indemnifying Party in writing of the institution of such action and Indemnifying Party shall assume the defense of such action, including the employment and fees of counsel reasonably satisfactory to the Indemnified Party. Such Indemnified Party shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the employment of such counsel shall have been authorized in writing by Indemnifying Party in connection with the defense of such action, or (ii) Indemnifying Party shall not have employed counsel to defend such action, or (iii) such Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to it which may result in a conflict between the Indemnified Party and Indemnifying Party (in which case Indemnifying Party shall not have the right to direct the defense of such action on behalf of the Indemnified Party), in any of which events, the reasonable fees and expenses of not more than one additional firm of attorneys designated in writing by the Indemnified Party shall be borne by Indemnifying Party. Notwithstanding anything to the contrary contained herein, if Indemnified Party shall assume the defense of such action as provided above, Indemnifying Party shall not be liable for any settlement of any such action effected without its written consent.

(c) If the indemnification or reimbursement provided for hereunder is finally judicially determined by a court of competent jurisdiction to be unavailable to an Indemnified Party (other than as a consequence of a final judicial determination of willful misconduct, bad faith or gross negligence of such Indemnified Party), then Indemnifying Party agrees, in lieu of indemnifying such Indemnified Party, to contribute to the amount paid or payable by such Indemnified Party (i) in such proportion as is appropriate to reflect the relative benefits received, or sought to be received, by Indemnifying Party on the one hand and by such Indemnified Party on the other or (ii) if (but only if) the allocation provided in clause (i) of this

sentence is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in such clause (i) but also the relative fault of Indemnifying Party and of such Indemnified Party; provided, however, that in no event shall the aggregate amount contributed by a Holder exceed the profit, if any, earned by such Holder as a result of the exercise by him of the Warrants and the sale by him of the underlying shares of Common Stock.

(d) The rights accorded to Indemnified Parties hereunder shall be in addition to any rights that any Indemnified Party may have at common law, by separate agreement or otherwise.

5.2.2 Exercise of Warrants. Nothing contained in this Warrant shall be construed as requiring the Holder(s) to exercise their Warrants prior to or after the initial filing of any registration statement or the effectiveness thereof.

5.2.3 Documents Delivered to Holders. The Company shall furnish to each Holder participating in any of the foregoing offerings and to each Underwriter of any such offering, if any, a signed counterpart, addressed to such Holder or Underwriter, of (i) an opinion of counsel to the Company, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, an opinion dated the date of the closing under any underwriting agreement related thereto), and (ii) a "cold comfort" letter dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, a letter dated the date of the closing under the underwriting agreement) signed by the independent public accountants who have issued a report on the Company's financial statements included in such registration statement, in each case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to underwriters in underwritten public offerings of securities. The Company shall also deliver promptly to each Holder participating in the offering requesting the correspondence and memoranda described below and to the managing underwriter copies of all correspondence between the Commission and the Company, its counsel or auditors and all memoranda relating to discussions with the Commission or its staff with respect to the registration statement and permit each Holder and underwriter to do such investigation, upon reasonable advance notice, with respect to information contained in or omitted from the registration statement as it deems reasonably necessary to comply with applicable securities laws or rules of the NASD. Such investigation shall include access to books, records and properties and opportunities to discuss the business of the Company with its officers and independent auditors, all to such reasonable extent and at such reasonable times and as often as any such Holder shall reasonably request.

## 6. Adjustments.

6.1 Adjustments to Exercise Price and Number of Securities. The Exercise Price and the number of shares of Common Stock underlying this Warrant shall be subject to adjustment from time to time as hereinafter set forth:

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6.1.1 Stock Dividends - Recapitalization, Reclassification, Split-Ups. If, after the date hereof, and subject to the provisions of Section 6.2 below, the number of outstanding shares of Common Stock is increased by a stock dividend on the Common Stock payable in shares of Common Stock or by a split-up, recapitalization or reclassification of shares of Common Stock or other similar event, then, on the effective date thereof, the number of shares of Common Stock issuable on exercise of this Warrant shall be increased in proportion to such increase in outstanding shares.

6.1.2 Aggregation of Shares. If after the date hereof, and subject to the provisions of Section 6.3, the number of outstanding shares of Common Stock is decreased by a consolidation, combination or reclassification of shares of Common Stock or other similar event, then, upon the effective date thereof, the number of shares of Common Stock issuable on exercise of this Warrant shall be decreased in proportion to such decrease in outstanding shares.

6.1.3 Adjustments in Exercise Price. Whenever the number of shares of Common Stock purchasable upon the exercise of this Warrant is adjusted, as provided in this Section 6.1, the Exercise Price shall be adjusted (to the nearest cent) by multiplying such Exercise Price immediately prior to such adjustment by a fraction (x) the numerator of which shall be the number of shares of Common Stock purchasable upon the exercise of this Warrant immediately prior to such adjustment, and (y) the denominator of which shall be the number of shares of Common Stock so purchasable immediately thereafter.

6.1.4 Replacement of Securities upon Reorganization, etc. In case of any reclassification or reorganization of the outstanding shares of Common Stock other than a change covered by Section 6.1.1 hereof or which solely affects the par value of such shares of Common Stock, or in the case of any merger or consolidation of the Company with or into another corporation (other than a consolidation or merger in which the Company is the continuing corporation and which does not result in any reclassification or reorganization of the outstanding shares of Common Stock), or in the case of any sale or conveyance to another corporation or entity of the property of the Company as an



entirety or substantially as an entirety in connection with which the Company is dissolved, the Holder of this Warrant shall have the right thereafter (until the expiration of the right of exercise of this Warrant) to receive upon the exercise hereof, for the same aggregate Exercise Price payable hereunder immediately prior to such event, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or other transfer, by a Holder of the number of shares of Common Stock of the Company obtainable upon exercise of this Warrant immediately prior to such event; and if any reclassification also results in a change in shares of Common Stock covered by Sections 6.1.1 or 6.1.2, then such adjustment shall be made pursuant to Sections 6.1.1, 6.1.2, 6.1.3 and this Section 6.1.4. The provisions of this Section 6.1.4 shall similarly apply to successive reclassifications, reorganizations, mergers or consolidations, sales or other transfers.

6.1.5 Changes in Form of Warrant. This form of Warrant need not be changed because of any change pursuant to this Section, and Warrants issued after such change may state the same Exercise Price and the same number of shares of Common Stock and Warrants

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as are stated in the Warrants initially issued pursuant to this Agreement. The acceptance by any Holder of the issuance of new Warrants reflecting a required or permissive change shall not be deemed to waive any rights to a prior adjustment or the computation thereof.

6.2 Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of shares of Common Stock upon the exercise of this Warrant, nor shall it be required to issue scrip or pay cash in lieu of any fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up to the nearest whole number of shares of Common Stock or other securities, properties or rights.

7. Reservation and Listing. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon exercise of this Warrant, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof. The Company covenants and agrees that, upon exercise of the Warrants and payment of the Exercise Price therefor, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully

paid and non-assessable and not subject to preemptive rights of any stockholder. As long as the Warrants shall be outstanding, the Company shall use its best efforts to cause all shares of Common Stock issuable upon exercise of the Warrants to be listed (subject to official notice of issuance) on all securities exchanges (or, if applicable on Nasdaq) on which the Common Stock is then listed and/or quoted.

## 8. Certain Notice Requirements.

8.1 Holder's Right to Receive Notice. Nothing herein shall be construed as conferring upon the Holders the right to vote or consent or to receive notice as a stockholder for the election of directors or any other matter, or as having any rights whatsoever as a stockholder of the Company. If, however, at any time prior to the expiration of the Warrants and their exercise, any of the events described in Section 8.2 shall occur, then, in one or more of said events, the Company shall give written notice of such event at least fifteen days prior to the date fixed as a record date or the date of closing the transfer books for the determination of the stockholders entitled to such dividend, distribution, conversion or exchange of securities or subscription rights, or entitled to vote on such proposed dissolution, liquidation, winding up or sale. Such notice shall specify such record date or the date of the closing of the transfer books, as the case may be.

8.2 Events Requiring Notice. The Company shall be required to give the notice described in this Section 8 upon one or more of the following events: (i) if the Company shall take a record of the holders of its shares of Common Stock for the purpose of entitling them to receive a dividend or distribution payable otherwise than in cash, or a cash dividend or distribution payable otherwise than out of retained earnings, as indicated by the accounting treatment of such dividend or distribution on the books of the Company, or (ii) the Company shall offer to all the holders of its Common Stock any additional shares of capital stock of the Company or securities convertible into or exchangeable for shares of capital stock of the Company, or any option, right or warrant to subscribe therefor, or (iii) a merger or reorganization in which the Company is not the surviving party, or (iv) a dissolution, liquidation or winding up

of the Company (other than in connection with a consolidation or merger) or a sale of all or substantially all of its property, assets and business shall be proposed.

8.3 Notice of Change in Exercise Price. The Company shall, promptly

after an event requiring a change in the Exercise Price pursuant to Section 6 hereof, send notice to the Holders of such event and change ("Price Notice"). The Price Notice shall describe the event causing the change and the method of calculating same and shall be certified as being true and accurate by the Company's President and Chief Financial Officer.

8.4 Transmittal of Notices. All notices, requests, consents and other communications under this Warrant shall be in writing and shall be deemed to have been duly made on the date of delivery if delivered personally or sent by overnight courier, with acknowledgment of receipt by the party to which notice is given, or on the fifth day after mailing if mailed to the party to whom notice is to be given, by registered or certified mail, return receipt requested, postage prepaid and properly addressed as follows: (i) if to the registered Holder of this Warrant, to the address of such Holder as shown on the books of the Company, or (ii) if to the Company, to its principal executive office.

## 9. Miscellaneous.

9.1 Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Warrant.

9.2 Entire Agreement. This Warrant (together with the other agreements and documents being delivered pursuant to or in connection with this Warrant) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

9.3 Binding Effect. This Warrant shall inure solely to the benefit of and shall be binding upon, the Holder and the Company and their respective successors, legal representatives and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Warrant or any provisions herein contained.

9.4 Governing Law; Submission to Jurisdiction. This Warrant shall be governed by and construed and enforced in accordance with the law of the State of New York, without giving effect to conflict of laws. The Company and the Holder hereby agree that any action, proceeding or claim arising out of, or relating in any way to this Warrant shall be brought and enforced in the courts of the State of New York or of the United States of America for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company and the Holder hereby waive any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any process or summons to be served upon the Company may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 8 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the

Company in any action, proceeding or claim. Each of the Company and the Holder agrees that the prevailing party(ies) in any such action shall be entitled to recover from the other party(ies) all of its reasonable attorneys' fees and expenses relating to such action or proceeding and/or incurred in connection with the preparation therefor.

9.5 Waiver, Etc. The failure of the Company or the Holder to at any time enforce any of the provisions of this Warrant shall not be deemed or construed to be a waiver of any such provision, nor to in any way affect the validity of this Warrant or any provision hereof or the right of the Company or any Holder to thereafter enforce each and every provision of this Warrant. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Warrant shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer as of the 15th day of April, 1995.

GLOBAL TELECOMMUNICATION SOLUTIONS, INC.

By: /s/ Shelly Finkel

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 Name: Shelly Finkel  
 Title: Chairman of the Board

REGISTERED HOLDER INFORMATION:

CRAIG SHAPIRO 1617 South Beverly Boulevard #201 Los Angeles, CA 90024 ID  
 #####-##-####

Form to be used to exercise Warrant:

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Date: \_\_\_\_\_, 19\_\_

The undersigned hereby elects irrevocably to exercise the within Warrant and to purchase \_\_\_\_\_ shares of Common Stock of \_\_\_\_\_ and hereby makes payment of \$\_\_\_\_\_ (at the rate of \$\_\_\_\_\_ per share of Common Stock) in payment of the Exercise Price pursuant thereto. Please issue the Common Stock as to which this Warrant is exercised in accordance with the instructions given below.

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Signature

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Signature Guaranteed

NOTICE: The signature to this form must correspond with the name as written upon the face of the within Warrant in every particular without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank, other than a savings bank, or by a trust company or by a firm having membership on a registered national securities exchange.

INSTRUCTIONS FOR REGISTRATION OF SECURITIES

Name \_\_\_\_\_  
(Print in Block Letters)

Address \_\_\_\_\_

Form to be used to assign Warrant:

ASSIGNMENT

(To be executed by the registered Holder to effect a transfer of the within Warrant):

FOR VALUE RECEIVED, \_\_\_\_\_ does hereby sell, assign and transfer unto \_\_\_\_\_ the right to purchase \_\_\_\_\_ shares of Common Stock of \_\_\_\_\_ ("Company") evidenced by the within Warrant and does hereby authorize the Company to transfer such right on the books of the Company.

Dated: \_\_\_\_\_, 199\_

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Signature

NOTICE: The signature to this form must correspond with the name as written upon the face of the within Warrant in every particular without alteration or enlargement or any change whatsoever.

THE REGISTERED HOLDER OF THIS WARRANT, BY ITS ACCEPTANCE HEREOF, AGREES THAT IT WILL NOT SELL, TRANSFER OR ASSIGN THIS WARRANT EXCEPT AS HEREIN PROVIDED.

VOID AFTER 5:00 P.M. EASTERN TIME, OCTOBER 26, 2000.

WARRANT

For the Purchase of

50,000 Shares of Common Stock

of

GLOBAL TELECOMMUNICATION SOLUTIONS, INC.

1. Warrant.

THIS CERTIFIES THAT, in consideration of \$10.00 and other good and valuable consideration, duly paid by or on behalf of Frog Hollow Partners ("Holder"), as registered owner of this Warrant, to Global Telecommunication Solutions, Inc. ("Company"), Holder is entitled, at any time or from time to time at or after October 26, 1995 ("Commencement Date"), and at or before 5:00 p.m., Eastern Time, October 26, 2000 ("Expiration Date"), but not thereafter, to subscribe for, purchase and receive, in whole or in part, up to Fifty Thousand (50,000) shares of Common Stock of the Company, \$.01 par value ("Common Stock"). If the Expiration Date is a day on which banking institutions are authorized by law to close, then this Warrant may be exercised on the next succeeding day which is not such a day in accordance with the terms herein. During the period ending on the Expiration Date, the Company agrees not to take any action that would terminate the Warrant. This Warrant is initially exercisable at \$5.00 per share of Common Stock purchased; provided, however, that upon the occurrence of any of the events specified in Section 6 hereof, the rights granted by this Warrant, including the exercise price and the number of shares of Common Stock to be received upon such exercise, shall be adjusted as therein specified. The term "Exercise Price" shall mean the initial exercise price or the adjusted exercise price, depending on the context, of a share of Common Stock. The term "Securities" shall mean the shares of Common Stock issuable upon exercise of this Warrant.

2. Exercise.

2.1 Exercise Form. In order to exercise this Warrant, the exercise form attached hereto must be duly executed and completed and delivered to the Company, together with this Warrant and payment of the Exercise Price for the Securities being purchased. If the subscription rights represented hereby shall not be exercised at or before 5:00 p.m., Eastern

time, on the Expiration Date, this Warrant shall become and be void without further force or effect, and all rights represented hereby shall cease and expire.

2.2 Legend. Each certificate for Securities purchased under this Warrant shall bear a legend as follows, unless such Securities have been registered under the Securities Act of 1933, as amended ("Act"):

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended ("Act") or applicable state law. The securities may not be offered for sale, sold or otherwise transferred except pursuant to an effective registration statement under the Act, or pursuant to an exemption from registration under the Act and applicable state law."

### 3. Transfer.

3.1 General Restrictions. The registered Holder of this Warrant, by its acceptance hereof, agrees that it will not sell, transfer or assign or hypothecate this Warrant to anyone except upon compliance with, or pursuant to exemptions from, applicable securities laws. In order to make any permitted assignment, the Holder must deliver to the Company the assignment form attached hereto duly executed and completed, together with this Warrant and payment of all transfer taxes, if any, payable in connection therewith. The Company shall immediately transfer this Warrant on the books of the Company and shall execute and deliver a new Warrant or Warrants of like tenor to the appropriate assignee(s) expressly evidencing the right to purchase the aggregate number of shares of Common Stock purchasable hereunder or such portion of such number as shall be contemplated by any such assignment.

3.2 Restrictions Imposed by the Securities Act. This Warrant and the Securities underlying this Warrant shall not be transferred unless and until (i) the Company has received the opinion of counsel for the Holder that such securities may be sold pursuant to an exemption from registration under the Act, and applicable state law, the availability of which is established to the reasonable satisfaction of the Company, or (ii) a registration statement relating to such Securities has been filed by the Company and declared effective by the Securities and Exchange Commission and compliance with applicable state law.

### 4. New Warrants to be Issued.

4.1 Partial Exercise or Transfer. Subject to the restrictions in Section 3 hereof, this Warrant may be exercised or assigned in whole or in part.



In the event of the exercise or assignment hereof in part only, upon surrender of this Warrant for cancellation, together with the duly executed exercise or assignment form and funds (or conversion equivalent) sufficient to pay any Exercise Price and/or transfer tax, the Company shall cause to be delivered to the Holder without charge a new Warrant of like tenor to this Warrant in the name of the Holder evidencing the right of the Holder to purchase the aggregate number of shares of Common Stock and Warrants purchasable hereunder as to which this Warrant has not been exercised or assigned.

4.2 Lost Certificate. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Warrant and of reasonably satisfactory indemnification,

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the Company shall execute and deliver a new Warrant of like tenor and date. Any such new Warrant executed and delivered as a result of such loss, theft, mutilation or destruction shall constitute a substitute contractual obligation on the part of the Company.

## 5. Registration Rights.

### 5.1 "Piggy-Back" Registration.

5.1.1 Grant of Right. The Holders of this Warrant shall have the right for a period of seven years from the Commencement Date to include all or any part of this Warrant and the shares of Common Stock underlying this Warrant (collectively, the "Registrable Securities") as part of any registration of securities filed by the Company (other than in connection with a transaction contemplated by Rule 145(a) promulgated under the Act or pursuant to Form S-8 or any equivalent form); provided, however, that if, in the written opinion of the Company's managing underwriter or underwriters, if any, for such offering (the "Underwriter"), the inclusion of the Registrable Securities, when added to the securities being registered by the Company or the selling stockholder(s), will exceed the maximum amount of the Company's securities which can be marketed (i) at a price reasonably related to their then current market value, or (ii) without materially and adversely affecting the entire offering, the Company shall nevertheless register all or any portion of the Registrable Securities required to be so registered but such Registrable Securities shall not be sold by the Holders until 90 days after the registration statement for such offering has become effective; and provided further that, if any securities are registered for sale on behalf of other stockholders in such offering and such stockholders have not agreed to defer such sale until the expiration of such 90 day period, the number of securities to be sold by all stockholders in such

public offering during such 90 day period shall be apportioned pro rata among all such selling stockholders, including all holders of the Registrable Securities, according to the total amount of securities of the Company proposed to be sold by said selling stockholders, including all holders of the Registrable Securities.

5.1.2 Terms. The Company shall bear all fees and expenses attendant to registering the Registrable Securities, but the Holders shall pay any and all underwriting commissions and the expenses of any legal counsel selected by the Holders to represent them in connection with the sale of the Registrable Securities. In the event of such a proposed registration, the Company shall furnish the then Holders of outstanding Registrable Securities with not less than thirty days written notice prior to the proposed date of filing of such registration statement. Such notice to the Holders shall continue to be given for each registration statement filed by the Company until such time as all of the Registrable Securities have been sold by the Holder. The holders of the Registrable Securities shall exercise the "piggy-back" rights provided for herein by giving written notice, within twenty days of the receipt of the Company's notice of its intention to file a registration statement. The Company shall cause any registration statement filed pursuant to the above "piggyback" rights to remain effective for at least nine months from the date that the Holders of the Registrable Securities are first given the opportunity to sell all of such securities. Nothing contained in this Warrant shall be construed as requiring any Holder to exercise this Warrant or any part thereof prior to the initial filing of any registration statement or the effectiveness thereof.

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## 5.2 General Terms.

### 5.2.1 Indemnification.

(a) The Company shall indemnify the Holder(s) of the Registrable Securities to be sold pursuant to any registration statement hereunder and any underwriter or person deemed to be an underwriter under the Act and each person, if any, who controls such Holders or underwriter or persons deemed to be underwriters within the meaning of Section 15 of the Act or Section 20(a) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), against all loss, claim, damage, expense or liability (including all reasonable attorneys' fees and other expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which any of them may become subject under the Act, the Exchange Act or otherwise, arising from such registration statement. The

Holder(s) of the Registrable Securities to be sold pursuant to such registration statement, and their successors and assigns, shall severally, and not jointly, indemnify the Company, against all loss, claim, damage, expense or liability (including all reasonable attorneys' fees and other expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which they may become subject under the Act, the Exchange Act or otherwise, arising from information furnished by or on behalf of such Holders, in writing, for specific inclusion in such registration statement.

(b) If any action is brought against a party hereto, ("Indemnified Party") in respect of which indemnity may be sought against the other party ("Indemnifying Party"), such Indemnified Party shall promptly notify Indemnifying Party in writing of the institution of such action and Indemnifying Party shall assume the defense of such action, including the employment and fees of counsel reasonably satisfactory to the Indemnified Party. Such Indemnified Party shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the employment of such counsel shall have been authorized in writing by Indemnifying Party in connection with the defense of such action, or (ii) Indemnifying Party shall not have employed counsel to defend such action, or (iii) such Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to it which may result in a conflict between the Indemnified Party and Indemnifying Party (in which case Indemnifying Party shall not have the right to direct the defense of such action on behalf of the Indemnified Party), in any of which events, the reasonable fees and expenses of not more than one additional firm of attorneys designated in writing by the Indemnified Party shall be borne by Indemnifying Party. Notwithstanding anything to the contrary contained herein, if Indemnified Party shall assume the defense of such action as provided above, Indemnifying Party shall not be liable for any settlement of any such action effected without its written consent.

(c) If the indemnification or reimbursement provided for hereunder is finally judicially determined by a court of competent jurisdiction to be unavailable to an Indemnified Party (other than as a consequence of a final judicial determination of willful misconduct, bad faith or gross negligence of such Indemnified Party), then Indemnifying Party agrees, in lieu of indemnifying such Indemnified Party, to contribute to the amount paid or payable by such Indemnified Party (i) in such proportion as is appropriate to reflect the relative benefits received, or sought to be received, by Indemnifying Party on the one hand and by such Indemnified Party on the other or (ii) if (but only if) the allocation provided in clause (i) of this

sentence is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in such clause (i) but also the relative fault of Indemnifying Party and of such Indemnified Party; provided, however, that in no event shall the aggregate amount contributed by a Holder exceed the profit, if any, earned by such Holder as a result of the exercise by him of the Warrants and the sale by him of the underlying shares of Common Stock.

(d) The rights accorded to Indemnified Parties hereunder shall be in addition to any rights that any Indemnified Party may have at common law, by separate agreement or otherwise.

5.2.2 Exercise of Warrants. Nothing contained in this Warrant shall be construed as requiring the Holder(s) to exercise their Warrants prior to or after the initial filing of any registration statement or the effectiveness thereof.

5.2.3 Documents Delivered to Holders. The Company shall furnish to each Holder participating in any of the foregoing offerings and to each Underwriter of any such offering, if any, a signed counterpart, addressed to such Holder or Underwriter, of (i) an opinion of counsel to the Company, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, an opinion dated the date of the closing under any underwriting agreement related thereto), and (ii) a "cold comfort" letter dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, a letter dated the date of the closing under the underwriting agreement) signed by the independent public accountants who have issued a report on the Company's financial statements included in such registration statement, in each case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to underwriters in underwritten public offerings of securities. The Company shall also deliver promptly to each Holder participating in the offering requesting the correspondence and memoranda described below and to the managing underwriter copies of all correspondence between the Commission and the Company, its counsel or auditors and all memoranda relating to discussions with the Commission or its staff with respect to the registration statement and permit each Holder and underwriter to do such investigation, upon reasonable advance notice, with respect to information contained in or omitted from the registration statement as it deems reasonably necessary to comply with applicable securities laws or rules of the NASD. Such investigation shall include access to books, records and properties and opportunities to discuss the business of the Company with its officers and independent auditors, all to such reasonable extent and at such reasonable times and as often as any such Holder shall reasonably request.

## 6. Adjustments.

6.1 Adjustments to Exercise Price and Number of Securities. The Exercise Price and the number of shares of Common Stock underlying this Warrant shall be subject to adjustment from time to time as hereinafter set forth:

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6.1.1 Stock Dividends - Recapitalization, Reclassification, Split-Ups. If, after the date hereof, and subject to the provisions of Section 6.2 below, the number of outstanding shares of Common Stock is increased by a stock dividend on the Common Stock payable in shares of Common Stock or by a split-up, recapitalization or reclassification of shares of Common Stock or other similar event, then, on the effective date thereof, the number of shares of Common Stock issuable on exercise of this Warrant shall be increased in proportion to such increase in outstanding shares.

6.1.2 Aggregation of Shares. If after the date hereof, and subject to the provisions of Section 6.3, the number of outstanding shares of Common Stock is decreased by a consolidation, combination or reclassification of shares of Common Stock or other similar event, then, upon the effective date thereof, the number of shares of Common Stock issuable on exercise of this Warrant shall be decreased in proportion to such decrease in outstanding shares.

6.1.3 Adjustments in Exercise Price. Whenever the number of shares of Common Stock purchasable upon the exercise of this Warrant is adjusted, as provided in this Section 6.1, the Exercise Price shall be adjusted (to the nearest cent) by multiplying such Exercise Price immediately prior to such adjustment by a fraction (x) the numerator of which shall be the number of shares of Common Stock purchasable upon the exercise of this Warrant immediately prior to such adjustment, and (y) the denominator of which shall be the number of shares of Common Stock so purchasable immediately thereafter.

6.1.4 Replacement of Securities upon Reorganization, etc. In case of any reclassification or reorganization of the outstanding shares of Common Stock other than a change covered by Section 6.1.1 hereof or which solely affects the par value of such shares of Common Stock, or in the case of any merger or consolidation of the Company with or into another corporation (other than a consolidation or merger in which the Company is the continuing corporation and which does not result in any reclassification or reorganization of the outstanding shares of Common Stock), or in the case of any sale or conveyance to another corporation or entity of the property of the Company as an

entirety or substantially as an entirety in connection with which the Company is dissolved, the Holder of this Warrant shall have the right thereafter (until the expiration of the right of exercise of this Warrant) to receive upon the exercise hereof, for the same aggregate Exercise Price payable hereunder immediately prior to such event, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or other transfer, by a Holder of the number of shares of Common Stock of the Company obtainable upon exercise of this Warrant immediately prior to such event; and if any reclassification also results in a change in shares of Common Stock covered by Sections 6.1.1 or 6.1.2, then such adjustment shall be made pursuant to Sections 6.1.1, 6.1.2, 6.1.3 and this Section 6.1.4. The provisions of this Section 6.1.4 shall similarly apply to successive reclassifications, reorganizations, mergers or consolidations, sales or other transfers.

6.1.5 Changes in Form of Warrant. This form of Warrant need not be changed because of any change pursuant to this Section, and Warrants issued after such change may state the same Exercise Price and the same number of shares of Common Stock and Warrants

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as are stated in the Warrants initially issued pursuant to this Agreement. The acceptance by any Holder of the issuance of new Warrants reflecting a required or permissive change shall not be deemed to waive any rights to a prior adjustment or the computation thereof.

6.2 Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of shares of Common Stock upon the exercise of this Warrant, nor shall it be required to issue scrip or pay cash in lieu of any fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up to the nearest whole number of shares of Common Stock or other securities, properties or rights.

7. Reservation and Listing. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon exercise of this Warrant, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof. The Company covenants and agrees that, upon exercise of the Warrants and payment of the Exercise Price therefor, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully

paid and non-assessable and not subject to preemptive rights of any stockholder. As long as the Warrants shall be outstanding, the Company shall use its best efforts to cause all shares of Common Stock issuable upon exercise of the Warrants to be listed (subject to official notice of issuance) on all securities exchanges (or, if applicable on Nasdaq) on which the Common Stock is then listed and/or quoted.

#### 8. Certain Notice Requirements.

8.1 Holder's Right to Receive Notice. Nothing herein shall be construed as conferring upon the Holders the right to vote or consent or to receive notice as a stockholder for the election of directors or any other matter, or as having any rights whatsoever as a stockholder of the Company. If, however, at any time prior to the expiration of the Warrants and their exercise, any of the events described in Section 8.2 shall occur, then, in one or more of said events, the Company shall give written notice of such event at least fifteen days prior to the date fixed as a record date or the date of closing the transfer books for the determination of the stockholders entitled to such dividend, distribution, conversion or exchange of securities or subscription rights, or entitled to vote on such proposed dissolution, liquidation, winding up or sale. Such notice shall specify such record date or the date of the closing of the transfer books, as the case may be.

8.2 Events Requiring Notice. The Company shall be required to give the notice described in this Section 8 upon one or more of the following events: (i) if the Company shall take a record of the holders of its shares of Common Stock for the purpose of entitling them to receive a dividend or distribution payable otherwise than in cash, or a cash dividend or distribution payable otherwise than out of retained earnings, as indicated by the accounting treatment of such dividend or distribution on the books of the Company, or (ii) the Company shall offer to all the holders of its Common Stock any additional shares of capital stock of the Company or securities convertible into or exchangeable for shares of capital stock of the Company, or any option, right or warrant to subscribe therefor, or (iii) a merger or reorganization in which the Company is not the surviving party, or (iv) a dissolution, liquidation or winding up

of the Company (other than in connection with a consolidation or merger) or a sale of all or substantially all of its property, assets and business shall be proposed.

8.3 Notice of Change in Exercise Price. The Company shall, promptly

after an event requiring a change in the Exercise Price pursuant to Section 6 hereof, send notice to the Holders of such event and change ("Price Notice"). The Price Notice shall describe the event causing the change and the method of calculating same and shall be certified as being true and accurate by the Company's President and Chief Financial Officer.

8.4 Transmittal of Notices. All notices, requests, consents and other communications under this Warrant shall be in writing and shall be deemed to have been duly made on the date of delivery if delivered personally or sent by overnight courier, with acknowledgment of receipt by the party to which notice is given, or on the fifth day after mailing if mailed to the party to whom notice is to be given, by registered or certified mail, return receipt requested, postage prepaid and properly addressed as follows: (i) if to the registered Holder of this Warrant, to the address of such Holder as shown on the books of the Company, or (ii) if to the Company, to its principal executive office.

## 9. Miscellaneous.

9.1 Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Warrant.

9.2 Entire Agreement. This Warrant (together with the other agreements and documents being delivered pursuant to or in connection with this Warrant) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

9.3 Binding Effect. This Warrant shall inure solely to the benefit of and shall be binding upon, the Holder and the Company and their respective successors, legal representatives and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Warrant or any provisions herein contained.

9.4 Governing Law; Submission to Jurisdiction. This Warrant shall be governed by and construed and enforced in accordance with the law of the State of New York, without giving effect to conflict of laws. The Company and the Holder hereby agree that any action, proceeding or claim arising out of, or relating in any way to this Warrant shall be brought and enforced in the courts of the State of New York or of the United States of America for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company and the Holder hereby waive any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any process or summons to be served upon the Company may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 8 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the



Company in any action, proceeding or claim. Each of the Company and the Holder agrees that the prevailing party(ies) in any such action shall be entitled to recover from the other party(ies) all of its reasonable attorneys' fees and expenses relating to such action or proceeding and/or incurred in connection with the preparation therefor.

9.5 Waiver, Etc. The failure of the Company or the Holder to at any time enforce any of the provisions of this Warrant shall not be deemed or construed to be a waiver of any such provision, nor to in any way affect the validity of this Warrant or any provision hereof or the right of the Company or any Holder to thereafter enforce each and every provision of this Warrant. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Warrant shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer as of the 26th day of October, 1995.

GLOBAL TELECOMMUNICATION SOLUTIONS, INC.

By: /s/ Shelly Finkel

-----  
Name: Shelly Finkel

Title: Chairman of the Board

REGISTERED HOLDER INFORMATION:

FROG HOLLOW PARTNERS  
Attn: James D. Whitten, General Partner  
2801 Ocean Drive  
Vero Beach, FL 32963  
ID # ###-##-####

Form to be used to exercise Warrant:

=====  
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Date: \_\_\_\_\_, 19\_\_

The undersigned hereby elects irrevocably to exercise the within Warrant and to purchase \_\_\_\_\_ shares of Common Stock of \_\_\_\_\_ and hereby makes payment of \$\_\_\_\_\_ (at the rate of \$\_\_\_\_\_ per share of Common Stock) in payment of the Exercise Price pursuant thereto. Please issue the Common Stock as to which this Warrant is exercised in accordance with the instructions given below.

-----  
Signature

-----  
Signature Guaranteed

NOTICE: The signature to this form must correspond with the name as written upon the face of the within Warrant in every particular without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank, other than a savings bank, or by a trust company or by a firm having membership on a registered national securities exchange.

INSTRUCTIONS FOR REGISTRATION OF SECURITIES

Name \_\_\_\_\_  
(Print in Block Letters)

Address \_\_\_\_\_

Form to be used to assign Warrant:

ASSIGNMENT

(To be executed by the registered Holder to effect a transfer of the within Warrant):

FOR VALUE RECEIVED, \_\_\_\_\_ does hereby sell, assign and transfer unto \_\_\_\_\_ the right to purchase \_\_\_\_\_ shares of Common Stock of \_\_\_\_\_ ("Company") evidenced by the within Warrant and does hereby authorize the Company to transfer such right on the books of the Company.

Dated: \_\_\_\_\_, 199\_

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Signature

NOTICE: The signature to this form must correspond with the name as written upon the face of the within Warrant in every particular without alteration or enlargement or any change whatsoever.

THE REGISTERED HOLDER OF THIS WARRANT, BY ITS ACCEPTANCE HEREOF, AGREES THAT IT WILL NOT SELL, TRANSFER OR ASSIGN THIS WARRANT EXCEPT AS HEREIN PROVIDED.

VOID AFTER 5:00 P.M. EASTERN TIME, JANUARY 22, 2001.

WARRANT

For the Purchase of

200,000 Shares of Common Stock

of

GLOBAL TELECOMMUNICATION SOLUTIONS, INC.

1. Warrant.

THIS CERTIFIES THAT, in consideration of \$10.00 and other good and valuable consideration, duly paid by or on behalf of Whale Securities Co., L.P. ("Holder"), as registered owner of this Warrant, to Global Telecommunication Solutions, Inc. ("Company"), Holder is entitled, at any time or from time to time at or after January 22, 1996 ("Commencement Date"), and at or before 5:00 p.m., Eastern Time, January 22, 2001 ("Expiration Date"), but not thereafter, to subscribe for, purchase and receive, in whole or in part, up to Two Hundred Thousand (200,000) shares of Common Stock of the Company, \$.01 par value ("Common Stock"). If the Expiration Date is a day on which banking institutions are authorized by law to close, then this Warrant may be exercised on the next succeeding day which is not such a day in accordance with the terms herein. During the period ending on the Expiration Date, the Company agrees not to take any action that would terminate the Warrant. This Warrant is initially exercisable at \$5.125 per share of Common Stock purchased; provided, however, that upon the occurrence of any of the events specified in Section 6 hereof, the rights granted by this Warrant, including the exercise price and the number of shares of Common Stock to be received upon such exercise, shall be adjusted as therein specified. The term "Exercise Price" shall mean the initial exercise price or the adjusted exercise price, depending on the context, of a share of Common Stock. The term "Securities" shall mean the shares of Common Stock issuable upon exercise of this Warrant.

2. Exercise.

2.1 Exercise Form. In order to exercise this Warrant, the exercise form attached hereto must be duly executed and completed and delivered to the Company, together with this Warrant and payment of the Exercise Price for the Securities being purchased. If the subscription rights represented hereby shall not be exercised at or before 5:00 p.m., Eastern

time, on the Expiration Date, this Warrant shall become and be void without further force or effect, and all rights represented hereby shall cease and expire.

2.2 Legend. Each certificate for Securities purchased under this Warrant shall bear a legend as follows, unless such Securities have been registered under the Securities Act of 1933, as amended ("Act"):

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended ("Act") or applicable state law. The securities may not be offered for sale, sold or otherwise transferred except pursuant to an effective registration statement under the Act, or pursuant to an exemption from registration under the Act and applicable state law."

### 3. Transfer.

3.1 General Restrictions. The registered Holder of this Warrant, by its acceptance hereof, agrees that it will not sell, transfer or assign or hypothecate this Warrant to anyone except upon compliance with, or pursuant to exemptions from, applicable securities laws. In order to make any permitted assignment, the Holder must deliver to the Company the assignment form attached hereto duly executed and completed, together with this Warrant and payment of all transfer taxes, if any, payable in connection therewith. The Company shall immediately transfer this Warrant on the books of the Company and shall execute and deliver a new Warrant or Warrants of like tenor to the appropriate assignee(s) expressly evidencing the right to purchase the aggregate number of shares of Common Stock purchasable hereunder or such portion of such number as shall be contemplated by any such assignment.

3.2 Restrictions Imposed by the Securities Act. This Warrant and the Securities underlying this Warrant shall not be transferred unless and until (i) the Company has received the opinion of counsel for the Holder that such securities may be sold pursuant to an exemption from registration under the Act, and applicable state law, the availability of which is established to the reasonable satisfaction of the Company, or (ii) a registration statement relating to such Securities has been filed by the Company and declared effective by the Securities and Exchange Commission and compliance with applicable state law.

### 4. New Warrants to be Issued.

4.1 Partial Exercise or Transfer. Subject to the restrictions in Section 3 hereof, this Warrant may be exercised or assigned in whole or in part. In the event of the exercise or assignment hereof in part only, upon surrender of this Warrant for cancellation, together with the duly executed exercise or assignment form and funds (or conversion equivalent) sufficient to pay any Exercise Price and/or transfer tax, the Company shall cause to be delivered to the Holder without charge a new Warrant of like tenor to this Warrant in the name of the Holder evidencing the right of the Holder to purchase the aggregate number of shares of Common Stock and Warrants purchasable hereunder as to which this Warrant has not been exercised or assigned.

4.2 Lost Certificate. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Warrant and of reasonably satisfactory indemnification,

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the Company shall execute and deliver a new Warrant of like tenor and date. Any such new Warrant executed and delivered as a result of such loss, theft, mutilation or destruction shall constitute a substitute contractual obligation on the part of the Company.

## 5. Registration Rights.

### 5.1 "Piggy-Back" Registration.

5.1.1 Grant of Right. The Holders of this Warrant shall have the right for a period of seven years from the Commencement Date to include all or any part of this Warrant and the shares of Common Stock underlying this Warrant (collectively, the "Registrable Securities") as part of any registration of securities filed by the Company (other than in connection with a transaction contemplated by Rule 145(a) promulgated under the Act or pursuant to Form S-8 or any equivalent form); provided, however, that if, in the written opinion of the Company's managing underwriter or underwriters, if any, for such offering (the "Underwriter"), the inclusion of the Registrable Securities, when added to the securities being registered by the Company or the selling stockholder(s), will exceed the maximum amount of the Company's securities which can be marketed (i) at a price reasonably related to their then current market value, or (ii) without materially and adversely affecting the entire offering, the Company shall nevertheless register all or any portion of the Registrable Securities required to be so registered but such Registrable Securities shall not be sold by the Holders until 90 days after the registration statement for such offering has become effective; and provided further that, if any securities are

registered for sale on behalf of other stockholders in such offering and such stockholders have not agreed to defer such sale until the expiration of such 90 day period, the number of securities to be sold by all stockholders in such public offering during such 90 day period shall be apportioned pro rata among all such selling stockholders, including all holders of the Registrable Securities, according to the total amount of securities of the Company proposed to be sold by said selling stockholders, including all holders of the Registrable Securities.

5.1.2 Terms. The Company shall bear all fees and expenses attendant to registering the Registrable Securities, but the Holders shall pay any and all underwriting commissions and the expenses of any legal counsel selected by the Holders to represent them in connection with the sale of the Registrable Securities. In the event of such a proposed registration, the Company shall furnish the then Holders of outstanding Registrable Securities with not less than thirty days written notice prior to the proposed date of filing of such registration statement. Such notice to the Holders shall continue to be given for each registration statement filed by the Company until such time as all of the Registrable Securities have been sold by the Holder. The holders of the Registrable Securities shall exercise the "piggy-back" rights provided for herein by giving written notice, within twenty days of the receipt of the Company's notice of its intention to file a registration statement. The Company shall cause any registration statement filed pursuant to the above "piggyback" rights to remain effective for at least nine months from the date that the Holders of the Registrable Securities are first given the opportunity to sell all of such securities. Nothing contained in this Warrant shall be construed as requiring any Holder to exercise this Warrant or any part thereof prior to the initial filing of any registration statement or the effectiveness thereof.

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## 5.2 General Terms.

### 5.2.1 Indemnification.

(a) The Company shall indemnify the Holder(s) of the Registrable Securities to be sold pursuant to any registration statement hereunder and any underwriter or person deemed to be an underwriter under the Act and each person, if any, who controls such Holders or underwriter or persons deemed to be underwriters within the meaning of Section 15 of the Act or Section 20(a) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), against all loss, claim, damage, expense or liability (including all reasonable attorneys' fees and other

expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which any of them may become subject under the Act, the Exchange Act or otherwise, arising from such registration statement. The Holder(s) of the Registrable Securities to be sold pursuant to such registration statement, and their successors and assigns, shall severally, and not jointly, indemnify the Company, against all loss, claim, damage, expense or liability (including all reasonable attorneys' fees and other expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which they may become subject under the Act, the Exchange Act or otherwise, arising from information furnished by or on behalf of such Holders, in writing, for specific inclusion in such registration statement.

(b) If any action is brought against a party hereto, ("Indemnified Party") in respect of which indemnity may be sought against the other party ("Indemnifying Party"), such Indemnified Party shall promptly notify Indemnifying Party in writing of the institution of such action and Indemnifying Party shall assume the defense of such action, including the employment and fees of counsel reasonably satisfactory to the Indemnified Party. Such Indemnified Party shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the employment of such counsel shall have been authorized in writing by Indemnifying Party in connection with the defense of such action, or (ii) Indemnifying Party shall not have employed counsel to defend such action, or (iii) such Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to it which may result in a conflict between the Indemnified Party and Indemnifying Party (in which case Indemnifying Party shall not have the right to direct the defense of such action on behalf of the Indemnified Party), in any of which events, the reasonable fees and expenses of not more than one additional firm of attorneys designated in writing by the Indemnified Party shall be borne by Indemnifying Party. Notwithstanding anything to the contrary contained herein, if Indemnified Party shall assume the defense of such action as provided above, Indemnifying Party shall not be liable for any settlement of any such action effected without its written consent.

(c) If the indemnification or reimbursement provided for hereunder is finally judicially determined by a court of competent jurisdiction to be unavailable to an Indemnified Party (other than as a consequence of a final judicial determination of willful misconduct, bad faith or gross negligence of such Indemnified Party), then Indemnifying Party agrees, in lieu of indemnifying such Indemnified Party, to contribute to the amount paid or payable by such Indemnified Party (i) in such proportion as is appropriate to reflect the relative benefits received, or sought to be received, by Indemnifying Party on the one hand and by such Indemnified Party on the other or (ii) if (but only if) the allocation provided in clause (i) of this



sentence is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in such clause (i) but also the relative fault of Indemnifying Party and of such Indemnified Party; provided, however, that in no event shall the aggregate amount contributed by a Holder exceed the profit, if any, earned by such Holder as a result of the exercise by him of the Warrants and the sale by him of the underlying shares of Common Stock.

(d) The rights accorded to Indemnified Parties hereunder shall be in addition to any rights that any Indemnified Party may have at common law, by separate agreement or otherwise.

5.2.2 Exercise of Warrants. Nothing contained in this Warrant shall be construed as requiring the Holder(s) to exercise their Warrants prior to or after the initial filing of any registration statement or the effectiveness thereof.

5.2.3 Documents Delivered to Holders. The Company shall furnish to each Holder participating in any of the foregoing offerings and to each Underwriter of any such offering, if any, a signed counterpart, addressed to such Holder or Underwriter, of (i) an opinion of counsel to the Company, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, an opinion dated the date of the closing under any underwriting agreement related thereto), and (ii) a "cold comfort" letter dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, a letter dated the date of the closing under the underwriting agreement) signed by the independent public accountants who have issued a report on the Company's financial statements included in such registration statement, in each case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to underwriters in underwritten public offerings of securities. The Company shall also deliver promptly to each Holder participating in the offering requesting the correspondence and memoranda described below and to the managing underwriter copies of all correspondence between the Commission and the Company, its counsel or auditors and all memoranda relating to discussions with the Commission or its staff with respect to the registration statement and permit each Holder and underwriter to do such investigation, upon reasonable advance notice, with respect to information contained in or omitted from the registration statement as it deems reasonably necessary to comply with applicable securities laws or rules of the NASD. Such investigation shall include access to books, records and properties and opportunities to discuss the business of the Company with its officers and inde

pendent auditors, all to such reasonable extent and at such reasonable times and as often as any such Holder shall reasonably request.

## 6. Adjustments.

6.1 Adjustments to Exercise Price and Number of Securities . The Exercise Price and the number of shares of Common Stock underlying this Warrant shall be subject to adjustment from time to time as hereinafter set forth:

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6.1.1 Stock Dividends - Recapitalization, Reclassification, Split-Ups. If, after the date hereof, and subject to the provisions of Section 6.2 below, the number of outstanding shares of Common Stock is increased by a stock dividend on the Common Stock payable in shares of Common Stock or by a split-up, recapitalization or reclassification of shares of Common Stock or other similar event, then, on the effective date thereof, the number of shares of Common Stock issuable on exercise of this Warrant shall be increased in proportion to such increase in outstanding shares.

6.1.2 Aggregation of Shares. If after the date hereof, and subject to the provisions of Section 6.3, the number of outstanding shares of Common Stock is decreased by a consolidation, combination or reclassification of shares of Common Stock or other similar event, then, upon the effective date thereof, the number of shares of Common Stock issuable on exercise of this Warrant shall be decreased in proportion to such decrease in outstanding shares.

6.1.3 Adjustments in Exercise Price. Whenever the number of shares of Common Stock purchasable upon the exercise of this Warrant is adjusted, as provided in this Section 6.1, the Exercise Price shall be adjusted (to the nearest cent) by multiplying such Exercise Price immediately prior to such adjustment by a fraction (x) the numerator of which shall be the number of shares of Common Stock purchasable upon the exercise of this Warrant immediately prior to such adjustment, and (y) the denominator of which shall be the number of shares of Common Stock so purchasable immediately thereafter.

6.1.4 Replacement of Securities upon Reorganization, etc. In case of any reclassification or reorganization of the outstanding shares of Common Stock other than a change covered by Section 6.1.1 hereof or which solely affects the par value of such shares of Common Stock, or in the case of any merger or consolidation of the Company with or into another corporation (other than a consolidation or merger in which the Company is the continuing

corporation and which does not result in any reclassification or reorganization of the outstanding shares of Common Stock), or in the case of any sale or conveyance to another corporation or entity of the property of the Company as an entirety or substantially as an entirety in connection with which the Company is dissolved, the Holder of this Warrant shall have the right thereafter (until the expiration of the right of exercise of this Warrant) to receive upon the exercise hereof, for the same aggregate Exercise Price payable hereunder immediately prior to such event, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or other transfer, by a Holder of the number of shares of Common Stock of the Company obtainable upon exercise of this Warrant immediately prior to such event; and if any reclassification also results in a change in shares of Common Stock covered by Sections 6.1.1 or 6.1.2, then such adjustment shall be made pursuant to Sections 6.1.1, 6.1.2, 6.1.3 and this Section 6.1.4. The provisions of this Section 6.1.4 shall similarly apply to successive reclassifications, reorganizations, mergers or consolidations, sales or other transfers.

6.1.5 Changes in Form of Warrant. This form of Warrant need not be changed because of any change pursuant to this Section, and Warrants issued after such change may state the same Exercise Price and the same number of shares of Common Stock and Warrants

6

as are stated in the Warrants initially issued pursuant to this Agreement. The acceptance by any Holder of the issuance of new Warrants reflecting a required or permissive change shall not be deemed to waive any rights to a prior adjustment or the computation thereof.

6.2 Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of shares of Common Stock upon the exercise of this Warrant, nor shall it be required to issue scrip or pay cash in lieu of any fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up to the nearest whole number of shares of Common Stock or other securities, properties or rights.

7. Reservation and Listing. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon exercise of this Warrant, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise

thereof. The Company covenants and agrees that, upon exercise of the Warrants and payment of the Exercise Price therefor, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid and non-assessable and not subject to preemptive rights of any stockholder. As long as the Warrants shall be outstanding, the Company shall use its best efforts to cause all shares of Common Stock issuable upon exercise of the Warrants to be listed (subject to official notice of issuance) on all securities exchanges (or, if applicable on Nasdaq) on which the Common Stock is then listed and/or quoted.

## 8. Certain Notice Requirements.

8.1 Holder's Right to Receive Notice. Nothing herein shall be construed as conferring upon the Holders the right to vote or consent or to receive notice as a stockholder for the election of directors or any other matter, or as having any rights whatsoever as a stockholder of the Company. If, however, at any time prior to the expiration of the Warrants and their exercise, any of the events described in Section 8.2 shall occur, then, in one or more of said events, the Company shall give written notice of such event at least fifteen days prior to the date fixed as a record date or the date of closing the transfer books for the determination of the stockholders entitled to such dividend, distribution, conversion or exchange of securities or subscription rights, or entitled to vote on such proposed dissolution, liquidation, winding up or sale. Such notice shall specify such record date or the date of the closing of the transfer books, as the case may be.

8.2 Events Requiring Notice. The Company shall be required to give the notice described in this Section 8 upon one or more of the following events: (i) if the Company shall take a record of the holders of its shares of Common Stock for the purpose of entitling them to receive a dividend or distribution payable otherwise than in cash, or a cash dividend or distribution payable otherwise than out of retained earnings, as indicated by the accounting treatment of such dividend or distribution on the books of the Company, or (ii) the Company shall offer to all the holders of its Common Stock any additional shares of capital stock of the Company or securities convertible into or exchangeable for shares of capital stock of the Company, or any option, right or warrant to subscribe therefor, or (iii) a merger or reorganization in which the Company is not the surviving party, or (iv) a dissolution, liquidation or winding up

of the Company (other than in connection with a consolidation or merger) or a sale of all or substantially all of its property, assets and business shall be

proposed.

8.3 Notice of Change in Exercise Price. The Company shall, promptly after an event requiring a change in the Exercise Price pursuant to Section 6 hereof, send notice to the Holders of such event and change ("Price Notice"). The Price Notice shall describe the event causing the change and the method of calculating same and shall be certified as being true and accurate by the Company's President and Chief Financial Officer.

8.4 Transmittal of Notices. All notices, requests, consents and other communications under this Warrant shall be in writing and shall be deemed to have been duly made on the date of delivery if delivered personally or sent by overnight courier, with acknowledgment of receipt by the party to which notice is given, or on the fifth day after mailing if mailed to the party to whom notice is to be given, by registered or certified mail, return receipt requested, postage prepaid and properly addressed as follows: (i) if to the registered Holder of this Warrant, to the address of such Holder as shown on the books of the Company, or (ii) if to the Company, to its principal executive office.

## 9. Miscellaneous.

9.1 Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Warrant.

9.2 Entire Agreement. This Warrant (together with the other agreements and documents being delivered pursuant to or in connection with this Warrant) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

9.3 Binding Effect. This Warrant shall inure solely to the benefit of and shall be binding upon, the Holder and the Company and their respective successors, legal representatives and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Warrant or any provisions herein contained.

9.4 Governing Law; Submission to Jurisdiction. This Warrant shall be governed by and construed and enforced in accordance with the law of the State of New York, without giving effect to conflict of laws. The Company and the Holder hereby agree that any action, proceeding or claim arising out of, or relating in any way to this Warrant shall be brought and enforced in the courts of the State of New York or of the United States of America for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company and the Holder hereby waive any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any process or summons to be served upon the Company may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 8 hereof. Such mailing shall be deemed personal service and shall be

Company in any action, proceeding or claim. Each of the Company and the Holder agrees that the prevailing party(ies) in any such action shall be entitled to recover from the other party(ies) all of its reasonable attorneys' fees and expenses relating to such action or proceeding and/or incurred in connection with the preparation therefor.

9.5 Waiver, Etc. The failure of the Company or the Holder to at any time enforce any of the provisions of this Warrant shall not be deemed or construed to be a waiver of any such provision, nor to in any way affect the validity of this Warrant or any provision hereof or the right of the Company or any Holder to thereafter enforce each and every provision of this Warrant. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Warrant shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer as of the 22nd day of January, 1996.

GLOBAL TELECOMMUNICATION SOLUTIONS, INC.

By: /s/ Shelly Finkel

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Name: Shelly Finkel

Title: Chairman of the Board

REGISTERED HOLDER INFORMATION:

WHALE SECURITIES CO., L.P.

650 Fifth Avenue  
New York, New York 10019  
ID # \_\_\_\_\_

Form to be used to exercise Warrant:

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Date: \_\_\_\_\_, 19\_\_

The undersigned hereby elects irrevocably to exercise the within Warrant and to purchase \_\_\_\_\_ shares of Common Stock of \_\_\_\_\_ and hereby makes payment of \$\_\_\_\_\_ (at the rate of \$\_\_\_\_\_ per share of Common Stock) in payment of the Exercise Price pursuant thereto. Please issue the Common Stock as to which this Warrant is exercised in accordance with the instructions given below.

-----  
Signature

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Signature Guaranteed

NOTICE: The signature to this form must correspond with the name as written upon the face of the within Warrant in every particular without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank, other than a savings bank, or by a trust company or by a firm having membership on a registered national securities exchange.

INSTRUCTIONS FOR REGISTRATION OF SECURITIES

Name \_\_\_\_\_

Address \_\_\_\_\_

Form to be used to assign Warrant:

ASSIGNMENT

(To be executed by the registered Holder to effect a transfer of the within Warrant):

FOR VALUE RECEIVED, \_\_\_\_\_ does hereby sell, assign and transfer unto \_\_\_\_\_ the right to purchase \_\_\_\_\_ shares of Common Stock of \_\_\_\_\_ ("Company") evidenced by the within Warrant and does hereby authorize the Company to transfer such right on the books of the Company.

Dated: \_\_\_\_\_, 199\_

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Signature

NOTICE: The signature to this form must correspond with the name as written upon the face of the within Warrant in every particular without alteration or enlargement or any change whatsoever.



December 30, 1996

Global Telecommunication Solutions, Inc.  
5697 Rising Sun Avenue  
Philadelphia, PA 19120

Ladies and Gentlemen:

Reference is made to the Registration Statement on Form S-3 ("Registration Statement") filed by Global Telecommunication Solutions, Inc. ("Company") under the Securities Act of 1933, as amended ("Act"), with respect to an aggregate of 3,218,868 shares of common stock, par value \$.01 per share ("Common Stock"), including (i) 18,868 shares of Common Stock currently issued and outstanding and owned by certain persons listed in the Registration Statement as Selling Securityholders ("Selling Securityholders") and (ii) 3,200,000 shares of Common Stock to be issued by the Company to certain of the Selling Securityholders upon exercise of the Common Stock Purchase Warrants ("Warrants") issued in the private placement consummated by the Company in December 1996 ("Private Placement").

We have examined such documents and considered such legal matters as we have deemed necessary and relevant as the basis for the opinion set forth below. With respect to such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as reproduced or certified copies, and the authenticity of the originals of those latter documents. As to questions of fact material to this opinion, we have, to the extent deemed appropriate, relied upon certain representations of certain officers and employees of the Company.

Based upon the foregoing, it is our opinion that (i) the shares of Common Stock currently outstanding and owned by certain of the Selling Securityholders and being registered on the Registration Statement have been duly authorized and legally issued, and are fully paid and non-assessable and (ii) the shares of Common Stock being registered on the Registration Statement to be issued by the Company to certain of the Selling Securityholders upon exercise of the Warrants have been duly authorized and, when sold to the Selling Securityholders and paid for in the manner provided in the Registration Statement and the various agreements and instruments governing the Warrants of the Selling Securityholders and the Company, will be legally issued, fully paid and non-assessable.

In giving this opinion, we have assumed that all certificates for the Company's shares of Common Stock have been or, prior to their issuance, will be duly executed on behalf of the Company by the Company's transfer agent and registered by the Company's registrar, if necessary, and will conform, except as to denominations, to specimens which we have examined.

We hereby consent to the use of this opinion as an exhibit to the Registration Statement, to the use of our name as your counsel, and to all references made to us in the Registration Statement and in the Prospectus forming a part thereof. In giving this consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Act, or the rules and regulations promulgated thereunder.

Very truly yours,

/s/ Graubard Mollen & Miller

GRAUBARD MOLLEN & MILLER

CONSULTING AGREEMENT

January 22, 1996

Global Telecommunication Solutions, Inc.  
342 Madison Avenue  
New York, New York 10173

Attention: Mr. Shelly Finkel, President

Dear Mr. Finkel:

This will confirm the arrangements, terms and conditions pursuant to which Whale Securities Co., L.P. (the "Consultant"), has been retained to serve as a financial consultant and advisor to Global Telecommunication Solutions, Inc., a Delaware corporation (the "Company"), on a non-exclusive basis for a period of one (1) year commencing on January 22, 1996. The undersigned hereby agrees to the following terms and conditions:

1. Duties of Consultant.

(a) Advice Concerning Financing and Merger and Acquisition Proposals. Consultant shall, at the request of the Company, upon reasonable notice, assist the Company in developing, studying and evaluating financing and merger and acquisition proposals based upon documentary information provided to the Consultant by the Company.

(b) Wall Street Liaison. Consultant shall, when appropriate, arrange meetings between representatives of the Company and individuals and financial institutions in the investment community, such as security analysts, portfolio managers and market makers.

The services described in this Section 1 shall be rendered by Consultant without any direct supervision by the Company and at such time and place and in such manner (whether by conference, telephone, letter or otherwise) as Consultant may determine.

2. Compensation. As compensation for Consultant's services hereunder, the Company shall issue to Consultant and/or its designees a warrant (the "Warrant") to purchase 200,000 shares of Common Stock of the Company at an exercise price of \$5.125 per share, subject to the same

anti-dilution provisions as are contained in the Company's public warrants. The Warrant shall expire on January 22, 2001. The Warrant and the shares issuable upon the exercise thereof will contain piggyback registration rights and otherwise be in form reasonably satisfactory to Whale, the Company and their respective counsel.

3. Additional Compensation for Certain Transactions. The Company acknowledges that Consultant has rendered services to the Company in connection with the Company's evaluation of Global Link Telco Corporation ("Global Link") and Sitel Corp. ("Sitel") as suitable candidates for an acquisition. If, at any time, the Company acquires, by merger or otherwise, all or substantially all of the assets or capital stock of Global Link (the "Global Link Transaction"), the Company will pay to Consultant additional compensation of \$100,000 with respect to such Global Link Transaction, which will be paid, by certified check, upon the closing of the Global Link Transaction. If, at any time, the Company acquires, by merger or otherwise, all or substantially all of the assets or capital stock of Sitel (the "Sitel Transaction"), the Company will pay to Consultant additional compensation of \$150,000 with respect to such Sitel Transaction which will be paid, by certified check, (i) 50% upon the closing of the Sitel Transaction and (ii) 50% on the first anniversary of the closing of the Sitel Transaction.

4. Available Time. Consultant shall make available such time as it, in its discretion, shall deem appropriate for the performance of its obligations under this agreement.

5. Relationship. Nothing herein shall constitute Consultant as an employee or agent of the Company, except to such extent as might hereafter be agreed upon for a particular purpose. Except as might hereafter be expressly agreed, Consultant shall not have the authority to obligate or commit the Company in any manner whatsoever.

6. Indemnity. The Company agrees to indemnify and hold Consultant and each of its partners, employees and agents and each of the officers, directors, shareholders, employees and agents of Consultant's general partner harmless from and against any and all losses, claims, damages, liabilities, costs and expenses, including, without limitation, reasonable attorney's fees and disbursements, to which Consultant or any such parties may become subject, arising in any manner out of or in connection with Consultant's rendering of services under this Agreement, except for any losses, claims, damages, liabilities, costs

or expenses resulting from any act of Consultant involving its gross negligence or intentional misconduct.

7. Assignment and Termination. This Agreement shall not be assignable by any party; provided that the Consultant may transfer or assign the Warrants as specified therein.

8. Governing Law. This Agreement shall be deemed to be a contract made under the laws of the State of New York and for all purposes shall be construed in accordance with the laws of said State.

If the foregoing reflects your understanding, please execute the enclosed copy of this letter and return it to Consultant, whereupon this letter shall become a binding agreement between the Company and Consultant.

Very truly yours,

WHALE SECURITIES CO., L.P.

By: Whale Securities Corp.,  
General Partner

By: /s/ William G. Walters

-----  
Name: William G. Walters  
Title: Chairman

AGREED AND ACCEPTED:

GLOBAL TELECOMMUNICATION SOLUTIONS, INC.

By: /s/ Shelly Finkel

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Name: Shelly Finkel  
Title: Chairman of the Board

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As of August 14, 1996

Global Link Teleco Corporation  
5697 Rising Sun Avenue  
Philadelphia, Pennsylvania 19120  
Attention: David S. Tobin  
General Counsel

Global Telecommunication Solutions, Inc.  
5697 Rising Sun Avenue  
Philadelphia, Pennsylvania 19120  
Attention: David S. Tobin  
General Counsel

Re: Agreement, dated January 18, 1996 (the "Agreement"), by and between Peoples Telephone Company, Inc., a New York corporation ("Peoples"), and Global Link Teleco Corporation, a Delaware corporation ("Global Link")

Ladies and Gentlemen:

Reference is made to the captioned Agreement pursuant to which Peoples and Global Link agreed to settle certain obligations and indebtedness between them. In accordance with the provisions of the Agreement, a "Second Cash Payment" in the amount of \$500,000, together with interest thereon at the rate of eight percent (8%) per annum, was due and payable by Global Link to Peoples on June 28, 1996. The obligations and indebtedness of Global Link to make timely payment of the Second Cash Payment pursuant to the provisions of the Agreement have been absolutely and unconditionally guaranteed by Global Telecommunication Solutions, Inc. ("GTS"), pursuant to the provisions of that certain Guaranty Agreement, dated as of January 19, 1996 (the "Guaranty"), from GTS in favor of Peoples. As of the date hereof, Global Link continues in default of the payment of the Second Cash Payment, together with interest as aforesaid, all of which was due and payable on June 28, 1996. Global Link and GTS have requested that Peoples agree to waive such default and restructure the payment of the Second Cash Payment, together with interest thereon as aforesaid, on the terms more particularly set forth herein. Capitalized terms used herein and not defined herein shall have the meanings given them in the Agreement.

Subject to the acceptance by Global Link and GTS of each of the terms and conditions hereinafter set forth, Peoples hereby agrees to waive Global Link's default in the payment of the Second Cash Payment on and as of June 28, 1996, together with interest thereon.

The foregoing waiver is expressly limited to the matters stated herein and shall not be deemed to constitute a waiver of or consent to the non-compliance by Global Link or GTS with any other term or provision of the Agreement or the Guaranty, nor shall it be deemed, except as expressly set forth herein, to extend to or affect compliance by Global Link or GTS with any other term or provision of the Agreement or the Guaranty.

By your acceptance of the terms of this letter by signing this letter in the spaces provided therefor below, each of Global Link and GTS hereby agree with Peoples as follows:

Global Link Teleco Corporation  
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- 1 Global Link and GTS hereby covenant and agree that the Second Cash Payment, together with accrued and unpaid interest thereon, shall be evidenced by and shall be due and payable in accordance with the terms of a Promissory Note, duly executed and completed by Global Link, substantially in the form of Exhibit A attached hereto and made a part hereof (the "Second Cash Payment Note"). An immediate payment of principal in the amount of \$100,000 on the Second Cash Payment Note shall be a condition precedent to the effectiveness of this waiver letter.
2. The Guaranty Agreement is hereby amended to guarantee, in addition to all obligations presently guaranteed thereby, the full and timely performance by Global Link of all of the obligations and indebtedness of Global Link under the Second Cash Payment Note, all of which obligations shall be equally guaranteed by the Guaranty Agreement with the same priority as the obligations originally guaranteed thereby, provided that nothing herein shall be deemed or construed to mean that the Guaranty Agreement by its own terms does not presently guarantee such obligations and indebtedness.
3. As June 30, 1996, Global Link's receivable balance on the books of Peoples (exclusive of the Trade Receivables hereinafter described) (the "Book Receivables") equaled \$97,742.01, plus certain uninvoiced charges for June 1996 as hereinafter provided (the parties agree that the Bell South - Local Calling charges, LDDS Customer Service 800 number charges, the MCI 800 number charges for T-1 and the MCI T-1 outbound (customer service) charges for June 1996 have not been received by Peoples or invoiced to Global Link, but will be paid to Peoples by Global Link within thirty (30) days of invoicing). Additional Book Receivables have arisen since June 30, 1996 through the date of this waiver letter, but have not yet been invoiced (all

such Book Receivables, together with the Book Receivables owing and unpaid as of June 30, 1996 are collectively referred to herein as the "Present Book Receivables"). An immediate payment in reduction of the Present Book Receivables in the amount of \$45,000 shall be a condition precedent to the effectiveness of this waiver letter. The remaining unpaid balance of the Present Book Receivables shall, unless sooner payable in accordance with the provisions of this letter agreement, be due and payable in full on the date which is three (3) months following the date of this letter agreement. All Book Receivables arising subsequent to June 30, 1996 shall be paid monthly on a current basis.

4. As of the date hereof, the full amount of Trade Receivables (as defined in that certain Letter Agreement, dated as of January 18, 1996, between Peoples and Global Link (the "Trade Receivable Letter")) remains outstanding. Notwithstanding any provision of the Trade Receivable Letter to the contrary, the entire unpaid balance of the Trade Receivables shall be due and payable in the event, of the occurrence of a "Change of Control" or an "Event of Default" (as such terms are hereinafter described); provided that, absent the occurrence of a Change of Control or Event of Default, the Trade Receivables shall otherwise be payable as set forth in the Trade Receivable Letter.
5. That certain Guaranty Agreement, dated January 18, 1996 (the "Trade Receivables Guaranty"), from GTS in favor of Peoples, is hereby amended to guarantee, in addition to all obligations presently guaranteed thereby, the full and timely performance by Global Link of the Trade Receivables and all of the obligations and indebtedness of Global Link under the Trade Receivables Letter, as amended hereby, all of which obligations shall be equally guaranteed by the Trade Receivables Guaranty with the same priority as the obligations originally guaranteed thereby, provided that nothing herein shall be deemed or construed to mean that the Trade Receivables Guaranty by its own terms does not presently guarantee such obligations and indebtedness.

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6. In addition to the scheduled payments set forth in the Second Cash Payment Note and the foregoing scheduled payments of the Present Book Receivables and the Trade Receivables, and notwithstanding the provisions of any other document or agreement to the contrary (including, without limitation, the Trade Receivables Letter), Global Link shall be required to prepay the outstanding principal balance of the Second Cash Payment Note, together



with accrued and unpaid interest on the principal amount prepaid to the date of prepayment, and the outstanding balance of the Present Book Receivables and the Trade Receivables (the aggregate outstanding principal balance of the Second Cash Payment Note and the outstanding balance of the Present Book Receivables and the Trade Receivables, as of the date of any determination thereof, is referred to herein as the "Aggregate Outstanding Balance"), as follows:

- (a) Global Link shall be required to make a prepayment of the Aggregate Outstanding Balance (other than in respect of the Trade Receivables) in an amount equal to thirty percent (30%) of the Aggregate Outstanding Balance (excluding the Trade Receivables), together with accrued and unpaid interest on the principal portion of the Second Cash Payment Note prepaid to the date of prepayment, at such time as any Financing is completed from and after the date of this Note for an amount less than \$1,000,000.00;
- (b) Global Link shall be required to make a prepayment of the Aggregate Outstanding Balance (other than in respect of the Trade Receivables) in an amount equal to forty-five percent (45%) of the Aggregate Outstanding Balance (excluding the Trade Receivables), together with accrued and unpaid interest on the principal portion of the Second Cash Payment Note prepaid to the date of prepayment, at such time as any Financing is completed from and after the date of this Note for an amount equal or greater than \$1,000,000.00 but less than \$1,500,000.00;
- (c) Global Link shall be required to make a prepayment of the Aggregate Outstanding Balance (other than in respect of the Trade Receivables) in an amount equal to sixty percent (60%) of the Aggregate Outstanding Balance (excluding the Trade Receivables), together with accrued and unpaid interest on the principal portion of the Second Cash Payment Note prepaid to the date of prepayment, at such time as any Financing is completed from and after the date of this Note for an amount equal or greater than \$1,500,000.00 but less than \$2,000,000.00;
- (d) Global Link shall be required to prepay one hundred percent (100%) of the Aggregate Outstanding Balance (excluding the Trade Receivables), together with accrued and unpaid interest on the principal portion of the Second Cash Payment Note prepaid to the date of prepayment, at such time as any Financing is completed from and after the date of this Note for an amount equal to or greater than \$2,000,000.00;

- (e) Immediately upon the receipt of \$5,000,000.00 or more by GTS subsequent to the completion of Global Link's merger transaction with GTS from a Financing, Global Link shall be required to prepay one hundred percent (100%) of the Trade Receivables;
- (f) Global Link shall be required to prepay one hundred percent (100%) of the Aggregate Outstanding Balance, together with accrued and unpaid interest on the principal portion of the Second Cash Payment Note prepaid to the date of prepayment, in the event of the occurrence of any Change of Control; and

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- (g) Global Link shall be required to prepay one hundred percent (100%) of the Aggregate Outstanding Balance, together with accrued and unpaid interest on the principal portion of the Second Cash Payment Note prepaid to the date of prepayment, upon the occurrence of an "Event of Default" (as such term is defined in the Second Cash Payment Note).

Any prepayment of the Aggregate Outstanding Balance required pursuant to the foregoing provision shall be made by Global Link (w) within two (2) business days following the closing of any Financing, or portion thereof, (x) in the case of the prepayment of the Trade Receivables, immediately upon the occurrence of the event described in clause (e) above, (y) within thirty (30) days following the occurrence of any Change of Control, and (z) immediately upon the occurrence of an "Event of Default" (as defined in the Second Cash Payment Note), as the case may be. Each such prepayment of the Aggregate Outstanding Balance shall be applied proportionately to the outstanding principal balance of the Second Cash Payment Note and the outstanding balance of the Book Receivables and the Trade Receivables. All prepayments of the Second Cash Payment Note shall be applied first to the payment of all accrued and unpaid interest then due and owing thereunder and thereafter to the payment of the installments of principal thereunder in the inverse order of maturity.

For the purposes hereof, the following terms shall have the following meanings:

"Affiliate" shall mean any person or entity who or which controls, is controlled by, or is under common control with, Global Link and GTS, or either of them.

"Change of Control" shall mean, in respect of either of Global Link or GTS, the acquisition of beneficial ownership, direct or indirect, of equity securities of Global Link or GTS by any "person" (as that term is defined in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) which, when combined with all other securities of Global Link or GTS, as the case may be, beneficially owned, directly or indirectly by that person, equals or exceeds 50% of (i) either the then outstanding shares of common stock of Global Link or GTS, as the case may be (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of Global Link or GTS, as the case may be, entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change of Control: (i) any acquisition by GTS, any of its subsidiaries or any "person" (as defined in Sections 13(d) and 14(d) of the Exchange Act) or "group" (as defined in Section 13(d) of the Exchange Act) which, as of the date of this waiver letter, owns five percent (5%) or more of the outstanding common stock of GTS, (ii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by GTS or any of its subsidiaries or (iii) any acquisition by any corporation with respect to which, following such acquisition, more than 75% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such acquisition in substantially the same proportions as their ownership, immediately prior to such acquisition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be.

"Financing" shall mean any third party financing, whether debt or lease financing or equity offering (but excluding any operating or capital leases of equipment incurred in the ordinary course of business and lines of credit to finance the working capital requirements of Global Link, GTS and their Affiliates, incurred

in the ordinary course of business), made to or for the benefit of Global Link, GTS and their Affiliates, or any one or more of them.

7. Notwithstanding the provisions of Section 8.4 of the Agreement or that certain Lock-Up Agreement, dated as of January 18, 1996 (the "Lock-Up Agreement"), between Peoples and GTS, to the contrary, Peoples shall be permitted to sell, transfer or otherwise dispose of up to 25% of the shares of GTS Common Stock during each of the three-month periods beginning on the six-, nine-, twelve- and fifteen-month anniversaries of the Closing Date (as defined in the Agreement); provided that if at any time during the fifteen-month period following the Closing, Peoples wishes to sell, transfer or otherwise dispose of any of the GTS Common Stock (such shares being referred to herein as the "Offered Shares"), prior to selling, transferring or otherwise disposing of any of the Offered Shares to any party other than GTS, any of its Affiliates or any other person or entity which GTS introduces to Peoples within such 10-day period for the purpose of purchasing the Offered Shares, Peoples shall provide written or telephonic (promptly confirmed in writing) notice thereof to GTS, following which GTS, such Affiliate of GTS or such other person or entity which GTS introduces to Peoples within such 10-day period for the purpose of purchasing the Offered Shares, shall have ten (10) days in which to purchase the Offered Shares for a purchase price, payable prior to the close of business on the tenth (10th) day following the giving of such notice in United States Dollars in immediately available funds, equal to the average market closing price for the consecutive five-day period ending on the date Peoples provides such notice with respect to the Offered Shares multiplied by the number of Offered Shares.

The effectiveness of this waiver letter is expressly conditioned upon the acceptance by Global Link and GTS of the terms and conditions of this waiver letter and satisfaction of each of the following conditions, each of which shall have been met or performed by Global Link and GTS to the satisfaction of Peoples and Peoples' counsel in their sole and absolute discretion:

- A. Peoples shall have received this letter agreement, duly accepted and agreed to by each of Global Link and GTS as evidenced by their

execution of this letter agreement in the spaces provided therefor below.

B. Peoples shall have received the Second Cash Payment Note, duly executed and completed by Global Link, substantially in the form of Exhibit A attached hereto and made a part hereof; for the purposes hereof, delivery of the Second Cash Payment Note shall be made to VWilliam Rubin, Esquire, Peoples' agent for acceptance of delivery of the Second Cash Payment Note outside of the State of Florida, at the following address:

William Rubin, Esquire  
Whitman Breed Abbott & Morgan  
200 Park Avenue  
New York, New York 10166

C. Peoples shall have received a payment in the amount of \$100,000.00 in respect of the Second Cash Payment Note and a payment in the amount of \$45,000.00 in respect of the Present Book Receivables, in each case in United States Dollars in immediately available funds.

Each notice or other communication hereunder (other than telephonic notices permitted pursuant to Section 7 above, provided that such telephonic notices shall be promptly confirmed in writing) shall be in writing, shall be sent by messenger, telecopy or by reputable overnight courier, and shall be deemed to have been given or made the first business

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As of August 14, 1996  
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day after the deposit thereof with a reputable overnight courier, delivery fees prepaid, when telecopied with confirmation of delivery or when received if delivered by hand, addressed to the appropriate party as follows:

If to Global Link or GTS: Global Link Teleco Corporation  
5697 Rising Sun Avenue  
Philadelphia, Pennsylvania 19120  
Attention: David S. Tobin  
General Counsel  
Telephone: (215) 342-7700  
Telecopy: (215) 745-9108

Global Telecommunication Solutions, Inc.

5697 Rising Sun Avenue  
Philadelphia, Pennsylvania 19120  
Attention: David S. Tobin  
General Counsel  
Telephone: (215) 342-7700  
Telecopy: (215) 745-9108

If to Peoples:

Peoples Telephone Company, Inc,  
2300 Northwest 89th Place  
Miami, Florida 33126  
Attention: Francis J. Harkins, Jr.  
Assistant General Counsel  
Telephone: (305) 593-9667  
Extension 149  
Telecopy: (305) 477-9890

or to such other address as any such party may designate to the others, by written notice to the other as herein provided.

By your acceptance of the terms hereof, each of Global Link and GTS hereby represent and warrant that, after giving effect to the provisions of this waiver letter, each of the representations and warranties of each of them set forth in the Agreement, the Guaranty, the Trade Receivables Letter, the Trade Receivables Guaranty and the Lock-Up Letter is true and correct as of the date hereof and no default or event of default, has occurred and is continuing under the Agreement. By your acceptance of the terms hereof, Global Link and GTS hereby further ratify and confirm each of Global Link's and GTS's respective obligations and indebtedness in respect of the Book Receivables and the Trade Receivables and under the Second Cash Payment Note, the Agreement, the Guaranty, the Trade Receivables Letter, the Trade Receivables Guaranty and the Lock-Up Letter, each as amended by this letter agreement, and represent and warrant to Peoples that neither of Global Link nor GTS has or claims any defenses, offsets or counterclaims to any of their respective obligations or indebtedness in respect of the Book Receivables or the Trade Receivables or under the Second Cash Payment Note, the Agreement, the Guaranty, the Trade Receivables Letter, the Trade Receivables Guaranty or the LockUp Letter, each as amended by this letter agreement.

BY YOUR ACCEPTANCE OF THE TERMS HEREOF, GLOBAL LINK AND GTS HEREBY, AND PEOPLES HEREBY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS WAIVER LETTER OR ANY AGREEMENT EXECUTED OR CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, THE BOOK RECEIVABLES, THE TRADE RECEIVABLES, THE SECOND

Global Link Teleco Corporation  
Global Telecommunication Solutions, Inc.

CASH PAYMENT NOTE OR IN CONJUNCTION WITH THE AGREEMENT, THE GUARANTY, THE TRADE RECEIVABLES LETTER, THE TRADE RECEIVABLES GUARANTY OR THE LOCK-UP LETTER, EACH AS AMENDED BY THIS LETTER AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT TO PEOPLES ENTERING INTO THIS WAIVER LETTER AND MAKING THE ACCOMMODATIONS PROVIDED FOR HEREIN.

Except as expressly provided herein, all terms and conditions contained in the Agreement, the Guaranty, the Trade Receivables Agreement, the Trade Receivables Guaranty and the Lock-Up Letter shall remain unchanged and in full force and effect in accordance with their respective terms.

If the foregoing terms and conditions are acceptable to you, please indicate your acceptance and agreement by signing this letter in the space provided therefor below and returning the same to Francis J. Harkins, Jr., Esquire, Peoples Telephone Company, Inc., 2300 NW 89th Place, Miami, Florida 33126 on or before the close of business on August 22, 1996. The foregoing agreement shall not be effective until your accepted copy of this letter shall be returned as aforesaid and each of the other conditions precedent to the effectiveness of this waiver letter shall have been met or performed in accordance with the provisions hereof. In the event that we shall have not received this waiver letter, accepted by you as aforesaid, and each of the other conditions precedent to the effectiveness of this waiver letter shall not have been met or performed in accordance with the provisions hereof, on or before the close of business on August 22, 1996, this waiver letter shall be void and of no force or effect.

Very truly yours,

PEOPLES TELEPHONE COMPANY, INC.

Accepted and Agreed to this  
\_\_\_\_ day of August, 1996

GLOBAL LINK TELECO CORPORATION,  
a Delaware corporation

By: \_\_\_\_\_  
Its:

Accepted and Agreed to this  
\_\_\_\_ day of August, 1996

GLOBAL TELECOMMUNICATION SOLUTIONS, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Its:

Global Link Teleco Corporation  
Global Telecommunication Solutions, Inc.  
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EXHIBIT A

SECOND CASH PAYMENT NOTE

\$500,000

Dated as of January 18, 1996

For value received, GLOBAL LINK TELECO CORPORATION, a Delaware corporation ("Global Link"), promises to pay to the order of PEOPLES TELEPHONE COMPANY, INC., a New York corporation, its successors and assigns (together with its successors and assigns, "Peoples"), at the office of Peoples at 2300 NW. 89th Place, Miami, Florida 33172, the principal sum of FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00), in installments as hereinafter provided, in lawful money of the United States of America, and to pay interest on the unpaid principal balance hereof in like money at such office from the date hereof until the principal hereof shall have been paid in full, and at maturity (whether by acceleration or otherwise), at a fixed rate per annum equal to eight percent (8%) per annum.

Interest calculated as aforesaid shall be payable in arrears, commencing on September 1, 1996, and continuing monthly on the first day of each month thereafter, with all accrued and unpaid interest payable at maturity; provided that all accrued and unpaid interest owing in respect of the principal balance evidenced by this Note which accrued from and after January 18, 1996 to the date of execution of this Note shall be due and payable in full on the final maturity date hereof. Interest on this Note shall be computed on the actual number of days elapsed over a 360-day year; i.e., 1/360th of a full year's interest shall accrue for each day any portion of the loan evidenced by this Note is outstanding.

Principal on this Note shall be due and payable in thirteen (13) installments as follows: in one (1) installment of principal in the amount of \$100,000.00, due and payable on and as of the date of execution of this Note, together with eleven (11) equal consecutive monthly installments of \$33,333.33 each, commencing on November 1, 1996, and continuing monthly on the first day of each month thereafter, together with a final installment of principal equal to the entire unpaid principal balance hereof, due and payable on October 1, 1997.



The unpaid balance of this Note may be prepaid at any time and from time to time without premium or penalty. All prepayments of this Note shall be applied first to the payment of all accrued and unpaid interest then due and owing hereunder and thereafter to the payment of the installments of principal hereunder in the inverse order of maturity.

If the principal of this Note or any portion hereof and, to the extent permitted by law, interest hereon shall not be paid when due, whether by acceleration or otherwise, the same shall, or in the event of the occurrence of an Event of Default (as hereinafter defined), the outstanding principal balance of this Note shall, at the option of Peoples, thereafter bear interest for any period during which the same shall be overdue, or during the pendency of any such Event of Default, at a rate per annum equal to the maximum rate permitted by applicable law, or, where no maximum rate is prescribed by law, at the rate of eighteen percent (18%) per annum, and payable on demand.

Upon the happening of any of the following events, each of which shall constitute a default hereunder (herein referred to as an "Event of Default"), all liabilities of Global Link to Peoples, whether or not evidenced by this Note, shall thereupon or thereafter, at the option of Peoples, without notice or demand, become due and payable:

(a) failure of Global Link or Global Telecommunication Solutions, Inc. ("GTS") to perform any agreement (other than to pay money) hereunder or under any other instrument or agreement evidencing, securing and/or guaranteeing the obligations and indebtedness of Global Link to Peoples evidenced by this Note, which failure continues for a period of five (5) days following written notice thereof from Peoples to Global Link or GTS, as the case may be, or the failure to pay in full, when due and payable, any liability whatsoever or any principal installment of this Note or interest installment hereon, if such failure shall continue for a period of one (1) day following written notice thereof from Peoples to Global Link;

(b) failure of Global Link or GTS to perform any agreement (other than to pay money) under that certain Letter Agreement, dated as of August 14, 1996 (the "Letter Agreement"), which failure continues for a period of five (5) days following written notice thereof from Peoples to Global Link or GTS, as the case may be, or the failure to pay in full, when due and payable, any obligation or indebtedness of Global Link and/or GTS now or hereafter owed to Peoples, including, without limitation, the Book Receivables and/or the Trade Receivables, if such failure shall continue for a period of one (1) day following written notice thereof from Peoples to Global Link;

(c) Global Link or GTS shall:

(i) make an assignment for the benefit of creditors, petition or apply to any court or other tribunal for the appointment of a custodian, receiver or any trustee or shall commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction whether now or hereafter in effect; or if there shall have been filed any such petition or application, or any such proceeding shall have been commenced against Global Link or GTS in which an order for relief is entered or which remains undismissed for a period of thirty (30) days or more; Global Link or GTS, by any act or omission shall indicate consent to, approval of or fail to timely object to any such petition, application or proceeding or order for relief or the appointment of a custodian, receiver or any trustee or shall suffer any such custodianship, receivership or trusteeship to continue undischarged for a period of thirty (30) days or more;

(ii) admit in writing its inability to pay its debts generally as they mature; or

(iii) have concealed, removed or permitted to be concealed or removed any part of its properties or assets, with intent to hinder, delay or defraud its creditors or any of them, or made or suffered a transfer of any of its property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law; or shall have made any transfer of its property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or

(iv) be "insolvent", as such term is defined in the federal bankruptcy code;

(d) the issuing of any attachment or garnishment against any property of Global Link or GTS pledged to secure the obligations of Global Link and/or GTS to Peoples evidenced by this Note or otherwise, or the filing of any lien against any property of Global Link or GTS pledged to secure the obligations of Global Link and/or GTS to Peoples evidenced by this Note or otherwise, in either of which case is not cured, bonded or released within ten (10) days following notice thereof from Peoples to Global Link or GTS or is not previously approved in writing by Peoples;

(e) the taking of possession of any substantial part of the property of Global Link or GTS at the instance of any governmental authority;

and

(f) the dissolution, merger, consolidation or reorganization of Global Link or GTS (other than the merger or consolidation of Global Link with or into GTS and other than the merger or consolidation of subsidiaries of Global Link with or into Global Link where Global Link is the surviving entity); and

(g) any warranty, representation, certificate or statement of Global Link or GTS (whether contained in the Letter Agreement, this Note or otherwise) made to Peoples is not true.

Global Link agrees to pay all reasonable costs incurred by any holder hereof, including reasonable attorneys' fees (including those for appellate proceedings), incurred in connection with any Event of Default, or in connection with the collection or attempted collection or enforcement hereof, or in connection with the protection of any collateral given as security for the payment hereof, whether or not legal proceedings may have been instituted.

All parties to this Note, including Global Link and any sureties, endorsers or guarantors, hereby waive presentment for payment, demand, protest, notice of dishonor, notice of acceleration of maturity, and all defenses on the ground of extension of time for payment hereof, and agree to continue and remain bound for the payment of principal, interest and all other sums payable hereunder, notwithstanding any change or changes by way of release, surrender, exchange or substitution of any security for this Note or by way of any extension or extensions of time for payment of principal or interest; and all such parties waive all and every kind of notice of such change or changes and agree that the same may be made without notice to or consent of any of them. The rights and remedies of the holder as provided herein shall be cumulative and concurrent and may be pursued singularly, successively or together at the sole discretion of the holder, and may be exercised as often as occasion therefor shall occur, and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release of the same.

Anything herein to the contrary notwithstanding, the obligations of Global Link under this Note shall be subject to the limitation that payments of interest to Peoples shall not be required to the extent that receipt of any such payment by Peoples would be contrary to provisions of law applicable to Peoples (if any) which limit the maximum rate of interest which may be charged or collected by Peoples; provided, however, that nothing herein shall be construed to limit Peoples to presently existing maximum rates of interest, if an increased interest rate is hereafter permitted by reason of applicable federal or state legislation. In the event that Global Link makes any payment of interest, fees or other charges, however denominated, pursuant to this Note, which payment results in the interest paid to Peoples to exceed the maximum rate

of interest permitted by applicable law, any excess over such maximum shall be applied in reduction of the principal balance owed to Peoples as of the date of such payment, or if such excess exceeds the amount of principal owed to Peoples as of the date of such payment, the difference shall be paid by Peoples to Global Link.

No delay or omission on the part of Peoples in exercising any right hereunder shall operate as a waiver of such right or of any right under this Note. No waiver shall be binding upon Peoples, unless in a writing signed by an authorized officer of Peoples. The rights and remedies of Peoples under this Note are cumulative and in addition to any other rights Peoples may have at law, in equity or otherwise.

GLOBAL LINK HEREBY, AND PEOPLES BY ITS ACCEPTANCE OF THIS NOTE, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF EITHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR, PEOPLES MAKING THE LOAN EVIDENCED BY THIS NOTE.

The parties hereto hereby irrevocably submit in any suit, action or proceeding arising out of or relating to this Note or any transactions contemplated hereby to the exclusive jurisdiction of the United States District Court for the Southern District of Florida or if jurisdiction is not available therein the jurisdiction of any state court in Dade County, State of Florida, and waive any and all objections to such jurisdiction or venue that they may have under the laws of any state or country, including, without limitation, any argument that jurisdiction, situs and/or venue are inconvenient or otherwise improper. Each party further agrees that process may be served upon such party in any manner authorized under the laws of the United States or Florida, and waives any objections that such party may otherwise have to such process.

This Note shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of laws thereunder.

IN WITNESS WHEREOF, Global Link has caused this Note to be effective as of the date first above written, but has in fact caused this Note to be duly executed and delivered as of this \_\_\_ day of August, 1996.

GLOBAL LINK TELECO CORPORATION, a  
Delaware corporation



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As of November 27, 1996

Global Link Teleco Corporation  
5697 Rising Sun Avenue  
Philadelphia, Pennsylvania 19120  
Attention: David S. Tobin  
General Counsel

Global Telecommunication Solutions, Inc.  
5697 Rising Sun Avenue  
Philadelphia, Pennsylvania 19120  
Attention: David S. Tobin  
General Counsel

Re: Agreement, dated January 18, 1996 (the "Agreement"), by and between Peoples Telephone Company, Inc., a New York corporation ("Peoples"), and Global Link Teleco Corporation, a Delaware corporation ("Global Link")

Ladies and Gentlemen:

Reference is made to the captioned Agreement pursuant to which Peoples and Global Link agreed to settle certain obligations and indebtedness between them and to that certain Letter Agreement, dated as of August 14, 1996 (the "First Waiver Letter"), among Peoples, Global Link and Global Telecommunication Services, Inc. ("GTS"). Capitalized terms used herein and not defined herein shall have the meanings given them in the Agreement and in the First Waiver Letter, as the case may be.

As of November 25, 1996, (a) the outstanding principal balance of the Second Cash Payment Note equaled \$366,666.67 and accrued and unpaid interest thereon equaled \$32,340.74, and (b) the aggregate amount of Book Receivables currently received by Peoples and billed to Global Link due and owing equaled \$79,927.92 (certain invoices through September, 1996 may not yet have been invoiced to Global Link by Peoples). Global Link and GTS have advised Peoples that GTS anticipates that it will close one or more Financings prior to December 9, 1996 aggregating \$3,000,000.00 in principal amount, which, pursuant to the terms of the First Waiver Letter would require the prepayment in full of the Aggregate Outstanding Balance (including the Trade Receivables). Notwithstanding such requirement, Global Link and GTS have requested that Peoples waive the right to accelerate payment of the Aggregate Outstanding Balance (including the Trade Receivables) as set forth in the First Waiver Letter due to the Financing

described above and to accept a reduced prepayment of the Aggregate Outstanding Balance in the amount of \$300,000.00.

Subject to the acceptance by Global Link and GTS of each of the terms and conditions hereinafter set forth and the satisfaction of each of the conditions precedent to the effectiveness of this Agreement, Peoples agrees to waive the right to accelerate payment of the Aggregate Outstanding Balance (including the Trade Receivables) as set forth in the First Waiver Letter due to the Financing described above and to accept such reduced prepayment subject to the following terms and conditions:

1. On or before the close of business on November 29, 1996, Peoples shall have received from Global Link and/or GTS at least \$300,000.00 in immediately available funds, which shall be applied first to the payment of all outstanding Book Receivables, then to accrued and unpaid interest due and owing under the Second Cash Payment Note and thereafter to the outstanding principal balance of the Second Cash Payment Note.
2. Notwithstanding the provisions of the Second Cash Payment Note to the contrary,

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the remaining outstanding principal balance thereof (after giving effect to the prepayment described in item 1 above) shall be repaid in three (3) equal installments of principal, each equal to one-third (1/3) of the remaining outstanding principal balance of the Second Cash Payment Note, together with accrued and unpaid interest thereon at the rate set forth in the Second Cash Payment Note, on December 27, 1996, January 27, 1997 and February 27, 1997. The entire outstanding principal balance of the Second Cash Payment Note, together with accrued and unpaid interest thereon, shall be due and payable in full on February 27, 1997. Upon payment in accordance with the provisions of this agreement of the full amount of the outstanding principal balance of the Second Cash Payment Note, together with all accrued and unpaid interest thereon, Peoples agrees to cancel and return the original Second Cash Payment Note to Global Link.

3. In addition to the payments of the Second Cash Payment Note described in item 2 above and the scheduled payments of the

Trade Receivables set forth in the Trade Receivable Letter and the First Waiver Letter, and notwithstanding the provisions of any other document or agreement to the contrary (including, without limitation, the Trade Receivable Letter), Global Link shall be required to prepay the Aggregate Outstanding Balance, as follows:

- (a) Global Link shall be required to make a prepayment of the Aggregate Outstanding Balance (including the Trade Receivables) in an amount equal to thirty percent (30%) of the Aggregate Outstanding Balance (including the Trade Receivables), together with accrued and unpaid interest on the principal portion of the Second Cash Payment Note prepaid to the date of prepayment, at such time as any Financing is completed after December 9, 1996 for an amount less than \$2,000,000.00;
- (b) Global Link shall be required to make a prepayment of the Aggregate Outstanding Balance (including the Trade Receivables) in an amount equal to forty-five percent (45%) of the Aggregate Outstanding Balance (including the Trade Receivables), together with accrued and unpaid interest on the principal portion of the Second Cash Payment Note prepaid to the date of prepayment, at such time as any Financing is completed after December 9, 1996 for an amount equal or greater than \$2,000,000.00 but less than \$3,000,000.00;
- (c) Global Link shall be required to make a prepayment of the Aggregate Outstanding Balance (including the Trade Receivables) in an amount equal to sixty percent (60%) of the Aggregate Outstanding Balance (including the Trade Receivables), together with accrued and unpaid interest on the principal portion of the Second Cash Payment Note prepaid to the date of prepayment, at such time as any Financing is completed after December 9, 1996 for an amount equal or greater than \$3,000,000.00 but less

Global Link Teleco Corporation  
Global Telecommunications Solutions, Inc.  
As of November 27, 1996  
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than \$4,000,000.00;

- (d) Global Link shall be required to prepay one hundred percent (100%) of the Aggregate Outstanding Balance (including the Trade Receivables), together with accrued and unpaid interest on the principal portion of the Second Cash Payment Note prepaid to the date of prepayment, at such time as any Financing is completed after December 9, 1996 for an amount equal to or greater than \$4,000,000.00;



- (e) Global Link shall be required to prepay one hundred percent (100%) of the Aggregate Outstanding Balance (including the Trade Receivables), together with accrued and unpaid interest on the principal portion of the Second Cash Payment Note prepaid to the date of prepayment, in the event of the occurrence of any Change of Control; and
- (f) Global Link shall be required to prepay one hundred percent (100%) of the Aggregate Outstanding Balance (including the Trade Receivables), together with accrued and unpaid interest on the principal portion of the Second Cash Payment Note prepaid to the date of prepayment, upon the occurrence of an "Event of Default" (as such term is defined in the Second Cash Payment Note) or any failure of Global Link or GTS to timely pay or perform any obligation or indebtedness under this agreement.

Any such prepayment of the Aggregate Outstanding Balance shall be made at such times and applied in such manner as set forth in Section 6 of the First Waiver Letter.

- 4. For the purposes of this agreement, "Book Receivables" shall mean Global Link's present unpaid receivable balance on the books of Peoples (exclusive of the Trade Receivables), together with all other billed and unbilled receivable balances of Global Link on the books of Peoples, whether presently existing or from time to time hereafter created, incurred or arising. Except as set forth in item 1 above, all Book Receivables shall be paid monthly on a current basis.

The foregoing agreement is expressly limited to the matters stated herein and shall not be deemed to constitute a waiver of or consent to the non-compliance by Global Link or GTS with any other term or provision of the Agreement, the Guaranty, the Trade Receivable Letter, the Trade Receivable Guaranty, the Lock-Up Letter, the Second Cash Payment Note or the First Waiver Letter, nor shall it be deemed, except as expressly set forth herein, to extend to or affect compliance by Global Link or GTS with any other term or provision of the Agreement, the Guaranty, the Trade Receivable Letter, the Trade Receivable Guaranty, the Lock-Up Letter, the Second Cash Payment Note or the First Waiver Letter.

The effectiveness of this agreement is expressly conditioned upon the acceptance by Global Link and GTS of the terms and conditions of this agreement and satisfaction of each of the following conditions, each of which shall have been met or performed by Global Link and GTS to the satisfaction of Peoples in its sole

Global Link Teleco Corporation  
Global Telecommunications Solutions, Inc.  
As of November 27, 1996

and absolute discretion:

- A. Peoples shall have received this letter agreement, duly accepted and agreed to by each of Global Link and GTS as evidenced by their execution of this letter agreement in the spaces provided therefor below.
- B. On or before the close of business on November 29, 1996, Peoples shall have received a prepayment of the Aggregate Outstanding Balance in the amount of \$300,000.00, in United States Dollars in immediately available funds.

By your acceptance of the terms hereof, each of Global Link and GTS hereby represent and warrant that, after giving effect to the provisions of this agreement, each of the representations and warranties of each of them set forth in the Agreement, the Guaranty, the Trade Receivables Letter, the Trade Receivables Guaranty, the Lock-Up Letter, the First Waiver Letter and the Second Cash Payment Note is true and correct as of the date hereof and no default or event of default has occurred and is continuing under the Agreement. By your acceptance of the terms hereof, Global Link and GTS hereby further represent and warrant to Peoples that neither Global Link nor GTS has or claims any defenses, offsets or counterclaims to any of their respective obligations or indebtedness in respect of the Trade Receivables or under the Second Cash Payment Note, the Agreement, the First Waiver Letter (as modified hereby), the Guaranty, the Trade Receivables Letter, the Trade Receivables Guaranty or the Lock-Up Letter.

BY YOUR ACCEPTANCE OF THE TERMS HEREOF, GLOBAL LINK AND GTS HEREBY, AND PEOPLES HEREBY, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY AGREEMENT EXECUTED OR CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HERewith, THE TRADE RECEIVABLES, THE SECOND CASH PAYMENT NOTE, THE FIRST WAIVER LETTER OR IN CONJUNCTION WITH THE AGREEMENT, THE GUARANTY, THE TRADE RECEIVABLES LETTER, THE TRADE RECEIVABLES GUARANTY OR THE LOCK-UP LETTER, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT TO PEOPLES ENTERING INTO THIS AGREEMENT AND MAKING THE ACCOMMODATIONS PROVIDED FOR HEREIN.

Except as expressly provided herein, all terms and conditions contained in the Agreement, the Guaranty, the Trade Receivables Agreement, the Trade Receivables Guaranty, the Lock-Up Letter, the First Waiver Letter and the Second Cash Payment Note shall remain unchanged and in full force and effect in accordance with their respective terms.

If the foregoing terms and conditions are acceptable to you, please indicate your acceptance and agreement by signing this letter in the space provided therefor below and returning the same to Francis J. Harkins, Jr., Esquire, Peoples Telephone Company, Inc., 2300 NW 89th Place, Miami, Florida 33126 on or before the close of business on November 27, 1996. The foregoing

agreement shall not be effective until your accepted copy of this letter shall be returned as aforesaid and each of the other conditions precedent to the effectiveness of this waiver letter shall have been met or performed in accordance with the provisions hereof. In the event that we shall have not received this agreement, accepted by you as aforesaid, on or before the close of business on November 27, 1996, and each of the other conditions precedent to the effectiveness of this waiver letter shall not have been met or performed in accordance with the provisions hereof, this agreement shall be void and of no force or effect.

Very truly yours,

PEOPLES TELEPHONE COMPANY, INC.

By:

Its:

Accepted and Agreed to this  
day of November, 1996

GLOBAL LINK TELECO CORPORATION, a  
Delaware corporation

By:

Its:

Accepted and Agreed to this  
day of November, 1996

GLOBAL TELECOMMUNICATION SOLUTIONS,  
INC., a Delaware corporation

By:

Its:

CONSENT OF INDEPENDENT ACCOUNTANTS

The Board of Directors  
Global Telecommunication Solutions, Inc. and subsidiaries

We consent to the use of our reports incorporated herein by reference and to the reference to our firm under the heading "Experts" in the prospectus.

/s/ KPMG Peat Marwick LLP

KPMG PEAT MARWICK LLP

Philadelphia, Pennsylvania  
December 26, 1996

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of this Registration Statement on Form S-3 of Global Telecommunication Solutions, Inc. of our report dated December 12, 1995, except as to the merger described in Note 12, which is as of February 29, 1996, with respect to the financial statements of Global Link Teleco Corp., included in Global Telecommunication Solutions, Inc.'s Form 8-K/A Amendment No. 2 to Form 8-K filed September 6, 1996. We also consent to the reference to us under the heading "Experts" in such Prospectus.

/s/ Price Waterhouse LLP

PRICE WATERHOUSE LLP

Philadelphia, PA  
December 26, 1996