

PRIMUS TELECOMMUNICATIONS GROUP INC  
Form DEF 14A  
June 14, 2010

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- |  |  |
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| <input type="checkbox"/> Preliminary Proxy Statement                 | <input type="checkbox"/> Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> Definitive Proxy Statement       |  |
| <input type="checkbox"/> Definitive Additional Materials             |  |
| <input type="checkbox"/> Soliciting Material Pursuant to §240.14a-12 |  |

**Primus Telecommunications Group, Incorporated**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:



**PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED**

**7901 Jones Branch Drive**

**Suite 900**

**McLean, VA 22102**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**July 30, 2010**

To our stockholders:

Primus Telecommunications Group, Incorporated ( Primus or the Company ) will hold its 2010 Annual Meeting of Stockholders on July 30, 2010, at 10:00 a.m., Eastern Time, at the Company s headquarters located at 7901 Jones Branch Drive, Suite 900, McLean, VA 22102. At the Annual Meeting, holders of Primus Common Stock will be asked to:

1. consider and vote upon a proposal to ratify the appointment of Deloitte & Touche LLP as Primus s independent registered public accounting firm for the 2010 fiscal year; and
2. consider and take action upon any other business that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

Only holders of record of shares of Primus Common Stock at the close of business on June 1, 2010, which is the record date for the Annual Meeting, are entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements of the Annual Meeting.

All stockholders are cordially invited to attend this meeting. You must bring with you proof of stock ownership and a valid personal photo identification card, such as a driver s license or passport, in order to be admitted to the Annual Meeting.

Your vote is important. We appreciate your taking the time to vote promptly. After reading the proxy statement, please vote at your earliest convenience by completing, signing and returning the proxy card by mail, or by voting through the Internet or telephone. Submitting the proxy before the Annual Meeting will not preclude you from voting in person at the Annual Meeting if you decide to attend.

By order of the Board of Directors,

Thomas R. Kloster,

Acting Secretary

Dated: June 14, 2010

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**PLEASE COMPLETE, DATE AND SIGN THE ACCOMPANYING PROXY CARD AND RETURN IT PROMPTLY TO THE COMPANY IN THE ENCLOSED ENVELOPE, OR VOTE VIA THE INTERNET USING THE TWELVE (12) DIGIT CONTROL NUMBER FOUND ON YOUR VOTE INSTRUCTION FORM AT [PROXYVOTE.COM](http://PROXYVOTE.COM) OR BY PHONE AT 1-800-454-8683.**

**PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED**

**7901 Jones Branch Drive**

**Suite 900**

**McLean, VA 22102**

**Annual Meeting of Stockholders**

**July 30, 2010**

**PROXY STATEMENT**

**GENERAL INFORMATION**

Primus is furnishing this proxy statement in connection with the solicitation of proxies by our Board of Directors for use at Primus's 2010 Annual Meeting of Stockholders to be held at the Company's headquarters located at 7901 Jones Branch Drive, Suite 900, McLean, VA 22102 on July 30, 2010, at 10:00 a.m., Eastern Time. The purpose of the Annual Meeting and the matters to be acted upon are set forth in the accompanying notice of Annual Meeting.

Unless the context indicates otherwise, the term "Primus" and "the Company" refers to Primus Telecommunications Group, Incorporated.

**Voting Eligibility**

*Who May Vote.* The Primus Board of Directors has fixed the close of business on June 1, 2010 as the record date for the Annual Meeting. Only holders of record of shares of Primus Common Stock at the close of business on the record date are entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement of the Annual Meeting. Each stockholder is entitled to one vote at the Annual Meeting for each share of Primus Common Stock held by the stockholder at the close of business on the record date.

*Difference Between a Stockholder of Record and a Street Name Holder.* If your shares are registered with our transfer agent and registrar in your name, you are a stockholder of record with respect to those shares.

If your shares are held for you in a brokerage, bank or other institutional account, then the broker, bank or other institution is considered to be the stockholder of record with respect to those shares. However, you are considered the beneficial owner of those shares, which are said to be held in street name. Street name holders generally may not submit a proxy or vote their shares directly and must instead instruct the bank, broker or other institutional holder how to vote their shares using the methods described below.

**Voting Procedure and Revocability of Proxies**

You may vote by attending the Annual Meeting and voting in person or you may vote by submitting a proxy by mail or by telephone or Internet. The method of voting by proxy differs depending on whether your shares are held by you as a record holder or your shares are held in street name.

*Voting by Telephone, Internet or Mail.* You may vote by submitting a proxy by telephone, by Internet or by mail.

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*Please complete, date and sign the accompanying proxy card and return it promptly to the Company in the enclosed envelope, or vote via the Internet using the twelve (12) digit control number found on your vote instruction form at [proxyvote.com](http://proxyvote.com) or by phone at 1-800-454-8683.*

If you hold your shares as a record holder, you may vote your shares by submitting a proxy by telephone by following the instructions on the proxy card that was included with the proxy statement, or you may vote by completing, dating and signing the proxy card and promptly returning it in the pre-addressed, postage-paid envelope provided to you.

If you hold your shares in street name, you will receive a notice from your broker, bank or other institution holding the shares that includes instructions on how to vote your shares. You may request paper copies of the proxy statement and proxy card from your broker or other record holder by following the instructions on the notice it has provided to you.

*Voting in Person at the Annual Meeting.* All stockholders of record may vote in person at the meeting. Street name holders may vote in person at the meeting if they have a legal proxy. You will need to ask your broker or bank for a legal proxy and bring the legal proxy with you to the meeting. You will not be able to vote your shares at the meeting without a legal proxy. If you request a legal proxy, any previously executed proxy will be revoked, and your vote will not be counted unless you appear at the meeting and vote in person or legally appoint another proxy to vote on your behalf.

*Changing Your Vote.* If you hold your shares as a record holder and submit a proxy, you may revoke that proxy at any time before it is voted at the Annual Meeting. Stockholders of record may revoke a proxy prior to the Annual Meeting by (1) delivering a written notice of revocation to the attention of the Corporate Secretary of Primus at 7901 Jones Branch Drive, Suite 900, McLean, Virginia 22102, (2) duly submitting a later-dated proxy by mail, or by Internet or telephone or (3) attending the Annual Meeting in person and voting in person. Attendance at the meeting itself will not be effective to revoke a previously submitted proxy.

If your shares are held in the name of a broker, bank or other institution, you may change your voting instructions by following the instructions of your broker, bank or other record holder.

*If You Receive More Than One Notice or Proxy Card.* If you receive more than one proxy card, you hold shares that are registered in more than one account. To ensure that all of your shares are voted, submit one proxy for each proxy card that you receive.

*Assistance With Voting.* If you need assistance in completing your proxy card or have questions regarding the various voting options with respect to the Annual Meeting, please call 1-800-454-8683.

### **Attendance at the Annual Meeting**

You must bring with you proof of Primus share ownership and a valid personal photo identification card, such as a driver's license or passport, in order to be admitted to the Annual Meeting. The purpose of this requirement is to help us verify that you are a stockholder of Primus.

### **Shares Represented by a Proxy**

Shares represented by a properly executed proxy, if the proxy is received in time and is not revoked, will be voted at the Annual Meeting in accordance with the instructions indicated in the proxy. If no instructions are indicated, such shares will be voted **FOR** approval of each proposal listed on the proxy. Discretionary authority is provided in the proxy as to any matters not specifically referred to in the proxy. Management is not aware of any other matters that are likely to be brought before the Annual Meeting. If any other matter is properly presented at the Annual Meeting for action, including a proposal to adjourn or postpone the Annual Meeting to permit Primus to solicit additional proxies in favor of any proposal, the persons named in the proxy will vote on such matter in their own discretion.

### **Shares Outstanding, Quorum and Vote Required**

As of June 1, 2010, there were 9,743,157 shares of Primus Common Stock outstanding and entitled to vote at the Annual Meeting. The holders of a majority of the shares of Primus Common Stock issued and outstanding and entitled to vote at the Annual Meeting, present in person or represented by proxy, will constitute a quorum at the Annual Meeting. Votes cast in person or by proxy at the Annual Meeting will be tabulated by the inspector of election appointed for the Annual Meeting, who will determine whether or not a quorum is present. Abstentions and any broker non-votes, which are described below, will be counted for purposes of determining the presence of a quorum at the Annual Meeting.

Assuming a quorum is present at the Annual Meeting, ratification of the appointment of Deloitte & Touche LLP as Primus's independent registered public accounting firm for the 2010 fiscal year in accordance with the proposal set forth herein ( Proposal 1 ) will require the affirmative vote of the holders of a majority of the shares of Primus Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote on this proposal. An abstention from voting on this proposal will have the same effect as a vote against the proposal. Broker non-votes will not affect the outcome of the vote on this proposal.

Broker-dealers who hold their customers' shares in street name may, under the applicable rules of the exchanges and other self-regulatory organizations of which the broker-dealers are members, vote the shares of their customers on routine proposals, such as Proposal 1, when they have not received instructions from the customer. Under these rules, brokers may not vote shares of their customers on non-routine matters, including the election of directors, without instructions from their customers. A broker non-vote occurs with respect to any proposal when a broker holds shares of a customer in its name and is not permitted to vote on that proposal without instruction from the beneficial owner of the shares and no instruction is given.

### **Recommendation of the Board of Directors**

**The Primus Board of Directors unanimously recommends that Primus stockholders vote FOR Proposal 1, concerning approval of the ratification of the appointment of Deloitte & Touche LLP as Primus's independent registered public accounting firm for the 2010 fiscal year.**

### **Proxy Solicitation**

Primus is soliciting proxies for the Annual Meeting from Primus's stockholders. We will pay the cost of this proxy solicitation. In addition to the mailing of the Notice and proxy solicitation materials, our directors, officers and employees, who will not receive any additional compensation for their services, may solicit proxies personally, by e-mail or other electronic means or by telephone. We also have made arrangements with brokerage firms, banks, custodians, nominees and other fiduciaries to forward proxy solicitation materials for shares held of record by them to the beneficial owners of such shares. We will reimburse such persons for their reasonable out-of-pocket expenses in forwarding such materials.

A list of stockholders entitled to vote at the Annual Meeting will be open for examination by any Primus stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of ten days before the meeting at Primus's principal executive offices at 7901 Jones Branch Drive, Suite 900, McLean, VA 22102, Attention: Corporate Secretary, and at the time and place of the meeting during the entire time of the meeting.

### **Annual Report to Stockholders and Other Materials**

This proxy statement and Primus's annual report on Form 10-K for the 2009 fiscal year, which will constitute Primus's annual report to stockholders for 2009, have been made available to all stockholders entitled to notice of, and to vote at, the Annual Meeting. You may request a paper or electronic copy of these materials by



writing to Primus Telecommunications Group, Incorporated, 7901 Jones Branch Drive, Suite 900, McLean, VA 22102, Attention: Corporate Secretary. The annual report to stockholders does not constitute proxy soliciting material.

Primus is required to file an annual report on Form 10-K for the 2009 fiscal year, which we refer to as our 2009 Form 10-K, with the SEC. Stockholders may obtain, free of charge, a copy of the 2009 Form 10-K, without exhibits, by writing to Primus Telecommunications Group, Incorporated, 7901 Jones Branch Drive, Suite 900, McLean, VA 22102, Attention: Corporate Secretary. The 2009 Form 10-K is also available through Primus's web site at [www.primustel.com](http://www.primustel.com). The 2009 Form 10-K does not constitute proxy soliciting material.

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**SECURITY OWNERSHIP OF CERTAIN**
**BENEFICIAL OWNERS AND MANAGEMENT**

As of May 1, 2010, the Company had four registered holders of record of 9,743,157 shares of its Common Stock. For purposes of this filing, beneficial ownership of securities is defined in accordance with the rules of the SEC and means generally the power to vote or exercise investment discretion with respect to securities, regardless of any economic interests therein.

The following table sets forth, as of May 1, 2010, certain information as to the beneficial ownership by each person listed below of shares of the Common Stock, including shares of Common Stock as to which a right to acquire beneficial ownership existed (for example, through the exercise of Common Stock options that are exercisable as of, and within 60 days from, May 1, 2010,) within the meaning of Rule 13d-3(d)(1) under the Securities and Exchange Act of 1934, by: (i) each person or group who is known to the Company to be the beneficial owner of more than five percent of the outstanding Common Stock, (ii) each director, (iii) the Named Executive Officers, and (iv) all directors and executive officers as a group. Unless otherwise indicated, each person had, as of May 1, 2010, sole voting power and sole investment power with respect to the Company's shares, subject to community property laws as applicable.

Name and Business Address	Number of Shares of Common Stock Beneficially Owned (1)	Percentage of Outstanding Shares of Common Stock (1)
Altai Capital Management, LLC and its affiliates or affiliated funds (2)  157 West 57 <sup>th</sup> Street, 10 <sup>th</sup> Floor  New York, NY 10019	750,366	7.7%
Black Horse Capital Management, LLC and its affiliates or affiliated funds (3)  338 S. Sharon Amity Road, #202  Charlotte, NC 28211	704,700	7.2%
Burlingame Asset Management, LLC and its affiliates or affiliated funds (4)  One Market Street  Spear Street Tower  Suite 3750  San Francisco, CA 94105	627,327	6.4%
Morgens, Waterfall, Vintiadis & Co., Inc. and its affiliates or affiliated funds (5)  600 Fifth Avenue  27 <sup>th</sup> Floor  New York, NY 10020	610,140	6.2%
Whitebox Advisors, LLC, and its affiliates or affiliated funds (6)  3033 Excelsior Boulevard  Suite 300  Minneapolis, MN 55416	539,244	5.5%

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Michael A. Roth and Brian J. Stark, as Joint Filers (7)	531,322	5.5%
3600 South Lake Drive		
Ft. Francis, WI 53235		
Nomura Corporate Research and Asset Management (8)	514,915	5.2%
2 World Financial Center, 18 <sup>th</sup> Floor		
New York, NY 10128		
K. Paul Singh (9)	150,790	1.6%
7901 Jones Branch Drive, Suite 900		
McLean, VA 22102		

Name and Business Address	Number of Shares of Common Stock Beneficially Owned (1)	Percentage of Outstanding Shares of Common Stock (1)
Thomas R. Kloster (10) 7901 Jones Branch Drive, Suite 900 McLean, VA 22102	21,787	*
James C. Keeley (11) 7901 Jones Branch Drive, Suite 900 McLean, VA 22102	-0-	*
Peter D. Aquino (12) 7901 Jones Branch Drive, Suite 900 McLean, VA 22102	-0-	*
John B. Spirtos (13) 7901 Jones Branch Drive, Suite 900 McLean, VA 22102	-0-	*
Neil S. Subin (14) 7901 Jones Branch Drive, Suite 900 McLean, VA 22102	-0-	*
All executive officers and directors as a group (15) 7901 Jones Branch Drive, Suite 900 McLean, VA 22102	172,577	2.3%

\* Less than 1% of the outstanding Common Stock.

- (1) Shares of Common Stock subject to options currently exercisable or which become exercisable on or prior to 60 days from May 1, 2010 ( Currently Exercisable Options ) are deemed outstanding for computing the percentage ownership of the person holding such options, but are not deemed outstanding for computing the percentage ownership of any other person. Unless explicitly expressed as beneficially owned in a reporting person's Schedule 13D or 13G filing, beneficial ownership information and percentages do not include outstanding Company warrants or contingent value rights, which were not exercisable on or prior to 60 days from May 1, 2010.
- (2) Based upon Schedule 13G Amendment No. 1 filed with the SEC on February 16, 2010 by the entity listed above and its affiliates, or affiliated funds, listed as follows: Altai Capital Master Fund, Ltd.; Altai Capital Management, L.P.; Steve Tesoriere; and Risi Bajaj.
- (3) Based upon Schedule 13G Amendment No. 1 filed with the SEC on February 16, 2010 by the entity listed above and its affiliates, or affiliated funds, listed as follows: Black Horse Capital L.P.; Black Horse Capital (QP) LP; Black Horse Capital Master Fund Ltd.; and Dale Chappell.
- (4) Based upon Schedule 13G Amendment No. 1 filed with the SEC on February 16, 2010 by the entity listed above and its affiliates, or affiliated funds, listed as follows: Burlingame Equity Investors, LP; Burlingame Equity Investors II, LP; Burlingame Equity Investors Offshore Ltd.; and Blaire E. Sanford.
- (5) Based upon Schedule 13G Amendment No. 1 filed with the SEC on February 4, 2010, by the entity listed above and its affiliates, or affiliated funds, listed as follows: Phaeton International (BVI) Ltd.; Phoenix Partners, L.P.; Phoenix Partners II, L.P. and Edwin H. Morgens. Includes reported beneficial ownership of shares subject to warrants to purchase 143,334 shares of Common Stock of the Company.
- (6) Based upon Schedule 13G Amendment No. 3 filed with the SEC on February 9, 2010 by the entity listed above and its affiliates, or affiliated funds, listed as follows: Whitebox Convertible Arbitrage Advisors LLC; Whitebox Convertible Arbitrage Partners 1, L.P.;

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Whitebox Concentrated Convertible Arbitrage Fund, L.P.; Whitebox Concentrated Convertible Arbitrage Fund, Ltd.; Whitebox Combined Advisors, LLC; Whitebox High Yield Advisors, LLC; Whitebox Combined Partners, L.P.; Whitebox Hedged High Yield Partners, L.P.; Whitebox Multi-Strategy Fund, L.P.; Whitebox Credit Arbitrage Fund, L.P.; Whitebox Multi-Strategy Fund, Ltd.; Whitebox Credit Arbitrage Fund, Ltd.; Pandora Select Advisors, LLC; Pandora Select Partners, LP; Pandora Select Fund, L.P.; and Pandora Select Fund, Ltd.

- (7) Based upon Schedule 13G filed with the SEC on July 30, 2009 by the persons listed above.
- (8) Based upon Schedule 13G filed with the SEC on April 15, 2010. Includes reported beneficial ownership of shares subject to warrants to purchase 198,042 shares of Common Stock of the Company.
- (9) Also includes 72,868 shares of Common Stock issuable upon the exercise of Currently Exercisable Options granted to Mr. Singh.
- (10) Also includes 10,834 shares of Common Stock issuable upon the exercise of Currently Exercisable Options granted to Mr. Kloster.
- (11) There are no Currently Exercisable Options held by Mr. Keeley.
- (12) There are no Currently Exercisable Options held by Mr. Aquino.
- (13) There are no Currently Exercisable Options held by Mr. Spirtos.
- (14) There are no Currently Exercisable Options held by Mr. Subin.
- (15) Consists of six (6) people and includes 83,702 shares of Common Stock issuable upon the exercise of Currently Exercisable Options granted to directors and executive officers.

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**BOARD OF DIRECTORS**
**Information Regarding Continuing Directors**

The following presents information as of June 1, 2010 concerning each director continuing in office after the Annual Meeting.

**Existing Directors Whose Terms Expire in 2011**

<b>Name</b>	<b>Age</b>	<b>Director Since</b>
K. Paul Singh	59	1994
Peter D. Aquino (1)(2)(3)	49	2009
John B. Spirtos (1)(2)(3)	45	2009
Neil S. Subin (1)(2)(3)	45	2009

(1) Member of the Compensation Committee. Mr. Subin is Chairman of this Committee.

(2) Member of the Audit Committee. Mr. Spirtos is Chairman of this Committee.

(3) Member of the Nominating and Governance Committee. Mr. Aquino is Chairman of this Committee.

*K. Paul Singh*, 59, co-founded the Company in 1994 and serves as its Chairman, President and Chief Executive Officer. From 1991 until he co-founded the Company, Mr. Singh served as the Vice President of Global Product Marketing for MCI. Prior to joining MCI, Mr. Singh was the founder, Chairman and Chief Executive Officer of Overseas Telecommunications, Inc. (OTI), a provider of international private digital network services to large multinational corporations, which he founded in 1984 and which was purchased by MCI in 1991. Mr. Singh served as Vice President of Strategic Planning at M/A-Com Corporation prior to launching OTI. Mr. Singh served as an executive officer of the Company during the two-year period preceding the Company's Reorganization, described below. Mr. Singh holds an MBA from Harvard Business School and an MSEE from the State University of New York at Stony Brook.

*Peter D. Aquino*, 49, has been President and Chief Executive Officer of RCN Corporation, a provider of all digital and HDTV, high speed data, and voice services to residential and small to medium sized business customers, as well as high capacity transport to large enterprise and carrier customers, since December 2004. Prior to RCN, Mr. Aquino served as a telecom restructuring advisor to investors/operators from 2001 to 2004. Mr. Aquino, also served as COO of Venifotel, building a telecom network in several cities in Venezuela from 1995 to 2000. Mr. Aquino began his telecom career in 1983 at Bell Atlantic (Verizon). Mr. Aquino served as Director of Primus since July 2009, and currently is a Board member of United Way of America.

*John B. Spirtos*, 45, has served as Executive Vice President of privately-held GridPoint, Inc. since June 2009. GridPoint provides smart grid solutions to producers and consumers of energy. From June 2008 until May 2009, Mr. Spirtos was Senior Vice President of Comverse Technology, Inc., a provider of billing and messaging software to the global communications industry. Previously, from August 2004 until June 2008, Mr. Spirtos was Senior Vice President of Corporate Development of Neustar, Inc., a provider of clearinghouse and directory services to the communications and Internet industry. Prior to 2004, Mr. Spirtos served as President of Corvis Corporation and its wholly owned subsidiary, Broadwing Communications, Inc., an integrated communications equipment and services provider. Since December of 2009, Mr. Spirtos has served as a Director of Evolving Systems, Inc. From October 2008 through June 2009, Mr. Spirtos served on the Board of Directors of Ulticom, Inc. From November 2008 through June 2009, Mr. Spirtos served on the Board of Directors of Verint Systems Inc. Since July, 2009, Mr. Spirtos has served as a Director of Primus.

*Neil S. Subin*, 45, has served as managing director and president of Trendex Capital Management, a private investment fund focusing primarily on financially distressed companies, since its formation in 1991. Mr. Subin has served as a Director of Hancock Fabrics, Inc., since August 2009, as a Director of Movie Gallery, Inc., since

May 2008, and as a Director of Federal Mogul Corporation since December 2007, Mr. Subin served as a Director of FiberTower Corporation from December 2001 to December 2009. Mr. Subin has served as a Director of Primus since July 2009.

On March 16, 2009, the Company and three of its subsidiaries each filed a voluntary petition in the United States Bankruptcy Court for reorganization relief under Chapter 11. On July 1, 2009 (the Effective Date), our reorganization plan became effective through the Bankruptcy Court (the Reorganization). Each of the existing directors listed above was elected, in connection with the Reorganization, to be a director for a two-year term expiring at a future Annual Meeting of Stockholders in 2011. There are no family relationships among any of the existing directors or executive officers of the Company.

#### **Analysis of our Existing Directors in Light of Our Business**

We are a global provider of advanced facilities-based communication solutions, including traditional and internet based voice, internet broadband, data, mobile, colocation/hosting, and outsourced managed services to businesses and residential customers in Australia, Canada, the United States, Brazil, the United Kingdom and certain countries in western Europe, and to telecommunications carriers worldwide. We own and operate our global network of next generation IP soft switches, media gateways, hosted IP/SIP platforms, broadband infrastructure, fiber capacity, and data centers located in Australia, Canada, the United States and Brazil. Our primary markets are Australia and Canada, where we have deployed significant network infrastructure. We classify our services into three categories: Growth Services, Traditional Services and Wholesale Services. Our focus is on expanding our Growth Services, which includes our broadband, IP-based voice, local, wireless, data and data center services, to fulfill the demand for high quality, competitively priced communications services.

Our Board of Directors has considered the experience, qualifications, attributes and skills of its membership in light of our business and structure, and concluded that each of our existing directors should serve on the Board. In particular, the Board considered:

Mr. Singh's executive leadership of Primus since co-founding the Company in 1994 and through its evolution and growth over the past 16 years, and Mr. Singh's wide-ranging skills, including: his knowledge of our operations, prospects and financial condition; his management, technological and technical expertise; his 34 years of overall telecommunications industry experience; and his long-standing involvement with the telecommunications community.

Mr. Aquino's experience as a public company chief executive officer and telecommunications executive and his extensive operating experience with digital, high speed data and voice services, as this experience complements Primus's operating and strategic objectives, including in particular our Growth Services objectives.

Mr. Spirtos's background in investor relations and strategic planning and his significant experience with financings, mergers and acquisitions, telecommunications, technology, legal, tax and regulatory matters, which will provide important resources to our Board.

Mr. Subin's financial acumen, leadership skills and prior experience, all of which enables him to understand the complex business and financial issues that Primus may face and to guide Primus to effectively respond to such challenges.

#### **Board of Directors**

*Size, Composition and Independence of Board of Directors.* The size of our Board of Directors is determined by resolution of the Board of Directors, subject to requirements of Primus's Certificate of Incorporation and Bylaws described below. Under our Certificate of Incorporation, Bylaws and Board resolutions, the number of directors constituting the entire Board of Directors has been initially fixed at five (5) directors.



Our Common Stock currently is traded on the OTC Bulletin Board. Accordingly, we are not subject to the rules of any national securities exchange which require that a majority of a listed company's directors meet independence standards prescribed by such rules. For purposes of preparing the disclosures in this proxy statement regarding director independence, as required by SEC rules, we have used the definition of independent director and related independence standards set forth in the Marketplace Rules of The NASDAQ Stock Market LLC (or Nasdaq Rules). Our Board of Directors has affirmatively determined that each of Messrs. Aquino, Spirtos and Subin is an independent director (Independent Director) under the rules of the SEC and Nasdaq Rules.

*Potential Future Additions to our Board of Directors.* As of the date of this proxy statement, the size of the Board of Directors is fixed at five (5) members, including four current members and one vacancy arising from the resignation of John F. DePodesta from our Board, effective March 31, 2010. See Transactions with Related Persons. The Board of Directors intends to fill this vacancy in the future and potentially create an additional vacancy and fill such vacancy and establish the size of the Board at six (6) members, all in accordance with the Company's Bylaws. It is anticipated that any such future director candidates would be elected by the current Board members after the 2010 Annual Meeting of Stockholders pursuant to the Company's Bylaws and, therefore, such candidates would not be subject to a stockholder vote at the 2010 Annual Meeting of Stockholders.

### **Board Committees**

The Board of Directors maintains a standing Audit Committee, a standing Nominating and Governance Committee and a standing Compensation Committee.

#### *Audit Committee and Audit Committee Financial Expert*

During the year ended December 31, 2009, the Audit Committee held four meetings. The Audit Committee consisted of Paul Pizzani (Chairman), Douglas Karp, and John Puente prior to the Reorganization and Peter Aquino, John Spirtos (Chairman) and Neil Subin following the Reorganization. The Audit Committee has the authority and responsibility to hire an independent registered public accounting firm to audit the Company's books, records and financial statements, to discuss with such independent registered public accounting firm the results of such audit and review, to conduct periodic independent reviews of the systems of accounting (including systems of internal control), and to make reports periodically to the Board of Directors with respect to its findings.

The Board of Directors has determined (both before and after the Reorganization) that each Audit Committee member met the independence requirements applicable to audit committee members under the Nasdaq Rules and the rules of the SEC. Of the current committee members, our Board has determined that Mr. Spirtos is an audit committee financial expert as such term is defined in Item 401(h) of Regulation S-K promulgated by the SEC and that Mr. Spirtos is independent of management under Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended. The Audit Committee is responsible, among its other duties, for engaging, overseeing, evaluating and replacing the Company's independent registered public accounting firm, pre-approving all audit and non-audit services by the independent registered public accounting firm, reviewing the scope of the audit plan and the results of each audit with management and the independent registered public accounting firm, reviewing the internal audit function, reviewing the adequacy of the Company's system of internal accounting controls and disclosure controls and procedures, reviewing the financial statements and other financial information included in the Company's annual and quarterly reports filed with the SEC, and exercising oversight with respect to the Company's code of conduct and other policies and procedures regarding adherence with legal requirements. The Audit Committee's duties are set forth in the Audit Committee Charter. A copy of the Audit Committee Charter is available on the Company's website at [www.primustel.com](http://www.primustel.com).

### ***Compensation Committee***

During the year ended December 31, 2009, the Compensation Committee of the Board ( Compensation Committee ) held four meetings. The Compensation Committee currently consists of Messrs. Aquino, Spirtos and Subin (Chairman), and each current member was appointed to this Committee immediately following election to the Board in July of 2009. The Compensation Committee is responsible for fixing the compensation of the Chief Executive Officer and the other executive officers, deciding other compensation matters such as those relating to the operation of the Primus Telecommunications Group, Incorporated Management Compensation Plan, as amended (the Management Compensation Plan ), including the award of equity instruments under the Management Compensation Plan, and administering and approving the Company s management bonus plan. See Compensation Committee Interlocks and Insider Participation and Narrative Discussion Concerning Executive Compensation for additional details concerning the Compensation Committee.

Each of Messrs. Aquino, Spirtos and Subin is an independent director as that term is defined in Nasdaq Rules. Under these rules, as applicable, the recommendation and determination of the compensation of the Chief Executive Officer and the Company s other executive officers rests with the responsibility of those directors who meet the independence requirements prescribed by such rules. A copy of the Compensation Committee Charter is available on the Company s website at [www.primustel.com](http://www.primustel.com).

### ***Nominating and Governance Committee; Corporate Governance Guidelines***

The Nominating and Governance Committee consists of Messrs. Aquino (Chairman), Spirtos and Subin, and each member was appointed to this Committee immediately following election to the Board in July of 2009. Each Committee member meets the independence requirements prescribed by Nasdaq Rules. The Committee is responsible for recommending candidates for election to the Board of Directors for approval and nomination by the Board of Directors. This Committee also is responsible for making recommendations to the Board of Directors or otherwise acting with respect to corporate governance matters, including Board size and membership qualifications, new director orientation, committee structure and membership, communications with stockholders, and Board and committee self-evaluations. The Charter of the Nominating and Governance Committee, as amended, is available on the Company s website at [www.primustel.com](http://www.primustel.com).

*Nominating and Governance Committee Charter.* The Board of Directors has, by unanimous Board consent, approved the Charter of the Nominating and Governance Committee. This Charter provides that the purpose of the Nominating and Governance Committee shall be to (i) identify, review and evaluate candidates to serve as Directors of the Company, (ii) serve as a focal point for communication between such candidates, non-Committee Directors and the Company s senior management, (iii) recommend such candidates to the Board, and (iv) make such other recommendations to the Board regarding affairs relating to the Directors of the Company (excluding Director compensation, which is the responsibility of the Compensation Committee) and to advise the Board with respect to Board composition, procedures and committees. Our existing Directors were elected to the Board in connection with the Reorganization, and future Directors will be selected in accordance with the Nominating and Governance Committee Charter and Corporate Governance Guidelines, as described herein.

The Nominating and Governance Charter enumerates qualities needed for, and factors impacting, Board service, including: experience, skills, expertise, diversity ( Diversity Considerations ), personal and professional integrity, character, business judgment, sufficient time to devote to Board matters, conflicts of interest and other relevant factors deemed appropriate in the context of the needs of the Board. In evaluating Diversity Considerations, the Nominating and Governance Committee utilizes an expansive definition of diversity that includes differences of experience, education and talents, among other things. While the Nominating and Governance Committee does not have a formal diversity policy, it seeks to achieve a range of talents, skills and expertise on the Board and evaluates each nominee with regard to the extent to which he or she contributes to this overall mix.

*Corporate Governance Guidelines.* In addition to the Charter of the Nominating and Governance Committee, the Board has approved, following recommendation by the Nominating and Corporate Governance Committee, Corporate Governance Guidelines that provide, among other things, that each member of the Board of Directors of the Company shall:

dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties;

comply with the duties and responsibilities set forth in the Corporate Governance Guidelines and Bylaws of the Company;

exercise business judgment and act with loyalty and care in conformity with governing law; and

adhere to the Company's Code of Ethics and policies adopted by the Board.

These Guidelines provide that Directors should be persons of good character who possess all of the following personal characteristics: integrity; accountability; responsibility and high performance standards (through which Directors should have a history of achievement).

In evaluating the suitability of individual candidates and nominees, these Guidelines provide that the Nominating and Governance Committee and the Board of Directors shall consider relevant factors, including, but not limited to the following minimum qualifications for Committee recommended Board service:

A candidate's general understanding of marketing, finance, corporate strategy and other elements relevant to the operation of a publicly-traded company in today's business environment;

A candidate's understanding of the Company's business; and

A candidate's educational and professional background, experience and character.

These Guidelines provide that the Board, in consultation with the Nominating and Governance Committee, will consider actual or potential related party transactions and any associated impact on Director independence.

*Director Nomination Process; Departure Policies.* The Nominating and Governance Committee may use multiple sources for identifying director candidates, including its own contacts and referrals from other directors, members of management, the Company's advisors, and executive search firms. The Nominating and Governance Committee will consider director candidates recommended by stockholders, in accordance with applicable law, rule or regulation, and will evaluate such director candidates in the same manner in which it evaluates candidates recommended by other sources. For those potential new director candidates who appear upon first consideration to meet the Board's selection criteria, the Nominating and Governance Committee will conduct appropriate inquiries into their background and qualifications and, depending on the result of such inquiries, arrange for in-person meetings with the potential candidates. Directors are obligated to complete orientation training concerning the Company and there are limitations on outside activities Directors may engage in, absent Board approval.

In making recommendations for Director nominees for the 2011 Annual Meeting of Stockholders, the Nominating and Governance Committee will consider any written recommendations of director candidates by stockholders received by the Secretary of the Company not later than 120 days before the first anniversary of the 2010 Annual Meeting of Stockholders, which date is April 1, 2011. Recommendations must include the candidate's name and contact information and a statement of the candidate's background and qualifications, and must be mailed to Primus Telecommunications Group, Incorporated, 7901 Jones Branch Drive, Suite 900, McLean, Virginia 22102, Attn: Corporate Secretary.

The Governance and Nominating Committee is responsible for reviewing and making a recommendation to the Board regarding the continued service of a Director (i) based upon service to the Company during the Director's term, attendance, participation, quality of performance and actual or potential conflicts of interest, and (ii) in the event an employee Director's employment with the Company is terminated for any reason or a non-employee Director changes his/her primary job responsibility since the time such Director was most recently elected to the Board. The Corporate Governance Guidelines provide that members of the Company's



management serving on the Board of Directors who cease to serve as a member of the Company's management shall offer his or her resignation from the Board of Directors effective with the last date of employment; while the Board of Directors need not accept such offer of resignation, in general, a member of the Company's management shall not continue to serve as a member of the Board of Directors following such cessation of employment. These Guidelines also provide that Members of the Board of Directors will resign from the Board of Directors upon the occurrence of certain specified sanctions, charges or admissions of fault or liability, subject to the Board's refusal to accept such resignations in certain circumstances.

The foregoing Charter and Guidelines are intended to provide a flexible set of criteria for the effective functioning of the Company's director nominations process. The Nominating and Governance Committee intends to review the Charter and Guidelines at least annually and anticipates that modifications may be necessary from time to time as the Company's needs and circumstances evolve, and as applicable legal or listing standards change. The Nominating and Governance Committee and/or Board may amend the Charter and Guidelines at any time, in which case the most current version will be available on the Company's website at [www.primustel.com](http://www.primustel.com).

#### **Stockholder Communications with the Board; Annual Meeting Attendance**

The Board of Directors welcomes communications from the Company's stockholders and has adopted a procedure for receiving and addressing those communications. Stockholders may send written communications to either the full Board of Directors or the non-employee directors as a group by writing to the Board of Directors or the non-employee directors at the following address: Board of Directors/Non-Employee Directors, Primus Telecommunications Group, Incorporated, 7901 Jones Branch Drive, Suite 900, McLean, Virginia 22102, Attn: Corporate Secretary. Communications by e-mail should be addressed to [CorpSecretary@primustel.com](mailto:CorpSecretary@primustel.com) and marked "Attention: Corporate Secretary" in the Subject field. The Corporate Secretary will review and forward all stockholder communications to the intended recipient, except for those stockholder communications that are outside the scope of board matters or duplicative of other communications by the applicable stockholder and previously forwarded to the intended recipient. Directors are expected, absent schedule conflicts, to attend our Annual Meeting of Stockholders. A solicitation of all security holders was completed in June of 2009 in connection with the Plan of Reorganization; as a result of this, there was no Annual Meeting of Stockholders last year. The Reorganization became effective on July 1, 2009.

#### **Code of Ethics**

We have adopted a Code of Ethics applicable to all directors, officers and employees, including the chief executive officer, senior financial officers and other persons performing similar functions. The Code of Ethics is a statement of business practices and principles of behavior that support our commitment to conducting business while maintaining the highest standards of business conduct and ethics. Our Code of Ethics covers topics including, but not limited to, compliance resources, conflicts of interest, compliance with laws, rules and regulations, internal reporting of violations and accountability for adherence to the Code. A copy of the Code of Ethics is available on our website at [www.primustel.com](http://www.primustel.com). Any amendment of the Code of Ethics or any waiver of its provisions for a director, executive officer or senior financial officer must be approved by the Board of Directors. We will publicly disclose any such waivers or amendments pursuant to applicable SEC regulations.

#### **Board Leadership Structure**

Mr. Singh currently serves as both our Chairman of the Board and our Chief Executive Officer, and these positions were approved in connection with the approval of the Plan of Reorganization in 2009. The Board of Directors considers this leadership structure to be suitable for Primus because it allows one person to lead and represent the Company and the Board of Directors, while also providing for effective oversight by an independent Board. The Board believes that having Mr. Singh serve in the roles of Chairman and Chief Executive Officer is appropriate for Primus and its stockholders at this time, in view of Mr. Singh's continuous long-standing roles in such positions since the founding of Primus, and Mr. Singh's in-depth knowledge of Primus's business and industry. The Board also believes that the strength of its independent directors, each of

whom was elected in connection with the Reorganization and serves on the Board without any affiliation with management or any stockholder group, mitigates the risk of any potential conflicts that might result from combining the roles of Chief Executive Officer and Chairman.

Effective May 24, 2010, the Company's Corporate Governance Guidelines provide that the Chairman shall be elected annually by the Board following the Annual Meeting of Stockholders and that in the event the Chairman of the Board of Directors is neither a non-executive nor an independent Director, the Board of Directors shall select another Director to serve as Lead Independent Director from among the members of the Board of Directors that are determined at that time by the Board of Directors to be independent. The Chairman of the Board of Directors may be removed as Chairman of the Board of Directors at any time by a majority of the members of the Board of Directors. The Board is currently in the process of selecting a Lead Independent Director in conjunction with the contemplated membership expansion to six Directors.

### **Board Role in Risk Oversight**

Primus's Board of Directors supervises and has control over Primus's governance and compliance processes and procedures. As part of this role, the Board of Directors has overall responsibility for risk supervision, with a focus on material risks facing the Company. The Board of Directors primarily discharges its risk supervision responsibilities through its Audit Committee and Compensation Committee functions, each of which reports its activities to the Board. The risk supervision responsibilities of the Board's committees include the following:

*Audit Committee.* The Audit Committee is responsible for the supervision of risk policies and processes relating to the financial statements and financial reporting processes. This Committee reviews Primus's risk management procedures and policies and discusses with management Primus's material operating and financial risk exposures and the manner in which such exposures are managed.

*Compensation Committee.* The Compensation Committee is responsible for evaluating potential compensation-related risks and supervising management's assessment of risks related to employee compensation policies and programs.

Primus's Chief Executive Officer and other members of the Company's senior management team primarily design, implement, execute and monitor Primus's risk management policies and procedures. The Audit Committee meets with our senior management team periodically to review Primus's risk management practices.

### **Compensation of Directors**

*Annual Cash Compensation.* The Company pays non-employee directors a quarterly fee of \$7,500, reimburses their expenses and pays a \$2,500 supplement for each regular quarterly meeting attended. For 2009, our outside directors, in the aggregate, earned cash fees (both for Board and Board Committee meetings) totaling \$157,500. There was no increase in the cash compensation structure for directors in the year 2009.

*Stock-Based Compensation.* In addition, unless otherwise provided by the Compensation Committee, immediately following each Annual Meeting of the Stockholders of Primus during the term of the Management Compensation Plan, commencing with the 2010 Annual Meeting of Stockholders, each non-employee director will be granted a nonqualified stock option to purchase 10,000 shares of Primus Common Stock with an exercise price per share equal to the fair market value of a share of Common Stock on the date of grant. Each stock option so granted will vest and become exercisable ratably in three installments commencing on the date of grant and each of the first two anniversaries thereafter, such that 100% of the option will be vested and exercisable on the second anniversary of the grant date (subject to continued service as a non-employee director through each applicable vesting date). All other terms and conditions of the grants will be established by the Compensation Committee and set forth in the non-employee director's award agreement.

*Non-Equity Incentive Plan Compensation.* We do not provide Non-Equity Incentive Compensation to our Directors.

*Pension Benefits.* We do not have a pension plan and therefore, do not offer any such pension arrangements to our Directors.

#### Outside Directors Compensation Table; Stock Ownership Guidelines

The following table provides compensation information for the year ending December 31, 2009 for each non-employee member of our Board of Directors:

Director	Fees Earned or Paid In Cash (1)	Stock Awards (2)	Option Awards (2)	Non-Equity Incentive Plan Compensation (2)	All Other Compensation	Total
David E. Hershberg (3)	\$ 20,000					\$ 20,000
Douglas M. Karp (3)	20,000					20,000
Pradman P. Kaul (3)	20,000					20,000
Paul G. Pizzani (3)	20,000					20,000
John G. Puente (3)	17,500					17,500
Peter D. Aquino (4)	20,000					20,000
John B. Spirtos (4)	20,000					20,000