PRIMUS TELECOMMUNICATIONS GROUP INC
Form DEF 14A
April 25, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨	Preliminary Proxy Statement	¨	**Confidential, for Use of the Commission Only (as permitted by Rule 14-6(e)(2))**
x	Definitive Proxy Statement		
¨	Definitive Additional Materials		
¨	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):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED

7901 Jones Branch Drive, Suite 900

McLean, Virginia 22102

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 19, 2008

Dear Stockholder:

You are cordially invited to attend the 2008 Annual Meeting of Stockholders of Primus Telecommunications Group, Incorporated, a Delaware corporation (the Company), to be held at 10:00 a.m., local time, on June 19, 2008 at the Company s headquarters at the address above for the following purposes:

1. To elect three directors of the Company, each to serve a three-year term until the 2011 Annual Meeting of Stockholders. The current Board of Directors has nominated and recommended K. Paul Singh, John F. DePodesta and Paul G. Pizzani for such election as directors.

2. To transact such other business as may properly come before the Annual Meeting of Stockholders or any adjournment or postponement thereof.

The Board of Directors has fixed May 5, 2008 as the record date for determining the stockholders entitled to receive notice of and vote at the Annual Meeting of Stockholders and any adjournments or postponements thereof. Such stockholders may vote in person or by proxy. The stock transfer books of the Company will not be closed. The accompanying form of proxy is solicited by the Board of Directors of the Company.

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE MEETING. YOU ARE CORDIALLY INVITED TO ATTEND THE MEETING IN PERSON. WHETHER OR NOT YOU EXPECT TO ATTEND IN PERSON, YOU ARE URGED TO COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE SELF-ADDRESSED ENVELOPE, ENCLOSED FOR YOUR CONVENIENCE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. STOCKHOLDERS MAY ALSO VOTE THEIR SHARES USING THE TWELVE (12) DIGIT CONTROL NUMBER FOUND ON THEIR VOTE INSTRUCTION FORM VIA THE INTERNET AT PROXYVOTE.COM OR BY PHONE AT 1-800-454-8683. IF YOU DECIDE TO ATTEND THE MEETING AND WISH TO VOTE IN PERSON, YOU MAY REVOKE YOUR PROXY BY WRITTEN NOTICE AT THAT TIME.

By Order of the Board of Directors,

K. Paul Singh

Chairman of the Board of Directors, President and Chief Executive Officer

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED

7901 Jones Branch Drive, Suite 900

McLean, Virginia 22102

PROXY STATEMENT

FOR

ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON

June 19, 2008

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Primus Telecommunications Group, Incorporated, a Delaware corporation (the Company), in connection with the Annual Meeting of Stockholders of the Company to be held at 10:00 a.m., local time, on June 19, 2008 at the Company s headquarters at the address above, and at any adjournments or postponements thereof for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders (the Annual Meeting). This solicitation is made by the Board of Directors of the Company. This Proxy Statement and the accompanying Proxy Card are being mailed on or about May 15, 2008 to stockholders of record of the Company on May 5, 2008 (the Record Date).

At the Annual Meeting, our stockholders will be asked to elect three directors of the Company, each to serve a three-year term, and to transact such other business as may properly come before the Annual Meeting.

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 or by phone at 1-800-454-8683.

Stockholders Entitled to Vote. Holders of record of the Company s Common Stock, par value $0.01 per share (the Common Stock), at the close of business on the Record Date are entitled to receive Notice of the Annual Meeting of Stockholders and vote such shares held by them at the Annual Meeting or at any adjournments or postponements thereof. Each share of Common Stock outstanding on the Record Date entitles its holder to cast one vote on the election of each nominee for director and on any other matter that may properly come before the Annual Meeting. As of March 31, 2008, there were 142,632,540 shares of Common Stock outstanding.

Quorum and Approval. The presence at the meeting, either in person or by proxy, of stockholders entitled to cast a majority of the votes entitled to be cast at the Annual Meeting will constitute a quorum for the transaction of business at the Annual Meeting. Abstentions, votes withheld and broker non-votes (i.e., shares held by a broker or nominee which are represented at the meeting, but with respect to which the broker or nominee is not voting on a particular proposal) will be included in the calculation of the number of shares considered to be present at the meeting for purposes of determining if a quorum exists. Abstentions generally will have the effect of votes against a particular proposal in certain circumstances, other than the election of directors, and broker non-votes generally will have no effect on the outcome of the vote on a particular proposal. Stockholders are not entitled to cumulative voting in the election of directors. Directors, pursuant to Proposal 1, shall be elected by the affirmative vote of a plurality of the votes of the shares entitled to vote, present in person or represented by proxy, and votes may be cast in favor of or withheld from each director nominee. Because directors will be elected by a plurality vote (i.e., the three directors receiving the greatest number of votes will be elected) abstentions and broker non-votes will not have any effect on such vote.

Voting. If the accompanying Proxy Card is properly signed, returned to the Company and not revoked, it will be voted as directed by the stockholder. The persons designated as proxy holders on the Proxy Card will, unless otherwise directed, vote the shares represented by such proxy IN FAVOR OF the election of all nominees for the Board of Directors named in this Proxy Statement, and as recommended by the Board of Directors with regard to any other matters, or, if no such recommendation is given, in their own discretion, to the extent permitted by applicable law.

Revocation of a Proxy. A stockholder may revoke a previously granted proxy at any time before it is exercised by filing with the Secretary of the Company a written notice of revocation or a duly executed proxy bearing a later date, or by attending the Annual Meeting and voting in person.

You should rely only on the information provided in this Proxy Statement. We have authorized no one to provide you with different information. You should not assume that the information in this Proxy Statement is accurate as of any date other than the date of this Proxy Statement or, where information relates to another date set forth in this Proxy Statement, then as of that date.

PROPOSAL 1

ELECTION OF DIRECTORS

The Company s Board of Directors is divided into three classes with staggered three-year terms. Currently, the Board of Directors has seven members. The terms of current directors K. Paul Singh, John F. DePodesta and Paul G. Pizzani expire at the Annual Meeting, while the terms of the remaining directors expire at the respective annual meetings of stockholders to be held in 2009 or 2010, as specified below. Messrs. Singh, DePodesta and Pizzani have been nominated and recommended for election to serve as directors for a three-year term expiring at the Annual Meeting of Stockholders to be held following the year ending December 31, 2010 (the 2011 Annual Meeting). If, for any reason, at the time of election, any of the nominees named should decline or be unable to accept his nomination or election, it is intended that such proxy will be voted in favor of the election, in the nominee s place, of a substituted nominee, who would be recommended by the Board of Directors. The Board of Directors, however, has no reason to believe that any of the nominees will be unable or unwilling to serve as a director.

Information Regarding Directors

The information set forth below is submitted with respect to the nominees for election to the Board of Directors, as well as those Directors whose terms of office are continuing after the Annual Meeting. There are no family relationships among any of the directors of the Company.

Nominees for Election to the Board of Directors for a Three-Year Term Expiring at the 2011 Annual Meeting of Stockholders

K. Paul Singh, 57, co-founded the Company in 1994 with Mr. DePodesta 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 holds an MBA from Harvard Business School and an MSEE from the State University of New York at Stony Brook.

John F. DePodesta, 63, co-founded the Company in 1994 with Mr. Singh and serves as a director and its Executive Vice President, Chief Legal Officer, Chief Corporate Development Officer and Secretary. Mr. DePodesta served from 1994 to 2002 as the Chairman of the Board of Iron Road Railways Incorporated (Iron Road), which he co-founded in 1994. He served as Senior Vice President, Law and Public Policy, of Genesis Health Ventures, Inc. from January 1996 through March 1998. Additionally, from 1994 to 1999, he served as of counsel to the law firm of Pepper Hamilton LLP, where he was previously a partner since 1979. Before joining Pepper Hamilton LLP, Mr. DePodesta served as the General Counsel of Consolidated Rail Corporation. In 2001, Bangor & Aroostook Railroad Company (BAR), a wholly-owned subsidiary of Iron Road, and in 2002 certain affiliates of BAR, entered Chapter 11 bankruptcy proceedings. The BAR s plan of reorganization was confirmed in 2007. In 2001, Quebec Southern Railway Company Ltd. (QSR), a wholly-owned subsidiary of Iron Road, filed a Notice of Intention to Make a Proposal under provisions of the Bankruptcy and Insolvency Act of Canada. In 2005, QSR filed a bankruptcy petition and thereafter liquidated its remaining assets. Mr. DePodesta also served on the Board of Directors of Genesis HealthCare Corporation until June 2007. Mr. DePodesta holds a BA from Harvard College and a JD from the University of Pennsylvania Law School.

Paul G. Pizzani, 48, became a director of the Company in December 2002. Mr. Pizzani has been a partner of Pizzani Hamlin Capital, L.L.C. (PH Capital), which is an advisor to AIG Capital Partners, an indirectly wholly-owned subsidiary of American International Group, Inc. (AIG), since April 1999. Mr. Pizzani is also a partner at Cartesian Capital Group, an asset management firm specializing in private equity investment, since August 2006. Prior to forming PH Capital, Mr. Pizzani was a Managing Director of Wasserstein Perella Emerging Markets (Wasserstein), where he specialized in private equity investments and debt transactions. Prior to joining Wasserstein, Mr. Pizzani served as Treasurer of COMSAT Corporation, an international communications company. Mr. Pizzani was nominated by the former holders of the Company s Series C Convertible Preferred Stock (Series C Preferred) for appointment as a director of the Company. See Rights of Former Holders of Series C Preferred Stock; Governance Agreement.

The Board of Directors recommends a vote IN FAVOR OF Proposal 1 to elect the three nominees listed above. If no instructions are given on a properly executed and returned proxy, the shares of Common Stock represented thereby will be voted IN FAVOR OF Messrs. Singh, DePodesta and Pizzani.

Incumbent Directors Terms Expiring at the 2009 Annual Meeting of Stockholders

David E. Hershberg, 70, became a director of the Company in 1995. Mr. Hershberg is the founder, and has, since 1994, been Chairman and Chief Executive Officer of GlobeComm Systems, Inc., a system integrator of satellite earth stations. From 1976 to 1994, Mr. Hershberg was the President and Chief Executive Officer of Satellite Transmission Systems, Inc., a global provider of satellite telecommunications equipment, and became a Group President of California Microwave, Inc., the company that acquired Satellite Transmission Systems, Inc. Mr. Hershberg has a BSEE from Rensselaer Polytechnic Institute, an MSEE from Columbia University and a Masters of Management Science from Stevens Institute. He is a winner of the Long Island Entrepreneur of the Year Award and a member of the Society of Satellite Professionals Hall of Fame.

Pradman P. Kaul, 61, became a director of the Company in May 2002. Mr. Kaul was elected as the President and Chief Executive Officer of Hughes Communications, Inc., the world s leading supplier of broadband satellite services and network solutions using interactive VSAT (very small aperture terminal) products, in January 2006. Hughes Network Systems, LLC. (HNS) is 100% owned by Hughes Communications. Mr. Kaul has been the Chairman and Chief Executive Officer of HNS since January 2000 and served as President and Chief Operating Officer, Executive Vice President, and Director of engineering of HNS. Prior to joining HNS, Mr. Kaul held several positions with COMSAT Laboratories, including Manager, High Speed Digital Logic from June 1968 to April 1973. Mr. Kaul received a BSEE degree from George Washington University and a MS degree in Electrical Engineering from the University of California at Berkeley. He holds numerous patents and has published articles and papers on a variety of technical topics concerning satellite communications. Mr. Kaul has been elected to be a member of the National Academy of Engineering.

Incumbent Directors Terms Expiring at the 2010 Annual Meeting of Stockholders

John G. Puente, 77, became a director of the Company in 1995. Mr. Puente also serves on the Board of Directors of MICROS Systems, Inc. From 1987 to 1995, Mr. Puente was Chairman of the Board and Chief

Executive Officer of Orion Network Systems, a satellite telecommunications company. From 1997 to 1999, Mr. Puente was Chairman of the Board of Telogy Networks, Inc., a privately-held company. Prior to joining Orion, Mr. Puente was Vice Chairman of M/A-Com Inc., a diversified telecommunications and manufacturing company, which he joined in 1978 when M/A-Com acquired Digital Communications Corporation, a satellite terminal and packet switching manufacturer of which Mr. Puente was a founder and Chief Executive Officer.

Douglas M. Karp, 52, became a director of the Company in June 1998. Mr. Karp is currently Managing Partner and Co-Chief Executive Officer of Tailwind Capital Partners, LLC, a private equity firm. From August 2000 through April 2003, Mr. Karp was a Managing Partner of Pacific Partners LLC, a private equity and advisory firm. Prior to August 2000, Mr. Karp was a managing director and member of the Operating Committee of E.M. Warburg, Pincus & Co., LLC (or its predecessor, E.M. Warburg, Pincus & Co., Inc.) since May 1991. Prior to joining E.M. Warburg, Pincus & Co., LLC, Mr. Karp held several positions with Salomon Inc. including Managing Director from January 1990 to May 1991, Director from January 1989 to December 1989 and Vice President from October 1986 to December 1988. Mr. Karp is a director of several private companies.

Rights of Former Holders of Series C Preferred Stock; Governance Agreement

In connection with the sale of certain of the Company s Series C Preferred to certain private equity funds sponsored by AIG and an additional investor in a private placement pursuant to a stock purchase agreement, dated December 31, 2002, the holders of the Series C Preferred acquired an aggregate of 559,950 shares of Series C Preferred, which were converted on November 4, 2003 into an aggregate of 22,616,990 shares of the Company s Common Stock, which then constituted approximately 24.37% of the Company s outstanding voting securities. In November 2003, before certain of the former holders of the Series C Preferred (the Former Series C Holders) converted Series C Preferred into our Common Stock, they entered into a Governance Agreement with the Company. Under this Governance Agreement, so long as at least 5% of the outstanding voting securities of the Company on a fully diluted basis are held by the Former Series C Holders, such holders have the right, subject to the Board of Directors exercise of fiduciary duties, to have a designee nominated for election by the Company s stockholders as a member of the Company s Board of Directors. So long as at least 10% of the outstanding voting securities of the Company on a fully diluted basis are held by the Former Series C Holders, such holders have the right, subject to the Board of Directors exercise of fiduciary duties, to have a designee serve as a non-voting observer to the Board of Directors of the Company. (See Non-Voting Board Observer Designated by the Former Series C Holders.) At March 31, 2008, the Former Series C Holders beneficially owned approximately 13.12% of the Company s outstanding voting securities.

Non-Voting Board Observer Designated by the Former Series C Holders

Geoffrey L. Hamlin, 47, has served since December 2002 as the board observer designated by the Former Series C Holders. Mr. Hamlin is a partner of PH Capital and served as a strategic advisor to Wasserstein prior to founding PH Capital in 1999 with Mr. Pizzani. Mr. Hamlin is also a partner at Cartesian Capital Group, an asset management firm specializing in private equity investment. Prior to joining Wasserstein, Mr. Hamlin worked as an Associate General Counsel at COMSAT Corporation, where he joined Mr. Pizzani in 1994 and served on the senior management team of COMSAT International Ventures.

Meetings of the Board of Directors; Committees

During the year ended December 31, 2007, the Board of Directors held six meetings. Each director attended, in person or telephonically, at least 66% of the total number of meetings of the Board of Directors and any meetings of committees of the Board of Directors on which he served.

The Board of Directors has an Audit Committee, a Compensation Committee and a Nominating Committee. The Board of Directors has delegated certain functions to these committees as follows:

Audit Committee. During the year ended December 31, 2007, the Audit Committee held five meetings. The Audit Committee consists of Messrs. Pizzani (Chairman), Karp, and Puente. The Audit Committee has the authority and responsibility to hire an independent registered public accounting firms to audit the Company s books, records and financial statements and to provide an attestation of the effectiveness of the Company s internal controls, as required by the Sarbanes-Oxley Act of 2002 (Section 404), 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 that each current Audit Committee member meets the independence requirements applicable to audit committee members under the Marketplace Rules of the National Association of Securities Dealers (NASD) and rules of the Securities and Exchange Commission (SEC). Of the current committee members, Mr. Pizzani is an audit committee financial expert as such term is defined in Item 401(h) of Regulation S-K promulgated by the SEC. 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 committee s charter. A copy of the Audit Committee Charter is available on the Company s website at *www.primustel.com*.

Compensation Committee. During the year ended December 31, 2007, the Compensation Committee held four meetings. The Compensation Committee currently consists of Messrs. Hershberg (Chairman) and Kaul. 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 Equity Incentive Plan, as amended (the Equity Incentive Plan), and the Director Stock Option Plan, as amended (the Director Option Plan), including the award of options under the Equity Incentive Plan, and administering and approving the Company s management bonus plan.

Each of Messrs. Hershberg and Kaul is an independent director as that term is defined in Marketplace Rule 4200(a)(15) of the NASD. Under the Marketplace Rules of the NASD, 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 the Marketplace Rules of the NASD. A copy of the Compensation Committee Charter is available on the Company s website at *www.primustel.com.*

Nominating Committee. The Nominating Committee consists of Messrs. Kaul (Chairman) and Puente, both of whom meet the independence requirements prescribed by the Marketplace Rules of the NASD. The committee is responsible for recommending candidates for election to the Board of Directors for approval and nomination by the Board of Directors. The committee is also 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 Committee is available on the Company s website at *www.primustel.com*.

Director Nomination Process

The Board of Directors has, by Board resolution and a Board approved Nominating Committee Charter, adopted a director nominations policy, the material terms of which are summarized below. The purpose of the nominations policy is to describe the process by which candidates for possible inclusion in the Company s recommended slate of director nominees are selected. The nominations policy is administered by the Nominating Committee of the Board of Directors.

The Board of Directors does not currently prescribe any minimum qualifications for director candidates. Consistent with the criteria for the selection of directors approved by the Board of Directors, the Nominating Committee will take into account the Company s current needs and the qualities needed for board service, including experience and achievement in business, finance, technology or other areas relevant to the Company s activities; reputation, ethical character and maturity of judgment; diversity of viewpoints, backgrounds and experiences; absence of conflicts of interest including competitive conflict that might impede the proper performance of the responsibilities of a director; independence under SEC and NASD Marketplace Rules; service on other boards of directors; sufficient time to devote to board matters; and ability to work effectively and collegially with other board members. In the case of incumbent directors whose terms of office are set to expire, the Nominating Committee will review such directors overall service to the Company during their term, including the number of meetings attended, level of participation, quality of performance, and any transactions of such directors with the Company during their term. For those potential new director candidates who appear upon first consideration to meet the board s selection criteria, the Nominating 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.

The Nominating 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 Committee will consider director candidates recommended by stockholders and will evaluate such director candidates in the same manner in which it evaluates candidates recommended by other sources. In making recommendations for director nominees for the annual meeting of stockholders, the Nominating 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 anniversary of the previous year s annual meeting of stockholders. 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 nominations policy is intended to provide a flexible set of guidelines for the effective functioning of the Company s director nominations process. The Nominating Committee intends to review the nominations policy 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 Committee may amend the nominations policy at any time, in which case the most current version will be available on the Company s website at *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 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 required, absent compelling circumstances, to attend our Annual Meeting of Stockholders.

Compensation of Directors

Annual Cash Compensation. The Company pays non-employee directors an annual fee of $30,000, reimburses their expenses and pays a $2,500 supplement for each regular quarterly meeting attended in person. For 2007, our outside directors, in the aggregate, earned fees (both for Board and Board Committee meetings) totaling $195,000. There was no increase in the cash compensation structure for directors in the year 2007.

Stock-Based Compensation. In addition, the Company grants each person who becomes a non-employee director on the date of initial election, and upon each date of re-election, options to purchase 45,000 shares of the Common Stock pursuant to the Director Option Plan, which options have an exercise price equal to the fair market value of the Common Stock as of the grant date and vest one-third upon the grant date, and one-third on each of the first and second anniversaries of the grant date. Non-employee directors may each elect to take some or all of their cash compensation in the form of restricted stock.

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

The following table provides compensation information for the year ending December 31, 2007 for each non-employee member of our Board of Directors:

Director	Fees Earned or Paid In Cash (1)	Stock Awards	Option Awards (2) (3)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
David E. Hershberg	$ 40,000	$	$ 3,140	$	$	$	$ 43,140
Douglas M. Karp	37,500		7,423				44,923
Pradman P. Kaul	37,500		3,140				40,640
Paul G. Pizzani	40,000		2,031				42,031
John G. Puente	40,000		7,423				47,423
Total	$ 195,000	$	$ 23,157	$	$	$	$ 218,157

(1) Represents the aggregate dollar amount of all fees earned or paid in cash for services as a director, including quarterly retainer fees and committee fees as described above.

(2) Amounts are based on expense recognized for financial statement purposes in 2007 and are related to awards made in 2007 and prior periods. The reported amounts are calculated in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 123(R), Share-Based Payments. See Item 8 Financial Statements and Supplementary Data Note 2 in the Company s Annual Report on Form 10-K for the year ended December 31, 2007 regarding assumptions underlying the valuation of the Company s equity awards.

(3) As of December 31, 2007, the aggregate number of stock options outstanding for each outside director was as follows: David E. Hershberg, 90,000 shares; Douglas M. Karp, 90,000 shares; Pradman P. Kaul, 45,000 shares; Paul G. Pizzani, 90,000 shares; John G. Puente, 90,000 shares.

Code Of Ethics

The Company has 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 the Company s commitment to conducting business while maintaining the highest standards of business conduct and ethics. The Company s 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 the Company s website at *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. The Company will publicly disclose any such waivers or amendments pursuant to applicable SEC and NASDAQ Stock Market regulations.

EXECUTIVE COMPENSATION AND OTHER INFORMATION

Executive Officers

The following table and biographies set forth information concerning the individuals who serve as executive officers of the Company.

Name	Age	Position	Year or Expiration of Term as Director
K. Paul Singh	57	Chairman of the Board of Directors, President and Chief Executive Officer	2008
John F. DePodesta	63	Executive Vice President, Chief Legal Officer, Chief Corporate Development Officer, Secretary and Director	2008
Thomas R. Kloster	47	Chief Financial Officer	N/A
Mark Guirgis	40	Vice President Planning and Analysis and Assistant Secretary	N/A
Tracy B. Lawson	39	Vice President Corporate Controller	N/A

The biographies of Messrs. Singh and DePodesta appear under the caption Nominees for Election to the Board of Directors for a Three-Year Term Expiring at the 2011 Annual Meeting of Stockholders beginning on page 3.

Thomas R. Kloster, 47, has served as the Company s Chief Financial Officer since January 1, 2005. Prior to his appointment as Chief Financial Officer, Mr. Kloster served as the Company s Senior Vice President Corporate Finance from August 2003 to December 2004. From September 2001 to August 2003, Mr. Kloster served as Vice President of Business Operations and Development for Sprint International. From May 2000 to September 2001, Mr. Kloster was the Chief Financial Officer and Controller of Cidera, Inc., a satellite-based provider of Internet content. From May 1996 through May 2000, Mr. Kloster served as the Corporate Controller and Chief Financial Officer of North America for the Company.

Mark Guirgis, 40, has served as the Company s Vice President Planning and Analysis since January 2003 and Assistant Secretary of the Company since August 2003. Since joining the Company in 1998 as Director of Corporate Planning and Analysis, Mr. Guirgis has been responsible for consolidation of its annual business plans, financial forecasts and long-term projections as well as industry analysis and general corporate development activities. Prior to joining the Company, Mr. Guirgis was Manager of Consolidations in the Corporate Planning and Analysis department at MCI, where he worked from 1993 to 1998.

Tracy B. Lawson, 39, has served as the Company s Vice President Corporate Controller since January 2003 as well as Vice President Finance for United States operations from May 2005 until September 2006. Upon joining the Company in 1998 until January 2003, Ms. Lawson served as Senior Manager of Corporate and United States Operations Financial Reporting and as Director of Global Financial Reporting, responsible for corporate financial reporting, consolidation of the Company s financial results and external reporting to investors. Prior to joining the Company, Ms. Lawson was employed by MCI as Manager of Profit & Loss Consolidations and Executive Reporting from 1991 until 1998.

Summary Compensation Table

The following table sets forth, for the years ended December 31, 2007 and 2006, compensation information with respect to the Company s Chief Executive Officer, Chief Financial Officer and the three highest paid other Company executive officers as of December 31, 2007 (collectively, the Named Executive Officers).

Name and Principal Position	Year	Salary	Bonus (1)	Stock Awards (2)(3)	Option Awards (3)	Non-Equity Incentive Plan Compensation (4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (5)	Total
K. Paul Singh	2007	$ 729,167	$ 30,000		$ 16,972	$ 320,000	$	$ 2,000	$ 1,098,139
Chairman of the Board of Directors President and Chief Executive Officer	2006	$ 500,000	$ 20,000	$ 213,000	$ 19,230	$ 400,000	$	$ 2,000	$ 1,154,230
John F. DePodesta	2007	$ 570,833	$ 65,000		$ 12,728	$ 160,000	$	$ 1,344	$ 809,905
Executive Vice President, Chief Legal Officer, Chief Corporate Development Officer, Secretary and Director	2006	$ 550,000	$ 50,000		$ 14,423	$ 200,000	$	$ 1,375	$ 815,798
Thomas R. Kloster	2007	$ 388,333	$ 75,000		$ 12,728	$ 100,000	$	$ 2,000	$ 578,061
Chief Financial Officer	2006	$ 330,000	$ 167,500		$ 14,423	$ 82,500	$	$ 2,000	$ 596,423
Mark Guirgis	2007	$ 185,000	$ 16,000		$ 3,264	$ 24,000	$	$ 2,000	$ 230,264
Vice President-Planning and Analysis and Assistant Secretary	2006	$ 160,000	$ 50,000		$ 3,820	$ 30,000	$	$ 2,000	$ 245,820
Tracy B. Lawson	2007	$ 168,333	$ 26,000		$ 3,264	$ 24,000	$	$ 2,000	$ 223,597
Vice President-Corporate Controller	2006	$ 145,887	$ 10,000		$ 3,820	$ 30,000	$	$ 2,000	$ 191,707

(1) Represent amounts earned by each Named Executive Officer under the Company s 2007 discretionary bonus opportunity. Refer to Compensation Discussion and Analysis Annual Incentive Compensation; 2007 Executive Management Bonus Opportunity elsewhere herein.

(2) Represents value of 284,000 share stock award, as elected and awarded on December 30, 2005 and earned in 2006, in lieu of $200,000 of salary that was otherwise payable in 2006 and is not included in amount under salary heading. Represents value of awards on December 30, 2005, the date the stock election was requested and the award was authorized.

(3) Amounts calculated are based on expense recognized for financial statement purposes in 2007 and 2006 and are related to awards made in the prior periods. The reported amounts are in accordance with the provisions of SFAS No. 123(R), Share-Based Payments. See Item 8 Financial Statements and Supplementary Data Note 2 in the Company s Annual Report on Form 10-K for the year ended December 31, 2007 regarding assumptions underlying the valuation of the Company s equity awards.

(4) Represents amounts earned by each Named Executive Officer under the Company s 2007 performance-based annual incentive plan, which are also reported in and referred to under Grants of Plan-Based Awards in 2007 and Compensation Discussion and Analysis Annual Incentive Compensation; 2007 Objective Bonus Opportunity.

(5) Represents matching contributions made to the Company s 401(k) plan on behalf of the Named Executive Officers.

Grants of Plan-Based Awards in 2007

The following table summarizes certain information regarding incentive awards granted to the Named Executive Officers during the year ended December 31, 2007 (including stock options, the authorization of awards described in detail under Compensation Discussion and Analysis Annual Incentive Compensation; 2007 Objective Bonus Opportunity.

		(1) Estimated Future Payouts Under Non-Equity Incentive Plan Awards		Estimated Future Payments Under Equity Incentive Plan Awards		All Other Stock Awards: Number of Shares of	All Other Options Awards: Number of Securities Underlying	Exercise or Base Price of Option	Closing Price of Stock on Grant	Grant Date Fair Value of Option
Name	**Grant Date**	**Threshold**	**Target**	**Threshold**	**Target**	**Stock or Units**	**Options**	**Awards**	**Date**	**Awards**
K. Paul Singh	2/7/2007	$ 320,000	$ 800,000							
John F. DePodesta	2/7/2007	$ 160,000	$ 400,000							
Thomas R. Kloster	2/7/2007	$ 100,000	$ 250,000							
Mark Guirgis	2/7/2007	$ 24,000	$ 60,000							
Tracy B. Lawson	2/7/2007	$ 24,000	$ 60,000							

(1) These awards are described in detail under Summary Compensation Table Non-Equity Incentive Plan Compensation and Compensation Discussion and Analysis Annual Incentive Compensation; 2007 Objective Bonus Opportunity.

Option Exercises and Stock Vested

No options were exercised and no stock awards were vested in 2007.

Outstanding Equity Awards at Fiscal Year End

The following table sets forth information with respect to the outstanding equity awards at December 31, 2007 for the Company s Named Executive Officers.

	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options					
Name	Exercisable	Unexercisable	($) Exercise Price	(1) Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested	($) Equity Incentive Plan Awards: Market or Payout Value of Unearned share, Units or Other Rights That Have Not Vested
K. Paul Singh	99,999	100,001	0.77	2/2/2016		
	506,434		0.90	7/9/2011		
	505,000		1.65	12/19/2012		
	250,000		1.90	1/10/2013		
	1,100,000		1.98	2/12/2013		
	300,000		3.03	11/30/2014		
John F. DePodesta	75,000	75,000	0.77	2/2/2016		
	143,334		0.90	7/9/2011		
	430,000		1.65	12/19/2012		
	100,000		1.90	1/10/2013		
	120,000		6.12	6/7/2014		
Thomas R. Kloster	75,000	75,000	0.77	2/2/2016		
	60,000		3.17	12/9/2014		
	60,000		6.12	6/7/2014		
	50,000		6.30	8/5/2013		
Mark Guirgis	20,000	10,000	0.87	11/18/2015		
	5,917		0.90	7/9/2011		
	35,000		1.65	12/19/2012		
	6,000		1.90	1/10/2013		
	9,000		6.12	6/7/2014		
Tracy B. Lawson	20,000	10,000	0.87	11/18/2015		
	10,000		0.90	7/9/2011		
	30,000		1.65	12/19/2012		

6,000	1.90	1/10/2013
9,000	6.12	6/7/2014

(1) Based on their corresponding expiration date, the following table lists the grant and vesting dates for all unexercisable stock options, which vest ratably every six months over a three-year period.

Expiration Date	Grant Date	Vesting Date
11/18/2015	11/18/2005	11/18/2008
2/2/2016	2/2/2006	2/2/2009

Employment Agreement

On April 26, 2007, K. Paul Singh entered into a revised employment agreement with the Company, which extends for a one year period, subject to automatic one-year renewal periods, unless notice of termination is given by the Company or Mr. Singh at least six months in advance of the scheduled termination date or the agreement is otherwise terminated in accordance with its terms (the Employment Period). The employment agreement for Mr. Singh provides for an annual base salary of $735,000 and a target bonus opportunity of up to $800,000 per year, which is to be determined annually based on incentives and performance targets, as determined by the Compensation Committee. The agreement also provides the Company will reimburse Mr. Singh for up to $10,000 in out-of-pocket medical expenses and financial planning services per year, and, during the Employment Period, the Company shall pay the premiums on a disability insurance policy to pay two-thirds of the Mr. Singh s Base Salary in the event of disability. The employment agreement contains certain covenants, including non-compete and non-solicitation during employment and the one-year period after employment is concluded.

Termination Without Cause or For Good Reason (Outside of a Change of Control). If either Mr. Singh is terminated without Cause (which includes acts involving intentional fraud or a material intentional breach of the Company s ethics guidelines) or Mr. Singh terminates his employment agreement for Good Reason (which includes a material reduction in the executive s base salary during the Employment Period or a material reduction in the executive s authority, duties or responsibilities during the Employment Period) in the absence of a Change of Control (as defined in the employment agreement and described below) involving the Company, then the Company is required to pay a lump sum amount of severance pay equal to base salary plus the target annual performance bonus in the year of termination divided by 12 and multiplied by two times years of service (not to exceed a total of two years of severance pay) (Severance Period), plus continued participation in the welfare benefit plans of the Company during the Severance Period. As Mr. Singh has surpassed 12 years of service, the maximum two years of severance payment is in effect.

Termination Without Cause or For Good Reason After a Change of Control. If Mr. Singh is terminated during the Employment Period without Cause or terminates employment for Good Reason during the term of the employment agreement within 24 months after a Change of Control, then the Company is required to pay a lump sum severance amount equal to two times base salary and target annual performance bonus for the year of termination (as though such target had been achieved), and all outstanding stock options, and other equity grants, as applicable, granted to the Executive shall become 100% vested and shall be exercisable in accordance with their terms, subject to reduction to the greatest amount that could be paid that would not give rise to excise tax under Section 4999 under the Internal Revenue Code.

Potential Termination Payout Table

Assuming the employment agreement described above had been in effect as of December 31, 2007 and employment terminated as of December 31, 2007, Mr. Singh would have been eligible to receive payments as set forth in the following potential termination payout table.

	Without Cause or For Good Reason (1)			**Change in Control Termination (2)**		
Named Executive Officer	**Salary and Bonus**	**Benefits (3)**	**Total**	**Salary and Bonus**	**Benefits (3)**	**Total**
K. Paul Singh	$ 3,070,000	$	$ 3,070,000	$ 3,070,000	$	$ 3,070,000

(1) Represents circumstances involving termination Without Cause or for Good Reason outside of any Change in Control (as defined above).

(2) Represents circumstances involving termination Without Cause or for Good Reason in connection with a Change in Control (as defined above). See also *Option Acceleration*.

(3) Consists of welfare benefit and disability plans and out-of-pocket health and financial planning expenditures, as provided for under the employment agreement. The reported value is based upon the type of insurance coverage as of December 31, 2007 and is valued at the premiums in effect on December 31, 2007.

Option Acceleration. In addition, certain unvested outstanding stock option and equity awards of our Named Executive Officers would have vested under Change of Control acceleration provisions. Assuming the applicability and operation of such provisions as of December 31, 2007, the Named Executive Officers could not have realized the values from acceleration because such options carried exercise price greater than the options intrinsic value (based on the closing price of $0.39 on December 31, 2007 over any applicable exercise price or payment obligation for such accelerated awards). For purposes of the employment agreement, a Change of Control means (a) a sale of more than 50% of the outstanding capital stock of the Company in a single or related series of transactions, (b) the merger or consolidation of the Company with or into any other corporation or entity, other than a wholly-owned subsidiary of the Company, where the Company is not the surviving entity, or (c) a sale of all or substantially all of the assets of the Company to an unrelated entity.

Equity Compensation Plan Information

The following table provides certain information with respect to all of the Company s equity compensation plans in effect as of December 31, 2007.

Plan Category	Number of securities to be issued upon exercise of outstanding options and rights (a)	Weighted-average exercise price of outstanding options and rights (b)	Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	7,368,262	$ 2.09	4,094,379*
Equity compensation plans not approved by security holders	0	0.00	695,623**
Total	7,368,262	$ 2.09	4,790,002

*	Includes shares remaining available under Equity Incentive Plan (3,360,621), Director Plan (247,140) and ESPP (486,618).

**	Represents the number of authorized but unissued shares under the Restricted Plan.

The Company sponsors a Restricted Stock Plan (the Restricted Plan) to facilitate the grant of restricted stock to selected individuals (excluding executive officers and directors of the Company) who contribute to the development and success of the Company and a Director Stock Option Plan (the Director Plan) for non-employee directors. The total number of shares of Common Stock that may be granted under the Restricted Plan is 750,000. During the years ended December 31, 2007, 2006 and 2005, the Company did not issue shares of restricted stock under the Restricted Plan. The Restricted Plan is the only equity compensation plan of the Company that was in effect as of December 31, 2007 and adopted without the approval of the Company s stockholders (750,000 shares authorized, 695,623 remaining available).

REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

Compensation Committee Membership and Interlocks

The Compensation Committee is responsible for discharging the responsibilities of the Board with respect to the compensation of our executive officers. The Compensation Committee, with guidance from the full Board of Directors, sets and reviews the strategic and operating performance goals and objectives for the chief executive officer and the other executive officers concurrently with the approval of the annual budget and, if needed, to reflect material developments, during the year. The Compensation Committee evaluates their performance with respect to those goals and sets their compensation based upon the evaluation of their performance. In evaluating executive officer pay, the Compensation Committee may retain the services of a compensation consultant and consider recommendations from the chief executive officer with respect to goals and compensation of the other executive officers. The Compensation Committee assesses the information it receives in accordance with its business judgment. The Compensation Committee also periodically reviews director compensation.

The current members of the Compensation Committee are David E. Hershberg, Chairman, and Pradman P. Kaul.

The Board of Directors has determined that the members of the Compensation Committee are Independent as defined under NASDAQ Marketplace Rules. No member of the Compensation Committee is or has ever been one of our officers or employees of the Company. No interlocking relationship exists between the current or prior members of the Compensation Committee and the board of directors or compensation committee of any other Company.

The Committee has reviewed and discussed the Compensation Discussion and Analysis (the CD&A) for the year ended December 31, 2007 with management. In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors, and the Board has approved, that the CD&A be included in the proxy statement for the year ended December 31, 2007 for filing with the SEC.

The Compensation Committee of the Company s Board of Directors

David E. Hershberg (Chairman)

Pradman P. Kaul

COMPENSATION DISCUSSION AND ANALYSIS

The following Compensation Discussion and Analysis describes the material elements of compensation for the Primus Telecommunications Group, Incorporated executive officers identified in the Summary Compensation Table (the Named Executive Officers) and presented under Compensation of Named Executive Officers. As more fully described in the Report of the Compensation Committee on Executive Compensation on the preceding page, the Compensation Committee of the Board (the Compensation Committee) makes all decisions for the total direct compensation that is, the annual base salaries and benefits; annual incentive compensation; and long-term incentives of the Company s executive officers, including the Named Executive Officers.

Compensation Policy and Philosophy

The Company s executive compensation policy is designed to establish an appropriate relationship between executive pay and the Company s annual performance relative to annual budgets; performance against a peer group of the industry sector; its long-term growth and profitability objectives; and its ability to attract and retain qualified executive officers. The policy is based on the belief that the interests of the executives should be closely aligned with the Company s stockholders. In support of this philosophy, a meaningful portion of each executive s compensation is placed at-risk and linked to the accomplishment of specific results that are expected to lead to the creation of value for the Company s stockholders from both the short-term and long-term perspectives. The Compensation Committee believes that cash compensation, in the form of salary and performance-based incentive bonuses, provides Company executives with short-term rewards for success in operations and meeting strategic milestones; and that long-term compensation through the award of stock options and other equity incentives encourages growth in management stock ownership which are intended to lead to the creation of value for the Company s stockholders in the long-term performance and success of the Company. The Compensation Committee considers all elements of compensation, including the valuation of options, and the compensation policy when determining individual components of pay.

The Compensation Committee believes that leadership and motivation of the Company s employees are critical to achieving the objectives of the Company. The Compensation Committee believes that the compensation of the Company s executives primarily should reflect their success as a management team, in attaining key operating and financial objectives, such as achievement of target revenue and earnings before interest, taxes, depreciation and amortization (EBITDA), the development of a focused long-term competitive position, and, to a lesser extent, individual performance goals and objectives.

The Compensation Committee believes that the performance of the executives in managing the Company, considered in light of general economic conditions and specific Company, industry and competitive conditions, should be the basis for determining their overall compensation. The Compensation Committee is responsible for ensuring that its executive officers are compensated in a way that furthers the Company s business strategies and which aligns their interests with those of the stockholders. To support this philosophy, the following principles provide a framework for executive compensation:

- offer compensation opportunities that attract and retain the best talent to the Company;
- motivate individuals to perform at their highest levels;
- reward outstanding achievement;
- retain those with leadership abilities and skills necessary for building long-term stockholder value;
- maintain a significant portion of executives total compensation at-risk, tied to the quarterly, annual and long-term financial performance of the Company and the creation of incremental stockholder value; and
- encourage executives to manage from the perspective of owners with an equity stake in the Company.

Overview of Executive Compensation Components

The Company s executive compensation program consists of several components, and the most important elements are illustrated in the table below.

	Pay Element	What the Pay Element Rewards	Why Primus Uses the Element
Base Salary	Base Salary	Pay for market performance in the executive role. Base salary adjustments can allow the Committee to reflect an individual s performance or changed responsibilities.	Market practice and competitive factors. To attract and retain executive talent.
Short-Term Incentives	Annual Executive Incentive Bonuses	Provides benefits for achievement of objective goals and financial success, mainly through achievement of revenue and EBITDA objectives, and to a lesser extent individual performance.	Market practice and competitive factors. To motivate performance and meet quarterly and annual goals.
Long-Term Incentives	Stock Options and Restricted Stock Grants	Focus executives on increasing stock price over a multi-year vesting period and a maximum ten-year option term.	Stock options and restricted stock grants reward executive for increases in stockholder value.

For more detail regarding these components, see Individual Elements of Compensation; 2007 Compensation Decisions included elsewhere herein.

Compensation Consultant

During 2006, the Compensation Committee engaged the services of a compensation consultant to advise them with respect to the compensation packages of the three most highly compensated Named Executive Officers (the Senior Executive Group). In connection with this engagement, the Compensation Committee charged Deloitte Consulting LLP (the Compensation Consultant), among other things, with conducting a competitive assessment of executive compensation for the Senior Executive Group. In addition to speaking with members of Primus s Compensation Committee, they obtained historical compensation data and insight into previous compensation practices from Primus. In preparing its compensation analysis, the Compensation Consultant analyzed published compensation surveys and developed a list of peer companies consisting of firms comparable in size and industry to Primus (including Level 3 Communications, CenturyTel, IDT, Citizens Communications, Global Crossing, XO Holdings, EarthLink, Cincinnati Bell, Time Warner Telecom, SAVVIS, ITC^DeltaCom and Premiere Global Services). The Compensation Consultant s recommendations with respect to base salary, bonus and equity incentive compensation were based on the proposed peer group because the firms included in that group were more similar in size to Primus and were more consistent in industry focus than any other available peer group. The Compensation Committee utilized the Compensation Consultant s recommendations as a frame of reference, among other considerations, in developing fiscal 2006 and 2007 compensation determinations.

Individual Elements of Compensation; 2007 Compensation Decisions

The 2007 compensation program for the Named Executive Officers is composed of three primary elements: annual base salaries and benefits; annual incentive compensation, in the form of cash bonus awards made under the incentive bonus plan or on a discretionary basis; and long-term incentives, consisting primarily of stock options and, to a lesser extent to date, restricted stock grants. Our executive compensation strategy generally is for executives to receive a salary competitive with the market, while being eligible for bonuses, stock option grants or restricted stock awards that generally generate value based on Company and individual performance. We believe that competitive base salary levels in combination with performance and stock-based incentives provide our executives with the potential to earn competitive industry total executive compensation levels, if objective strategic and operating performance goals for our Company and individual performance goals are achieved.

Annual Base Salaries and Benefits

Annual compensation consists of base salaries and benefits. These elements of the Company s compensation program are intended to provide a degree of compensation certainty to executives by providing a reasonable amount of compensation that is not at-risk for performance.

Base Salary. Generally, the Compensation Committee approves the base salaries of the executive officers based on (i) performance and accomplishment of the Company in the preceding year, (ii) salaries paid to executive officers with comparable responsibilities employed by companies with comparable businesses, and (iii) individual performance for the preceding year for the executive officer. The Compensation Committee reviews executive officer salaries annually and exercises its judgment based on all the factors described above in making its determination. No specific formula is applied to determine the weight of each criterion.

Base salaries are designed to help attract and retain management talent. To ensure that salary ranges are competitive in the overall marketplace, salary ranges are periodically compared to the salaries paid for comparable positions within companies that compete with our Company for executive talent, including industry competitors, and companies of comparable size in our key geographic markets. Our compensation assessment efforts were assisted by our Compensation Consultant, which conducted a benchmark study in 2006 of our Company s Senior Executive Group to a peer group of companies. Based upon the 2006 Compensation Consultant report, the Compensation Committee believes the 2007 base salary levels paid to our Senior Executive Group were competitive, when compared to the peer group of companies.

In reviewing and establishing salaries for the Named Executive Officers for 2007 and 2008, the Committee considered the Company s past performance, individual performance and experience and, with respect to the Named Executive Officers other than the Chief Executive Officer, recommendations made by Mr. Singh. Additional factors considered in setting salary levels was the Committee members business judgment about the appropriate level of salary to retain, motivate and reward individual executives and, to a certain extent relative to historical levels, recommendations by our Compensation Consultant. During its February 7, 2008 meeting, the Committee concluded there would be no change to the 2008 base salary levels for the following Named Executive Officers: Mr. Singh, $735,000; Mr. DePodesta, $575,000; Mr. Kloster, $400,000; and Mr. Guirgis, $190,000. Ms. Lawson s salary was increased to $180,000 effective March 1, 2008.

Benefits. The Company s Named Executive Officers receive limited benefits that would be considered executive benefits. Most benefits are consistent with those offered generally to employees, which consist of life insurance, travel accident insurance, health insurance, dental insurance, short-term and long-term disability and opportunities to participate in the Company s 401(k) plan. The Company matches up to 50% of the employee s 401(k) plan contributions, up to the first 6% of such employee s salary, with a maximum of $2,000 annually. Please refer to Compensation of Named Executive Officers Summary Compensation Table and the related footnotes for additional information about benefits.

Annual Incentive Compensation

Overall cash incentive bonuses for the Named Executive Officers are payable based upon the following criteria: (i) the Company s operating and financial performance; (ii) success in strengthening the balance sheet and improving the liquidity position of the Company; (iii) furthering the Company s strategic position in the marketplace through developing and executing new strategic product initiatives; (iv) ensuring compliance with Securities and Exchange Commission (SEC) and Sarbanes-Oxley requirements; and (v) individual contribution.

Incentive compensation consists of cash bonuses and awards made under the incentive bonus plan, and the objective is to motivate executives annually, and to promote long-term growth. We refer to these opportunities as bonus opportunities consistent with historical practice. However, for Summary Compensation Table purposes, awards and payouts appear under the column Non-Equity Incentive Plan Compensation as well as under the Bonus column, consistent with recent SEC rule changes.

Future cash bonus payments will be made in accordance with our incentive bonus plan, under which we adopt annual incentive goals at regularly scheduled meetings of our Board of Directors and Compensation Committee following the reporting of prior year financial results. Our incentive bonus plan represents an important element of our compensation strategy, since achieving performance targets enables our executives to attain total current compensation in line with peer pay levels. In contrast, failure to achieve performance targets may result in total current compensation for our executives to fall substantially below peer compensation levels.

In February of each year, the Committee decides whether to grant individual cash bonuses and determines the amount of these bonuses and awards. The performance bonus targets for 2007 for the Company s Named Executive Officers were based on the criteria stated above. The Committee s review of bonuses was based on its knowledge of the Company, its contact with the executives throughout the year and a review of performance, with a primary focus on overall Company performance and a secondary focus on individual performance.

Elements of the 2007 Incentive Bonus Plan Opportunity. For the 2007 fiscal year, the Committee established cash bonus opportunities and objectives for the Named Executive Officers primarily based upon (i) objective opportunities tied to Company revenue and EBITDA objectives (the Objective Bonus Opportunity) and (ii) personal or subjective objectives including the improvement of the Company balance sheet with respect to liquidity. For 2007,

(1) 50% of the Objective Bonus Opportunity was dependent upon the satisfaction of revenue goals, and 50% of the Objective Bonus Opportunity was dependent upon the satisfaction of EBITDA goals; in furtherance of this objective goal, the Committee established specified performance target levels for revenue and for EBITDA in 2007, which we refer to generally as Objective Target Performance ; and

(2) an additional discretionary bonus opportunity was authorized for satisfaction of individual executive management objectives (the Executive Management Bonus Opportunity).

2007 Objective Bonus Opportunity. The 2007 Objective Bonus Opportunity authorization did not require satisfaction of both revenue and EBITDA goals. Thus, to the extent the Company s revenue goals were satisfied within the acceptable range, but target EBITDA goals had not been met, up to 50% of such applicable bonus opportunity would be payable; conversely, to the extent EBITDA target goals were satisfied within the acceptable range, but revenue goals had not been met, up to 50% of such applicable bonus opportunity would be payable.

The aggregate total Objective Bonus Opportunity for each of the Named Executive Officers was determined in relation to overall compensation market conditions as determined by the Compensation Committee with consideration of the Compensation Consultant report. For 2007, the total eligible bonus opportunity for the Named Executive Officers was as follows:

Executive	**Objective Bonus Opportunity as a % of Salary**	**Amount of Objective Bonus Opportunity**
K. Paul Singh	109%	$ 800,000
John F. DePodesta	70%	$ 400,000
Thomas R. Kloster	63%	$ 250,000
Mark Guirgis	32%	$ 60,000
Tracy B. Lawson	33%	$ 60,000

Based on the 2006 Compensation Consultant report, the Compensation Committee concluded that total target cash compensation (i.e., base salary plus the foregoing Objective Bonus Opportunities) of each of the Senior Executive Group would be at or below the peer group median total cash compensation levels.

Due to the Company s results during 2007, executives were paid an annual bonus at 40% of each individual s Objective Bonus Opportunity amount. The award of these bonuses was based on the satisfaction of a substantial portion of the revenue goal with the shortfall being attributed to a drop in low-margin wholesale and prepaid services revenues. The EBITDA targets for the year were not met.

2008 Bonus Authorization. On February 7, 2008, the Compensation Committee reaffirmed the target Objective Bonus Opportunities for the Named Executive Officers for 2008 without change. The amounts are as follows: Mr. Singh, $800,000, Mr. DePodesta, $400,000, Mr. Kloster, $250,000, Mr. Guirgis, $60,000 and Ms. Lawson, $60,000.

2007 Executive Management Bonus Opportunity. The 2007 Executive Management Bonus Opportunity was established on an individual basis for each Named Executive Officer based upon the expected professional contribution of each functional executive position and the impact of such contribution on the overall strategic and operational goals of the Company. During 2007, our executive officers successfully completed a number of critically needed debt and equity financing and deleveraging transactions to enhance the Company s liquidity through improved cash balance levels and extended debt maturities, continued cost cutting and cost management programs partially to offset margin erosion caused by the continued decline of our high-margin core retail revenues, initiated enhanced growth product strategies, and successfully defended certain legal challenges. The foregoing factors and the amount of time and attention each executive officer contributed to such strategic efforts influenced the following amounts of discretionary bonus authorizations for 2007: Mr. Singh, $30,000; Mr. DePodesta, $65,000; Mr. Kloster, $75,000; Mr. Guirgis, $16,000 and Ms. Lawson, $26,000.

The Committee believes that annual bonuses motivate executives and reward them for good performance by providing tangible benefits for achieving specific objectives that will lead to an increase in Primus operating results. The goal of the incentive bonus plan is to reward performance and to bring total annual cash compensation (salary and incentive bonus) on a level that is competitive with peer company compensation levels.

Refer to the Summary Compensation Table and the related footnotes for additional information about incentive bonuses.

Long-Term Stock Awards

We have granted in the past, and we also intend to grant or award in the future, to our executives and other key employees, stock options and in certain cases restricted stock awards. Options have been, and will be, granted at an exercise price equal to the closing sales price of our common stock, as reported on the over-the-counter bulletin board (OTCBB), on the date of grant, and on such dates consistent with the policy described under Timing of Stock-Based Incentive Awards. Options have no monetary value to the executives unless the market price of our common stock increases above the exercise price. Restricted stock awards, although having immediate value upon the date of the award, are subject to time vesting provisions, which generally require an executive to remain with our Company during the time vesting period, before being able to access the value of any such awards. We anticipate that future option grants or restricted stock awards will be based on an objective and/or subjective analysis of various performance criteria and competitive market practices.

Stock options and the equity incentives encourage and reward effective management, which results in long-term corporate financial success, as measured by stock price appreciation. The Compensation Committee believes that option grants and other equity incentives afford a desirable long-term compensation method because they closely ally the interests of management with stockholder value and that grants of stock options are the best way to motivate executive officers to improve long-term stock market performance. The vesting provisions of options granted under the Equity Incentive Plan are designed to encourage longevity of employment with the Company and generally extend over a three-year period.

In general, the Company s long-term stock awards are based upon each executive s historical contributions, experience and tenure with the Company, expected future contributions to the Company, and in part after examining the competitive marketplace.

In 2007, no stock option awards were granted to the executive officers.

Please refer to the Grants of Plan-Based Awards in 2007 and Outstanding Equity Awards at Fiscal Year-End tables and the related footnotes for additional information about long-term stock awards.

2008 Long-Term Incentive Awards

On February 7, 2008, the Compensation Committee approved the grant of the following stock option awards at an exercise price of $0.36 per share: Mr. Singh, 300,000 shares; Mr. DePodesta, 150,000 shares; Mr. Kloster, 150,000 shares; Mr. Guirgis, 40,000 shares; and Ms. Lawson, 40,000 shares.

Compensation of Chief Executive Officer

The Compensation Committee believes that K. Paul Singh, the Company s Chief Executive Officer, provides valuable services to the Company and that his compensation should therefore be competitive with median levels paid to executives at comparable companies. The Compensation Committee believes that an important portion of his compensation should be based on current performance, positioning the Company for the future, and strengthening its liquidity position. Mr. Singh s annual base salary for 2007 was set at $735,000 beginning from March 1, 2007, based on the factors described under Executive Compensation Components Base Salary and his total cash incentive bonus payments were $350,000 (or below 50% of the target Objective Bonus Opportunity) for the reasons described under *Annual Incentive Compensation*.

Internal Revenue Code Section 162

The Compensation Committee has reviewed the potential consequences for the Company of Section 162(m) of the Internal Revenue Code, which imposes a limit on tax deductions for annual compensation in excess of one million dollars paid to any of the five most highly compensated executive officers, including the Chief Executive Officer. It is the current policy of the Compensation Committee to maximize, to the extent reasonably possible, the Company s ability to obtain a corporate tax deduction for compensation paid to executive officers of the Company to the extent consistent with the best interests of the Company and its stockholders. The limitation under Section 162(m) had no net tax effect on the Company for 2007. The limitations of Section 162(m) are not expected to have a material effect on the Company in calendar year 2008.

Accounting Considerations

The Compensation Committee also considers the effects certain types of equity awards have on the financial statements of the Company. On January 1, 2006, the Company adopted SFAS No. 123(R), Share-Based Payments, which addresses the accounting for stock-based payment transactions whereby an entity receives employee services in exchange for equity instruments, including stock options. SFAS No. 123(R) eliminates the ability to account for stock-based compensation transactions using the intrinsic value method under Accounting Principles Board Opinion (APB) No. 25, Accounting for Stock Issued to Employees, and instead generally requires that such transactions be accounted for using a fair-value based method. The Company issues new shares of common stock upon the exercise of stock options.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee of the Board of Directors consists of Messrs. Hershberg and Kaul, who were not at any time officers or employees of the Company. No executive officer of the Company serves as a member of the Board of Directors or compensation committee of another entity that has one or more executive officers who will serve as a member of the Board of Directors or the Company s Compensation Committee.

The Company has a reciprocal services agreement with a vendor to provide and to receive domestic and international termination of telecommunication services. David E. Hershberg, a director of the Company, is the Chairman and Chief Executive Officer of the vendor providing such services. The contract was on a month-to-month basis. The Company recorded revenue of approximately $0, $0 and $46,000 and costs of $0, $3,000 and $82,000 in 2007, 2006 and 2005, respectively, for services provided and other discrete services received under this agreement. The Company had no amounts due from the vendor at December 31, 2007, 2006 and 2005. At December 31, 2007, the reciprocal services agreement remained inactive.

During the year ended 2007, 2006 and 2005, the Company provided international telecommunications services to a customer for which Pradman P. Kaul, a Director of the Company, serves as the Chairman and Chief Executive Officer. The Company recorded revenue of approximately $36,000, $38,000 and $46,000 in 2007, 2006 and 2005, respectively, for services provided. The Company had amounts due from the customer of approximately $2,000, $6,000 and $3,000 at December 31, 2007, 2006 and 2005, respectively.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee has reviewed and discussed the audited consolidated financial statements of the Company for fiscal year 2007 with the Company s management, and also has discussed with Deloitte & Touche LLP, the Company s independent registered public accounting firm, the matters required to be discussed by Statement on Auditing Standards No. 114, The Auditor s Communication with Those Charged with Governance. The Audit Committee has received both the written disclosures and the letter from Deloitte & Touche LLP required by Independence Standards Board Standard No. 1, and has discussed with Deloitte & Touche LLP the independence of Deloitte & Touche LLP from the Company.

Based on the foregoing, the Audit Committee recommended to the Board of Directors of the Company that the audited consolidated financial statements of the Company for fiscal year 2007 be included in the Company s Annual Report on Form 10-K filed with the SEC on March 17, 2008.

In addition, the Audit Committee has considered whether the provision of services by Deloitte & Touche LLP falling under the headings Tax Fees and Other Fees (*see* Other Matters Relationship with Independent Registered Public Accounting Firm) is compatible with maintaining the independence of Deloitte & Touche LLP from the Company, and has determined that the provision of such services is compatible with maintaining such independence. The Audit Committee reviews and approves requests for non-audit services proposed to be performed by Deloitte & Touche LLP prior to engagement.

Notwithstanding anything to the contrary set forth in any of the Company s filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 that might incorporate SEC filings, in whole or in part, this Report of the Audit Committee will not be incorporated by reference into any such filings.

Respectfully submitted,

The Audit Committee of the Company s Board of Directors

Paul G. Pizzani (Chairman)

Douglas M. Karp

John G. Puente

SECURITY OWNERSHIP OF CERTAIN

BENEFICIAL OWNERS AND MANAGEMENT

As of March 31, 2008, the Company had 606 registered holders of record of 142,632,540 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 March 31, 2008, 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, March 31, 2008,) 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 or nominee for director, (iii) the Named Executive Officers, and (iv) all directors and executive officers as a group. Unless otherwise indicated, each person had, as of March 31, 2008, 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)**
American International Group, Inc (2) 70 Pine Street New York, NY 10270	18,720,008	13.12%
Sean O Sullivan RLT (3) 6800 West Gate Blvd., Ste. 132, PMB #123 Austin, TX 78745	12,635,900	8.86%
Morgan Stanley & Co. Incorporated 1585 Broadway New York, NY 10036	11,202,972	7.85%
Newport Global Opportunities Fund LP 50 Kennedy Plaza, 18th Floor Providence, RI 02903	10,293,451	7.22%
Citigroup Inc. 399 Park Avenue New York, NY 10043	7,991,926	5.60%
AIG Global Sports and Entertainment Fund, L.P. (AIG Global Sports) (2) Ugland House, South Church Street George Town, Grand Cayman	7,860,004	5.51%
K. Paul Singh (4) 7901 Jones Branch Drive, Suite 900 McLean, VA 22102	6,874,087	4.82%

John F. DePodesta (5) 7901 Jones Branch Drive, Suite 900 McLean, VA 22102	1,044,830	*
Thomas R. Kloster (6) 7901 Jones Branch Drive, Suite 900 McLean, VA 22102	279,950	*
John G. Puente (7) 7901 Jones Branch Drive, Suite 900 McLean, VA 22102	237,190	*

Name and Business Address	Number of Shares of Common Stock Beneficially Owned (1)	Percentage of Outstanding Shares of Common Stock (1)
David E. Hershberg (8) 7901 Jones Branch Drive, Suite 900 McLean, VA 22102	91,660	*
Tracy B. Lawson (9) 7901 Jones Branch Drive, Suite 900 McLean, VA 22102	91,162	*
Mark Guirgis (10) 7901 Jones Branch Drive, Suite 900 McLean, VA 22102	85,485	*
Douglas M. Karp (11) 7901 Jones Branch Drive, Suite 900 McLean, VA 22102	60,000	*
Pradman P. Kaul (12) 7901 Jones Branch Drive, Suite 900 McLean, VA 22102	54,366	*
Paul G. Pizzani (13) 7901 Jones Branch Drive, Suite 900 McLean, VA 22102	45,000	*
All executive officers and directors as a group (14) 7901 Jones Branch Drive, Suite 900 McLean, VA 22102	8,863,730	6.21%

* 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 March 31, 2008 (Currently Exercisable Options) are deemed outstanding for computing the percentage ownership of the person holding such options or warrants, but are not deemed outstanding for computing the percentage ownership of any other person.

(2) Number of Shares of Common Stock Beneficially Owned consists of shares that are beneficially owned directly by affiliated entities, including AIG Global Sports and AIG Emerging Markets listed below in this table, each of which is managed by a sole general partner or sole managing member that is an indirect wholly-owned subsidiary of AIG.

(3) Includes common stock owned by Sean O Sullivan Revocable Living Trust (RLT). Sean O Sullivan is the Trustee of Sean O Sullivan RLT.

(4) Includes 381,886 shares of Common Stock owned by Mr. Singh s family, in which 171,050 shares are owned by Mr. Singh s son, Jay Paul Singh, and 171,050 shares are owned by his daughter, Anguli Mari Singh; 405,600 shares of Common Stock held by two private foundations of which Mr. Singh is the president and a director; and 8,812 shares held in a 401(k) plan of which Mr. Singh is a beneficiary. Also includes 2,794,766 shares of Common Stock issuable upon the exercise of Currently Exercisable Options granted to Mr. Singh.

(5) Includes 893,334 shares of Common Stock issuable upon the exercise of Currently Exercisable Options granted to Mr. DePodesta.

(6) Includes 270,000 shares of Common Stock issuable upon the exercise of Currently Exercisable Options granted to Mr. Kloster.

(7) Includes 60,000 shares of Common Stock issuable upon the exercise of Currently Exercisable Options granted to Mr. Puente.

(8)

Includes 75,000 shares of Common Stock issuable upon the exercise of Currently Exercisable Options granted to Mr. Hershberg and 945 shares owned by a family partnership.

(9) Includes 75,000 shares of Common Stock issuable upon the exercise of Currently Exercisable Options granted to Ms. Lawson.

(10) Includes 75,917 shares of Common Stock issuable upon the exercise of Currently Exercisable Options granted to Mr. Guirgis.
(11) Includes 60,000 shares of Common Stock issuable upon the exercise of Currently Exercisable Options granted to Mr. Karp.
(12) Includes 30,000 shares of Common Stock issuable upon the exercise of Currently Exercisable Options granted to Mr. Kaul.
(13) Includes 45,000 shares of Common Stock issuable upon exercise of Currently Exercisable Options granted to Mr. Pizzani. Excludes 7,860,004 shares of Common Stock owned by AIG Global Sports. Mr. Pizzani may be considered affiliated with AIG Global Sports.
(14) Consists of 10 persons and includes 4,389,017 shares of Common Stock issuable upon the exercise of Currently Exercisable Options granted to directors and executive officers.

OTHER MATTERS

Other Business

The Board of Directors knows of no other matters that will be presented at the Annual Meeting other than as set forth in this Proxy Statement. However, if any other matter properly comes before the meeting, or any adjournment or postponement thereof, it is intended that proxies in the accompanying form will be voted, to the extent permitted by applicable law, in accordance with the judgment and at the discretion of the persons named therein.

Section 16(a) Beneficial Ownership Reporting Compliance

Our executive officer, directors and 10% stockholders are required under Securities Exchange Act of 1934 to file with the Securities and Exchange Commission reports of ownership and changes in ownership in their holdings in our stock. Based solely on an examination of these reports, all such reports have been timely filed in 2007.

Relationship with Independent Registered Public Accounting Firm

The Company s consolidated financial statements for the fiscal year ended December 31, 2007 have been audited by Deloitte & Touche LLP. Representatives of Deloitte & Touche LLP are expected to be available at the meeting to respond to appropriate questions and to make a statement if they desire to do so.

The following table summarizes the aggregate fees billed to the Company by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (in thousands):

	2007	2006
Audit Fees	$ 4,087	$ 4,694
Audit fees include audit of annual financial statements, attestation of management s assessment of internal control, as required by the Sarbanes-Oxley Act of 2002, Section 404, reviews of quarterly financial statements, statutory and regulatory audits, comfort letters, consents and other matters related to SEC filings.		
Audit-Related Fees		
Tax Fees	1,097	353
Tax fees include corporate tax compliance and tax planning and advice for subsidiaries in the United States, Canada, Australia, the United Kingdom, Japan and Germany.		
Other Fees	27	46
Other fees include fees billed for permitted non-audit services		
Total	$ 5,211	$ 5,093

Householding of Proxy Materials

The SEC has adopted rules that permit companies and intermediaries (e.g. brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are Company stockholders will be householding our proxy materials. A single proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement and annual report, please notify your broker or direct your written request to John DePodesta, Executive Vice President, Primus Telecommunications Group, Incorporated, 7901 Jones Branch Drive, Suite 900, McLean, Virginia 22102, or contact John DePodesta at (703) 902-2800. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request householding of their communications should contact their broker.

Annual Report

A copy of the Company s Annual Report on Form 10-K for the year ended December 31, 2007, filed with the SEC, accompanies this Proxy Statement.

Stockholder Proposals

In order for any proposal pursuant to Rule 14a-8 of the rules promulgated under the Securities Exchange Act of 1934 to be eligible for inclusion in the Company s proxy materials for the 2009 Annual Meeting of Stockholders, such proposal must, in addition to meeting the stockholder eligibility and other requirements of SEC s rules governing such proposals, be received not later than December 31, 2008 by the Secretary or Assistant Secretary of the Company at the Company s principal executive offices, 7901 Jones Branch Drive, Suite 900, McLean, Virginia 22102.

Solicitation of Proxies

The cost of solicitation of proxies by the Board of Directors will be borne by the Company. Proxies may be solicited by mail, personal interview, telephone or facsimile, and in addition, directors, officers and regular employees of the Company may solicit proxies by such methods without additional remuneration. Banks, brokerage houses and other institutions, nominees or fiduciaries will be requested to forward the proxy materials to beneficial owners in order to solicit authorizations for the execution of proxies. The Company will, upon request, reimburse such banks, brokerage houses and other institutions, nominees and fiduciaries for their expenses in forwarding such proxy materials to the beneficial owners of the Common Stock.

THE COMPANY WILL PROVIDE TO EACH PERSON SOLICITED, WITHOUT CHARGE EXCEPT FOR EXHIBITS, UPON REQUEST IN WRITING, A COPY OF ITS ANNUAL REPORT ON FORM 10-K, INCLUDING THE FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE, AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007. REQUESTS SHOULD BE DIRECTED TO INVESTOR RELATIONS, PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED, 7901 JONES BRANCH DRIVE, SUITE 900, MCLEAN, VIRGINIA 22102.

STOCKHOLDERS ARE URGED TO IMMEDIATELY MARK, DATE, SIGN AND RETURN THE ENCLOSED PROXY IN THE ENVELOPE PROVIDED, TO WHICH NO POSTAGE NEED BE AFFIXED IF MAILED IN THE UNITED STATES. STOCKHOLDERS MAY ALSO VOTE THEIR SHARES USING THE TWELVE (12) DIGIT CONTROL NUMBER FOUND ON THEIR VOTE INSTRUCTION FORM VIA THE INTERNET AT PROXYVOTE.COM OR BY PHONE AT 1-800-454-8683.

By Order of the Board of Directors,

K. Paul Singh

Chairman of the Board of Directors, President and Chief Executive Officer

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED

PROXY SOLICITED BY THE BOARD OF DIRECTORS

The undersigned, revoking all previous proxies, hereby appoints K. Paul Singh and John F. DePodesta, and each of them acting individually, as the attorney and proxy of the undersigned, with full power of substitution, to vote as indicated below and in their discretion upon such other matters as may properly come before the meeting, all shares which the undersigned would be entitled to vote at the Annual Meeting of Stockholders of the Company to be held on June 19, 2008, and at any adjournment or postponement thereof.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER.

1. To elect three directors of the Company, each to serve a three-year term until the 2011 Annual Meeting of Stockholders. The current Board of Directors has nominated and recommended for such election as directors the following persons: K. Paul Singh, John F. DePodesta and Paul G. Pizzani.

FOR ALL	**WITHHOLD VOTE FOR**	**WITHHOLD VOTE ONLY**
LISTED NOMINEES ¨	**ALL LISTED NOMINEES** ¨	**FROM: _______________** ¨

2. The transaction of such other business as may properly come before the Annual Meeting of Stockholders or any adjournment or postponement thereof.

FOR ¨	**AGAINST** ¨	**ABSTAIN** ¨

PLEASE DATE AND SIGN YOUR PROXY ON THE REVERSE SIDE AND RETURN IT PROMPTLY.

(Continued from other side)

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS. UNLESS OTHERWISE SPECIFIED, THE SHARES WILL BE VOTED FOR THE ELECTION OF MESSRS. SINGH, DEPODESTA AND PIZZANI. THIS PROXY ALSO DELEGATES DISCRETIONARY AUTHORITY TO THE PROXIES IDENTIFIED ON THIS PROXY CARD WITH RESPECT TO ANY OTHER BUSINESS WHICH MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY ADJOURNMENT OR POSTPONEMENT THEREOF TO VOTE THE SHARES REPRESENTED BY THIS PROXY AS RECOMMENDED BY THE BOARD OF DIRECTORS, OR IF NO SUCH RECOMMENDATION IS GIVEN, IN THEIR DISCRETION, TO THE EXTENT PERMITTED BY APPLICABLE LAW.

THE UNDERSIGNED HEREBY ACKNOWLEDGES RECEIPT OF THE NOTICE OF ANNUAL MEETING AND PROXY STATEMENT.

Signature of Stockholder

Signature of Stockholder

Date: ______________________________, 2008

NOTE: PLEASE SIGN THIS PROXY EXACTLY AS NAME(S) APPEAR ON YOUR STOCK CERTIFICATE. WHEN SIGNING AS ATTORNEY-IN-FACT, EXECUTOR, ADMINISTRATOR, TRUSTEE OR GUARDIAN, PLEASE ADD YOUR TITLE AS SUCH, AND IF SIGNER IS A CORPORATION, PLEASE SIGN WITH FULL CORPORATE NAME BY A DULY AUTHORIZED OFFICER OR OFFICERS AND AFFIX THE CORPORATE SEAL. WHERE STOCK IS ISSUED IN THE NAME OF TWO (2) OR MORE PERSONS, ALL SUCH PERSONS SHOULD SIGN.