

PRIMUS TELECOMMUNICATIONS GROUP INC
Form 10-K/A
May 02, 2011

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 0-29092

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

54-1708481
(I.R.S. Employer
Identification No.)

7901 Jones Branch Drive, Suite 900, McLean, VA
(Address of principal executive offices)

22102
(Zip Code)

(703) 902-2800
(Registrant's telephone number, including area code)

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

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

| Title of each class | Name of each exchange on which registered |
|--|---|
| Common Stock, par value \$.001 per share | Over the Counter Bulletin Board |
| Contingent Value Rights | N/A |

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

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

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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

Non-affiliates of Primus Telecommunications Group, Incorporated held 9,518,431 shares of common stock as of June 30, 2010. The fair market value of the stock held by non-affiliates is \$67,104,939 based on the sale price of the shares on June 30, 2010.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of April 15, 2011, 13,372,122 shares of common stock, par value \$.001, were outstanding.

Documents Incorporated by Reference:

None.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A, or the Amendment, amends the Annual Report on Form 10-K of Primus Telecommunications Group, Incorporated for the fiscal year ended December 31, 2010, originally filed on March 25, 2011, or the Original Filing. The purpose of this Amendment is to include information required by Part III of the Annual Report on Form 10-K that was omitted from Part III of the Original Filing. In addition, new certifications by our principal executive officer and principal financial officer are filed as exhibits to this Amendment with the Securities and Exchange Commission, or the SEC. Pursuant to Rule 12b-15 under the Exchange Act, Part III of the Original Filing is hereby deleted in its entirety and replaced with the following Part III as set forth below, and Part IV is amended to add the certifications set forth in such exhibit list to be filed herewith. This Amendment does not change our previously reported financial statements and other financial disclosures contained in our Original Filing.

Except as described above, no other changes have been made to the Original Filing. The Original Filing continues to speak as of the dates described in the Original Filing, and we have not updated the disclosures contained therein to reflect any events that occurred subsequent to such dates. Accordingly, this Amendment should be read in conjunction with the Company's filings made with the SEC subsequent to the filing of the Original Filing, as information in such filings may update or supersede certain information contained in this Amendment.

In this Amendment, unless the context indicates otherwise, references to "we," "us," "our," "Primus," "the Company," and "Group" mean Primus Telecommunications Group, Incorporated and its subsidiaries for all periods before completion of the merger with Arbinet Corporation on February 28, 2011. For factual references herein beginning on March 1, 2011 through the filing of this Amendment, such references also include our wholly-owned subsidiary, Arbinet Corporation, and its subsidiaries.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information Regarding Continuing Directors

The following presents information as of April 15, 2011 concerning each current director of the Company.

Existing Directors Whose Terms Expire in 2011

| Name | Age | Director Since |
|-----------------------------|-----|----------------|
| Peter D. Aquino | 50 | 2009 |
| Steven D. Scheiwe (1)(2)(3) | 50 | 2010 |
| John B. Spirtos (2) | 45 | 2009 |
| Neil S. Subin (1)(2)(3) | 46 | 2009 |

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

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

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

Peter D. Aquino, 50, has been the Chairman, President and Chief Executive Officer of Primus since October 2010. Previously, Mr. Aquino was the President and Chief Executive Officer of RCN Corporation, a provider of all digital and HDTV, high speed data, and voice services to residential and small to medium sized business customers, as well as high capacity transport to large enterprise and carrier customers, from December 2004 to August 2010. Prior to RCN, Mr. Aquino served as a telecom restructuring advisor to investors/operators from 2001 to 2004. Mr. Aquino, also served as Chief Operating Officer of Venifotel, building a telecom network in several cities in Venezuela from 1995 to 2000. Mr. Aquino began his telecom career in 1983 at Bell Atlantic (Verizon). Mr. Aquino has served as a director of Primus since July 2009, and currently is a member of the Board of Directors of TiVo Inc. and United Way of America.

Steven D. Scheiwe, 50, has served as a director of Primus since August 2010. Since 2001 Mr. Scheiwe has served as the President of Ontrac Advisors, Inc., a provider of analysis and business management services. Prior to founding Ontrac in 2001, Mr. Scheiwe served as Chief Executive Officer and founding management member of Teletrac where he led a major strategic and financial restructuring. Mr. Scheiwe began his tenure at Teletrac in 1995 as General Counsel and Secretary. From 1988 to 1995, he was a co-founder, General Counsel and Secretary of Premiere Page, Inc., a radio paging business, which completed an initial public offering in 1993 and merged with Arch Wireless in late 1994. Mr. Scheiwe also served as Senior Legal Counsel and Midwest Office Managing Director, Cable Operations at Hardesty, Puckett, Queen & Co., a national business brokerage operation specializing in cable television systems. Mr. Scheiwe currently serves as a member of the Board of Directors and member of the audit and compensation committees of FiberTower Corporation, a provider of backhaul transmission services to wireless carriers, and serves as the Chairman of the Board of Directors and Chairman of the audit committee of Hancock Fabrics Inc., a specialty retailer of fabrics, home textiles and sewing products. In addition to these current public company directorships, within the past five years Mr. Scheiwe has served on the Boards of Directors of General Chemical Industrial Products, Inc., Friedman's, Inc., American Restaurant Group, Inc., Zemex Minerals Group, Inc., Footstar, Inc. and Movie Gallery, Inc. He received a B.A. from the University of Colorado at Colorado Springs and a J.D. with Honors from the Washburn University School of Law.

John B. Spirtos, 45, has served as a director of Primus since July 2009, the Acting Chief Executive Officer of Primus from August 2010 to October 2010 and the Chairman of Primus from September 2010 to October 2010. Mr. Spirtos has served as Chief Executive Officer of privately-held GridPoint, Inc. since November 2010. GridPoint provides smart grid solutions to producers and consumers of energy. Prior to his appointment as Chief Executive Officer, Mr. Spirtos served as Executive Vice President of GridPoint from June 2009 to November 2010. From June 2008 to May 2009, Mr. Spirtos was Senior Vice President of Comverse Technology, Inc., a provider of billing and messaging software to the global communications industry. Previously, from August 2004 to June 2008, Mr. Spirtos was Senior Vice President of Corporate Development of Neustar, Inc., a provider of clearinghouse and directory services to the communications and Internet industry. Prior to 2004, Mr. Spirtos served as President of Corvis Corporation and its wholly owned subsidiary, Broadwing Communications, Inc., an integrated communications equipment and services provider. Since December of 2009, Mr. Spirtos has served as member of the Board of Directors of Evolving Systems, Inc. Mr. Spirtos is also a member of the Board of Directors of the Washington Tennis and Education Foundation. From October 2008 through June 2009, Mr. Spirtos served on the Board of Directors of Ulticom, Inc., and from November 2008 through June 2009, Mr. Spirtos served on the Board of Directors of Verint Systems Inc.

Neil S. Subin, 46, has served as a director of Primus since July 2009 and as the Lead Independent Director of Primus since September 2010. Mr. Subin has served as Managing Director and President of Trendex Capital Management, a private investment fund focusing primarily on financially distressed companies, since its formation in 1991. Mr. Subin has served as a member of the Board of Directors of Hancock Fabrics, Inc. since August 2009, as a member of the Board of Directors of Movie Gallery, Inc. since May 2008, as a member of the Board of Directors of Federal Mogul Corporation since December 2007, and as a member of the Board of Directors of FiberTower Corporation from December 2001 to December 2009.

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

Analysis of our Existing Directors in Light of Our Business

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

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

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

• Mr. Scheiwe’s experience as the chief executive and a director of multiple telecommunications companies provides him with relevant industry experience and his ten years of consulting experience provides him with valuable insight into evaluating corporate risk, opportunity and strategic direction, plus his business management experience and experience serving on public company boards of directors and various audit and compensation committees are valuable assets to our Board.

• Mr. Spirtos’ background in investor relations and strategic planning and his significant experience with financings, mergers and acquisitions, telecommunications, technology, legal, tax and regulatory matters are important resources to our Board.

• Mr. Subin’s financial acumen, leadership skills and prior experience enable him to understand the complex business and financial issues that Primus may face and guide Primus to respond effectively to such challenges.

Board of Directors

Size, Composition and Independence of Board of Directors. The size of our Board of Directors is determined by resolution of the Board of Directors, subject to requirements of Primus's Certificate of Incorporation and Bylaws described below. Under our Certificate of Incorporation, Bylaws and Board resolutions, the number of directors constituting the entire Board of Directors has been initially fixed at five (5) directors. See Item 13 "Director Independence" regarding our independence determinations.

Potential Future Additions to our Board of Directors. As of the date of this report, the size of the Board of Directors is fixed at five (5) members, including four current members and one vacancy arising from the resignation of K. Paul Singh from our Board, effective October 6, 2010. The Board of Directors intends to fill this vacancy in the future in accordance with the Company's Bylaws.

Board Committees

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

Audit Committee and Audit Committee Financial Expert

During the year ended December 31, 2010, the Audit Committee held 6 meetings. The Audit Committee currently consists of Steven Scheiwe (Chairman), John Spirtos and Neil Subin. The Audit Committee has the authority and responsibility to hire an independent registered public accounting firm to audit the Company's books, records and financial statements, to discuss with such independent registered public accounting firm the results of such audit and review, to conduct periodic independent reviews of the systems of accounting (including systems of internal control), and to make reports periodically to the Board of Directors with respect to its findings.

The Board of Directors has determined that each Audit Committee member, other than Mr. Spirtos, met the independence requirements applicable to audit committee members under The NASDAQ Stock Market LLC (the "Nasdaq Rules") and that each Audit Committee member met the independence requirements of the SEC under Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended. Prior to becoming our Acting Chief Executive Officer, Mr. Spirtos served on the Audit Committee and met the independence requirements under the Nasdaq rules. After Mr. Spirtos completed his services as our Chief Executive Officer, he was re-appointed to the Audit Committee on November 5, 2010. Although Mr. Spirtos does not currently meet the independent requirements under the Nasdaq Rules, he is deemed by our Board of Directors to be independent under our Corporate Governance Guidelines. Of the current committee members, our Board has determined that Mr. Scheiwe is an "audit committee financial expert" as such term is defined in Item 401(h) of Regulation S-K promulgated by the SEC and that Mr. Scheiwe is independent of management under Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended. The Audit Committee is responsible, among its other duties, for engaging, overseeing, evaluating and replacing the Company's independent registered public accounting firm, pre-approving all audit and non-audit services by the independent registered public accounting firm, reviewing the scope of the audit plan and the results of each audit with management and the independent registered public accounting firm, reviewing the internal audit function, reviewing the adequacy of the Company's system of internal accounting controls and disclosure controls and procedures, reviewing the financial statements and other financial information included in the Company's annual and quarterly reports filed with the SEC, and exercising oversight with respect to the Company's code of conduct and other policies and procedures regarding adherence with legal requirements. The Audit Committee's duties are set forth in the Audit Committee Charter. A copy of the Audit Committee Charter is available on the Company's website at www.ptgi.com.

Compensation Committee

During the year ended December 31, 2010, the Compensation Committee held 8 meetings. The Compensation Committee currently consists of Steven Scheiwe and Neil Subin (Chairman). The Compensation Committee is responsible for fixing the compensation of the Chief Executive Officer and the other executive officers, deciding other compensation matters such as those relating to the operation of the Primus Telecommunications Group, Incorporated Management Compensation Plan, as amended (the "Management Compensation Plan"), including the award of equity instruments under the Management Compensation Plan, and administering and approving the Company's management bonus plan.

Each of Messrs. Scheiwe and Subin is an "independent director" under our Corporate Governance Guidelines and as that term is defined in the Nasdaq Rules. Under these rules, as applicable, the recommendation and determination of the compensation of the Chief Executive Officer and the Company's other executive officers rests with the responsibility of those directors who meet the independence requirements prescribed by such rules. A copy of the Compensation Committee Charter is available on the Company's website at www.ptgi.com.

Nominating and Governance Committee; Corporate Governance Guidelines

During the year ended December 31, 2010, the Nominating and Governance Committee held 4 meetings. The Nominating and Governance Committee currently consists of Steven Scheiwe and Neil Subin (Chairman). Each Committee member meets the independence requirements under our Corporate Governance Guidelines and as prescribed by the Nasdaq Rules. The Committee is responsible for recommending candidates for election to the Board of Directors for approval and nomination by the Board of Directors. This Committee also is responsible for making recommendations to the Board of Directors or otherwise acting with respect to corporate governance matters, including Board size and membership qualifications, new director orientation, committee structure and membership, communications with stockholders, and Board and committee self-evaluations. The Charter of the Nominating and Governance Committee, as amended, is available on the Company's website at www.ptgi.com.

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

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

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

- dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties;
- comply with the duties and responsibilities set forth in the Corporate Governance Guidelines and Bylaws of the Company;
- exercise business judgment and act with loyalty and care in conformity with governing law; and
 - adhere to the Company’s Code of Ethics and policies adopted by the Board.

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

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

- A candidate’s general understanding of marketing, finance, corporate strategy and other elements relevant to the operation of a publicly-traded company in today’s business environment;
 - A candidate’s understanding of the Company’s business; and
- A candidate’s educational and professional background, experience and character.

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

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

candidates. Directors are obligated to complete orientation training concerning the Company and there are limitations on outside activities directors may engage in, absent Board approval.

In making recommendations for director nominees for the 2011 Annual Meeting of Stockholders, the Nominating and Governance Committee considered written recommendations of director candidates by stockholders received by the Secretary of the Company before April 1, 2011. Recommendations are required to 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, Attention: Corporate Secretary.

The Governance and Nominating Committee is responsible for reviewing and making a recommendation to the Board regarding the continued service of a director (i) based upon service to the Company during the director's term, attendance, participation, quality of performance and actual or potential conflicts of interest, and (ii) in the event an employee director's employment with the Company is terminated for any reason or a non-employee director changes his/her primary job responsibility since the time such director was most recently elected to the Board. The Corporate Governance Guidelines provide that members of the Company's management serving on the Board of Directors who cease to serve as a member of the Company's management shall offer his or her resignation from the Board of Directors effective with the last date of employment; while the Board of Directors need not accept such offer of resignation, in general, a member of the Company's management shall not continue to serve as a member of the Board of Directors following such cessation of employment. These Guidelines also provide that Members of the Board of Directors will resign from the Board of Directors upon the occurrence of certain specified sanctions, charges or admissions of fault or liability, subject to the Board's refusal to accept such resignations in certain circumstances.

The foregoing Charter and Guidelines are intended to provide a flexible set of criteria for the effective functioning of the Company's director nominations process. The Nominating and Governance Committee intends to review the Charter and Guidelines at least annually and anticipates that modifications may be necessary from time to time as the Company's needs and circumstances evolve, and as applicable legal or listing standards change. The Nominating and Governance Committee and/or Board may amend the Charter and Guidelines at any time, in which case the most current version will be available on the Company's website at www.ptgi.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, Attention: Corporate Secretary. Communications by e-mail should be addressed to corpsec@ptgi.com and marked "Attention: Corporate Secretary" in the "Subject" field. The Corporate Secretary will review and forward all stockholder communications to the intended recipient, except for those stockholder communications that are outside the scope of board matters or duplicative of other communications by the applicable stockholder and previously forwarded to the intended recipient. Directors are expected, absent schedule conflicts, to attend our Annual Meeting of Stockholders.

Board Leadership Structure

Mr. Aquino currently serves as both our Chairman of the Board and our Chief Executive Officer. The Board of Directors considers this leadership structure to be suitable for Primus because it allows one person to lead and represent the Company and the Board of Directors, while also providing for effective oversight by an independent Board. The Board believes that having Mr. Aquino serve in the roles of Chairman and Chief Executive Officer is appropriate for Primus and its stockholders at this time, in view of Mr. Aquino's in-depth knowledge of Primus's business and industry. The Board also believes that the strength of its independent directors, each of whom serves on the Board without any affiliation with management or any stockholder group, mitigates the risk of any potential conflicts that might result from combining the roles of Chief Executive Officer and Chairman.

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

Board Role in Risk Oversight

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

- **Audit Committee.** The Audit Committee is responsible for the supervision of risk policies and processes relating to the financial statements and financial reporting processes. This Committee reviews Primus's risk management

procedures and policies and discusses with management Primus's material operating and financial risk exposures and the manner in which such exposures are managed.

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

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

Section 16(a) Beneficial Ownership Reporting Compliance

Our executive officers, directors and 10% stockholders are required under the 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.

Code of Ethics

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

Executive Officers

Executive officers are elected by and serve at the discretion of the Board of Directors. Set forth below is information regarding our executive officers as of April 15, 2011.

| Name | Age | Position |
|------------------|-----|---|
| Peter D. Aquino | 50 | Chairman of the Board of Directors, President and Chief Executive Officer |
| Christie A. Hill | 49 | General Counsel, Secretary and Senior Vice President, Compliance Officer |
| James C. Keeley | 44 | Acting Chief Financial Officer and Treasurer |
| Tracy B. Lawson | 42 | Vice President, Corporate Controller |
| Richard Ramlall | 55 | Senior Vice President, Corporate Development and Chief Communications Officer |

Peter D. Aquino. Mr. Aquino's biography can be found under "Board of Directors—Information Regarding Continuing Directors."

Christie A. Hill, 49, became the Company's General Counsel, Secretary and Senior Vice President, Compliance Officer in March 2011. Prior to Primus' merger with Arbinet on February 28, 2011, Ms. Hill served as the General Counsel and Secretary of Arbinet since February 1, 2010, following her role as the Oversight Liaison and Reporting Executive for the Troubled Asset Relief Program at the U.S. Department of Treasury. From 1998 until 2008, Ms. Hill worked at Nextel Communications and then at Sprint Nextel Corporation, where she held various leadership positions in the company's legal and governance organizations, including her most recent position as Vice President, Corporate Secretary and Chief Ethics Officer. Prior to Nextel, she served as counsel at Honda of America Mfg. where her responsibilities included a variety of corporate and transactional matters. Ms. Hill began her career at Jones Day in the firm's mergers and acquisitions group. She received her Juris Doctor (with Honors) from the Ohio State University College of Law and her Bachelor of Arts (Summa Cum Laude) from the Ohio State University.

James C. Keeley, 44, joined the Company as Vice President of Finance in May 2009, became an executive officer (Vice President—Corporate Controller) in October 2009, Acting Chief Financial Officer (Principal Financial Officer) in September 2010, and Treasurer in March 2011. Mr. Keeley has over 20 years of financial reporting and accounting experience with both private and public companies. Prior to joining the Company, Mr. Keeley was a self-employed consultant providing finance and accounting services from August 2008 to May 2009. From November 2006 to August 2008, Mr. Keeley was Vice President—Consumer Investment Banking at FBR Capital Markets Corporation. From March 2003 to November 2006, Mr. Keeley was the Corporate Controller of 3SI Security Systems, Inc., which provides cash protection systems for banks. Prior to March 2003, Mr. Keeley held various financial reporting and accounting positions, including Senior Director of Financial Reporting, with two publicly traded retail companies—The Pep Boys—Manny, Moe & Jack and David's Bridal, Inc. Mr. Keeley is a certified public accountant. Mr. Keeley holds a

Bachelor of Science from Fairmont State College.

Tracy B. Lawson, 42, became the Company's Vice President, Corporate Controller (Principal Accounting Officer) in March 2011. From October 2009 until the Company's acquisition of Arbinet on February 28, 2011, Ms. Lawson served as Controller, Vice President of Accounting for Arbinet, where her duties included external and executive financial reporting, technical accounting, and general accounting. Prior to her time at Arbinet, Ms. Lawson served as the Company's Vice President—Corporate Controller from January 2003 until September 2009, as well as Vice President—Finance for United States Operations from May 2005 until September 2006. Ms. Lawson joined the Company in 1998 and until January 2003, served as Senior Manager of Corporate and United States Operations Financial Reporting and as Director of Global Financial Reporting, with responsibilities for corporate financial reporting, consolidation of the Company's financial results and external reporting to investors.

Richard Ramlall, 55, joined the Company as Senior Vice President, Corporate Development and Chief Communications Officer in November 2010. Mr. Ramlall most recently served as Senior Vice President Strategic External Affairs and Programming at RCN Corporation, a provider of digital video, high-speed data, voice, and high-capacity transport to residential and small, medium and large enterprise and carrier customers. His tenure at RCN extended from March 2005 to August 2010, during which he led the company's regulatory, government affairs, programming, and IR and PR efforts. Before joining RCN, he served as Senior Managing Director and Executive Vice President of Spencer Trask Media and Communications Group, LLC based in Reston, Virginia. Prior to this, Mr. Ramlall served as Vice President and Managing Director for Strategy, Marketing and International Government Affairs for Bechtel Telecommunications. Mr. Ramlall was also Executive Director for International Business Affairs for Bell Atlantic International, and he spent more than 18 years in Verizon and its predecessor organizations, serving in a variety of executive positions including strategy, government affairs, marketing, business development, regulatory and legal positions. Mr. Ramlall has served as a board member of Evolving Systems, Inc. since March 2008 and he currently serves as a board member of the Alzheimer's Association, National Capital Area Chapter. In 1990, Mr. Ramlall was selected to serve a one-year appointment under the Presidential Exchange Executive Program of the White House. He holds a Bachelor of Science in Business Administration and an MGA (Technology Management) from the University of Maryland.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth, for the last two fiscal years ended December 31, 2010 and 2009, the total compensation paid or accrued to our Chief Executive Officer, our former Chief Executive Officers, our two most highly compensated executive officers other than our Chief Executive Officer whose total compensation exceeded \$100,000 for the fiscal year ended December 31, 2010 and two additional executive officers who would have been among the two most highly compensated executive officers except for the fact that they were not serving as executive officers of the Company as of December 31, 2010 (collectively, the "Named Executive Officers").

| Name | Year | Salary (\$) | Bonus (\$) | Stock Awards (3) | Option Awards (\$) (5) | Non-Equity Incentive Plan Compensation (\$) (7) | All Other Compensation (\$) (8) | Total (\$) |
|--|----------|----------------|---------------|------------------------|---------------------------------|---|--|---------------|
| Aquino, Peter D. Chairman, President and Chief Executive Officer | (1) 2010 | 175,417 | 133,918 | 1,192,625 | 28,428 | 657,996 | 14,621 | 2,203,005 |
| Spirtos, John B. Former Acting Chief Executive Officer | (2) 2010 | 241,250 | - | 490,000 | 28,428 | - | - | 759,678 |
| Singh, K. Paul | 2010 | 490,000 | - | - | - | - | 3,497,180 | 3,987,180 |

| | | | | | | | | | |
|--|------|---------|---------|---------|-----|-----------|---|-----------|-----------|
| Former Chairman, President and Chief Executive Officer | 2009 | 735,000 | 350,000 | 919,420 | (4) | 67,111(6) | - | 4,602 | 2,076,133 |
| DePodesta, John F. Former Executive Vice President, Chief Legal Officer, Chief Development Officer, Secretary and Director | 2010 | 143,748 | - | - | - | - | - | 1,897,814 | 2,041,562 |
| | 2009 | 575,000 | 25,000 | 317,968 | (4) | 25,209(6) | - | | 943,177 |
| Guirgis, Mark Former Vice President, Planning and Analysis and Treasurer | 2010 | 190,008 | 70,500 | 49,000 | - | - | - | 6,000 | 315,508 |
| Keeley, Jr., James C. Vice President, Acting Chief Financial Officer | 2010 | 238,000 | 97,447 | 49,000 | - | - | - | 4,900 | 389,347 |