

PRIMUS TELECOMMUNICATIONS GROUP INC
Form 10-K/A
October 15, 2004

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

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

For the fiscal year ended December 31, 2003

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.)

1700 Old Meadow Road, Suite 300, 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:

Title of each class

Name of each exchange on which registered

None

N/A

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

Common Stock, par value \$.01 per share

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

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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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

Non-affiliates of Primus Telecommunications Group, Incorporated held 51,065,784 shares of Common Stock as of June 30, 2003. The fair market value of the stock held by non-affiliates is \$262,988,788 based on the sale price of the shares on June 30, 2003.

As of September 30, 2004, 89,863,126 shares of Common Stock, par value \$.01, were outstanding.

Documents Incorporated by Reference:

Portions of the definitive Proxy Statement to be delivered to Stockholders in connection with the Annual Meeting of Stockholders are incorporated by reference into Part III.

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED

EXPLANATORY NOTE

Primus Telecommunications Group, Incorporated and subsidiaries (the "Company") is filing this Amendment to Form 10-K solely to amend the basic weighted average common shares outstanding and basic and diluted income per common share accordingly, disclosed in the consolidated financial statements included in Part II, Item 8 of the Company's Form 10-K for the year ended December 31, 2003 as originally filed with the Securities and Exchange Commission on March 15, 2004 (the "Annual Report"). Basic weighted average common shares outstanding as presented on the statement of operations and in the notes to the consolidated financial statements for the year ended December 31, 2003 is hereby restated to reflect the removal of the Series C convertible preferred stock from the calculation of basic weighted average common shares outstanding as it does not meet the definition of a participating security. Because the Series C Preferred was deemed to be non-participating, the shares are assumed to be converted into common shares and the accreted and deemed dividend on convertible preferred stock is removed from the calculation of diluted income per common share. Basic and diluted income per common share were restated accordingly. There is no impact on previously reported net income for the year ended December 31, 2003 nor on the statements of operations for the years ended December 31, 2002 and December 31, 2001. This Amendment reflects only the changes discussed above. No other information included in the Annual Report has been modified or updated. This Amendment continues to speak as of the date of the original filing of the Annual Report, and the Company has not updated the disclosures to reflect any events that occurred at a later date.

Concurrently, the Company is filing its amended quarterly reports on Form 10-Q/A for the quarters ended June 30, 2004, March 31, 2004 and September 30, 2003 to reflect the amended basic weighted average common shares outstanding and the calculation of basic and diluted income per common share.

This Amendment also includes Note 23 Guarantor/Non-Guarantor Consolidating Condensed Financial Information, which information was required to be disclosed in April 2004 in connection with the registration of Primus Telecommunications Holding, Inc.'s 8% senior notes due 2014, and as a result the Company filed a current report on Form 8-K on April 29, 2004 (the "Form 8-K") which superceded the previously filed Form 10-K. This Form 10-K/A supercedes the information previously filed on the Form 8-K.

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED

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PART II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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ITEM 9A. CONTROLS AND PROCEDURES

Our management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and our principal financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective. Disclosure controls and procedures mean our controls and other procedures that are designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

There have been no changes in our internal control over financial reporting or in other factors that could significantly affect internal controls over financial reporting, that occurred during the period covered by this report, nor subsequent to the date we carried out our evaluation, that have materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON FORM 8-K

- a)
Financial Statements and Schedules

The financial statements as set forth under Item 8 of this report on Form 10-K are incorporated herein.

Financial Statement Schedules:	Page
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All other financial statement schedules have been omitted since they are either not required, not applicable, or the information is otherwise included.

- b)
Reports on 8-K

Form 8-K dated October 22, 2003, was filed to announce the Company's filing of a Registration Statement on Form S-3 with the Securities and Exchange Commission concerning the resale of September 2003 Convertible Senior Notes (and the underlying shares of common stock), as contemplated by a registration rights agreement entered into between Primus and the initial purchasers of those notes in connection with their September 15, 2003 issuance and sale pursuant to Rule 144A under the Securities Act of 1933.

Form 8-K dated November 6, 2003, was filed to announce the Company's results of operations for the quarter ended September 30, 2003.

- c)
Exhibit listing

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Primus; Incorporated by reference to Exhibit 3.1 of the Registration Statement on Form S-8, No. 333-56557 (the "S-8 Registration Statement").
3.2	Amended and Restated Bylaws of Primus.
3.3	Intentionally left blank.
3.4	Registration Rights Agreement dated December 31, 2002, concerning the rights of the former holders of the Company's Series C Convertible Preferred Stock (the "2002 Registration Rights Agreement"); Incorporated by reference to the Company's Form 8-K filed with the SEC on January 2, 2003.
3.5	Amendment No. 1 to the 2002 Registration Rights Agreement; Incorporated by reference to Exhibit 4.2 to Pre-Effective Amendment No. 2 to the Company's Registration Statement on Form S-3, No. 333-110234 (the "Resale S-3").
4.1	Specimen Certificate of Primus Common Stock; Incorporated by reference to Exhibit 4.1 of the IPO Registration Statement.
4.2	Form of Indenture; Incorporated by reference to Exhibit 4.1 of the Registration Statement on Form S-1, No. 333-30195 (the "1997 Senior Note Registration Statement").

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Exhibit Number	Description
4.3	Form of Indenture of Primus, as amended and restated on January 20, 1999, between Primus and First Union National Bank; Incorporated by reference to Exhibit 4.3 of the Company's Annual Report on Form 10-K for the year ended December 31, 1998 (the "1998 10-K").
4.4	Form of Warrant Agreement of Primus; Incorporated by reference to Exhibit 4.2 of the 1997 Senior Note Registration Statement.

- 4.5 Intentionally left blank.
- 4.6 Intentionally left blank.
- 4.7 Intentionally left blank.
- 4.8 Intentionally left blank.
- 4.9 Rights Agreement, dated as of December 23, 1998, between Primus and StockTrans, Inc., including the Form of Rights Certificate (Exhibit A), the Certificate of Designation (Exhibit B) and the Form of Summary of Rights (Exhibit C); Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 8-A, No. 0-29092 filed with the Commission on December 30, 1998.
- 4.10 Form of legend on certificates representing shares of Common Stock regarding Series B Junior Participating Preferred Stock Purchase Rights; Incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form 8-A, No. 0-29092 filed with the Commission on December 30, 1998.
- 4.11 Supplemental Indenture between Primus and First Union National Bank dated January 20, 1999; Incorporated by reference to Exhibit 4.3 to Amendment No. 1 to the Company's Registration Statement on Form S-4, No. 333-76965, filed with the Commission on May 6, 1999.
- 4.12 Intentionally left blank.
- 4.13 Intentionally left blank.
- 4.14 Indenture, dated October 15, 1999, between the Company and First Union National Bank including therein the form of the notes; Incorporated by reference to the November S-4.
- 4.15 Intentionally left blank.
- 4.16 Indenture, dated February 24, 2000, between the Company and First Union National Bank; Incorporated by reference to Exhibit 4.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (the "2000 10-K").
- 4.17 Specimen 5³/₄% convertible subordinated debenture due 2007; Incorporated by reference to Exhibit A to Exhibit 4.16 to the 2000 10-K.
- 4.18 Intentionally left blank.
- 4.19 Amendment No.1 to Rights Agreement, dated as of December 30, 2002, between Primus and StockTrans, Inc.
- 4.20 Indenture dated as of September 15, 2003 between the Company and Wachovia Bank, National Association, concerning the Company's 3³/₄% convertible notes, including therein the forms of the notes; Incorporated by reference to Exhibit 4.1 of Post-Effective Amendment No. 1 (No. 333-109902) to the Company's Registration Statement on Form S-3.
- 4.21 Registration Rights Agreement dated as of September 15, 2003 between the Company, Lehman Brothers Inc. and Harris Nesbitt Corp; Incorporated by reference to Exhibit 4.2 of Post-Effective Amendment No. 1 (No. 333-109902) to the Company's Registration Statement on Form S-3.
- 4.22 Form of Senior Debt Indenture under Universal Shelf Registration Statement on Form S-3 (No. 333-110241) (the "Universal S-3"); Incorporated by reference to Exhibit 4.3 of the Universal S-3.
- 4.23 Form of Subordinated Debt Indenture under Universal S-3; Incorporated by reference to Exhibit 4.4 of the Universal S-3.

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- 10.1 Amendment No. 1 to Stockholder Agreement among Warburg, Pincus, K. Paul Singh, Primus, and TresCom, dated as of April 16, 1998; Incorporated by reference to Exhibit 10.1 of the Form 8-K for Amendments.
- 10.2 Switched Transit Agreement, dated June 5, 1995, between Teleglobe USA, Inc. and Primus for the provision of services to India; Incorporated by reference to Exhibit 10.2 of the IPO Registration Statement.
- 10.3 Hardpatch Transit Agreement, dated February 29, 1996, between Teleglobe USA, Inc. and Primus for the provision of services to Iran; Incorporated by reference to Exhibit 10.3 of the IPO Registration Statement.
- 10.4 Employment Agreement, dated June 1, 1994, between Primus and K. Paul Singh; Incorporated by reference to Exhibit 10.5 of the IPO Registration Statement.**
- 10.5 Primus 1995 Stock Option Plan, as amended; Incorporated by reference to Exhibit 10.5 of the 2000 10-K.**
- 10.6 Primus 1995 Director Stock Option Plan; Incorporated by reference to Exhibit 10.7 of the IPO Registration Statement.**
- 10.7 Intentionally left blank.
- 10.8 Service Provider Agreement between Telstra Corporation Limited and Axicorp Pty., Ltd., dated May 3, 1995; Incorporated by reference to Exhibit 10.12 of the IPO Registration Statement.
- 10.9 Dealer Agreement between Telstra Corporation Limited and Axicorp Pty., Ltd. dated January 8, 1996; Incorporated by reference to Exhibit 10.13 of the IPO Registration Statement.
- 10.10 Hardpatch Transit Agreement dated October 5, 1995 between Teleglobe USA, Inc. and Primus regarding the provision of services to India; Incorporated by reference to Exhibit 10.14 of the IPO Registration Statement.
- 10.11 Master Lease Agreement dated as of November 21, 1997 between NTFC Capital Corporation and Primus Telecommunications, Inc.; Incorporated by reference to Exhibit 10.17 of Primus's Annual Report on Form 10-K for the year ended December 31, 1997, as amended on Form 10-K/A dated April 30, 1998 (the "1997 10-K").
- 10.12 Primus Employee Stock Purchase Plan; Incorporated by reference to Exhibit 10.15 of the 1997 Senior Note Registration Statement.**
- 10.13 Primus 401(k) Plan; Incorporated by reference to Exhibit 4.4 of the Primus Registration Statement on Form S-8 (No. 333-35005).
- 10.14 Intentionally left blank.
- 10.15 Primus Telecommunications Group, Incorporated-TresCom International Stock Option Plan; Incorporated by reference to Exhibit 4.1 of the S-8 Registration Statement.**
- 10.16 Warrant Agreement between the Company and Warburg, Pincus Investors, L.P.; Incorporated by reference to Exhibit 10.6 to the TresCom Form S-1.
- 10.17 Form of Indemnification Agreement between the Company and its directors and executive officers; Incorporated by reference to Exhibit 10.23 to the TresCom Form S-1.
- 10.18 The Company's 1998 Restricted Stock Plan; Incorporated by reference to Exhibit 10.33 to Amendment No. 1 to the Company's Registration Statement on Form S-3, No. 333-86839, filed with the Commission on September 17, 1999.

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- 10.19 Agreement for the Reciprocal Purchase of Capacity On the Systems of Each of the Company and Global Crossing Holdings Ltd. Effective as of May 24, 1999; Incorporated by reference to Exhibit 10.19 of the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (the "1999 10-K").
- 10.20 Indefeasible Right of Use Agreement between Primus Telecommunications, Inc. and Qwest Communications Corporation dated December 30, 1999; Incorporated by reference to Exhibit 10.20 of the Company's 1999 10-K.
- 10.21 Common Stock Purchase Agreement between the Company and Pilot Network Services, Inc. dated December 28, 1999; Incorporated by reference to Exhibit 10.21 of the Company's 1999 10-K.
- 10.22 Warrant to purchase up to 200,000 shares of common stock of Pilot Network Services, Inc. dated December 28, 1999; Incorporated by reference to Exhibit 10.22 of the Company's 1999 10-K.
- 10.23 Intentionally left blank.
- 10.24 Intentionally left blank.
- 10.25 Intentionally left blank.
- 10.26 Intentionally left blank.
- 10.27 Intentionally left blank.
- 10.28 Form of Promissory Note issued prior to July 30, 2002 by certain officers to the Company; Incorporated by reference to Exhibit 10.28 of the Company's 2000 10-K.
- 10.29 Form of Security Agreement issued prior to July 30, 2002 by certain officers to the Company; Incorporated by reference to Exhibit 10.29 of the Company's 2000 10-K.
- 10.30 Customer Transfer Agreement by and between the Company and Cable & Wireless USA, Inc. dated as of September 13, 2002; Incorporated by reference to Exhibit 2.1 of the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2002.
- 12 Computation of ratio of earnings to fixed charges.****
- 21.1 Subsidiaries of the Registrant.****
- 23.1 Consent of Independent Registered Public Accounting Firm.*
- 31 Certifications.*
- 32 Certification.***
- 99.1 Lock-Up Agreement, as amended, dated November 21, 2003 among the Company and certain stockholders; Incorporated by reference to Exhibit 4.3 of the Resale S-3.
- 99.2 Contractual/Governance Agreement dated November 4, 2003, the Company and certain stockholders; Incorporated by reference to Exhibit 99.1 of the Resale S-3.

*

Filed herewith.

**

Compensatory benefit plan.

This certification is being "furnished" and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act (15 U.S.C. 78r) and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the registrant specifically incorporates it by reference.

Incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 2003.

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/s/ JOHN G. PUENTE*

Director

John G. Puente

October 15, 2004

/s/ DOUGLAS M. KARP*

Director

Douglas M. Karp

October 15, 2004

/s/ PAUL G. PIZZANI*

Director

Paul G. Pizzani

October 15, 2004

*By:

/s/ K. PAUL SINGH

Director

K. Paul Singh
Attorney-in-fact

October 15, 2004

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Primus Telecommunications Group, Incorporated
McLean, Virginia

We have audited the accompanying consolidated balance sheets of Primus Telecommunications Group, Incorporated and subsidiaries (the Company) as of December 31, 2003 and 2002, and the related consolidated statements of operations, stockholders' equity (deficit), cash flows and comprehensive income (loss) for each of the three years in the period ended December 31, 2003. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Primus Telecommunications Group, Incorporated and subsidiaries as of December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 2 to the financial statements, effective January 1, 2002 the Company adopted Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets."

As discussed in Note 25 to the financial statements, the accompanying 2003 financial statements have been restated to amend the basic weighted average common shares outstanding and basic and diluted income per common share.

DELOITTE & TOUCHE LLP

McLean, Virginia
March 12, 2004

(April 26, 2004 as to the guarantor disclosure in Note 23)
(October 14, 2004 as to the restatement disclosure in Note 25)

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	For the Year Ended December 31,		
	2003*	2002	2001
NET REVENUE	\$ 1,287,779	\$ 1,024,056	\$ 1,082,475
OPERATING EXPENSES			
Cost of revenue (exclusive of depreciation included below)	786,308	668,643	767,841
Selling, general and administrative	342,350	254,152	303,026
Depreciation and amortization	86,015	82,239	157,596
Loss on sale of assets	804		
Asset impairment write-down	2,668	22,337	526,309
	1,218,145	1,027,371	1,754,772
INCOME (LOSS) FROM OPERATIONS	69,634	(3,315)	(672,297)
INTEREST EXPENSE	(60,733)	(68,303)	(100,700)
EQUITY INVESTMENT WRITE-OFF AND LOSS	(2,678)	(3,225)	
GAIN ON EARLY EXTINGUISHMENT OF DEBT	12,945	36,675	491,771
INTEREST INCOME AND OTHER INCOME (EXPENSE)	1,075	2,454	(17,951)
FOREIGN CURRENCY TRANSACTION GAIN (LOSS)	39,394	8,486	(1,999)
	59,637	(27,228)	(301,176)
INCOME (LOSS) BEFORE INCOME TAXES	59,637	(27,228)	(301,176)
INCOME TAX BENEFIT (EXPENSE)	(5,769)	3,598	(5,000)
	53,868	(23,630)	(306,176)
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	53,868	(23,630)	(306,176)
EXTRAORDINARY ITEM	887		
	54,755	(23,630)	(306,176)
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	54,755	(23,630)	(306,176)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE		(10,973)	
	54,755	(34,603)	(306,176)
NET INCOME (LOSS)	54,755	(34,603)	(306,176)
ACCRETED AND DEEMED DIVIDEND ON CONVERTIBLE PREFERRED STOCK	(1,678)		
	53,077	(34,603)	(306,176)
INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 53,077	\$ (34,603)	\$ (306,176)
BASIC INCOME (LOSS) PER COMMON SHARE:			
Income (loss) before extraordinary item and cumulative effect of change in accounting principle	\$ 0.76*	\$ (0.37)	\$ (5.73)
Extraordinary item	0.01		
Cumulative effect of change in accounting principle		(0.17)	
	\$ 0.77*	\$ (0.54)	\$ (5.73)
Income (loss)	\$ 0.77*	\$ (0.54)	\$ (5.73)
DILUTED INCOME (LOSS) PER COMMON SHARE:			
Income (loss) before extraordinary item and cumulative effect of change in accounting principle	\$ 0.56*	\$ (0.37)	\$ (5.73)
Extraordinary item	0.01		
Cumulative effect of change in accounting principle		(0.17)	
	\$ 0.57*	\$ (0.54)	\$ (5.73)
Income (loss)	\$ 0.57*	\$ (0.54)	\$ (5.73)

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:

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For the Year Ended December 31,

Basic	68,936*	64,631	53,423
Diluted	97,998	64,631	53,423

*
As restated, see Note 25.

See notes to consolidated financial statements.

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PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	<u>December 31,</u> <u>2003</u>	<u>December 31,</u> <u>2002</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 64,066	\$ 92,492
Accounts receivable (net of allowance for doubtful accounts receivable of \$20,975 and \$23,406)	200,817	160,421
Prepaid expenses and other current assets	36,930	33,105
	<u>301,813</u>	<u>286,018</u>
Total current assets	301,813	286,018
RESTRICTED CASH	12,463	11,712
PROPERTY AND EQUIPMENT Net	341,167	330,102
GOODWILL Net	59,895	48,963
OTHER INTANGIBLE ASSETS Net	22,711	29,696
OTHER ASSETS	13,115	18,097
	<u>751,164</u>	<u>724,588</u>
TOTAL ASSETS	\$ 751,164	\$ 724,588
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	\$ 108,615	\$ 99,653
Accrued interconnection costs	89,993	98,224
Accrued expenses and other current liabilities	69,456	59,534
Accrued income taxes	22,387	12,120
Accrued interest	12,852	18,027
Current portion of long-term obligations	24,385	63,231
	<u>327,688</u>	<u>350,789</u>
Total current liabilities	327,688	350,789
LONG-TERM OBLIGATIONS	518,066	537,757
OTHER LIABILITIES	1,776	3,868
	<u>847,530</u>	<u>892,414</u>
Total liabilities	847,530	892,414
COMMITMENTS AND CONTINGENCIES (Note 11)		
SERIES C CONVERTIBLE PREFERRED STOCK, \$0.01 par value		
559,950 shares authorized, none issued and outstanding in 2003; 438,853 shares issued and outstanding in 2002; liquidation preference of \$32,917		
		32,297
STOCKHOLDERS' DEFICIT:		
Preferred stock: Series A and B, \$0.01 par value 1,895,050 shares authorized; none issued and outstanding; Series C, \$0.01 par value 559,950 shares authorized; none issued and outstanding		
Common stock, \$0.01 par value 150,000,000 shares authorized; 88,472,546 and 64,927,406 shares issued and outstanding		
	885	649
Additional paid-in capital	651,159	607,856
Accumulated deficit	(685,077)	(739,832)
Accumulated other comprehensive loss	(63,333)	(68,796)

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	December 31, 2003	December 31, 2002
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
Total stockholders' deficit	(96,366)	(200,123)
	<u> </u>	<u> </u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 751,164	\$ 724,588
	<u> </u>	<u> </u>

See notes to consolidated financial statements.

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PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands)

	Preferred Stock		Common Stock			Accumulated Deficit	Accumulated Other Comprehensive Loss	Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Additional Paid-In Capital			
BALANCE, JANUARY 1, 2001			40,636	\$ 406	\$ 540,321	\$ (399,053)	\$ (57,979)	\$ 83,695
Common shares issued for business acquisitions			265	3	587			590
Common shares issued upon exercise of employee stock options, net of note receivable			229	2	(2)			
Common shares cancelled upon rescission of employee stock options			(229)	(2)	509			