

PRIMUS TELECOMMUNICATIONS GROUP INC

Form 424B3

June 29, 2007

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**The information in this preliminary prospectus supplement is not complete and may be changed. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-110241

**PRELIMINARY PROSPECTUS SUPPLEMENT (Subject to Completion dated June 28, 2007)**

*(To Prospectus dated June 22, 2007)*

**Shares**

**Common Stock**

We are offering to sell \_\_\_\_\_ shares of our common stock. Proceeds from any sale of our common stock will be used for general corporate purposes. We do not expect to derive a specific price per share for the common stock offered and sold hereunder; however, the minimum offering amount condition we have established for this offering is 21,857,924 shares of common stock for an aggregate purchase price of \$20 million (the Minimum Offering Level). You should read both this prospectus supplement and the accompanying prospectus dated June 22, 2007 before you invest in our common stock.

Our common stock currently is quoted on the over-the-counter bulletin board under the symbol PRTL.OB, and the last reported sale price of our common stock on June 28, 2007 was \$0.94 per share.

**Investing in our common stock involves risks. See Risk Factors beginning on page 5 of the base prospectus included with this prospectus supplement.**

CRT Capital Group LLC has agreed to act as placement agent in connection with this offering. We have agreed to pay the placement agent the placement services and financial advisory fees set forth in the table below assuming the offering is completed at the Minimum Offering Level.

	Per Share	Total
Offering price	\$	\$
Placement agent fees	\$	\$
Proceeds to the Company before expenses	\$	\$

We estimate that the total expenses of the offering, excluding placement agent fees, will be approximately \$450,000. The actual public offering amount, placement agent fees and proceeds to us, if any, are not presently determinable and may be different from any amounts set forth herein. The placement agent is not required to arrange the sale of any specific number or dollar amount of shares of common stock but will use its reasonable efforts to arrange for the sale of all of the shares of common stock offered hereby. Pursuant to an escrow agreement among us, the placement agent and an escrow agent, the funds received in payment for the shares of common stock sold in this offering will be wired to an escrow account and held until we and the placement agent notify the escrow agent that the offering has closed, indicating the date on which the shares of common stock are to be delivered to the investors and the proceeds are to be delivered to us.

Delivery of the shares will be made on or about \_\_\_\_\_, 2007.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**CRT CAPITAL GROUP LLC**

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Sole Placement Agent

The date of this prospectus supplement is June , 2007.

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus, and the documents incorporated by reference in this prospectus supplement or the accompanying prospectus, or to which we have referred you. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus supplement and the accompanying prospectus in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation of an offer in such jurisdiction. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus, or any document incorporated by reference in this prospectus supplement or the accompanying prospectus, is accurate as of any date other than the date on the front cover of the applicable document. Neither the delivery of this prospectus supplement nor any distribution of securities pursuant to this prospectus supplement shall, under any circumstances, create any implication that there has been no change in the information set forth or incorporated by reference into this prospectus supplement or in our affairs since the date of this prospectus supplement. Our business, financial condition, results of operations and prospects may have changed since that date.

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of the common stock we are offering and also adds to and updates information contained in the accompanying prospectus. The second part, the prospectus, provides more general information. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus, on the other hand, you should rely on the information in this prospectus supplement.

Unless otherwise stated in this prospectus supplement, all references to us, our, we, the Company and similar designations refer to Primus Telecommunications Group, Incorporated and our subsidiaries. References in this prospectus supplement to PRIMUS refer exclusively to Primus Telecommunications Group, Incorporated. Our logo, trademarks and service marks are the property of the Company. Other trademarks or service marks appearing in this prospectus are the property of their respective holders.

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**THE OFFERING**

*We provide the following summary solely for your convenience. This summary is not a complete description of this offering. You should read the full text and more specific details contained elsewhere in this prospectus supplement, the accompanying prospectus, including the Risk Factor section beginning on page 5, as well as the financial statements and the other information incorporated by reference herein before making an investment decision.*

Issuer	Primus Telecommunications Group, Incorporated
Common stock offered by us(1)	21,857,924
Common stock to be outstanding after the offering(1), (2)	141,990,464
Use of proceeds(1)	We are offering to sell 21,857,924 shares of our common stock. Proceeds from any sale of our common stock will be used for general corporate purposes (including debt reduction).
Risk Factors	You should read the Risk Factors section beginning on page 5 of the base prospectus accompanying this prospectus supplement for a discussion of factors to consider before deciding to purchase shares of our common stock.
Over-the-counter bulletin board symbol	PRTL.OB

(1) Assumes completion of offering at Minimum Offering Level.

(2) Does not include common stock of 81.6 million shares in the aggregate that may be issued pursuant to the exchange, exercise or conversion of the following outstanding securities: exchangeable notes (46.9 million shares), stock options (7.5 million shares) and convertible notes (27.2 million shares).

**USE OF PROCEEDS**

We are offering to sell shares of our common stock. We estimate that, at the Minimum Offering Level, our net proceeds from this offering will be approximately \$ million at an offering price of \$ per share, after deducting the placement agent's placement services and financial advisory services and the estimated offering expenses of \$450,000. Proceeds from any sale of our common stock will be used for general corporate purposes (including debt reduction).

**DESCRIPTION OF CAPITAL STOCK**

**General**

PRIMUS's certificate of incorporation authorizes the issuance of 300,000,000 shares of common stock, and 2,455,000 shares of preferred stock, each par value \$0.01 per share. As of June 15, 2007, PRIMUS's outstanding capital stock consisted of 120,132,540 shares of common stock and no shares of preferred stock.

The following summaries of certain provisions of PRIMUS's capital stock do not purport to be complete and are subject to, and qualified in their entirety by, the provisions of the certificate of incorporation and bylaws of PRIMUS, which are available from PRIMUS upon request, and by applicable law. PRIMUS is a Delaware corporation and is subject to the Delaware General Corporation Law ( "DGCL" ).

**Common Stock**

Holders of common stock are entitled to one vote per share on all matters to be voted upon by PRIMUS's stockholders, and the holders of its common stock vote together as a single class on all matters to be voted upon by the stockholders. The holders of common stock are entitled to receive ratably dividends when, as and if declared



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from time to time by the board of directors out of PRIMUS's assets available for the payment of dividends to the extent permitted by law, subject to preferences that may be applicable to any outstanding preferred stock and any other provisions of its certificate of incorporation. PRIMUS does not, however, anticipate paying any cash dividends in the foreseeable future.

Holders of common stock have no preemptive or other rights to subscribe for additional shares. No shares of common stock are subject to redemption or a sinking fund. Holders of common stock also do not have cumulative voting rights, which means the holder or holders of more than half of the shares voting for the election of directors can elect all the directors then being elected. In the event of any liquidation, dissolution or winding up of PRIMUS, whether voluntary or involuntary, after payment of its debts and other liabilities, and subject to the rights and liquidation preference, if any, of holders of shares of preferred stock, holders of common stock are entitled to share pro rata in any distribution of remaining assets to the stockholders. All of the outstanding shares of common stock are, and the shares issued upon conversion or exchange of the notes will be, fully paid and nonassessable.

## **Governance Agreement**

### *Contractual Governance Provisions*

PRIMUS has agreed that, for so long as the former holders of its Series C Preferred Stock (the Former Series C Holders) own common stock representing at least five percent (5%) of the total outstanding voting power of PRIMUS on a Fully Diluted Basis (as defined below), it will use its best efforts, subject to the exercise of fiduciary duties by our Board of Directors, to have a designee of the Former Series C Holders nominated for election by our stockholders as a member of the Board of Directors (without any guarantee that such person shall be elected as a director); and ten percent (10%) of the total outstanding voting power of Primus on a Fully Diluted Basis, it will use its best efforts, subject to the exercise of fiduciary duties, by our Board of Directors to have a designee of the Former Series C Holders serve as a non-voting observer to the board of directors (the Board Observer); provided that such director nominee and the Board Observer are reasonably acceptable to a majority of our other directors. Pursuant to those rights and provisions, as of the date of this prospectus supplement, Paul G. Pizzani serves as a director and Geoffrey L. Hamlin serves as the Board Observer. For purposes of determining a stockholder's ownership percentage, Fully Diluted Basis shall mean the inclusion of all issued and outstanding shares of common stock plus the maximum number of shares of common stock issuable upon the exercise or conversion of all outstanding debt and equity securities.

For so long as the Former Series C Holders own common stock representing at least ten percent (10%) of the total outstanding voting power of PRIMUS on a Fully Diluted Basis, PRIMUS may not without majority approval of the non-management directors of PRIMUS, voting together as a group:

merge or consolidate PRIMUS or any subsidiary with annual revenues of at least \$75,000,000 (a Material Subsidiary) unless there is no change of control of Primus or any Material Subsidiary, measured by majority equity ownership;

sell, transfer or dispose of all or substantially all of the assets of PRIMUS or any Material Subsidiary;

incur indebtedness such that we have in excess of \$535 million of Net Debt (defined below);

authorize total common stock issuable upon the exercise of employee, consultant and certain other options, whether granted prior to, on or after the second closing of the Series C Preferred on March 31, 2003, in excess of 9,000,000 shares (subject to replenishment upon the forfeiture of unvested options);

liquidate, reorganize, recapitalize, declare bankruptcy, consent to a receiver, or effect a general assignment for the benefit of creditors; or

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issue common stock or common stock equivalents at an effective purchase price per share (including the assumed payment of all applicable exercise or conversion payments at the time of issuance) that is less than the average closing price of the common stock for the consecutive 20-day trading period preceding such issuance, other than certain excluded issuances.

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Net Debt means indebtedness of PRIMUS with a maturity of one (1) year or more, less our unrestricted cash balance as of the last day of the quarter preceding the calculation date.

### **Preferred Stock**

PRIMUS is authorized to issue up to 2,455,000 shares of preferred stock, par value \$0.01 per share (the Preferred Stock ), of which 455,000 shares are designated Series A Preferred Stock, 30,000 shares are designated Series B Junior Participating Preferred Stock, and 559,950 shares are designated Series C Preferred.

In addition to the Preferred Stock designated as described above, PRIMUS's board of directors, without further action by the holders of its common stock is also authorized to issue up to 1,410,050 shares of other Preferred Stock ( Other Preferred Stock ). The PRIMUS board of directors may determine the timing, series, designation and number of shares of Other Preferred Stock to be issued, as well as the rights, preferences and limitations of such shares, including those related to voting power, redemption, conversion, dividend rights and liquidation preferences. The issuance of Other Preferred Stock could in certain circumstances adversely affect the voting power of the holders of PRIMUS's common stock or have the effect of deterring or delaying any attempt by a person, entity or group to obtain control of PRIMUS.

### **Takeover Protections**

#### *Classified Board*

Pursuant to PRIMUS's By-laws, its board of directors is divided into three classes of directors each containing, as nearly as possible, an equal number of directors. Directors within each class are elected to serve three-year terms and approximately one-third of the directors sit for election at each annual meeting of PRIMUS's stockholders. A classified board of directors may have the effect of deterring or delaying any attempt by any group to obtain control of PRIMUS by a proxy contest since such third party would be required to have its nominees elected at two separate annual meetings of PRIMUS stockholders in order to elect a majority of the members of the board of directors. Directors who are elected to fill a vacancy (including vacancies created by an increase in the number of directors) must be confirmed by the stockholders at the next annual meeting of stockholders whether or not such director's term expires at such annual meeting.

#### *Other Protections Under By-Laws*

PRIMUS's by-laws allow the board of directors to increase the number of directors from time to time and to fill any vacancies on the board of directors, including vacancies resulting from an increase in the number of directors. This provision is designed to provide the board of directors with flexibility to deal with an attempted hostile takeover by a stockholder who may acquire a majority voting interest in PRIMUS without paying a premium. This provision allows the board of directors to increase its size and prevent a squeeze-out of any remaining minority interest soon after a new majority stockholder gains control over PRIMUS. Further, the by-laws limit the new majority stockholder's power to remove a current or all current directors before the annual meeting in the absence of cause. Cause for removal of a director is limited to:

- (1) a judicial determination that a director is of unsound mind;
- (2) a conviction of a director of an offense punishable by imprisonment for a term of more than one year;
- (3) a breach or failure by a director to perform the statutory duties of said director's office if the breach or failure constitutes self-dealing, willful misconduct or recklessness; or
- (4) a failure of a director, within 60 days after notice of his or her election, to accept such office either in writing or by attending a meeting of the board of directors and fulfilling such other requirements of qualification as the by-laws or certificate of incorporation may provide.

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*Rights Agreement*

PRIMUS is party to an agreement with StockTrans, Inc., as Rights Agent, dated December 23, 1998 (as amended, the *Rights Agreement* ). The *Rights Agreement* provides for the distribution of rights that entitle the registered holder, subject to the terms of the *Rights Agreement* (including the *Exchange Right* described in the succeeding paragraph), to purchase from PRIMUS one-thousandth of a share (a *Unit* ) of Series B Junior Participating Preferred Stock, par value \$0.01 per share (the *Series B Preferred* ), at a purchase price of \$90.00 per *Unit*, subject to adjustment (the *Rights* ). Each *Unit* is designed to be the economic equivalent of one share of PRIMUS common stock. The *Rights* are presently attached to all certificates representing shares of outstanding common stock. The *Rights* will separate from the common stock and the *Rights* will become exercisable (such date, a *Distribution Date* ) upon the earlier of:

ten business days following a public announcement (the date of such announcement being the *Stock Acquisition Date* ) that a person or group of affiliated or associated persons (an *Acquiring Person* ) has acquired, obtained the right to acquire, or otherwise obtained beneficial ownership of 20% or more of the then outstanding shares of common stock; or

ten business days following the commencement of a tender offer or exchange offer that would result in an *Acquiring Person* owning 20% or more of the then outstanding shares of common stock, or such later date as may be determined by action of a majority of the members of the board of directors (such determination to be made prior to such time as any person becomes an *Acquiring Person*).

The term *Acquiring Person* does not include PRIMUS, any of its subsidiaries, or any of its employee benefit plans or employee stock plans (each such person or entity being referred to as an *Exempt Person* ).

In the event that

PRIMUS is the surviving corporation in a merger with an *Acquiring Person* and shares of common stock shall remain outstanding;

a person or group of affiliated or associated persons becomes the beneficial owner of 20% or more of the then outstanding shares of common stock;

an *Acquiring Person* engages in one or more *self-dealing* transactions as set forth in the *Rights Agreement*; or

during such time as there is an *Acquiring Person*, an event occurs which results in such *Acquiring Person*'s ownership interest being increased by more than 1% (e.g., by means of a reverse stock split or recapitalization);

then, in each case, each holder of a *Right* will thereafter have the right to receive, upon exercise, a *Unit* of Series B Preferred (or, in certain circumstances, common stock, cash, property or other of PRIMUS's securities) having a value equal to two times the exercise price of the *Right*. The exercise price is the purchase price multiplied by the number of *Units* of Series B Preferred issuable upon exercise of a *Right* prior to the events described in this paragraph. PRIMUS's board of directors may, at its option, at any time after a person becomes an *Acquiring Person*, cause PRIMUS to exchange all or any part of the then outstanding and exercisable *Rights* for shares of PRIMUS common stock at an exchange ratio of one share per *Right* (as adjusted for stock splits, stock dividends or similar transactions) or for *Units* of PRIMUS Preferred Stock designed to have the same voting rights as one share of PRIMUS common stock (the *Exchange Right* ). The *Exchange Right* will terminate once any person (other than an *Exempt Person*), together with that person's affiliates and associates, becomes the beneficial owner of a majority of PRIMUS common stock then outstanding. Notwithstanding any of the foregoing, following the occurrence of any of the events set forth in this paragraph, all *Rights* that are, or (under certain circumstances specified in the *Rights Agreement*) were, beneficially owned by any *Acquiring Person* will be null and void.

In the event that, at any time following the *Stock Acquisition Date*,



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PRIMUS is acquired in a merger or other business combination transaction and PRIMUS is not the surviving corporation (other than a merger described in the preceding paragraph);

any person or group of affiliated or associated persons consolidates or merges with PRIMUS and all or part of the common stock is converted or exchanged for securities, cash or property of any other person or group of affiliated or associated persons; or

50% or more of PRIMUS's assets or earning power is sold or transferred, each holder of a Right (except the Rights which previously have been voided or exchanged as described above) shall thereafter have the right to receive, upon exercise, common stock of the Acquiring Person having a value equal to two times the exercise price of the Right.

The Rights are not exercisable until the Distribution Date and will expire on December 23, 2008 unless the term of the agreement is extended or the Rights are earlier redeemed or exchanged by PRIMUS. At the time until ten business days following the Stock Acquisition Date or such later date as a majority of the members of the board of directors shall determine (such determination to be made prior to the date specified by the Rights Agreement), a majority of the board of directors may redeem the Rights in whole, but not in part, at a price of \$0.001 per Right (subject to adjustment in certain events) (the Redemption Price). Immediately upon the action of a majority of the board of directors ordering the redemption of the Rights, the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

### *Statutory Provisions*

PRIMUS is subject to Section 203 of the DGCL which, subject to certain exceptions, prohibits a Delaware corporation, the voting stock of which is generally publicly traded (e.g., listed on a national securities exchange or authorized for quotation on an inter-dealer quotation system of a registered national securities association) or held of record by more than 2,000 stockholders, from engaging in any business combination (as defined below) with any interested stockholder (as defined below) for a period of three years following the date that such stockholder became an interested stockholder, unless:

prior to such date, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (1) by persons who are directors and also officers, and (2) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

on or subsequent to such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66<sup>2</sup>/<sub>3</sub>% of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 of the DGCL defines business combination to include:

any merger or consolidation involving the corporation and the interested stockholder;

any sale, transfer, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;

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subject to certain exceptions, any transaction which results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

any transaction involving the corporation which has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or

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the receipt by the interested stockholder of benefits provided by or through the corporation. In general, Section 203 defines an interested stockholder as any person who, together with any affiliates or associates of such person, beneficially owns, directly or indirectly, 15% or more of the outstanding voting stock of a Delaware corporation.

This provision of the DGCL could prohibit or delay mergers or other takeover or change of control attempts with respect to PRIMUS and, accordingly, may discourage attempts that might result in a premium over the market price for shares held by PRIMUS's stockholders.

### *Acceleration of Vesting*

Upon a change of control, PRIMUS's board of directors may accelerate the vesting of all unvested options issued pursuant to its stock option plans. The acceleration of vesting of such options upon a change of control may have the effect of discouraging a third party from making a tender offer or otherwise attempting to obtain control of PRIMUS by making any such transaction more costly.

### *Repurchase of Notes*

Upon a change of control, pursuant to the indentures governing certain debt securities of PRIMUS and its subsidiaries, the holders of such notes may require the obligor to repurchase their notes. These provisions may have the effect of discouraging a third party from making a tender offer or otherwise attempting to obtain control of PRIMUS.

## **Indemnification of Directors and Officers**

Section 145 of the DGCL provides the power to indemnify any director or officer acting in his capacity as PRIMUS's representative who was, is or is threatened to be made a party to any action or proceeding for expenses, judgments, penalties, fines and amounts paid in settlement in connection with that action or proceeding. The indemnity provisions apply whether the action was instituted by a third party or arose by or in PRIMUS's right. Generally the only limitations on PRIMUS's ability to indemnify its director or officer is that the director or officer acted in good faith in a manner reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action, that the director or officer has no reasonable cause to believe that his conduct was unlawful.

Article V of its by-laws provides that PRIMUS will indemnify any person by reason of the fact that he or she is or was a director, officer, employee or agent of Primus (or is or was serving in such capacity for another entity at PRIMUS's request). To the extent that a director, officer, employee or agent of ours has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in such Article V, or in defense of any claim, issue or matter therein, he or she shall be indemnified by PRIMUS against actually and reasonably incurred expenses in connection therewith. Such expenses may be paid by PRIMUS in advance of the final disposition of the action upon receipt of an undertaking to repay the advance if it is ultimately determined that such person is not entitled to indemnification.

PRIMUS's by-laws authorize it to take steps to ensure that all persons entitled to indemnification are properly indemnified, including, if the board of directors so determines, purchasing and maintaining insurance. PRIMUS has obtained a policy insuring its directors and officers against certain liabilities, including liabilities under the Securities Act.

## **Limitation of Liability**

PRIMUS's certificate of incorporation provides that none of its directors shall be personally liable to PRIMUS or its stockholders for monetary damages for a breach of fiduciary duty as a director, except for liability:

for any breach of that person's duty of loyalty to PRIMUS or its stockholders;

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for acts or omissions not in good faith or involving intentional misconduct or a knowing violation of law;

for the unlawful payment of dividends on or redemption of PRIMUS's capital stock; and

for any transaction from which that person derived an improper personal benefit.

PRIMUS maintains directors and officers' liability insurance to provide directors and officers with insurance coverage for losses arising from claims based on breaches of duty, negligence, error and other wrongful acts. At present, there is no pending litigation or proceeding, and PRIMUS is not aware of any threatened litigation or proceeding, involving any director or officer where indemnification will be required or permitted under PRIMUS's certificate of incorporation or its by-laws.

**Transfer Agent and Registrar**

The transfer agent and registrar for PRIMUS common stock is StockTrans, Inc. Our shares of common stock currently are quoted on the over-the-counter bulletin board under the symbol PRTL.OB.

**PLAN OF DISTRIBUTION**

CRT Capital Group LLC, which we refer to as the placement agent, has entered into a placement agent agreement with us in which it has agreed to act as our placement agent in connection with the offering. Under the placement agent agreement, the placement agent has agreed to use its commercially reasonable efforts to introduce us to investors who are Qualified Institutional Buyers (as defined in Rule 144A of the Securities Act of 1933, as amended) and institutional Accredited Investors (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D of the Securities Act of 1933, as amended) who will purchase the shares. The placement agent has no obligation to buy any of the shares from us or to arrange the purchase or sale of any specific number or dollar amount of the shares. We will enter into subscription agreements directly with investors in connection with this offering.

Certain investor funds may be deposited into an escrow account set up at JPMorgan Chase Bank, N.A., a national banking association incorporated under the laws of the United States of America, as escrow agent. The escrow agent will not accept any investor funds until the date of this prospectus supplement. Before the closing date, the escrow agent will notify the placement agent when funds to pay for the shares have been received. At the closing, we will deliver to the investors physical certificates for the shares. If the conditions to this offering are not satisfied or waived, then all investor funds that were deposited into escrow will be returned to investors and this offering will terminate.

We have agreed to pay the placement agent upon closing of the offering an aggregate fee equal to 5% of the gross proceeds of this offering as compensation for its placement services, and 1% of the gross proceeds of this offering as compensation for its financial advisory services. The following table shows the per share and total fees we will pay to the placement agent assuming all of the shares offered by this prospectus supplement are issued and sold by us at the Minimum Offering Level.

	Per Share	Total
Placement Agent Fees payable by us	\$	\$

The minimum offering amount (at the Minimum Offering Level) will be 21,857,924 shares for an aggregate purchase price of \$20 million, unless such minimum offering amount is expressly waived by us.

We have also agreed to reimburse the placement agent for its out-of-pocket expenses in connection with the offering. We estimate that our total expenses of this offering, excluding the placement agent fees, will be approximately \$450,000.

We have agreed, other than as described below or in connection with the sale of our shares of common stock in connection with this offering, that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the

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Securities Act of 1933 relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of the placement agent for a period of 60 days after the date of the placement agent agreement, except for the following: the filing of registration statements for securities of PRIMUS or its subsidiaries required under registration rights agreements in existence on the date hereof; issuances of securities pursuant to the exercise of employee stock options, the conversion of subordinated debentures and convertible senior notes, or the exchange of exchangeable senior notes, in each case outstanding on the date hereof; or issuances pursuant to one or more exchange offers under Section 3(a)(9) of the Securities Act of 1933, as amended. In the event that either (1) during the last 17 days of the lock-up period, we release earnings results or material news, or a material event relating to us occurs or (2) prior to the expiration of the lock-up period, we announce that we will release earnings results during the 16-day period beginning on the last day of the lock-up period, then in either case the expiration of the lock-up will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of the material news or material event, as applicable, unless the placement agent waives, in writing, such an extension.

Our executive officers have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of the placement agent for a period of 60 days after the date of this prospectus supplement. In the event that either (1) during the last 17 days of the lock-up period, we release earnings results or material news, or a material event relating to us occurs or (2) prior to the expiration of the lock-up period, we announce that we will release earnings results during the 16-day period beginning on the last day of the lock-up period, then in either case the expiration of the lock-up will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of the material news or material event, as applicable, unless the placement agent waives, in writing, such an extension. We will provide the placement agent and any stockholder of the Company subject to lock-up during the lock-up period with prior notice of any such announcement that gives rise to an extension of the lock-up period.

We have agreed to indemnify the placement agent against certain liabilities relating to the offering, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments that the placement agent may be required to make in that respect.

From time to time, the placement agent and its affiliates have provided, and may from time to time in the future provide, investment banking and other services to us for which they receive customary fees and commissions.

The placement agent has informed us that it does not intend to engage in over-allotment, stabilizing transactions or syndicate covering transactions in connection with this offering.

A prospectus supplement and the accompanying prospectus in electronic format may be made available on the web sites maintained by the placement agent and the placement agent may distribute the prospectus supplement and the accompanying prospectus electronically.

## **LEGAL MATTERS**

Hogan & Hartson LLP, McLean, Virginia, has passed upon legal matters for us regarding the validity of the common stock offered hereby.

WE HAVE AUTHORIZED NO ONE TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS. YOU SHOULD RELY ONLY ON THE INFORMATION PROVIDED IN THIS PROSPECTUS SUPPLEMENT, THE ACCOMPANYING PROSPECTUS OR INCORPORATED BY REFERENCE HEREIN OR THEREIN. YOU MUST NOT RELY ON ANY UNAUTHORIZED INFORMATION.

THIS PROSPECTUS SUPPLEMENT DOES NOT OFFER TO SELL OR BUY ANY SHARES OF OUR COMMON STOCK IN ANY JURISDICTION WHERE IT IS UNLAWFUL. YOU SHOULD NOT ASSUME THAT THE INFORMATION IN THIS PROSPECTUS SUPPLEMENT IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE ON THE FRONT OF THIS DOCUMENT.



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**PROSPECTUS**

**\$200,000,000**

**PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED**

**Common Stock**

**Preferred Stock**

**Depositary Shares**

**Debt Securities**

**Warrants**

From time to time, we may sell common stock, preferred stock, debt securities and/or warrants. Any preferred stock that we sell may be sold either as shares of preferred stock or represented by depositary shares.

We will provide the specific terms of these securities in one or more supplements to this prospectus. You should read this prospectus, the information incorporated by reference in this prospectus and any prospectus supplement carefully before you invest.

Our common stock is traded on the over-the-counter bulletin board under the symbol PRTL.OB. The last reported sales price of the common stock, as reported on the over-the-counter bulletin board on June 21, 2007 was \$1.03 per share. The applicable prospectus supplement will contain information, where applicable, as to any other listing on the Nasdaq Market or any securities market or other exchange of the securities, if any, covered by the prospectus supplement.

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**INVESTING IN OUR SECURITIES INVOLVES RISKS. SEE RISK FACTORS BEGINNING ON PAGE 5.**

**THIS PROSPECTUS MAY NOT BE USED TO OFFER OR SELL ANY SECURITIES UNLESS ACCOMPANIED BY A PROSPECTUS SUPPLEMENT.**

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The securities may be sold directly by us to investors, through agents designated from time to time or to or through underwriters or dealers. For additional information on the methods of sale, you should refer to the section entitled "Plan of Distribution" in this prospectus. If any underwriters are involved in the sale of any securities with respect to which this prospectus is being delivered, the names of such underwriters and any applicable commissions or discounts and over-allotment options will be set forth in a prospectus supplement. The price to the public of such securities and the net proceeds we expect to receive from such sale will also be set forth in a prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

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**The date of this prospectus is June 22, 2007**

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You should rely only on the information contained or incorporated by reference into this prospectus or any applicable prospectus supplement. We have not authorized anyone to provide you with different information. We are not making an offer of the securities to be sold under this prospectus in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus or any applicable prospectus supplement is accurate as of any date other than the date on the front cover of this prospectus or the prospectus supplement, or that the information contained in any document incorporated by reference is accurate as of any date other than the date of the document incorporated by reference, regardless of the time of delivery of this prospectus or any sale of a security.

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, using a shelf registration process. Under this shelf registration process, we may sell common stock, preferred stock, debt securities and warrants under this prospectus in one or more offerings up to a total dollar amount of \$200,000,000. Any preferred stock that we sell may be sold either as shares of preferred stock or be represented by depositary shares. This prospectus provides you with a general description of the securities we may offer. Each time we sell any securities under this prospectus, we will provide a prospectus supplement that will contain more specific information about the terms of those securities. We may also add, update or change in a prospectus supplement any of the information contained in this prospectus or in documents we have incorporated by reference into this prospectus. This prospectus, together with the applicable prospectus supplements and the documents incorporated by reference into this prospectus, includes all material information relating to this offering. You should carefully read both this prospectus and the applicable prospectus supplement together with the additional information described under **Where You Can Find More Information** before buying securities in this offering.

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**SUMMARY**

*This summary highlights some of the information in this prospectus. Because this is only a summary, it does not contain all of the information that may be important to you. To understand this prospectus, the securities offered hereunder and our business, you should read the entire prospectus, particularly Risk Factors and the consolidated financial statements and related notes incorporated by reference into this prospectus. References in this prospectus to we, us, our or the Company refer to Primus Telecommunications Group, Incorporated together with its consolidated subsidiaries, unless otherwise noted. References in this prospectus to PRIMUS refer exclusively to Primus Telecommunications Group, Incorporated.*

The Company is an integrated telecommunications services provider offering a portfolio of international and domestic voice, wireless, Internet, voice-over-Internet protocol (VOIP), data and hosting services to business and residential retail customers and other carriers located primarily in the United States, Australia, Canada, the United Kingdom and western Europe. PRIMUS's focus is to service the demand for high quality, competitively priced communications services that is being driven by the globalization of the world's economies, the worldwide trend toward telecommunications deregulation and the growth of broadband, Internet, VOIP, wireless and data traffic.

The Company targets customers with significant telecommunications needs, including small- and medium-sized enterprises (SMEs), multinational corporations, residential customers, and other telecommunications carriers and resellers. The Company provides services over its global network, which consists of:

15 carrier-grade international gateway and domestic switching systems (the hardware/software devices that direct the voice traffic across the network) in the United States, Canada, Australia, Europe and Japan;

approximately 350 interconnection points to the Company's network, or points of presence (POPs), within its service regions and other markets;

undersea and land-based fiber optic transmission line systems that the Company owns or leases and that carry voice and data traffic across the network; and

global network and data centers that use a high-bandwidth network standard (asynchronous transfer mode) and Internet-based protocol (ATM+IP) to connect with the network. The global VOIP network is based on routers and gateways with an open network architecture which connects the Company's partners in over 150 countries.

The services the Company offers can be classified into three main product categories: voice, data/Internet and VOIP services. Within these three main product categories, the Company offers its customers a wide range of services, including:

international and domestic long distance services over the traditional network;

wholesale and retail VOIP services;

wireless services;

prepaid services, toll-free services and reorigination services;

dial-up, dedicated and high-speed Internet access;

local voice services;

ATM+IP broadband services; and

managed and shared Web hosting services and applications.

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Generally, the Company prices its services competitively or at a discount with the major carriers and service providers operating in its principal service regions. The Company seeks to continue to generate net revenue through sales and marketing efforts focused on customers with significant communications needs (international and domestic voice, wireless, VOIP, high speed and dial-up Internet and data), including SMEs, multinational corporations, residential customers, and other telecommunications carriers and resellers. The Company also seeks growth opportunities through acquisitions.

Since 2005, we have selectively targeted opportunities to participate in growth areas for telecommunications local, wireless, broadband, and VOIP, which we call our new products or new product initiatives. Our approach in these areas has common elements: focus on bundling services to end-user customers; leverage our existing global voice, data and Internet network; and utilize established distribution channels and back-office systems.

### **Recent Developments**

On June 6, 2007, PRIMUS exchanged 6,000,000 shares of its common stock (the 2007 Common Exchange ) for \$5.0 million principal amount of its Step Up Convertible Subordinated Debentures due August 2009 (the Debentures ). The common stock was issued pursuant to an exemption under Section 3(a)(9) of the Securities Act of 1933, as amended. This exchange, and the resulting extinguishment of \$5.0 million in Debentures, reduces the outstanding principal of the Debentures to \$22.5 million.

### **Other Information**

PRIMUS was incorporated in Delaware in 1994. The principal executive offices of PRIMUS is located at 7901 Jones Branch Drive, Suite 900, McLean, Virginia 22102, and the telephone number at that address is (703) 902-2800.

### **The Securities We May Offer**

We may offer shares of common stock and preferred stock, various series of debt securities, as referenced on the cover page of this prospectus, and warrants to purchase any of such securities with a total value of up to \$200 million from time to time under this prospectus at prices and on terms to be determined by market conditions at the time of offering. Any preferred stock that we may offer may be offered either as shares of preferred stock or be represented by depositary shares. This prospectus provides you with a general description of the securities we may offer. Each time we offer a type or series of securities, we will provide a prospectus supplement that will describe the specific amounts, prices and other important terms of the securities, including, to the extent applicable:

the specific issuer or issuers of the securities;

designation or classification;

aggregate principal amount or aggregate offering price;

maturity;

original issue discount, if any;

rates and times of payment of interest or dividends, if any;

redemption, conversion, exchange or sinking fund terms, if any;

conversion or exchange prices or rates, if any, and, if applicable, any provisions for changes to or adjustments in the conversion or exchange prices or rates and in the securities or other property receivable upon conversion or exchange;

ranking;

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restrictive covenants, if any;

voting or other rights, if any; and

important federal income tax considerations.

The prospectus supplement also may add, update or change information contained in this prospectus or in documents we have incorporated by reference into this prospectus.

### **This prospectus may not be used to offer or sell any securities unless accompanied by a prospectus supplement.**

We may sell the securities directly to or through agents, underwriters or dealers. We, and our agents or underwriters, reserve the right to accept or reject all or part of any proposed purchase of securities. If we do offer securities through agents or underwriters, we will include in the applicable prospectus supplement:

the names of those agents or underwriters;

applicable fees, discounts and commissions to be paid to them;

details regarding over-allotment options, if any; and

the net proceeds to us.

**Common Stock.** We may issue shares of our common stock from time to time. Holders of our common stock are entitled to one vote per share for the election of directors and on all other matters that require stockholder approval. Subject to any preferential rights of any outstanding preferred stock, in the event of our liquidation, dissolution or winding up, holders of our common stock are entitled to share in the assets remaining after payment of liabilities and the liquidation preferences of any outstanding preferred stock. Our common stock does not carry any preemptive rights enabling a holder to subscribe for, or receive shares of, any class of our common stock or any other securities convertible into shares of any class of our common stock, or any redemption rights.

**Preferred Stock.** We may issue shares of our preferred stock from time to time, in one or more series. Under our certificate of incorporation, our board of directors has the authority, without further action by stockholders, to designate up to 2,455,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges, qualifications and restrictions granted to or imposed upon the preferred stock, including dividend rights, conversion rights, voting rights, rights and terms of redemption, liquidation preference and sinking fund terms, any or all of which may be greater than the rights of the common stock. To date, our board of directors has designated 1,044,950 of the 2,455,000 authorized shares of preferred stock, including 455,000 shares as Series A Junior Participating Preferred Stock, 30,000 shares as Series B Junior Participating Preferred Stock ( Series B Preferred ) and 559,950 shares as Series C Convertible Preferred Stock ( Series C Preferred ).

We will fix the rights, preferences, privileges, qualifications and restrictions of the preferred stock of each series that we sell under this prospectus and applicable prospectus supplements in the certificate of designation relating to that series. We will reflect in the prospectus supplement any certificate of designation that describes the terms of the series of preferred stock we are offering before the issuance of the related series of preferred stock. We urge you to read the prospectus supplements related to the series of preferred stock being offered, as well as the complete certificate of designation that contains the terms of the applicable series of preferred stock.

**Depository Shares.** We may elect to offer fractional shares of preferred stock rather than full shares of preferred stock and, in that event, will issue receipts for depository shares. Each of these depository shares will represent a fraction, which will be set forth in the applicable prospectus supplement, of a share of the applicable series of preferred stock.





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Any depositary shares that we sell under this prospectus will be evidenced by depositary receipts issued under a deposit agreement between us and a depositary with whom we deposit the shares of the applicable series of preferred stock that underlie the depositary shares that are sold. A form of deposit agreement, including a form of depositary receipt, has been filed as an exhibit to the registration statement of which this prospectus is a part, and supplements to those forms containing other terms of any depositary shares that we sell under this prospectus will be included in a prospectus supplement that we will file with the SEC. We urge you to read the prospectus supplements related to any depositary shares being sold, as well as the complete deposit agreement and depositary receipt.

**Debt Securities.** We may issue debt securities from time to time, in one or more series, as either senior or subordinated debt or as senior or subordinated convertible debt. The senior debt securities will rank equally with unsubordinated debt outstanding and may be secured or unsecured. The subordinated debt securities will be subordinate and junior in right of payment, to the extent and in the manner described in the instrument governing the subordinated debt, to all or some portion of our indebtedness. Any convertible debt securities that we issue will be convertible into or exchangeable for our common stock or other securities. Conversion may be mandatory or at your option and would be at prescribed conversion rates.

The debt securities will be issued under one or more documents called indentures, which are contracts between us and a trustee for the holders of the debt securities. In this prospectus, we have summarized certain general features of the debt securities. We urge you, however, to read the prospectus supplements related to the series of debt securities being offered, as well as the complete indentures that contain the terms of the debt securities. Indentures have been filed as exhibits to the registration statement of which this prospectus is a part, and supplemental indentures and forms of debt securities containing the terms of debt securities being offered will be summarized in prospectus supplements we will file in the future with the SEC.

**Warrants.** We may issue warrants for the purchase of our common stock, preferred stock, depositary shares and/or debt securities in one or more series, from time to time. We may issue warrants independently or together with common stock, preferred stock, depositary shares and/or debt securities, and the warrants may be attached to or separate from those securities.

The warrants will be evidenced by warrant certificates issued under one or more warrant agreements, which are contracts between us and an agent for the holders of the warrants. In this pros