
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 31, 2012

**PRIMUS TELECOMMUNICATIONS GROUP,
INCORPORATED**

(Exact name of registrant as specified in its charter)

Delaware
**(State or other jurisdiction
of incorporation)**

001-35210
**(Commission
File Number)**

54-1708481
**(IRS. Employer
Identification No.)**

**7901 Jones Branch Drive, Suite 900
McLean, VA 22102**
(Address of principal executive offices) (Zip Code)

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

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.01 Completion of Acquisition or Disposition of Assets.

On May 31, 2012, Primus Telecommunications Group, Incorporated (“PTGi” or the “Company”) completed the sale of 100% of the outstanding equity of Primus Telecom Holdings Pty Ltd. (“Primus Australia”), an indirect wholly owned subsidiary of PTGi, to M2 Telecommunications Group Ltd. (“M2”), an Australian telecommunications company. The purchase price before adjustment is approximately \$AUD 192.4 million (or approximately \$US 195.7 million giving effect to a currency hedge that PTGi put in place). The purchase price is subject to a customary post-closing net working capital adjustment. PTGi estimates it will realize net proceeds of approximately \$US 193.2 million after expenses.

PTGi has previously disclosed additional information concerning this transaction on Form 8-K filed with the Securities and Exchange Commission on April 19, 2012.

Pro forma financial information with respect to the sale is provided in Item 9.01 of this Current Report on Form 8-K.

Item 7.01 Regulation FD Disclosure.

PTGi issued a press release, a copy of which is attached hereto as Exhibit 99.2 and incorporated herein by reference, announcing the completion of the sale of Primus Australia.

Exhibit 99.2 attached hereto is being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor shall it be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing. The furnishing of Exhibit 99.2 attached hereto is not intended to constitute a determination by PTGi that the information is material or that the dissemination of the information is required by Regulation FD.

Forward-Looking Statements

In this report and in reports subsequently filed by PTGi with the Securities and Exchange Commission (“SEC”) on Forms 10-K and 10-Q and filed or furnished on Form 8-K, and in related comments by management of PTGi, our use of the words “expect,” “anticipate,” “estimate,” “forecast,” “initiative,” “objective,” “plan,” “goal,” “project,” “outlook,” “priorities,” “target,” “intend,” “evaluate,” “pursue,” “seek,” “may,” “would,” “could,” “should,” “believe,” “potential,” “continue,” “designed,” “impact,” or the negative of any of those words or similar expressions is intended to identify forward-looking statements that represent our current judgment about possible future events. All statements in this report and subsequent reports which PTGi may file with the SEC on Form 10-K or Form 10-Q or file or furnish on Form 8-K, other than statements of historical fact, including without limitation, statements about future events and financial performance, are forward-looking statements that involve certain risks and uncertainties. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and PTGi’s actual results may differ materially due to a variety of important factors that may be revised or supplemented in subsequent reports on SEC Forms 10-K, 10-Q, and 8-K. Such factors include, among others, PTGi’s strategic review process

include uncertainty regarding the length or complexity of the strategic review process, the possibility that the strategic review process will not lead to any other transactions, the potential that the process will distract the attention of PTGi's Board of Directors and management from its business, the potential that PTGi will incur significant expenses pursuing one or more transactions unsuccessfully, the risk that PTGi's pursuit of strategic alternatives will impair its relationships with customers, suppliers and employees, the risk of claims or litigation arising from PTGi's pursuit of strategic alternatives and the use of proceeds arising from any transaction. We caution investors not to place undue reliance on forward-looking statements. We undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events, or other such factors that affect the subject of these statements, except where we are expressly required to do so by law.

Item 9.01. Financial Statements and Exhibits.

(b) Pro Forma Financial Information.

Unaudited pro forma financial information of PTGi required by Article 11 of Regulation S-X is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

(d) Exhibits

99.1 Unaudited Pro Forma Consolidated Financial Information

99.2 Press release of PTGi dated May 31, 2012

99.3 Q&A Relating to the Close of PTGi's Sale of Australian Operations to M2 Telecommunications Group Ltd

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Primus Telecommunications Group, Incorporated
(Registrant)

Date: June 1, 2012

By: /s/ Peter D. Aquino
Name: Peter D. Aquino
Title: Chairman, President & Chief Executive Officer

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Unaudited Pro Forma Consolidated Financial Information
99.2	Press release of PTGi dated May 31, 2012
99.3	Q&A Relating to the Close of PTGi's Sale of Australian Operations to M2 Telecommunications Group Ltd

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

On May 31, 2012, Primus Telecommunications Group, Incorporated (the “Company”) completed the sale of 100% of the outstanding equity of Primus Telecom Holdings Pty Ltd. (“Primus Australia”), an indirect wholly owned subsidiary of the Company, to M2 Telecommunications Group Ltd. (“M2”), an Australian telecommunications company. The purchase price before adjustment is approximately \$AUD 192.4 million (or approximately \$US 195.7 million giving effect to a currency hedge that the Company put in place). The purchase price is subject to a customary post-closing net working capital adjustment. PTGI estimates it will realize net proceeds of approximately \$US 193.2 million after expenses.

The following unaudited pro forma consolidated financial information is presented to illustrate the effect of the Company’s disposition of Primus Australia on its historical financial position and operating results. The unaudited pro forma condensed consolidated balance sheet as of March 31, 2012 is based on the historical statements of the Company as of March 31, 2012 after giving effect to the transaction as if the disposition had occurred on March 31, 2012. The unaudited pro forma condensed consolidated statements of operations for the three months ended March 31, 2012 and 2011, the years ended December 31, 2011 and 2010 and the six months ended December 31, 2009 and July 1, 2009 are based on the historical financial statements of the Company after giving effect to the transaction as if the disposition had occurred on January 1, 2009. The unaudited pro forma consolidated financial information should be read in conjunction with the Company’s historical consolidated financial statements and notes thereto contained in the Company’s 2011 Annual Report on Form 10-K, filed on March 15, 2012 and Quarterly Report on Form 10-Q for the three months ended March 31, 2012, filed on May 10, 2012.

The preparation of the unaudited pro forma consolidated financial information is based on financial statements prepared in accordance with accounting principles generally accepted in the United States of America. These principles require the use of estimates that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

The unaudited pro forma consolidated financial information is provided for illustrative purposes only and does not purport to represent what the actual results of operations would have been had the transaction occurred on the respective date assumed, nor is it necessarily indicative of the Company’s future operating results. However, the pro forma adjustments reflected in the accompanying unaudited pro forma consolidated financial information reflect estimates and assumptions that the Company’s management believes to be reasonable. Based on the March 31, 2012 unaudited pro forma condensed consolidated balance sheet, the Company has calculated an estimated book gain of \$77 million from the sale of Australia.

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

	As Reported March 31, 2012	Pro Forma Adjustments		Pro Forma March 31, 2012
		Primus Australia Operations (a)	Other Adjustments	
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 46,181	\$ (9,169)	\$ 193,200 (b)	\$ 230,212
Accounts receivable (net of allowance for doubtful accounts receivable)	71,880	(29,479)	—	42,401
Prepaid expenses and other current assets	17,566	(3,708)	—	13,858
Total current assets	135,627	(42,356)	193,200	286,471
RESTRICTED CASH	12,287	(10,957)	—	1,330
PROPERTY AND EQUIPMENT – Net	152,368	(76,051)	—	76,317
GOODWILL	71,479	(1,989)	—	69,490
OTHER INTANGIBLE ASSETS – Net	133,561	(8,938)	(39,200) (c)	85,423
OTHER ASSETS	32,058	(1,581)	—	30,477
TOTAL ASSETS	\$ 537,380	\$ (141,872)	\$ 154,000	\$ 549,508
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
CURRENT LIABILITIES:				
Accounts payable	\$ 40,724	\$ (12,108)	\$ —	\$ 28,616
Accrued interconnection costs	23,824	(11,728)	—	12,096
Deferred revenue	12,055	(2,074)	—	9,981
Accrued expenses and other current liabilities	41,002	(13,100)	—	27,902
Accrued income taxes	7,876	—	—	7,876
Accrued interest	11,150	(155)	—	10,995
Current portion of long-term obligations	2,289	(2,147)	—	142
Total current liabilities	138,920	(41,312)	—	97,608
LONG-TERM OBLIGATIONS	243,786	(7,602)	—	236,184
DEFERRED TAX LIABILITY	31,843	(428)	(15,249) (c)	16,166
CONTINGENT VALUE RIGHTS	23,386	—	—	23,386
OTHER LIABILITIES	2,502	—	—	2,502
Total liabilities	440,437	(49,342)	(15,249)	375,846
COMMITMENTS AND CONTINGENCIES				
STOCKHOLDERS' EQUITY (DEFICIT):				
Preferred stock	—	—	—	—
Common stock	14	—	—	14
Additional paid-in capital	143,595	—	—	143,595
			193,200 (b)	
Accumulated deficit	(57,943)	(92,530)	(23,951) (c)	18,776
Treasury stock, at cost	(378)	—	—	(378)
Accumulated other comprehensive income	3,410	—	—	3,410
Total stockholders' equity before noncontrolling interest	88,698	(92,530)	169,249	165,417
Noncontrolling interest	8,245	—	—	8,245
Total stockholders' equity	96,943	(92,530)	169,249	173,662
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 537,380	\$ (141,872)	\$ 154,000	\$ 549,508

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

	As Reported	Pro Forma Adjustments		Pro Forma
	Three Months Ended March 31, 2012	Primus Australia Operations (d)	Other Adjustments	Three Months Ended March 31, 2012
NET REVENUE	\$ 234,692	\$ (70,129)	\$ —	\$ 164,563
OPERATING EXPENSES				
Cost of revenue (exclusive of depreciation included below)	162,496	(39,430)	—	123,066
Selling, general and administrative	53,868	(19,343)	—	34,525
Depreciation and amortization	14,519	(5,356)	—	9,163
(Gain) loss on sale or disposal of assets	864	(318)	—	546
Goodwill impairment	—	—	—	—
Total operating expenses	<u>231,747</u>	<u>(64,447)</u>	<u>—</u>	<u>167,300</u>
INCOME (LOSS) FROM OPERATIONS	2,945	(5,682)	—	(2,737)
INTEREST EXPENSE	(7,127)	240	—	(6,887)
ACCRETION (AMORTIZATION) ON DEBT PREMIUM/DISCOUNT, net	(57)	—	—	(57)
GAIN (LOSS) FROM CONTINGENT VALUE RIGHTS VALUATION	(7,190)	—	—	(7,190)
INTEREST INCOME AND OTHER INCOME (EXPENSE), net	158	(222)	—	(64)
FOREIGN CURRENCY TRANSACTION GAIN (LOSS)	4,745	(2,590)	(175)(e)	1,980
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(6,526)	(8,254)	(175)	(14,955)
INCOME TAX BENEFIT (EXPENSE)	(86)	1,192	—	1,106
INCOME (LOSS) FROM CONTINUING OPERATIONS	(6,612)	(7,062)	(175)	(13,849)
Less: Net (income) loss attributable to the noncontrolling interest	(106)	—	—	(106)
INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO COMMON SHAREHOLDERS OF PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED	<u>\$ (6,718)</u>	<u>\$ (7,062)</u>	<u>\$ (175)</u>	<u>\$ (13,955)</u>
BASIC INCOME (LOSS) PER COMMON SHARE:				
Income (loss) from continuing operations attributable to Primus Telecommunications Group, Incorporated	<u>\$ (0.49)</u>			<u>\$ (1.02)</u>
DILUTED INCOME (LOSS) PER COMMON SHARE:				
Income (loss) from continuing operations attributable to Primus Telecommunications Group, Incorporated	<u>\$ (0.49)</u>			<u>\$ (1.02)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	<u>13,744</u>			<u>13,744</u>
Diluted	<u>13,744</u>			<u>13,744</u>

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

	As Reported	Pro Forma Adjustments		Pro Forma
	Three Months Ended March 31, 2011	Primus Australia Operations (d)	Other Adjustments	Three Months Ended March 31, 2011
NET REVENUE	\$ 216,952	\$ (71,732)	\$ —	\$ 145,220
OPERATING EXPENSES				
Cost of revenue (exclusive of depreciation included below)	146,847	(43,475)	—	103,372
Selling, general and administrative	53,095	(19,192)	—	33,903
Depreciation and amortization	14,940	(5,265)	—	9,675
(Gain) loss on sale or disposal of assets	53	(54)	—	(1)
Goodwill impairment	14,679	—	—	14,679
Total operating expenses	<u>229,614</u>	<u>(67,986)</u>	<u>—</u>	<u>161,628</u>
INCOME (LOSS) FROM OPERATIONS	(12,662)	(3,746)	—	(16,408)
INTEREST EXPENSE	(8,679)	11	—	(8,668)
ACCRETION (AMORTIZATION) ON DEBT PREMIUM/DISCOUNT, net	(50)	—	—	(50)
GAIN (LOSS) FROM CONTINGENT VALUE RIGHTS VALUATION	(4,384)	—	—	(4,384)
INTEREST INCOME AND OTHER INCOME (EXPENSE), net	(87)	(215)	—	(302)
FOREIGN CURRENCY TRANSACTION GAIN (LOSS)	4,048	(1,276)	(126)(e)	2,646
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(21,814)	(5,226)	(126)	(27,166)
INCOME TAX BENEFIT (EXPENSE)	830	(255)	—	575
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>(20,984)</u>	<u>(5,481)</u>	<u>(126)</u>	<u>(26,591)</u>
Less: Net (income) loss attributable to the noncontrolling interest	1,367	—	—	1,367
INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO COMMON SHAREHOLDERS OF PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED	<u>\$ (19,617)</u>	<u>\$ (5,481)</u>	<u>\$ (126)</u>	<u>\$ (25,224)</u>
BASIC INCOME (LOSS) PER COMMON SHARE:				
Income (loss) from continuing operations attributable to Primus Telecommunications Group, Incorporated	<u>\$ (1.76)</u>			<u>\$ (2.26)</u>
DILUTED INCOME (LOSS) PER COMMON SHARE:				
Income (loss) from continuing operations attributable to Primus Telecommunications Group, Incorporated	<u>\$ (1.76)</u>			<u>\$ (2.26)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	<u>11,148</u>			<u>11,148</u>
Diluted	<u>11,148</u>			<u>11,148</u>

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

	As Reported	Pro Forma Adjustments		Pro Forma
	Year Ended December 31, 2011	Primus Australia Operations (d)	Other Adjustments	Year Ended December 31, 2011
NET REVENUE	\$ 989,259	\$ (286,462)	\$ —	\$ 702,797
OPERATING EXPENSES				
Cost of revenue (exclusive of depreciation included below)	695,738	(170,008)	—	525,730
Selling, general and administrative	214,585	(75,571)	—	139,014
Depreciation and amortization	64,450	(22,458)	—	41,992
(Gain) loss on sale or disposal of assets	(12,944)	(37)	—	(12,981)
Goodwill impairment	14,679	—	—	14,679
Total operating expenses	976,508	(268,074)	—	708,434
INCOME (LOSS) FROM OPERATIONS	12,751	(18,388)	—	(5,637)
INTEREST EXPENSE	(32,506)	1,601	—	(30,905)
ACCRETION (AMORTIZATION) ON DEBT PREMIUM/DISCOUNT, net	(213)	—	—	(213)
GAIN (LOSS) ON EARLY EXTINGUISHMENT OR RESTRUCTURING OF DEBT	(7,346)	—	—	(7,346)
GAIN (LOSS) FROM CONTINGENT VALUE RIGHTS VALUATION	2,902	—	—	2,902
INTEREST INCOME AND OTHER INCOME (EXPENSE), net	(127)	(875)	—	(1,002)
FOREIGN CURRENCY TRANSACTION GAIN (LOSS)	(2,661)	(262)	429(e)	(2,494)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE REORGANIZATION ITEMS AND INCOME TAXES	(27,200)	(17,924)	429	(44,695)
REORGANIZATION ITEMS, net	—	—	—	—
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(27,200)	(17,924)	429	(44,695)
INCOME TAX BENEFIT (EXPENSE)	(869)	(413)	—	(1,282)
INCOME (LOSS) FROM CONTINUING OPERATIONS	(28,069)	(18,337)	429	(45,977)
Less: Net (income) loss attributable to the noncontrolling interest	(5,461)	—	—	(5,461)
INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO COMMON SHAREHOLDERS OF PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED	<u>\$ (33,530)</u>	<u>\$ (18,337)</u>	<u>\$ 429</u>	<u>\$ (51,438)</u>
BASIC INCOME (LOSS) PER COMMON SHARE:				
Income (loss) from continuing operations attributable to Primus Telecommunications Group, Incorporated	<u>\$ (2.58)</u>			<u>\$ (3.96)</u>
DILUTED INCOME (LOSS) PER COMMON SHARE:				
Income (loss) from continuing operations attributable to Primus Telecommunications Group, Incorporated	<u>\$ (2.58)</u>			<u>\$ (3.96)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	<u>12,994</u>			<u>12,994</u>
Diluted	<u>12,994</u>			<u>12,994</u>

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

	As Reported	Pro Forma Adjustments		Pro Forma
	Year Ended December 31, 2010	Primus Australia Operations (d)	Other Adjustments	Year Ended December 31, 2010
NET REVENUE	\$ 737,262	\$ (276,614)	\$ —	\$ 460,648
OPERATING EXPENSES				
Cost of revenue (exclusive of depreciation included below)	466,045	(168,831)	—	297,214
Selling, general and administrative	194,887	(69,119)	—	125,768
Depreciation and amortization	64,427	(23,856)	—	40,571
(Gain) loss on sale or disposal of assets	196	(392)	—	(196)
Goodwill impairment	—	—	—	—
Total operating expenses	<u>725,555</u>	<u>(262,198)</u>	<u>—</u>	<u>463,357</u>
INCOME (LOSS) FROM OPERATIONS	11,707	(14,416)	—	(2,709)
INTEREST EXPENSE	(35,441)	74	—	(35,367)
ACCRETION (AMORTIZATION) ON DEBT PREMIUM/DISCOUNT, net	(183)	—	—	(183)
GAIN (LOSS) ON EARLY EXTINGUISHMENT OR RESTRUCTURING OF DEBT	164	—	—	164
GAIN (LOSS) FROM CONTINGENT VALUE RIGHTS VALUATION	(13,737)	—	—	(13,737)
INTEREST INCOME AND OTHER INCOME (EXPENSE), net	674	(842)	—	(168)
FOREIGN CURRENCY TRANSACTION GAIN (LOSS)	<u>16,413</u>	<u>(10,396)</u>	<u>(2,738)(e)</u>	<u>3,279</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE REORGANIZATION ITEMS AND INCOME TAXES	(20,403)	(25,580)	(2,738)	(48,721)
REORGANIZATION ITEMS, net	<u>1</u>	<u>—</u>	<u>—</u>	<u>1</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(20,402)	(25,580)	(2,738)	(48,720)
INCOME TAX BENEFIT (EXPENSE)	<u>9,085</u>	<u>(2,570)</u>	<u>—</u>	<u>6,515</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS	(11,317)	(28,150)	(2,738)	(42,205)
Less: Net (income) loss attributable to the noncontrolling interest	<u>105</u>	<u>—</u>	<u>—</u>	<u>105</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO COMMON SHAREHOLDERS OF PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED	<u>\$ (11,212)</u>	<u>\$ (28,150)</u>	<u>\$ (2,738)</u>	<u>\$ (42,100)</u>
BASIC INCOME (LOSS) PER COMMON SHARE:				
Income (loss) from continuing operations attributable to Primus Telecommunications Group, Incorporated	<u>\$ (1.15)</u>			<u>\$ (4.33)</u>
DILUTED INCOME (LOSS) PER COMMON SHARE:				
Income (loss) from continuing operations attributable to Primus Telecommunications Group, Incorporated	<u>\$ (1.15)</u>			<u>\$ (4.33)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	<u>9,721</u>			<u>9,721</u>
Diluted	<u>9,721</u>			<u>9,721</u>

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

	As Reported	Pro Forma Adjustments		Pro Forma
	Six Months Ended December 31, 2009	Primus Australia Operations (d)	Other Adjustments	Six Months Ended December 31, 2009
NET REVENUE	\$ 389,072	\$ (132,656)	\$ —	\$ 256,416
OPERATING EXPENSES				
Cost of revenue (exclusive of depreciation included below)	253,299	(83,555)	—	169,744
Selling, general and administrative	93,541	(32,113)	—	61,428
Depreciation and amortization	36,284	(13,959)	—	22,325
(Gain) loss on sale or disposal of assets	102	(91)	—	11
Goodwill impairment	—	—	—	—
Total operating expenses	<u>383,226</u>	<u>(129,718)</u>	<u>—</u>	<u>253,508</u>
INCOME (LOSS) FROM OPERATIONS	5,846	(2,938)	—	2,908
INTEREST EXPENSE	(17,255)	278	—	(16,977)
ACCRETION (AMORTIZATION) ON DEBT PREMIUM/DISCOUNT, net	(3)	—	—	(3)
GAIN (LOSS) ON EARLY EXTINGUISHMENT OR RESTRUCTURING OF DEBT	(4,146)	—	—	(4,146)
GAIN (LOSS) FROM CONTINGENT VALUE RIGHTS VALUATION	(2,804)	—	—	(2,804)
INTEREST INCOME AND OTHER INCOME (EXPENSE), net	476	(300)	—	176
FOREIGN CURRENCY TRANSACTION GAIN (LOSS)	19,566	(22)	(10,759)(e)	8,785
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE REORGANIZATION ITEMS AND INCOME TAXES	1,680	(2,982)	(10,759)	(12,061)
REORGANIZATION ITEMS, net	(421)	(1,799)	—	(2,220)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	1,259	(4,781)	(10,759)	(14,281)
INCOME TAX BENEFIT (EXPENSE)	10,180	(253)	—	9,927
INCOME (LOSS) FROM CONTINUING OPERATIONS	11,439	(5,034)	(10,759)	(4,354)
Less: Net (income) loss attributable to the noncontrolling interest	(333)	—	—	(333)
INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO COMMON SHAREHOLDERS OF PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED	<u>\$ 11,106</u>	<u>\$ (5,034)</u>	<u>\$ (10,759)</u>	<u>\$ (4,687)</u>
BASIC INCOME (LOSS) PER COMMON SHARE:				
Income (loss) from continuing operations attributable to Primus Telecommunications Group, Incorporated	<u>\$ 1.15</u>			<u>\$ (0.49)</u>
DILUTED INCOME (LOSS) PER COMMON SHARE:				
Income (loss) from continuing operations attributable to Primus Telecommunications Group, Incorporated	<u>\$ 1.14</u>			<u>\$ (0.48)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	<u>9,600</u>			<u>9,600</u>
Diluted	<u>9,800</u>			<u>9,800</u>

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

	<u>Predecessor</u> <u>As Reported</u>	<u>Pro Forma Adjustments</u>		<u>Predecessor</u> <u>Pro Forma</u>
	<u>Six Months Ended</u> <u>July 1, 2009</u>	<u>Primus Australia</u> <u>Operations (d)</u>	<u>Other</u> <u>Adjustments</u>	<u>Six Months Ended</u> <u>July 1, 2009</u>
NET REVENUE	\$ 358,999	\$ (110,502)	\$ —	\$ 248,497
OPERATING EXPENSES				
Cost of revenue (exclusive of depreciation included below)	232,436	(69,447)	—	162,989
Selling, general and administrative	87,134	(26,448)	—	60,686
Depreciation and amortization	11,470	(4,532)	—	6,938
(Gain) loss on sale or disposal of assets	(43)	(80)	—	(123)
Goodwill impairment	—	—	—	—
Total operating expenses	<u>330,997</u>	<u>(100,507)</u>	<u>—</u>	<u>230,490</u>
INCOME (LOSS) FROM OPERATIONS	28,002	(9,995)	—	18,007
INTEREST EXPENSE	(14,072)	378	—	(13,694)
ACCRETION (AMORTIZATION) ON DEBT PREMIUM/DISCOUNT, net	189	—	—	189
GAIN (LOSS) ON EARLY EXTINGUISHMENT OR RESTRUCTURING OF DEBT	—	—	—	—
GAIN (LOSS) FROM CONTINGENT VALUE RIGHTS VALUATION	—	—	—	—
INTEREST INCOME AND OTHER INCOME (EXPENSE), net	363	(281)	—	82
FOREIGN CURRENCY TRANSACTION GAIN (LOSS)	20,332	47	(15,551)(e)	4,828
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE REORGANIZATION ITEMS AND INCOME TAXES	34,814	(9,851)	(15,551)	9,412
REORGANIZATION ITEMS, net	<u>422,947</u>	<u>(20,940)</u>	<u>—</u>	<u>402,007</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	457,761	(30,791)	(15,551)	411,419
INCOME TAX BENEFIT (EXPENSE)	(4,074)	—	—	(4,074)
INCOME (LOSS) FROM CONTINUING OPERATIONS	453,687	(30,791)	(15,551)	407,345
Less: Net (income) loss attributable to the noncontrolling interest	32	—	—	32
INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO COMMON SHAREHOLDERS OF PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED	<u>\$ 453,719</u>	<u>\$ (30,791)</u>	<u>\$ (15,551)</u>	<u>\$ 407,377</u>
BASIC INCOME (LOSS) PER COMMON SHARE:				
Income (loss) from continuing operations attributable to Primus Telecommunications Group, Incorporated	<u>\$ 3.18</u>			<u>\$ 2.85</u>
DILUTED INCOME (LOSS) PER COMMON SHARE:				
Income (loss) from continuing operations attributable to Primus Telecommunications Group, Incorporated	<u>\$ 2.62</u>			<u>\$ 2.35</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	<u>142,695</u>			<u>142,695</u>
Diluted	<u>173,117</u>			<u>173,117</u>

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Pro Forma Adjustments

The unaudited pro forma condensed consolidated balance sheet as of March 31, 2012 includes the following adjustments:

- (a) To reflect the disposition of Primus Australia's specified balance sheet accounts as of March 31, 2012.
- (b) To reflect the cash received from M2 for the sale of Primus Australia, net of transaction costs directly related to the sale.
- (c) To reflect the sale of the Company's Trademark attributable to Primus Australia, net of deferred taxes, to M2.

The unaudited pro forma condensed consolidated statements of operations for the three months ended March 31, 2012 and 2011, the years ended December 31, 2011 and 2010 and the six months ended December 31, 2009 and July 1, 2009 includes the following adjustments:

- (d) To reflect the removal of the operating results of Primus Australia as if the transaction occurred on January 1, 2009.
- (e) To reflect the removal of foreign exchange gains and losses on intercompany balances with Primus Australia that had been recorded at the parent level.



PTGi Completes Sale of Australian Operations for \$AUD 192 Million

MCLEAN, VA – (MARKET WIRE) – May 31, 2012 – Primus Telecommunications Group, Incorporated (PTGi) (NYSE: PTGI), a global facilities-based integrated provider of advanced telecommunications products and services, announced today that it has completed the previously announced sale of its Australian operations to M2 Telecommunications Group Ltd (M2) for approximately \$AUD 192.4 million¹, or approximately \$US 195.7 million².

From the transaction proceeds, approximately \$US 9.8 million has been placed in an indemnification escrow in the event that there are indemnification claims by M2 following the closing. Escrowed amounts will be distributed to PTGi at a later time to the extent not used for indemnification claims by M2. The sale is expected to generate a taxable gain, which PTGi expects to be substantially offset with available tax losses. The transaction proceeds are not subject to repatriation tax.

With the transaction's closing, and subject to the terms and requirements of the indenture governing PTGi's 10% notes, the board of directors will be considering appropriate uses for the proceeds, among which may be capital investments, note repurchases or redemptions, special dividends and share repurchases.

The transaction was approved by the PTGi Board of Directors and the special committee of the Board of Directors previously established to explore and evaluate strategic alternatives to enhance shareholder value. PTGi's special committee continues to explore and evaluate strategic alternatives, which may include (but may not be limited to) a sale, merger or other business combination involving PTGi, a joint venture arrangement, the sale or spinoff of other PTGi assets or one or more of its other business units, or the execution of PTGi's business plans for its other business units. PTGi does not intend to provide updates or make any further comments regarding the evaluation of strategic alternatives, unless the Board of Directors has approved a specific transaction or otherwise deems disclosure appropriate. PTGi has not set a timetable for completion of its overall evaluation process or made a decision to pursue any other transactions, and there can be no assurance that any other transactions will be pursued or completed. Jefferies & Company, Inc. is acting as exclusive financial advisor to the special committee of the Board of Directors of PTGi.

About PTGi

PTGi (Primus Telecommunications Group, Incorporated) is a leading provider of advanced communication solutions, including traditional and IP voice, data, mobile services, broadband Internet, collocation, hosting, and outsourced managed services to business and residential customers in Canada and the United States. PTGi is also one of the leading international wholesale service providers to fixed and mobile network operators worldwide. PTGi owns and operates its own global network of next-generation IP soft switches, media gateways, hosted IP/SIP platforms, broadband infrastructure, fiber capacity, and data centers located in Canada. Founded in 1994, PTGi is headquartered in McLean, Virginia.

¹ Before giving effect to a customary post-closing net working capital purchase price adjustment.

² After giving effect to an AUD / USD hedging arrangement entered into by PTGi in connection with the transaction to mitigate the movements in the Australia dollar versus the U.S. dollar between the announcement date and the closing date of the transaction.

Forward-Looking Statements

This press release includes “forward-looking statements” as defined by the Securities and Exchange Commission (SEC). All statements, other than statements of historical fact, included herein that address activities, events or developments that PTGi expects, believes or anticipates will or may occur in the future, including statements regarding PTGi’s beliefs, expectations, prospects, strategic plans and statements regarding the potential for future transactions, are forward-looking statements. These forward-looking statements are based on the information available to, and the expectations and assumptions deemed reasonable by, PTGi at the time this news release is issued. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially including, among other things, those outlined in our filings with the SEC, including PTGi’s most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q on file with the SEC. Factors that relate to PTGi’s strategic review process include uncertainty regarding the length or complexity of the strategic review process, the possibility that the strategic review process will not lead to any other transactions, the potential that the process will distract the attention of PTGi’s Board of Directors and management from its business, the potential that PTGi will incur significant expenses pursuing one or more transactions unsuccessfully, the risk that PTGi’s pursuit of strategic alternatives will impair its relationships with customers, suppliers and employees, the risk of claims or litigation arising from PTGi’s pursuit of strategic alternatives and the use of proceeds arising from any transaction. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of their dates. Except as required by law, PTGi does not undertake any obligation to update or revise its statements made in this press release, whether as a result of new information, future events or otherwise.

Investor Contact:

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Q&A Relating to the Close of PTGi's Sale of Australian Operations to M2 Telecommunications Group Ltd

- 1) Why did the amount of the \$US consideration change from \$200 million to \$195.7 million?
 - A) The \$US amount of \$200 million reflects the \$AUD 192.4 million of proceeds converted to \$US at the \$AUD/\$US spot rate of 1.0396 from the Reserve Bank of Australia on 4/13/12. The \$US amount of \$195.7 million reflects the \$AUD 192.4 million of proceeds converted to \$US, after giving effect to an \$AUD/\$US hedging arrangement.
- 2) What is in the \$9.8 million holdback?
 - A) \$9.8 million of the proceeds was placed in an indemnification escrow in the event that indemnification claims arise following the closing. The equity purchase agreement has customary indemnification provisions. Escrowed amounts will be distributed to PTGi at a later time to the extent not used for indemnification claims.
- 3) Since you were paid in Australian dollars, did you hedge your currency risk from the transaction? What did the hedge cost?
 - A) We entered into an \$AUD/\$US hedging arrangement to mitigate the movements in the Australian dollar versus the U.S. dollar between announcement date and closing date of the transaction, which we believe is prudent. We are not commenting on specific terms of the hedging arrangement.
- 4) Under the terms of the bond indenture, isn't Primus obligated to use the proceeds of asset sales to offer to repurchase bonds?
 - A) The indenture for our 10% notes generally permits us to use the proceeds to discharge indebtedness or reinvest in the business. Proceeds not used to reinvest in the business may be used to conduct a tender offer for the 10% notes. The offer price would be equal to 100% of principal amount plus accrued and unpaid interest. Following any tender offer, any remaining funds will become available for general corporate purposes.
- 5) Your press release said you could use the proceeds for "capital investments, note repurchases or redemptions, special dividends and share repurchases" – when will the board make a decision? Which way are they leaning?
 - A) Our board has until 365 days after the closing to make specific determinations regarding the use of proceeds. We expect to make further announcements regarding the use of proceeds as our board makes those determinations.
- 6) Will the proceeds from the sale create a PTGi tax liability? Can you give us an idea of the gain on the sale?
 - A) As stated in the closing release, the sale is expected to generate a taxable gain, which PTGi expects to be substantially offset with available tax losses. The transaction proceeds are not subject to repatriation tax.
- 7) Are the proceeds of the sale subject to repatriation tax?
 - A) No, PTGi will not be subject to repatriation tax.
- 8) When will you start reporting the Canadian business in two segments? What will happen to corporate in the US?
 - A) We plan to begin reporting two separate North American segments – a 'pure play' data center business unit; a North American telecom unit focused on consumer, SME, and carrier voice and data services, including U.S. Retail – with our second quarter 2012 results report. We expect to provide more detail on corporate when we report Q2.
- 9) Were outstanding Primus Warrants affected by the transaction?
 - A) No, there is no adjustment to the terms of the Warrants as a result of the transaction.
- 10) What happens if PTGi launches a bond tender and the bond holders don't tender their holdings?
 - A) Again, our board has until 365 days after the closing to make specific determinations regarding the use of proceeds. However, should PTGi conduct a tender offer, following such an offer, any remaining funds will become available for general corporate purposes.
- 11) What happens to PTGi now? Will you remain public?
 - A) Yes, we expect to continue to operate as a public company, focusing primarily on our strategic growth objectives in Canada and on the completion of our strategic review process.

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- 12) Will you stay listed on the NYSE?
- A) Yes we expect to remain listed.
- 13) What's happening with the strategic review?
- A) As we have previously stated, we will not make announcements unless our board makes a decisions or otherwise deems appropriate a further disclosure. We have no further disclosures at this time.
- 14) Might you buy back stock?
- A) Our previously announced stock repurchase program remains in effect through August 8, 2013 and could be extended by our board at that time. The indenture governing our 10% notes limits the amount of stock that we may repurchase without note holder approval.
- 15) Will you institute a special dividend to equity holders without requiring bond holder approval?
- A) The indenture governing our 10% notes limits the amount of dividends that we may pay without note holder approval.
- 16) What will M2 do with the Australian assets?
- A) If you have questions for M2, you can contact Debra Mansfield, Corporate Communications, 03 9674 6569, dmansfield@m2.com.au.
- 17) What's going to happen to the CVRs?
- A) This transaction does not affect the CVRs.
- 18) Who advised PTGi on the deal?
- A) Jefferies & Company, Inc. is acting as exclusive financial advisor to the special committee of the Board of Directors.