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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**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 10, 2012**

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**PRIMUS TELECOMMUNICATIONS GROUP,  
INCORPORATED**

(Exact name of registrant as specified in its charter)

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

**001-35210**  
(Commission  
File No.)

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

**7901 Jones Branch Drive, Suite 900, McLean, VA 22102**  
(Address of principal executive offices and 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 communication pursuant to Rule 425 under 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 communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Item 2.02 Results of Operations and Financial Condition**

On May 10, 2012, we issued a press release announcing our financial results for the quarter ended March 31, 2012. The text of the press release is included as Exhibit 99.1 to this Form 8-K and incorporated herein by reference. The information set forth in the press release is being furnished pursuant to Item 2.02 of this Current Report on Form 8-K and shall not be deemed “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that Section, nor shall it be deemed 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 filing.

### ***Non-GAAP Measures***

Our press release and financial tables contained therein include the following non-GAAP financial information:

#### ***Adjusted EBITDA***

Adjusted EBITDA, as defined by us, consists of net income (loss) before reorganization items, net, share-based compensation expense, depreciation and amortization, asset impairment expense, gain (loss) on sale or disposal of assets, interest expense, amortization or accretion on debt discount or premium, gain (loss) on early extinguishment or restructuring of debt, interest income and other income (expense), gain (loss) from contingent value rights valuation, foreign currency transaction gain (loss), income tax benefit (expense), income (expense) attributable to the non-controlling interest, income (loss) from discontinued operations, net of tax, and income (loss) from sale of discontinued operations, net of tax. Our definition of Adjusted EBITDA may not be similar to Adjusted EBITDA measures presented by other companies, is not a measurement under generally accepted accounting principles in the United States, and should be considered in addition to, but not as a substitute for, the information contained in our statements of operations.

We believe Adjusted EBITDA is an important performance measurement for our investors because it gives them a metric to analyze our results exclusive of certain non-cash items and items which do not directly correlate to our business of selling and provisioning telecommunications services. We believe Adjusted EBITDA provides further insight into our current performance and period to period performance on a qualitative basis and is a measure that we use to evaluate our results and performance of our management team.

#### ***Normalized Adjusted EBITDA***

Normalized Adjusted EBITDA, as defined by us, consists of the previously defined Adjusted EBITDA with an add-back for certain one-time charges related to severance, integration efforts and other non-recurring costs.

We believe Normalized Adjusted EBITDA is an important performance measurement for our investors because it gives them a metric to analyze our results exclusive of certain non-cash items, items which do not directly correlate to our business of selling and provisioning telecommunications services and certain non-recurring costs. We believe Normalized Adjusted EBITDA provides further insight into our current performance and period to period performance on a qualitative basis and are measures that we use to evaluate our results and performance of our management team.

#### ***Free Cash Flow***

Free Cash Flow, as defined by us, consists of net cash provided by (used in) operating activities before reorganization items less net cash used in the purchase of property and equipment. Our definition of Free Cash Flow may not be similar to Free Cash Flow measures presented by other companies, is not a measurement under generally accepted accounting principles in the United States, and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statements of cash flows.

We believe Free Cash Flow provides a measure of our ability, after making our capital expenditures and other investments in our infrastructure, to meet scheduled debt payments. We use Free Cash Flow to monitor the impact of our operations on our cash reserves and our ability to generate sufficient cash flow to fund our scheduled debt maturities and other financing activities, including discretionary refinancings and retirements of debt. Because Free Cash Flow represents the amount of cash generated or used in operating activities and used in the purchase of property and equipment before deductions for scheduled debt maturities and other fixed obligations (such as capital leases, vendor financing and other long-term obligations), Free Cash Flow should not be used as a measure of the amount of cash available for discretionary expenditures.

## **Item 9.01 Financial Statements and Exhibits**

99.1 First Quarter 2012 Earnings Press Release of Primus Telecommunications Group, Incorporated dated May 10, 2012 (furnished only)

**SIGNATURE**

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**

Dated: May 10, 2012

By: /s/ Kenneth D. Schwarz

Kenneth D. Schwarz

*Chief Financial Officer (Principal Financial Officer)*



**Primus Telecommunications Group, Incorporated  
Reports First Quarter 2012 Results**

- **Q1 Net Revenue of \$235MM Up 8% YoY**
- **Q1 Adjusted EBITDA of \$20MM Up 11% YoY; Normalized Adjusted EBITDA of \$23MM**
- **Q1 Free Cash Flow of \$10MM**
- **Subsequent to Q1:**
  - **Entered Agreement to Sell Primus Australia for \$AUD 192MM**
  - **Primus Canada will be Realigned into Two Segments – “Pure-Play” Data Center and North America Telecom Business Units**

MCLEAN, VA – (MARKET WIRE) – May 10, 2012 – Primus Telecommunications Group, Incorporated (PTGi) (NYSE: PTGI), a global facilities-based integrated provider of advanced telecommunications products and services, announced results for the first quarter ended March 31, 2012. PTGi completed the acquisition of Arbinet Corporation on February 28, 2011; therefore, first quarter 2012 comparisons are not directly comparable with prior periods.

**Consolidated Results**

Net revenue for the first quarter 2012 was \$234.7 million, an increase of 8.2% from first quarter 2011 net revenue of \$217.0 million. Contributing to the increase in net revenue was a 4.9% increase in net revenue from growth services (broadband, data center, SME VoIP, and other data services). Total company data center revenue of \$10.6 million increased 9.1%. Specifically, Primus Canada’s data center revenue increased 10.1% to \$8.2 million in the first quarter, while construction of the new 30,000 square foot Toronto Tier III facility accelerates toward a targeted third quarter grand opening.

Adjusted EBITDA was \$20.0 million, an increase of 10.7% from first quarter 2011 Adjusted EBITDA of \$18.1 million; first quarter 2012 Normalized Adjusted EBITDA was \$22.9 million. The year-over-year impact of foreign exchange translation was an increase of \$1.2 million to revenue for the first quarter 2012 and an increase of \$0.3 million to Adjusted EBITDA. Free Cash Flow in the quarter was \$9.9 million compared to Free Cash Flow of \$9.6 million in first quarter 2011.

Peter D. Aquino, Chairman, President and Chief Executive Officer, stated, “PTGi’s rapid pace of change is playing out in a two-pronged strategy, first, improving operations and focusing on profitable growth in high-ROI projects, such as our data center opportunity in Canada, and second, yielding a successful outcome of our strategic review. By the time of our first quarter report, we delivered on both fronts, and are very excited about the transformation of the new PTGi. The pending sale of Primus Australia is a significant liquidity event and is a catalyst to create three separate operating segments going forward led by our Canadian team: 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; and our ICS operation. This completes a portfolio of assets primarily located in North America. With the consolidation and realignment, we also expect corporate overhead annual run-rate savings of over \$7 million, all part of a strategy to continue to deliver value to shareholders.”

**Key First Quarter 2012 Accomplishments**

Canada:

- Achieved Tier III Design Certification for new Markham Data Centre by the Uptime Institute, and is on track to achieve Construction Certification post opening, ahead of schedule in third quarter 2012. The state-of-the-art Leadership in Energy and Environmental Design (LEED)-certified Markham site will be the first in Canada to achieve both Tier III ‘Design’ and ‘Construction’ certification for a Multi-Tenant Data Centre.
- Launched ‘Next Generation’ HPBX offering that will add Call Centre functionality to an advanced product offering. This new Cloud Based telephony offering will allow SMEs the same level and quality of Call Centre functionality, as some of the largest contact center solutions available.

- Continued the evolution of its Cloud Computing Portfolio with an enhanced Cloud Security and Cloud Backup Offering, driven by increasing customer demand to achieve the scalability and economies of scale gained by moving their computing infrastructure into the Primus Cloud Computing Platform. PrimusCloud<sup>(TM)</sup> Unified Threat Management firewall and PrimusCloud<sup>(TM)</sup> Backup will assist Primus' Data Centre and PrimusCloud<sup>(TM)</sup> customers in protecting sensitive data from security breaches and disasters.
- Expanded Business Ethernet Xtended (BEX), Primus Canada's Ethernet-First-Mile offering, from 3 to 7 of Canada's larger cities, extending the company's facilities-based Ethernet strategy.

### **First Quarter 2012 Detail**

**Canada Revenue** – Net revenue of \$57.9 million decreased 4.8% as compared with first quarter 2011. The impact of foreign currency translation was a decrease of \$0.9 million. On a constant currency basis, net revenue decreased 3.3% as declines in retail long distance, prepaid services and local services were partially offset by increases in broadband, data center, and SME VoIP.

**Australia Revenue** – Net revenue of \$70.1 million decreased 2.2% from \$71.7 million in first quarter 2011. The impact of foreign currency translation was an increase of \$3.3 million. On a constant currency basis, net revenue decreased 6.9% as decreases in traditional voice, DSL, broadband, and wholesale services were partially offset by increases in data VPN services and wireless services.

**International Carrier Services Revenue** – Net revenue of \$96.6 million increased 32.2% from \$73.0 million in first quarter 2011, primarily due to the integration of Arbinet. The impact of foreign currency translation was a decrease of \$1.2 million.

**U. S. Retail Revenue** - Net revenue of \$10.1 million decreased 9.7% from \$11.2 million in first quarter 2011, primarily due to decreases in residential voice services.

**Net revenue less cost of revenue** was \$72.2 million, or 30.8% of net revenue, compared to \$70.1 million, or 32.3% of net revenue, in first quarter 2011. On a constant currency basis, net revenue less cost of revenue increased primarily due to the inclusion of Arbinet and an increased contribution of higher-margin data center revenue in the mix. The impact of foreign currency translation was an increase of \$0.9 million.

**Selling, general and administrative (SG&A) expense** was \$53.9 million, or 23.0% of net revenue, compared to \$53.1 million, or 24.5% of net revenue in first quarter 2011. The leveraging of SG&A is largely due to effective cost management throughout the company. The impact of foreign currency translation was an increase of \$0.6 million.

**Income from operations** was \$2.9 million compared to a loss from operations of \$12.7 million in the first quarter 2011. First quarter 2011 operating loss includes a \$14.7 million impairment charge to goodwill related to the Arbinet acquisition.

**Adjusted EBITDA** was \$20.0 million, or 8.5% of net revenue, compared to \$18.1 million, or 8.3% of net revenue, in the first quarter 2011. Normalized for severance, integration and other non-recurring costs, Adjusted EBITDA was \$22.9 million, or 9.8% of net revenue, compared to \$19.8 million, or 9.1% of net revenue in the first quarter of 2011.

**Net loss** was \$6.9 million, or \$(0.50) per basic and diluted common share, compared to net loss of \$19.3 million, or \$(1.73) per basic and diluted common share in the first quarter 2011. The number of shares outstanding used to calculate basic and diluted earnings per common share in the first quarter of 2012 was 13.7 million compared to 11.1 million for basic and diluted earnings per common share in the first quarter of 2011.

### **Balance Sheet, Liquidity and Capital Resources**

PTGi ended the first quarter 2011 with \$46.2 million in cash and cash equivalents, up from \$41.1 million at December 31, 2011. Cash was generated during the first quarter in the following amounts: \$20.0 million of Adjusted EBITDA offset, in part, by the usage of \$8.1 million for capital expenditures, \$1.8 million in capital lease payments, \$2.0 million of fees associated with the 2011 debt exchange, \$2.2 million paid for taxes and \$0.8 million of other expenses. PTGi's long-term debt, including current obligations, as of March 31, 2012 was \$247.6 million, down from \$249.3 million as of December 31, 2011.

**Free Cash Flow** in the first quarter 2012 was \$9.9 million compared to free cash flow of \$9.6 million in the first quarter 2011. Net cash provided by operating activities was \$18.0 million in the first quarter 2012 compared to \$16.0 million in the first quarter 2011. The primary contributors to the increase in free cash flow over the prior

year quarter were a \$1.9 million increase in Adjusted EBITDA, offset partially by an increase of \$1.7 million in capital expenditures. PTGi defines Free Cash Flow as net cash provided by operating activities less cash used in the purchase of property and equipment.

Ken Schwarz, Chief Financial Officer, stated, "PTGi delivered a solid, consistent financial performance in the first quarter. Pending the sale of our Australian operations, our revised outlook for capital expenditures in 2012 for remaining PTGi operations is \$21 million to \$26 million, primarily related to Canada data center and highly profitable broadband and IP-based growth opportunities."

### **Subsequent Event**

Entered into definitive agreement to sell Australian operations to M2 Telecommunications for \$AUD 192.4 million, the completion of which represents a significant outcome of the company's strategic review process.

### **Conference Call**

The Company will hold a conference call on Thursday, May 10, 2012 at 8:30 AM ET. To access the call, please dial 866-305-6438 (toll free) or 706-679-7161 approximately 10 minutes prior to the start of the conference call. The conference call will also be broadcast live over the Internet with an accompanying slide presentation, which can be accessed via the Investor Relations section of PTGi's web site at [www.ptgi.com](http://www.ptgi.com), and have been made available simultaneous with the issuance of this press release. The webcast and slide presentation will be available for replay for 90 days at [www.ptgi.com](http://www.ptgi.com).

A telephonic replay of this conference call will also be available by dialing 855-859-2056 (toll free) or 404-537-3406 (access code: 71433484) from 11:30 AM ET on May 10, 2012 until midnight ET on May 16, 2012.

### **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 the United States, Canada, and Australia. 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 and Australia. Founded in 1994, PTGi is headquartered in McLean, Virginia.

### **Non-GAAP Financial Measures**

This release includes certain non-GAAP financial measures as defined under SEC regulations, which include Adjusted EBITDA, Normalized Adjusted EBITDA and Free Cash Flow. As such, they should not be considered as substitutes for the most directly comparable GAAP measures and should not be used in isolation, but in conjunction with these GAAP measures. Reconciliations to the most directly comparable GAAP measures are contained in the tables to this release. Additional information regarding the purpose and use for these non-GAAP financial measures is set forth in our Form 8-K disclosing this press release.

### **Cautionary Statement Regarding Forward Looking Statements**

This press release contains or incorporates a number of "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based on current expectations, and are not strictly historical statements. In some cases, you can identify forward-looking statements by terminology such as "if," "may," "should," "believe," "anticipate," "future," "forward," "potential," "estimate," "opportunity," "goal," "objective," "growth," "outcome," "could," "expect," "intend," "plan," "strategy," "provide," "commitment," "result," "seek," "pursue," "ongoing," "include" or in the negative of such terms or comparable terminology. These forward-looking statements inherently involve certain risks and uncertainties and are not guarantees of performance or results, as well as creation of shareholder value, although they are based on our current plans or assessments which are believed to be reasonable as of the date hereof. Factors or risks that could cause our actual results to differ materially from the results we anticipate include, but are not limited to: (i) continuing uncertain global economic conditions; (ii) significant changes in the competitive environment, including as a result of industry consolidation, and the effect of competition in our markets, including our pricing policies; (iii) uncertainties from our announcement of our exploration and evaluation of strategic alternatives that may enhance shareholder value or our ability to complete any transactions arising out of that evaluation, including the pending divestiture of Primus Australia; (iv) our possible inability to generate sufficient liquidity, margins, earnings per share, cash flow and working capital; (v) our ability to attract and retain customers; (vi) our expectations regarding increased competition, pricing pressures and declining usage patterns in our traditional products; (vii) the effectiveness and profitability of our growth products and bundled service offerings, the pace and cost of customer migration onto our networks, and the successful network platform migration to reduce costs and increase efficiencies; (viii) risks associated with the merger of Arbinet, including but not limited to our ability to realize the anticipated benefits of the merger of Arbinet or the timing associated with any such benefits, or volatility in the volume and mix of trading activity on the Arbinet Exchange; (ix) strengthening of U.S. dollar against foreign currencies, which may reduce the amount of U.S. dollars generated from foreign operating subsidiaries and adversely affect our ability to service our significant debt obligations and pay corporate expenses; (x) our compliance with complex laws and regulations in the U.S. and internationally; (xi) further changes in the telecommunications industry or the Internet industry, including rapid technological, regulatory and pricing changes in our principal markets; (xii) our liquidity and possible inability to service our substantial indebtedness or an occurrence of a default or event of default under our indentures; (xiii) our expectations regarding the timing, extent and effectiveness of our cost reduction initiatives and management's ability to moderate or control discretionary spending; (xiv) management's plans, goals, expectations, guidance, objectives, strategies, and timing for future operations, acquisitions, synergies, asset dispositions, fixed asset and goodwill impairment

charges, tax and withholding expense, selling, general and administrative expenses, product plans, performance and results; (xv) management's assessment of market factors and competitive developments, including pricing actions and regulatory rulings; (xvi) our possible inability to raise additional capital when needed, on attractive terms, or at all; and (xvii) our possible inability to hire and retain qualified executive management, sales, technical and other personnel. Many of these factors and risks are more fully described in our annual report, quarterly reports or other filings with the Securities and Exchange Commission, which are available through our website at [www.ptgi.com](http://www.ptgi.com). Other unknown or unpredictable factors could also affect our business, financial condition and results. Although we believe that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that any of the estimated or projected results will be realized. You should not place undue reliance on these forward-looking statements, which apply only as of the date hereof. Subsequent events and developments may cause our views to change. While we may elect to update these forward-looking statements at some point in the future, we specifically disclaim any obligation to do so.

**Investor Contact:**

PTGi  
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(tables follow)

**PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED**  
**CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS**

(in thousands, except per share amounts)  
(unaudited)

	Three Months Ended March 31, 2012	Three Months Ended December 31, 2011	Three Months Ended March 31, 2011
NET REVENUE	\$ 234,692	\$ 249,584	\$ 216,952
OPERATING EXPENSES			
Cost of revenue (exclusive of depreciation included below)	162,496	175,992	146,847
Selling, general and administrative	53,868	50,368	53,095
Depreciation and amortization	14,519	16,139	14,940
(Gain) loss on sale or disposal of assets	864	(13,005)	53
Goodwill impairment	—	—	14,679
Total operating expenses	<u>231,747</u>	<u>229,494</u>	<u>229,614</u>
INCOME (LOSS) FROM OPERATIONS	2,945	20,090	(12,662)
INTEREST EXPENSE	(7,127)	(6,013)	(8,679)
ACCRETION (AMORTIZATION) ON DEBT PREMIUM/DISCOUNT, net	(57)	(55)	(50)
GAIN (LOSS) ON EARLY EXTINGUISHMENT OR RESTRUCTURING OF DEBT	—	(493)	—
GAIN (LOSS) FROM CONTINGENT VALUE RIGHTS VALUATION	(7,190)	(4,177)	(4,384)
INTEREST AND OTHER INCOME (EXPENSE), net	158	(368)	(87)
FOREIGN CURRENCY TRANSACTION GAIN (LOSS)	4,745	3,211	4,048
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(6,526)	12,195	(21,814)
INCOME TAX BENEFIT (EXPENSE)	(86)	(3,636)	830
INCOME (LOSS) FROM CONTINUING OPERATIONS	(6,612)	8,559	(20,984)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS, net of tax	(140)	(619)	362
GAIN (LOSS) FROM SALE OF DISCONTINUED OPERATIONS, net of tax	—	(4,781)	—
NET INCOME (LOSS)	(6,752)	3,159	(20,622)
Less: Net (income) loss attributable to the noncontrolling interest	(106)	(6,282)	1,367
NET INCOME (LOSS) ATTRIBUTABLE TO PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED	<u>\$ (6,858)</u>	<u>\$ (3,123)</u>	<u>\$ (19,255)</u>
BASIC INCOME (LOSS) PER COMMON SHARE:			
Income (loss) from continuing operations attributable to Primus Telecommunications Group, Incorporated	\$ (0.49)	\$ 0.17	\$ (1.76)
Income (loss) from discontinued operations	(0.01)	(0.05)	0.03
Gain (loss) from sale of discontinued operations	—	(0.35)	—
Net income (loss) attributable to Primus Telecommunications Group, Incorporated	<u>\$ (0.50)</u>	<u>\$ (0.23)</u>	<u>\$ (1.73)</u>
DILUTED LOSS PER COMMON SHARE:			
Income (loss) from continuing operations attributable to Primus Telecommunications Group, Incorporated	\$ (0.49)	\$ 0.17	\$ (1.76)
Income (loss) from discontinued operations	(0.01)	(0.05)	0.03
Gain (loss) from sale of discontinued operations	—	(0.35)	—
Net income (loss) attributable to Primus Telecommunications Group, Incorporated	<u>\$ (0.50)</u>	<u>\$ (0.23)</u>	<u>\$ (1.73)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
BASIC	<u>13,744</u>	<u>13,697</u>	<u>11,148</u>
DILUTED	<u>13,744</u>	<u>13,697</u>	<u>11,148</u>
AMOUNTS ATTRIBUTABLE TO COMMON SHAREHOLDERS OF PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED			
Income (loss) from continuing operations, net of tax	\$ (6,718)	\$ 2,277	\$ (19,617)
Income (loss) from discontinued operations	(140)	(619)	362
Gain (loss) from sale of discontinued operations	—	(4,781)	—
Net income (loss)	<u>\$ (6,858)</u>	<u>\$ (3,123)</u>	<u>\$ (19,255)</u>



**PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED**  
**CONSOLIDATED CONDENSED BALANCE SHEET**

(in thousands)  
(unaudited)

	<u>March 31,</u> <u>2012</u>
Cash and cash equivalents	\$ 46,181
Accounts receivable, net	71,880
Other current assets	17,566
<b>TOTAL CURRENT ASSETS</b>	<b>135,627</b>
Restricted cash	12,287
Property and equipment, net	152,368
Goodwill	71,479
Other intangible assets, net	133,561
Other assets	32,058
<b>TOTAL ASSETS</b>	<b><u>\$537,380</u></b>
Accounts payable	\$ 40,724
Accrued interconnection costs	23,824
Deferred revenue	12,055
Accrued expenses and other current liabilities	41,002
Accrued income taxes	7,876
Accrued interest	11,150
Current portion of long-term obligations	2,289
<b>TOTAL CURRENT LIABILITIES</b>	<b>138,920</b>
Non-current portion of long-term obligations	243,786
Deferred Tax Liability	31,843
Contingent Value Rights	23,386
Other liabilities	2,502
<b>TOTAL LIABILITIES</b>	<b><u>440,437</u></b>
Total stockholders' equity	<u>96,943</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$537,380</u></b>

**PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED**  
**RECONCILIATION OF NET INCOME (LOSS) ATTRIBUTABLE TO PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED**  
**TO ADJUSTED EBITDA AND NORMALIZED ADJUSTED EBITDA**

(in thousands)  
(unaudited)

	Three Months Ended March 31, 2012	Three Months Ended December 31, 2011	Three Months Ended March 31, 2011
NET INCOME (LOSS) ATTRIBUTABLE TO PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED	\$ (6,858)	\$ (3,123)	\$ (19,255)
Share-based compensation expense	1,702	1,124	1,082
Depreciation and amortization	14,519	16,139	14,940
(Gain) loss on sale or disposal of assets	864	(13,005)	53
Goodwill impairment	—	—	14,679
Interest expense	7,127	6,013	8,679
Accretion on debt (premium) discount, net	57	55	50
(Gain) loss on early extinguishment or restructuring of debt	—	493	—
Interest and other (income) expense	(158)	368	87
(Gain) loss from Contingent Value Rights valuation	7,190	4,177	4,384
Foreign currency transaction (gain) loss	(4,745)	(3,211)	(4,048)
Income tax (benefit) expense	86	3,636	(830)
Income (expense) attributable to the non-controlling interest	106	6,282	(1,367)
(Income) loss from discontinued operations, net of tax	140	619	(362)
(Gain) loss from sale of discontinued operations, net of tax	—	4,781	—
ADJUSTED EBITDA	<u>\$ 20,030</u>	<u>\$ 24,348</u>	<u>\$ 18,092</u>
Severance, integration and other non-recurring items	2,873	1,334	1,682
NORMALIZED ADJUSTED EBITDA	<u>\$ 22,903</u>	<u>\$ 25,682</u>	<u>\$ 19,774</u>

**PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED**  
**RECONCILIATION OF NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**  
**TO FREE CASH FLOW**

(in thousands)  
(unaudited)

	<b>Three Months Ended March 31, 2012</b>	<b>Three Months Ended December 31, 2011</b>	<b>Three Months Ended March 31, 2011</b>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 18,028</b>	<b>\$ 16,934</b>	<b>\$ 15,960</b>
Net cash used in purchase of property and equipment	<u>(8,111)</u>	<u>(8,744)</u>	<u>(6,373)</u>
<b>FREE CASH FLOW</b>	<b><u>\$ 9,917</u></b>	<b><u>\$ 8,190</u></b>	<b><u>\$ 9,587</u></b>