SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1998

OR

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

COMMISSION FILE NO. 0-29-092

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	54-1708481
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1700 0LD MEADOW ROAD, SUITE 300, MCLEAN, VA	22102
(Address of principal executive offices)	(Zip Code)

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

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES X NO

INDICATE THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE ISSUER'S CLASSES OF COMMON STOCK, AS OF THE LATEST PRACTICABLE DATE.

CLASS	OUTSTANDING AS OF OCTOBER 31, 1998
COMMON STOCK , $.01 PAR VALUE	28,049,231

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED

INDEX TO FORM 10-Q

PART I - FINANCIAL INFORMATION
ITEM 1 - FINANCIAL STATEMENTS

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

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1998	1997	1998	1997
NET REVENUE	$116,047	$ 73,018	$295,573	$202,099
COST OF REVENUE	96,557	65,266	249,406	184,478
GROSS MARGIN	19,490	7,752	46,167	17,621
OPERATING EXPENSES				
Selling, general and administrative	23,022	13,749	57,389	35,784
Depreciation and amortization	7,411	1,877	15,322	4,343
Total operating expenses	30,433	15,626	72,711	40,127
LOSS FROM OPERATIONS	(10,943)	(7,874)	(26,544)	(22,506)
INTEREST EXPENSE	(11,456)	(4,893)	(28,235)	(5,570)
INTEREST INCOME	3,364	2,118	8,634	3,377
OTHER INCOME (EXPENSE)	-	58	-	407
LOSS BEFORE INCOME TAXES	(19,035)	(10,591)	(46,145)	(24,292)
INCOME TAXES	-	-	-	81
NET LOSS	$(19,035)	$(10,591)	$(46,145)	$(24,373)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$(0.68)	$(0.60)	$(1.99)	$(1.37)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	27,998	17,781	23,211	17,780

See notes to consolidated financial statements.

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

	SEPTEMBER 30, 1998	DECEMBER 31, 1997
	(unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$179,070	$115,232
Restricted investments	25,388	22,774
Accounts receivable (net of allowance of $10,493 and $5,044)	98,433	58,172
Prepaid expenses and other current assets	14,184	5,152
Total current assets	317,075	201,330
RESTRICTED INVESTMENTS	24,517	50,776
PROPERTY AND EQUIPMENT - Net	127,649	59,241
INTANGIBLES - Net	203,073	33,164
DEFERRED INCOME TAXES	2,391	2,620
OTHER ASSETS	15,185	10,882
TOTAL ASSETS	$689,890	$358,013
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 97,338	$ 56,358
Accrued expenses and other current liabilities	32,163	13,898
Accrued interest	9,810	11,016
Deferred income taxes	2,740	3,004
Current portion of long-term obligations	26,333	1,059
Total current liabilities	168,384	85,335
LONG TERM OBLIGATIONS	384,670	230,152
OTHER LIABILITIES	527	-
Total liabilities	553,581	315,487
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, $.01 par value - authorized 2,455,000 shares; none issued and outstanding	-	-
Common stock, $.01 par value - authorized, 80,000,000 and 40,000,000 shares; issued and outstanding, 28,041,692 and 19,662,233 shares	280	197
Additional paid-in capital	234,405	92,181
Accumulated deficit	(94,150)	(48,005)
Accumulated other comprehensive loss	(4,226)	(1,847)
Total stockholders' equity	136,309	42,526
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$689,890	$358,013

See notes to consolidated financial statements.

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)
(unaudited)

	NINE MONTHS ENDED SEPTEMBER 30,	
	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(46,145)	$(24,373)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation, amortization and accretion	15,593	4,494
Sales allowance	6,592	4,211
Stock issuance - 401(k) plan employer match	70	-
Foreign currency transaction loss	-	(407)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(24,728)	(30,454)
(Increase) decrease in prepaid expenses and other current assets	(7,678)	(1,422)
(Increase) decrease in other assets	171	(766)
Increase (decrease) in accounts payable	7,116	45,798
Increase (decrease) in accrued expense, other current liabilities and other liabilities	(5,378)	1,134
Increase (decrease) in accrued interest payable	(1,476)	3,664
Net cash provided by (used in) operating activities	(55,863)	1,879
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(55,933)	(34,667)
(Purchase) sale of short-term investments	-	25,125
(Purchase) sale of restricted investments	23,644	(72,521)
Cash used in business acquisitions, net of cash acquired	(1,165)	(5,208)
Net cash provided by (used in) investing activities	(33,454)	(87,271)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on capital leases and long-term obligations	(4,673)	(14,968)
Sale of common stock, employee option and purchase plan	4,613	-
Proceeds from long-term obligations	159,320	225,000
Deferred financing costs	(5,500)	(9,500)
Net cash provided by (used in) financing activities	153,760	200,532
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(605)	(427)
NET CHANGE IN CASH AND CASH EQUIVALENTS	63,838	114,713
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	115,232	35,474
CASH AND CASH EQUIVALENTS, END OF PERIOD	$179,070	$150,187

See notes to consolidated financial statements.

(1) Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting and Securities and Exchange Commission ("SEC") regulations. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the financial statements reflect all adjustments (of normal and recurring nature) which are necessary to present fairly the financial position, results of operations and cash flows for the interim periods. The results for the three months or nine months ended September 30, 1998 are not necessarily indicative of the results that may be expected for the year ending December 31, 1998.

The financial statements should be read in conjunction with the Company's audited consolidated financial statements included in the Company's most recently filed Form 10-K.

(2) Acquisition

On June 9, 1998 the Company completed its acquisition of TresCom International, Inc. ("TresCom"), a long distance telecommunications carrier focused on international long distance traffic originating in the United States and terminating in the Caribbean and Central and South America. As a result of the acquisition, all of the approximately 12.7 million TresCom common shares outstanding were exchanged for approximately 7.8 million shares of the Company's common stock valued at approximately $138 million.

The Company has accounted for the TresCom acquisition using the purchase method. Accordingly, the results of operations of TresCom are included in the consolidated results of the Company as of June 9, 1998, the date of acquisition. Under the purchase method of accounting, the Company has preliminarily allocated the purchase price to assets and liabilities acquired based upon their estimated fair values. The purchase price allocation reflected in the financial statements is therefore tentative and is subject to changes arising from the receipt of additional valuation and other information.

Pro forma operating results for the nine months ended September 30, 1998 and the year ended December 31, 1997, as if the acquisition of TresCom had occurred as of January 1, 1997, are as follows (in thousands, except per share amounts):

	Nine Months Ended September 30, 1998	Year Ended December 31, 1997
Net revenue	$359,141	$428,454
Net loss	$(55,724)	$(54,204)
Basic and diluted net loss per share	$ (2.01)	$ (2.08)

The pro forma financial information is presented for informational purposes only and is not necessarily indicative of future operations.

(3) Long Term Obligations

Long-term obligations consist of the following (in thousands):

	September 30, 1998 (Unaudited)	December 31, 1997
Obligations under capital leases	$ 14,003	$ 8,487
Revolving Credit Agreement	23,554	-
Senior Notes 11 3/4%	222,888	222,616
Senior Notes 9 7/8%	150,000	-
Notes payable	558	-
Settlement obligation	-	108
Subtotal	411,003	231,211
Less: Current portion of long term obligations	(26,333)	(1,059)
	$ 384,670	$ 230,152

On May 19, 1998 the Company completed the sale of $150 million 9 7/8% senior notes ("1998 Senior Notes Offering") due 2008 with semi-annual interest payments.

As a result of the merger with TresCom, the Company has a $25 million revolving credit and security agreement (the "Revolving Credit Agreement") with a commercial bank secured by certain of the Company's accounts receivable.

(4) New Accounting Pronouncements

In January 1998, the Company adopted the provisions of Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income (SFAS No. 130). Under SFAS No. 130, the Company's foreign currency translation adjustments are considered to be components of other comprehensive income (loss), and the stockholders' equity section of the accompanying balance sheet has been reclassified accordingly. During the three and nine months ended September 30, 1998 and 1997, the Company's foreign currency translation adjustment totaled $(1.2) million and $(2.4) and $(0.3) million and $(0.6) million, respectively. For the year ending December 31, 1998, the Company will report its net income (loss) and its foreign currency translation income or loss within a separate statement of comprehensive income (loss).

(5) Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Primus is a global facilities-based telecommunications company that offers international and domestic long distance and other telecommunications services to business, residential and wholesale carrier customers in North America, Asia-Pacific and Europe. The Company is exploiting the increasing demand for high-quality international telecommunications services resulting from the globalization of the world's economies and the worldwide trend toward telecommunications deregulation. The Company currently provides services in the United States, Canada, Mexico, Japan, Germany, Australia and the United Kingdom.

Net revenue is earned based on the number of minutes billable by the Company and is recorded upon completion of a call, adjusted for sales allowance. The Company generally prices its services at a savings compared to the major carriers operating in its service regions. The Company's net revenue is derived from carrying a mix of business, residential and wholesale long distance voice and data traffic and, in Australia, also from provision of local and cellular services.

Cost of revenue is primarily comprised of costs incurred from other domestic and foreign telecommunications carriers to originate, transport and terminate calls. The majority of the Company's cost of revenue is variable, based upon the number of minutes of use, with transmission and termination costs being the Company's most significant expense. As the Company increases the portion of traffic transmitted over its leased or owned facilities, cost of revenue increasingly will be comprised of fixed costs.

Although the Company's functional currency is the U.S. dollar, a significant portion of the Company's net revenue is derived from its sales and operations outside the United States, principally in Australia, the United Kingdom and Canada. In the future, the Company expects to continue to derive a significant portion of its net revenue and incur a significant portion of its operating costs outside the United States and changes in foreign currency exchange rates may have a significant effect on the Company's results of operations. The Company historically has not engaged in hedging transactions.

OTHER OPERATING DATA

The following information for the three months ended September 30, 1998 and 1997 is provided for informational purposes and should be read in conjunction with the unaudited Consolidated Financial Statements and Notes provided herein and the Consolidated Financial Statements presented with the Company's most recently filed Form 10-K.

	Three Months Ended September 30, 1998			
		Minutes of Long Distance Use		
	Net Revenue	International	Domestic	Total
North America	$ 58,553	152,701	86,113	238,814
Europe	16,614	52,266	16,354	68,620
Asia-Pacific	40,880	32,896	76,456	109,352
Total	$116,047	237,863	178,923	416,786

	Three Months Ended September 30, 1997			
		Minutes of Long Distance Use		
	Net Revenue	International	Domestic	Total
North America	$20,350	57,199	17,131	74,330
Europe	6,228	9,852	6,973	16,825
Asia-Pacific	46,440	11,844	61,544	73,388
Total	$73,018	78,895	85,648	164,543

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1998 AS COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 1997

Net revenue increased $43.0 million or 59%, from $73.0 million for the three months ended September 30, 1997 to $116.0 million for the three months ended September 30, 1998. Of the increase, $38.2 million was associated with the North American operations, which represents a growth rate of approximately 188%. The growth is a result of the addition of traffic from the acquisition of TresCom, increased traffic volumes in the Company's United States and Canadian wholesale carrier operations and in retail operations particularly from ethnic residential consumers. European net revenue increased $10.4 million from $6.2 million for the three months ended September 30, 1997 to $16.6 million for the three months ended September 30, 1998, a growth rate of 167%. The European increase is attributable to increased traffic volumes and net revenue in the United Kingdom wholesale and retail operations and the addition of wholesale operations in Germany. The Company's Asia- Pacific net revenue, in United States dollar terms, decreased $5.6 million or 12.0%, from $46.4 million for the three months ended September 30, 1997 to $40.9 million for the three months ended September 30, 1998, primarily as a result of a 24% decrease in the Australian dollar's average exchange rate. Net revenue of the Australian operations, in Australian dollar terms, grew 9.0% to $68.4 million as a result of increased traffic from retail residential and business customers and from the addition of data and internet services.

Cost of revenue increased $31.3 million, from $65.3 million, or 89.4% of net revenue, for the three months ended September 30, 1997 to $96.6 million, or 83.2% of net revenue, for the three months ended September 30, 1998. The increase in the cost of revenue is attributable to the increase in traffic volumes and associated net revenue growth. The decrease in the cost of revenue as a percentage of net revenue is reflective of the continuing migration of existing and newly generated customer traffic onto the Company's expanding network and new higher margin product offerings such as data and internet services.

Selling, general and administrative expenses increased $9.3 million, from $13.7 million for the three months ended September 30, 1997, to $23.0 million for the three months ended September 30, 1998. The increase is primarily a result of the addition of expenses from acquired operations including TresCom, Hotkey Internet Services Pty., Ltd. ("Hotkey") and Eclipse Telecommunications Pty., Ltd. ("Eclipse").

Depreciation and amortization expense increased from $1.9 million for the three months ended September 30, 1997 to $7.4 million for the three months ended September 30, 1998. The increase is primarily associated with increased amortization expense related to intangible assets arising from the Company's acquisitions of TresCom, Hotkey and Eclipse and increased depreciation expense related to acquired fixed assets and capital expenditures for fiber optic cable, switching and other network equipment being placed into service.

Interest expense increased from $4.9 million for the three months ended September 30, 1997 to $11.5 million for the three months ended September 30, 1998. The increase is primarily due to the additional debt incurred pursuant to the 1998 senior notes offerings and, to a lesser extent, the addition of the Company's Revolving Credit Agreement and additional capital lease financings.

Interest income increased from $2.1 million for the three months ended September 30, 1997 to $3.4 million for the three months ended September 30, 1998. The increase is a result of the investment of the net proceeds from the Company's 1997 and 1998 senior notes offerings.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 AS COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 1997

Net revenue increased $93.5 million or 46%, from $202.1 million for the nine months ended September 30, 1997 to $295.6 million for the nine months ended September 30, 1998. Of the net revenue increase, $79.7 million was associated with the Company's North American operations, which represents a growth rate of approximately 170%. The growth is a result of increased traffic volumes in wholesale carrier operations and in business and ethnic residential retail operations. Additionally, the 1998 period includes operations of TresCom (since the June 9, 1998 acquisition), the acquired Canadian operations and the acquired operations of TelePassport L.L.C. / USFI, Inc. European operations contributed $24.9 million of the year-over-year net revenue growth, which represents a growth rate of approximately 169%. The European net revenue increased from $14.7 million for the nine months ended September 30, 1997 to $39.6 million for the nine months ended September 30, 1998 resulting primarily from increased retail business and residential traffic and the addition of wholesale services, both in the United Kingdom and Germany. The Company's Asia-Pacific net revenue, in United States dollar terms, decreased by $11.1 million, or 7.9%, from $140.4 million for the nine months ended September 30, 1997 to $129.3 million for the nine months ended September 30, 1998 primarily resulting from a 17% decrease in the Australian dollar average exchange rate. Net revenue of the Australian operations, in Australian dollar terms, grew 6% to $195.8 million as a result of increased retail business and residential traffic growth and the addition of data and internet services.

Cost of revenue increased $64.9 million, from $184.5 million, or 91.3% of net revenue, for the nine months ended September 30, 1997 to $249.4 million, or 84.4% of net revenue, for the nine months ended September 30, 1998. The increase in the cost of revenue is primarily attributable to the increased traffic volumes and associated net revenue growth. The decrease in the cost of revenue as a percentage of net revenue is reflective of the continual expansion of the Company's global network, the continuing migration of existing and newly generated customer traffic onto the Company's network, and the new higher margin product offerings such as data and internet services.

Selling, general and administrative expenses increased $21.6 million from $35.8 million to $57.4 million for the nine months ended September 30, 1997 as compared to the nine months ended September 30, 1998. The increase is attributable to the addition of expenses from acquired operations including TresCom, Hotkey, Eclipse and the Canadian operations, the hiring of additional sales and marketing staff and network operations personnel and increased advertising and promotional expenses associated with the Company's residential marketing campaigns.

Depreciation and amortization increased from $4.3 million for the nine months ended September 30, 1997 to $15.3 million for the nine months ended September 30, 1998. The increase is associated with increased amortization expense related to intangible assets arising from the Company's acquisitions and with increased depreciation expense related to acquired fixed assets and capital expenditures for fiber, switching and other network equipment being placed into service.

Interest expense increased from $5.6 million for the nine months ended September 30, 1997 to $28.2 million for the nine months ended September 30, 1998. The increase is primarily attributable to the interest expense associated with the Company's 1997 and 1998 senior notes offerings and, to a lesser extent, the Company's Revolving Credit Agreement and capital lease financings.

Interest income increased from $3.4 million for the nine months ended September 30, 1997 to $8.6 million for the nine months ended September 30, 1998. The increase is a result of the investment of the net proceeds of the 1997 and 1998 senior note offerings.

LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity requirements arise from cash used in operating activities, purchases of network equipment including switches, related transmission equipment, and fiber optic cable transmission capacity, interest and principal payments on outstanding indebtedness, and acquisitions of and strategic investments in businesses. The Company has financed its growth through private placements of its common stock, the initial public offering of its common stock, the 1997 Senior Notes and Warrants Offering, the 1998 Senior Notes Offering, a $25 million bank Revolving Credit Agreement and capital lease financing. The semi-annual interest payments due under the 1997 Senior Notes through August 1, 2000 have been pre-funded and will be paid from restricted investments.

Net cash used in operating activities was $55.9 million for the nine months ended September 30, 1998 as compared to net cash used in operating activities of $1.9 million for the nine months ended September 30, 1997. The increase in operating cash used is primarily comprised of an increase in the net loss of $21.8 million and an increase in accounts receivable of $24.7 million, partially offset by increased non-cash operating expenses of $14.0 million and an increase in accounts payable of $7.1 million.

Net cash used in investing activities was $33.5 million for the nine months ended September 30, 1998 compared to net cash used in investing activities of $87.3 million for the nine months ended September 30, 1997. Net cash used in investing activities during the nine months ended September 30, 1998 includes $55.9 million of capital expenditures primarily for the expansion of the Company's global network, partially offset by $23.6 million of cash provided by the sale of restricted investments used to fund interest payments on the 1997 Senior Notes.

Net cash provided by financing activities was $153.8 million for the nine months ended September 30, 1998 as compared to net cash provided by financing activities of $200.5 million during the nine months ended September 30, 1997. Cash provided by financing activities in the nine months ended September 30, 1998 resulted primarily from $145.5 million of net proceeds of the 1998 senior notes offering.

The Company anticipates aggregate capital expenditures of approximately $100 to $125 million during the remainder of 1998 and 1999. Such capital expenditures will be primarily for international and domestic switches and points of presence, international and domestic fiber optic cable capacity for new and existing routes, satellite earth station facilities, other transmission equipment, and back office support systems.

The Company believes that its cash, cash equivalents, and restricted investments along with available capital lease financing will be sufficient to fund the Company's operating losses, debt service requirements, capital expenditures and other cash needs for its operations through at least the end of 1999. In order to fund the Company's longer term cash requirements, including the continual expansion of its network, Primus anticipates that it will be required to raise a significant amount of cash in excess of its existing cash, cash equivalents and restricted investments. Consequently, the

Company expects to raise additional capital from public or private equity or debt sources to meet its new financing needs, including for the continued buildout of the network. Additionally, if the Company's plans or assumptions change (including those with respect to the development of the network, the level of its operations and its operating cash flow), if its assumptions prove inaccurate, if it consummates additional investments or acquisitions or if it experiences unexpected costs or competitive pressures, or if existing cash and any other borrowings prove insufficient, the Company may require to seek additional capital sooner than expected.

YEAR 2000

General. Primus is reviewing its network elements, computer systems, software applications and other business systems in order to determine if any of these systems will not properly reflect or recognize the year 2000. Because many computer and computer applications define dates by the last two digits of the year, "00" could be interpreted to mean the year 1900, rather than the year 2000. This error could result in miscalculations or system failures. Year 2000 issues may also affect the systems and applications of Primus's customers, vendors or resellers.

Compliance Program. Earlier in the year, Primus began a comprehensive inventory and Year 2000 assessment of its principal computer systems, network elements, software applications and other business systems throughout the world. Primus expects to complete its inventory and assessment by the end of 1998 and begin repairing or replacing the most critical items that are determined not to be Year 2000 compliant. Primus expects to complete the repair, replacement, testing and certification of substantially all non-compliant network elements by September 30, 1999. Primus will be using both internal and external resources to identify, correct or reprogram, and test its systems for Year 2000 compliance.

Suppliers. Primus is also contacting third party suppliers of major equipment, software, systems and services used by the Company to identify and, to the extent possible, to resolve issues involving Year 2000 compliance. However, the Company has limited or no control over the actions of these third party suppliers. Consequently, while Primus expects that it will be able to resolve any significant Year 2000 issues with regard to these systems and services, there can be no assurance that these suppliers will resolve any or all Year 2000 issues before the occurrence of a material disruption to the business of the Company or any of its customers.

Costs. Primus expects to incur approximately $10 to $15 million in expenditures in 1998 and 1999 to complete its Year 2000 compliance program. These estimates do not include the costs of systems, software and equipment that are being replaced or upgraded in the normal course of business. The costs of modifying the Company's network elements, software and systems for Year 2000 compliance are being funded from existing cash resources.

Risks. Primus believes that it will substantially complete the implementation of its Year 2000 program prior to December 31, 1999. Consequently, the Company does not believe that Year 2000 issues will have a material adverse effect on the Company's business or results of operations. However, if the Company does not achieve compliance prior to December 31, 1999, if it fails to identify and remedy all critical Year 2000 problems or if major suppliers or customers experience material Year 2000 problems, the Company's results of operations or financial condition could be materially affected.

Contingency Plans. Primus has begun to develop appropriate contingency plans to mitigate, to the extent possible, any significant Year 2000 noncompliance. The Company expects to complete its contingency plans by September 30, 1999. If Primus is required to implement its contingency plans, the cost of Year 2000 compliance may be greater than the amount referenced above and there can be no assurance that these plans will be adequate.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Statements in this Form 10-Q which are based on current expectations and are not strictly historical statements may differ materially from actual results. Not strictly historical statements include, without limitation, those regarding management's plans, objectives and strategy for future operations, product plans and performance, management's assessment of market factors, and future financial performance. In addition, discussion of the Company's efforts, and management's expectations, regarding Year 2000 compliance issues are also forward-looking statements that may differ materially from actual results. Among factors that could cause actual results to differ materially are changes in business conditions; changes in the telecommunications industry and the general economy; competition; changes in service offering; and risks associated with Primus's limited operating history, entry into developing markets, managing rapid growth, integration of TresCom, risks associated with international operations, dependence on effective information systems, and development of the network. These factors are discussed more fully in the company's Form 10-K and Prospectus dated July 16, 1998 filed with the Securities and Exchange Commission.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits (see index on page 14)

(b) Reports on Form 8-K

Current report on Form 8-K filed on August 14, 1998 with regards to the Company's second quarter 1997 financial results.

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 thereunto duly authorized.

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED

Date November 13, 1998 By:/s/ Neil L. Hazard

NEIL L. HAZARD
(Executive Vice President and Chief Financial Officer)

Date November 13, 1998 By:/s/ Thomas R. Kloster

THOMAS R. KLOSTER
(Vice President, Corporate Controller and Chief Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
27.1	Financial Data Schedule for the nine months ended September 30, 1998

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THIS SCHEDULE CONTAINS SUMMARY INFORMATION EXTRACTED FROM THE BALANCE SHEET OF PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED AT SEPTEMBER 30, 1998 AND THE INCOME STATEMENT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANICAL STATEMENTS.

1,000

9-MOS
DEC-31-1998
JAN-01-1998
SEP-30-1998
228,975
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108,926
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317,075
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