
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): September 23, 2010 (September 17, 2010)

**PRIMUS TELECOMMUNICATIONS GROUP,
INCORPORATED**

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-29092
(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 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On September 17, 2010, Primus Telecommunications Group, Incorporated (“Group”), Primus Telecommunications, Inc. (“PTI” and together with Group, the “Companies”) and Thomas R. Kloster entered into a Termination Agreement (the “Agreement”) in connection with the previously announced termination, as of August 31, 2010, of the employment of Mr. Kloster, who had served as Chief Financial Officer of the Companies.

As described in the Current Report on Form 8-K filed by Group on September 2, 2010, PTI and Mr. Kloster are parties to a Separation Agreement dated July 1, 2009 (the “Separation Agreement”). The Separation Agreement provides, among other things, that if Mr. Kloster is terminated by Group without “cause,” subject to the execution of a general release of claims and continued compliance with certain restrictive covenants, he is entitled to cash severance payable in installments, equal to one year of annual base salary and his annual bonus target (provided that the combined total of such amounts is not to exceed \$650,000) and continuation of certain welfare benefits for a period of twelve months following the date of termination. As of the date of the termination of Mr. Kloster’s employment, no bonus target for 2010 had been set.

Pursuant to the terms of the Separation Agreement, the Termination Agreement provides that the Companies will make the following payments to Mr. Kloster: (1) on March 1, 2011, a lump-sum payment of \$200,000; (2) commencing on March 15, 2011 and on the fifteenth and last day of each month occurring thereafter through and including August 31, 2011, an amount equal to \$16,666.67; (3) on March 1, 2011, a lump-sum payment of \$125,000; and (4) on March 31, 2011, and on the last day of each calendar month thereafter through and including August 31, 2011, an amount equal to \$20,833.34. In addition, for each month of the first 12 months following the termination of Mr. Kloster’s employment that Mr. Kloster elects to receive COBRA continuation coverage, the Companies will reimburse Mr. Kloster for the amount of the COBRA premium required to be paid for such coverage, and the Companies shall pay Mr. Kloster a lump-sum payment of \$46,000 on March 1, 2011, in satisfaction of PTI’s obligations under the Separation Agreement with respect to Executive’s right to participate in the Company’s other welfare benefit plans.

The Termination Agreement acknowledges the provisions for the vesting of 11,390 restricted stock units (“RSUs”) for Group common shares granted to Mr. Kloster under his July 2, 2009 Restricted Stock Unit Agreement and the vesting of 2,847 non-qualified stock options (“NQSOs”) to purchase shares of Group common stock granted to Mr. Kloster under a Non-Qualified Stock Option Agreement dated July 1, 2009, if Group achieves targeted 2010 Adjusted EBITDA levels, all as set forth in those agreements. The remaining unvested RSUs and NQSOs previously awarded to Mr. Kloster were cancelled in connection with the termination of Mr. Kloster’s employment.

As a condition to receiving the amounts payable under the Termination Agreement, Mr. Kloster executed a general release for the benefit of the Companies and their affiliates. Also on September 17, 2010, Group and Mr. Kloster entered into an agreement regarding certain professional consultation services to be provided by Mr. Kloster for a six-month period following the termination of his employment. Under this agreement, Mr. Kloster will be paid the

sum of \$20,000 per month for each of September, October and November 2010, the sum of \$10,000 per month for each of December 2010 and January 2011, and the sum of \$5,000 for February 2011, for the provision of up to 32 hours of services per month (Mr. Kloster would be paid at the rate of \$500 per hour for any hours in excess of 32 during any such month).

Item 9.01. Financial Statements and Exhibits.

(a) and (b) Not applicable.

(c) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Termination Agreement dated September 17, 2010 by and between Thomas R. Kloster and Primus Telecommunications Group, Incorporated and Primus Telecommunications, Inc.
10.2	Agreement for Professional Services dated September 17, 2010 by and between Primus Telecommunications Group, Incorporated and Thomas R. Kloster

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: September 23, 2010

By: _____ /s/ THOMAS D. HICKEY
Thomas D. Hickey
Secretary and General Counsel

EXHIBIT INDEX

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10.2	Agreement for Professional Services dated September 17, 2010 by and between Primus Telecommunications Group, Incorporated and Thomas R. Kloster

TERMINATION AGREEMENT

THIS TERMINATION AGREEMENT (the "Agreement"), entered into as of September 17, 2010, by and between **THOMAS R. KLOSTER** (the "Executive") and **PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED** and **PRIMUS TELECOMMUNICATIONS, INC.**, both Delaware corporations (together, the "Company")

RECITALS:

A. Executive has been employed by the Company as Chief Financial Officer;

B. The parties wish to provide for termination of Executive's employment with the Company on mutually satisfactory terms with such termination to be effective on August 31, 2010 (the "**Termination Date**");

C. Executive and the Company and its subsidiary, Primus Telecommunications, Inc., are parties to a Separation Agreement dated June 30, 2009 (the "Separation Agreement"); and

D. Executive and the Company wish to memorialize the terms for Executive's termination of employment and set forth their understandings on certain related matters.

Now, Therefore, in consideration of the mutual covenants herein contained, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Termination Date. Executive agrees that his employment with the Company shall terminate effective as of the Termination Date. That termination shall be deemed to be without "Cause" as defined under the Separation Agreement. Effective upon the termination, Executive shall have been deemed to have resigned from all director and officer positions he holds with the Company and any of its affiliates.

2. Payments and Welfare Benefits for Executive.

(a) Provided that the Executive executes the Release attached hereto as Exhibit A (the "Release") on or before September 30, 2010, and such Release has become effective in accordance with the terms of Section 1(b)(v) thereof, the Company shall pay to Executive the following amounts:

(i) On March 1, 2011, an amount equal to \$200,000.00 in a single lump sum, without interest.

(ii) Beginning on March 15, 2011 and on the fifteenth and last day of each month occurring thereafter through and including August 31, 2011, an amount equal to \$16,666.67.

(iii) On March 1, 2011, an amount equal to \$125,000.00 in a single lump sum, without interest.

(iv) On March 31, 2011, and on the last day of each calendar month thereafter through and including August 31, 2011, an amount equal to \$20,833.34.

(v) In satisfaction of the Company's obligations to Executive under Section 2(b)(iii) of the Separation Agreement with respect to Executive's right to participate in the Company's group health plans (*i.e.*, medical, dental and vision), for each month of the first 12 months following the Termination Date that Executive elects to receive COBRA continuation coverage, the Company will reimburse Executive the amount of the COBRA premium required to be paid for such coverage. In addition, in satisfaction of the Company's obligations to Executive under Section 2(b)(iii) of the Separation Agreement with respect to Executive's right to participate in the Company's welfare benefit plans **other than** any group health plans (*i.e.*, short-term disability, long-term disability and life insurance) for a period of 12 months beginning on the Termination Date at the same cost to the Executive as he would be required to pay if he were actively employed by the Company during that period, the Company shall pay the Executive on March 1, 2011, an amount equal to \$46,000.

(b) The Company shall continue to pay to Executive his current base salary and shall pay any accrued and unused vacation leave through the Termination Date in accordance with the Company's standard payroll practices.

(c) Restricted Stock Units. The Company and Executive hereby stipulate and agree that 17,087 Management Restricted Stock Units ("RSUs") granted under the Restricted Stock Unit Agreement dated July 2, 2009 (the "RSU Agreement") are vested and have been exchanged for common stock. In addition, if the Company equals or exceeds ninety percent (90%) of the Adjusted EBITDA Target for 2010 as set forth in the RSU Agreement, 11,390 additional RSUs will become vested. The remaining 5,695 unvested or contingent RSUs are hereby forfeited and terminated. Any additional vested RSUs will be settled on a one for one basis at the time provided in Section 3 of the RSU Agreement. Except as set forth in this subsection (c), the vested RSUs will remain subject to the terms of the RSU Agreement and the Company's Management Compensation Plan.

(d) Non-Qualified Stock Options. The Company and Executive hereby stipulate and agree that 13,123 of the shares of Common Stock issuable under the Non-Qualified Stock Option Agreement dated July 1, 2009 (the "Option Agreement"), are fully vested and exercisable in accordance with the terms of the Option Agreement and the Plan. The remaining 13,123 of such stock options under the Option Agreement are hereby terminated. Except as set forth in this subsection (d), the vested options shall remain subject to the terms of the Option Agreement and the Company's Management Compensation Plan.

(e) Performance Based Non-Qualified Stock Option. The Company and the Executive hereby stipulate and agree that 4,272 of the shares of Common Stock issuable under the performance based Non-Qualified Stock Option Agreement dated July 1, 2009 (the "Performance Option Agreement"), are fully vested and exercisable in accordance with the terms of the Performance Option Agreement. In addition, if the Company equals or exceeds one hundred fifteen percent (115%) of the Adjusted EBITDA Target for 2010 as set forth in the Performance Option Agreement, options on 2,847 additional shares will become vested. The options on the remaining 1,424 shares are hereby forfeited and terminated. Except as set forth in this subsection (e), the vested options will remain subject to the terms of the Performance Option Agreement and the Company's Management Compensation Plan.

(f) Withholding. All compensation and other compensatory benefits provided to Executive pursuant to this Termination Agreement shall be reduced by all amounts required or authorized to be withheld by the Company by applicable federal, state and local law.

(g) No Additional Benefits. Executive acknowledges and agrees that the payments and other benefits provided for in this Agreement represent the only compensation and benefits to which Executive is entitled and, except for the fees for periods following the Termination Date payable under the Consulting Agreement identified in Section 7 below, Executive is not entitled to any other compensation, remuneration, benefits or entitlements, whether pursuant to the Separation Agreement, Restricted Stock Unit Agreement, Option Agreement or Performance Option Agreement or otherwise, excluding any accrued benefits the Executive may have under the Company's 401(k) plan.

3. Restrictive Covenants. Executive hereby reaffirms and agrees that all of the terms, restrictions and covenants of Executive set forth in Sections 4, 5, 6, 7 and 8 of the Separation Agreement shall remain in full force and effect in accordance with their terms, without waiver, amendment, or release.

4. Return of Company Property. Except as useful or necessary in performing his duties under the Consulting Agreement, Executive agrees that all files, records, documents, computer disks, drawings, specifications, equipment, keys, credit cards and other property of the Company, including copies thereof, shall be returned to the Company on or before the Termination Date and all such property used by Executive in performing under the Consulting Agreement, except for Executive's laptop computer (which shall convey after Executive has delivered the laptop to the Company and the Company has removed from it any confidential or proprietary information), shall be returned to the Company on or before the termination of the Consulting Agreement.

5. Cooperation in Litigation. The Executive agrees to cooperate with and assist the Company in the prosecution or defense of any claims arising out of or related to any matters with which the Executive was involved during his employment with the Company (including, without limitation, attendance at out-of-town proceedings for which the Company may require travel). The Company and Executive shall cooperate in determining mutually acceptable times and locations for Executive to provide such cooperation. The Company agrees to directly pay or reimburse the Executive for the actual expenses incurred by the Executive (including reasonable travel expenses) as a result of his providing such cooperation pursuant to this provision. Following the termination of the Consulting Agreement, the Executive agrees to continue to cooperate with respect to such matters as is reasonably requested and compensated by the Company.

6. Non-Disparagement. Executive and the Company agree that he/it shall not take any actions or make any verbal or written statements to the public, or to the Company's employees and customers, that disparage the Executive, the Company, its affiliates, officers and directors.

7. Consulting Agreement. The Company and Executive hereby execute the Consulting Agreement attached hereto as Exhibit B that shall become effective on the Termination Date.

8. Miscellaneous Provisions.

(a) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(b) Non-Reliance. Executive acknowledges and agrees that in signing this Agreement, he does not rely and has not relied on any representation or statement by the Company or by its directors, officers, agents, representatives or attorneys with regard to the subject matter, basis or effect of this Agreement.

(c) Whole Agreement. No agreements, representations or understandings (whether oral or written and whether express or implied) which are not expressly set forth in this Agreement have been made or entered into by either party with respect to the subject matter hereof. Effective as of the date hereof, this Agreement supersedes any prior employment agreement or other Agreement between the Company, any of its subsidiary or parent entities and Executive, except that the Separation Agreement, Restricted Stock Unit Agreement, Option Agreement, Performance Option Agreement and Release, shall remain in force and effect in accordance with their respective terms, except as such terms are expressly modified, amended, terminated or released by this Agreement.

(d) No Admission of Wrongdoing. This Agreement is not an admission by the Company or Executive of any liability or wrongdoing.

(e) Choice of Law. This Agreement shall be deemed a contract made under, and for all purposes the validity, interpretation, construction and performance of this Agreement shall be governed by, the laws of the State of Delaware, without reference to principles of conflicts of laws, except to the extent superseded by applicable federal law.

(f) No Assignment. The rights of any person to payments or benefits under this Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this Subsection (f) shall be void.

(g) Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the Executive and his beneficiaries, heirs, executors, successors and assigns; and the Company, its affiliates, subsidiaries, successors and assigns.

(h) Confidentiality of Agreement. Executive agrees to keep strictly confidential the existence and terms of this Agreement and to not disclose them to any person or entity, other than to Executive's immediate family, attorney, financial advisor, or except through confidential due diligence investigations or as required by law or except with respect to matters that have been publicly disclosed by the Company in filings with the Securities and Exchange Commission or otherwise publicly disclosed by the Company .

(i) Section 409A. This Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and shall be interpreted accordingly.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized representative, as of the day and year first above written.

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED and PRIMUS TELECOMMUNICATIONS, INC.

By /s/ THOMAS R. KLOSTER Date: 9/17/2010
Title: Acting Chief Executive Officer

THOMAS R. KLOSTER

/s/ THOMAS R. KLOSTER Date: 9/17/2010

EXHIBIT A

Release Agreement

This Release Agreement (the "Release Agreement") is made this __ day of _____, 2010, by and between **THOMAS R. KLOSTER** (the "Executive") and **PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED** and **PRIMUS TELECOMMUNICATIONS, INC.**, both Delaware corporations (together, the "Company")

Recitals:

Executive and the Company are parties to a Termination Agreement dated _____, 2010 (the "Termination Agreement") pursuant to which Executive is entitled to certain payments and benefits pursuant to Section 2(a) of the Termination Agreement in consideration for granting a release of claims to the Company and the parties wish to state the terms of such release in this Release Agreement.

Now Therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Executive and the Company hereby agree as follows:

1. Release of Claims. In consideration for Executive's right to receive the payments and benefits in the amount, manner and time of payment described in Section 2(a) of the Termination Agreement, Executive hereby agrees to the following release of claims (the "Release"):

(a) Release. Executive, for himself and his heirs, executors and administrators, voluntarily, knowingly and willingly agrees to release the Company, together with its direct and indirect parents, subsidiaries, affiliates, predecessors and successors and assigns, past and present directors, managers, officers, executives, agents, clients, accountants, attorneys, and servants (collectively, the "Company Releasees") from any and all claims, charges, complaints, promises, agreements, controversies, liens, demands, causes of action, obligations, damages, expenses (including attorneys' fees and costs) and liabilities of any nature whatsoever ("Claims"), known or unknown, suspected or unsuspected, which Executive, or his heirs, executors or administrators ever had, now have, or may hereafter claim to have against any of the Company Releasees arising out of or relating to: (i) any matter, cause or thing whatsoever arising from the beginning of time to the date of this Release, (ii) Executive's employment relationship with the Company or any of the Company Releasees or the separations thereof including, but not limited to, any such rights or claims arising under any statute or regulation including the Age Discrimination in Employment Act of 1967, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans with Disabilities Act of 1990, the Family and Medical Leave Act of 1993, the Employee Retirement Income Security Act of 1974, the Delaware Equal Accommodations Law, the Virginia Human Rights Act, each as amended, or any other federal, state or local law, regulation, ordinance or common law, or (ii) any policy, agreement, understanding or promise,

written or oral, formal or informal, between Executive on the one hand and the Company or any of the Company Releasees on the other hand. Executive acknowledges that the amounts referred to in Section 2 of the Termination Agreement are in lieu of and in full satisfaction of any amounts that might otherwise be payable under any contract, agreement (oral or written), plan, policy or practice, past or present, of the Company or any of the Company Releasees; provided, however, that notwithstanding the foregoing, nothing contained in this Release shall in any way terminate, modify or release the rights, if any, that the Executive may have, from and after the date the Release is executed, under the Company's Primary Directors & Officers Liability Policy, the Excess Directors & Officers Liability Policy, and the Run-Off Endorsement, provided that the foregoing shall not preclude the amendment or termination of such policies from time to time in accordance with their respective terms (collectively, the "Excluded Claims").

(b) Representations of Executive. Executive hereby makes the following representations and acknowledgements:

(i) Executive understands and agrees that, except for the Excluded Claims, he has knowingly relinquished, waived and forever released any and all rights to any personal recovery in any action or proceeding that may be commenced on Executive's behalf arising out of the Claims that are released under the Release, including, without limitation, Claims for back pay, front pay, liquidated damages, compensatory damages, general damages, special damages, punitive damages, exemplary damages, costs, expenses and attorneys' fees.

(ii) Executive represents that he has no claims, complaints, charges or lawsuits pending against the Company or any of the Company Releasees.

(iii) ***Executive acknowledges and agrees that he has had a sufficient period of time of up to 21 days within which to review the Termination Agreement and this Release, including, without limitation, with Executive's attorney, and that Executive has done so to the extent desired. If Executive timely signs and returns this Agreement, he will have seven days following the date on which he signed the Agreement to revoke it.***

(iv) Executive understands and agrees that the severance and benefits set forth in Section 2 of the Termination Agreement are the only consideration for the Executive's signing the Release and no promise or inducement has been offered or made to induce the Executive to sign the Release, except as expressly set forth therein.

(v) ***Executive understands and agrees that the Release shall not become effective until the 8th day after the Executive signs this Release and the Executive may at any time before the effective date revoke the Release by hand delivering or sending via overnight mail a written notice of revocation to the Company: Primus Telecommunications Group, Incorporated, 7901 Jones Branch Drive, Suite 900, McLean, VA 22102, Attention: General Counsel. If Executive elects to revoke the Release as provided above, this Release Agreement and the Termination Agreement shall automatically terminate without liability or obligation to either party and the Separation Agreement shall remain in full force and effect without amendment or modification in accordance with its respective terms.***

2. Choice of Law. This Agreement shall be deemed a contract made under, and for all purposes the validity, interpretation, construction and performance of this Agreement shall be governed by, the laws of the State of Delaware, without reference to principles of conflicts of laws, except to the extent superseded by applicable federal law.

3. Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the Company Releases and their successors and assigns.

IN WITNESS WHEREOF, each of the parties has executed this Release Agreement, in the case of the Company by its duly authorized representative, as of the day and year first above written.

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED and PRIMUS TELECOMMUNICATIONS, INC.

By _____ Date: _____
Title: _____

THOMAS R. KLOSTER

_____ Date: _____

AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement for Professional Services (the "Agreement") is made and entered into as of the day of September 17, 2010 (the "Effective Date"), by and between Primus Telecommunications Group, Incorporated, a Delaware corporation with offices at 7901 Jones Branch Drive, Suite 900, McLean, VA 22102 (hereinafter individually referred to as the "Company") and Thomas R. Kloster (hereinafter referred to as "Contractor").

WHEREAS, Contractor was a former officer, employee and director of the Company or its subsidiary, Primus Telecommunications, Inc., whose employment terminated on August 31, 2010;

WHEREAS, the Company and its subsidiary, Primus Telecommunication, Inc., are parties to a Termination Agreement dated September 17, 2010 (the "Termination Agreement"), which sets forth certain terms relating to the termination of the Contractor's employment with the Company;

WHEREAS, the Company wishes to retain Consultant on a limited basis to assist in transition of certain matters that Consultant worked on during his employment with the Company; and

WHEREAS, Contractor is willing to perform such services subject to and in accordance with the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the Company and Contractor hereby agree as follows:

1. SERVICES AND SCOPE OF WORK

1.1 Services. Contractor agrees to perform for the Company the tasks, responsibilities and services (the "Services") described on the attached task specific schedule(s) (individually, a "Task Order"). The parties may agree, from time to time, to additional Task Orders which shall be signed by both parties and attached hereto. The Services shall be provided in accordance with the provisions of this Agreement and the applicable Task Order.

1.2 Provision of Services. All of the Services shall be provided by Contractor and Contractor shall not delegate, assign or subcontract the performance of any of the Services.

1.3 Time Commitment. Contractor agrees to provide up to 32 hours of Services per month during the term of this Agreement. The parties by mutual agreement may increase the number of hours of Service the Contractor may provide during a month; provided, however, that the number of hours Contractor provides for Services shall not exceed on an annualized basis 20% of the average annual hours Contractor worked for the Company and its affiliates during the prior 36 months.

2. INDEPENDENT CONTRACTOR AND SUBCONTRACTING

2.1 Independent Contractor. Contractor is performing the Services as an independent contractor. Contractor is not an agent of the Company and thus has no right or authority to represent or legally bind the Company as to any matters, except as expressly authorized in this Agreement. The Company shall not be responsible for payment of, and Contractor shall not make a claim against the Company for, worker's compensation, health or disability benefits, or unemployment insurance, nor shall the Company be responsible for withholding or paying employment related taxes for Contractor. In the event that any federal, state or local government agency, any court or any other applicable entity determines that Contractor is an employee of the Company for any purpose, Contractor agrees to indemnify and hold the Company harmless from all liabilities, costs and expenses (including, but not limited to, attorneys' fees) associated with such determination.

3. PERSONNEL

3.1 Personnel Rules and Regulations. Contractor shall comply with the Company's reasonable security regulations, including any procedures that the Company personnel and other consultants are normally asked to follow. Unless otherwise agreed by the parties, Contractor shall observe the Company's working rules, working hours and holiday schedules while working on the Company's premises. Contractor specifically acknowledges that the Company is committed to a drug-free work place and Contractor represents, warrants and covenants that he is, and shall be, in compliance with such working rule.

4. PROGRESS REPORTS AND MEETINGS

4.1 Reports. If requested by the Company, Contractor shall submit a detailed written progress report to the Company's designated primary point of contact every month, or at other intervals as reasonably requested by the Company, during the term of this Agreement. Such progress reports shall detail the current status of Contractor activities, progress of the Services being performed, and additional actions or tasks to needed to complete such Task Order. The progress report also shall identify both actual and anticipated problem areas relating to the Task Orders, the impact thereof on Contractor's work effort, and action being taken or alternative actions to be taken to remedy such problems.

4.2 Meetings. The parties shall mutually agree from time to time upon an appropriate set of periodic meetings between Contractor and appropriate the Company representatives. Such meetings shall be conducted telephonically or at the Company's headquarters.

5. FEES, EXPENSES, RECORDS AND TAXES

5.1 Fees. Contractor shall be paid the following amounts: (a) the sum of \$20,000 per month for the provision of the Services hereunder during September 2010, October 2010 and November 2010; (b) the sum of \$10,000 per month for the provision of the Services hereunder during December 2010 and January 2011; and (c) the sum of

\$5,000 per month for the provision of the Services hereunder during February 2011. If the requested hours of service exceed those stipulated in Section 1.3 (32 hours), the Contractor will be paid the sum of \$500 per hour for each hour of service in excess of the first 32 hours per month performed. In the event this Agreement terminates during any month, the foregoing monthly fee shall be prorated based on the number of days the Agreement was in effect during that month.

5.2 Out-of-Pocket Expenses. The Company will reimburse Contractor, without mark-up or margin, for "Out-of-Pocket Expenses" which shall mean reasonable, necessary and actual out-of-pocket expenses incurred by Contractor in order to perform the Services, but shall not include Contractor's overhead costs (or allocations thereof), administrative expenses or other mark-up. The Company will reimburse Contractor for Out-of-Pocket Expenses to the extent such expenses (i) have been detailed on a form acceptable to the Company and submitted to the Company for review and approval; and (ii) are supported by documentation reasonably acceptable to the Company. It is understood that the Company shall not reimburse Contractor for commuting expenses under any circumstances or for travel and living expenses incurred by Contractor in performing services at a the Company facility located in the same metropolitan area as that of Contractor's home. It is also understood that any air transportation reimbursable hereunder shall be coach/economy and that entertainment by or on behalf of Contractor shall be at no cost to the Company.

5.3 Services Covered. Both parties acknowledge and agree that the fees set forth in Section 5.1 are intended to compensate Contractor fully for all Services and/or Deliverables to be performed and/or provided by Contractor pursuant to the applicable Task Order. Accordingly, the Company shall not be obligated to pay Contractor any consideration or amounts in addition to those described in the applicable Task Order.

5.4 Taxes. Contractor agrees to sign form W-9 attached hereto as Exhibit A and return it to the Company within 5 days of execution of this agreement. In no event shall the Company be responsible for taxes based on the income or gross receipts of Contractor.

6. INDEMNITIES

Contractor agrees to indemnify, defend at its expense and hold harmless the Company, and its affiliates, subsidiaries, partners, officers, directors, employees, agents, successors and assigns from any and all claims, actions, damages, liabilities, costs and expenses, including reasonable attorneys' fees and expenses, arising from or related to: (i) any breach of the representations, warranties and covenants made by Contractor under this Agreement; (ii) any breach of the confidentiality obligations hereunder by Contractor; (iii) any claim of infringement made against the Company or its representatives of any patent, copyright, trademark, trade secret or other proprietary right relating to Deliverables, documentation and/or other materials provided by Contractor; (iv) any claim of misappropriation of Confidential Information alleged to have occurred because of the Company's (or its designated representatives) use of Deliverables, documentation and/or other materials provided by Contractor; or (v) any personal injury or property damage in connection with or arising out of the fault or negligence of Contractor or otherwise relating to the furnishing, performance or use of the Services, Deliverables or other materials provided under this Agreement or any Task Order.

7. OWNERSHIP

7.1 Work Made For Hire. All Deliverables, information or other materials, whether in progress or completed, including but not limited to, all inventions, reports, recommendations, analyses, data, computer programs, drawings and photographs developed and provided by Contractor during the performance of the Services, shall be deemed “works made for hire” and the sole and exclusive property of the Company. To the extent that any such work is not deemed a “work made for hire” and the Company property by operation of law, Contractor hereby irrevocably assigns, transfers and conveys (now and in the future) to the Company all of its right, title and interest in such work, including but not limited to all rights of patent, copyright, trademark or other proprietary rights in such work. Contractor agrees to execute documents or to take actions as the Company reasonably may request to perfect the Company’s ownership of any such work, with such obligations to survive termination of this Agreement

7.2 Ownership Provisions. Contractor agrees that it shall include and enforce such ownership provisions in all subcontracts, if any, to ensure the exclusivity of the Company ownership as described in Section 7.1 above. The Company, its successors and assigns, shall have the unfettered right to obtain, and to hold in its own name, patents, copyrights, registrations, or such other intellectual property rights and protections as may be appropriate. All Deliverables shall bear the Company’s copyright and trade secret notices.

8. CONFIDENTIALITY AND PROPRIETARY RIGHTS

8.1 Non-Disclosure. In addition to the confidentiality requirements set forth in the Termination Agreement, Contractor shall preserve as strictly confidential and proprietary all information and material, whether or not marked as confidential, including but not limited to the Company information, materials, data, strategic plans, financial information, personnel files, customer (or potential customer) lists, or other information that the Company may provide to Contractor, or Contractor may receive, in connection with this Agreement or the Task Order(s) (collectively “Confidential Information”). Contractor shall hold the Confidential Information in confidence, with reasonable care and shall not disseminate such Confidential Information to except to representatives of the Company pursuant to the performance of the Services hereunder. Contractor agrees to preserve any copyright, trademark and other proprietary rights notices on all Confidential Information and promptly notify the Company of any disclosure of Confidential Information that is not in accordance with this Agreement. Contractor agrees that in the event of a breach or threatened breach of this Section 8.1, that the Company may be irreparably harmed such that monetary damages will not adequately compensate for its injuries. In the event of any such breach, the Company shall be entitled, in addition to any rights or remedies it may have at law or in equity, to temporary and permanent injunctive relief issued by any court of competent jurisdiction enjoining and restraining Contractor from continuing such breach and the payment by Contractor of all costs associated with any litigation, including attorneys’ fees. The foregoing obligations shall survive termination or expiration of this Agreement or any Task Order.

8.2 Limitations. Confidential Information shall not include the following information, to the extent that Contractor can show that the information: (i) is previously known by it at the time of disclosure without obligation of confidence, or without breach of this Agreement or the Termination Agreement; (ii) is publicly disclosed through no wrongful act of Contractor or its representatives; (iii) is received from a third party having the right to lawfully possess and disclose same and without breach of this Agreement; (iv) is independently developed by Contractor without access or reference to the Confidential Information; (v) is approved for release by prior written authorization of the Company; or (vi) is required to be disclosed by a court of competent jurisdiction pursuant to applicable law or regulation, but only to the extent expressly required and only after alerting the Company of such disclosure requirement

9. LIMITATION OF LIABILITY

IN NO EVENT WILL EITHER PARTY BE LIABLE FOR SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES RELATING TO THIS AGREEMENT, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. EACH PARTY'S MAXIMUM LIABILITY TO THE OTHER UNDER THIS AGREEMENT SHALL BE THE RECOVERY OF ACTUAL DAMAGES UP TO THE AMOUNT PAYABLE BY THE COMPANY UNDER THIS AGREEMENT AND ALL TASK ORDERS. THE FOREGOING LIABILITY LIMITATIONS SHALL NOT APPLY WITH RESPECT TO: (I) DAMAGES OCCASIONED BY THE WILLFUL MISCONDUCT OR GROSS NEGLIGENCE OF CONTRACTOR UNDER THIS AGREEMENT; (II) CLAIMS THAT ARE SUBJECT TO INDEMNIFICATION IN ARTICLE 6; OR (III) DAMAGES OCCASIONED BY THE IMPROPER OR WRONGFUL TERMINATION OR ABANDONMENT OF THIS AGREEMENT OR ANY TASK ORDER BY CONTRACTOR.

10. WARRANTIES

10.1 Warranties. Contractor represents, warrants and covenants that: (a) he will comply with all laws and regulations in performing the Services; (b) he will perform the Services in accordance with the terms and conditions of this Agreement and any Task Order in a professional and workmanlike manner consistent with best industry standards and practice; (c) it possesses all right, power and authority to enter into this Agreement; (d) all Deliverables shall be original works of Contractor or that Contractor shall have all rights necessary to provide such Deliverables; and (e) neither the Services, Deliverables nor any other materials, or any part thereof, provided to the Company shall infringe any patent, copyright, trademark, trade secret or other proprietary right of a third party. The parties may agree upon additional warranties that will apply to specific Task Orders. If any Services performed by Contractor fail to meet the above warranties, then without limiting any other remedies at law or in equity, Contractor promptly shall correct or re-perform any affected Services at no cost to the Company.

10.2 No Other Warranties. CONTRACTOR MAKES NO OTHER WARRANTY FOR ANY SERVICES UNDER THIS AGREEMENT. THE WARRANTIES ABOVE ARE INSTEAD OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

11. TERM AND TERMINATION

11.1 Term. The term of this Agreement will commence on the Effective Date and shall terminate automatically February 28, 2011, unless sooner terminated pursuant to this Article 11.

11.2 Termination for Cause. This Agreement and/or any Task Order issued under it may be terminated by either party (reserving cumulatively all other rights and remedies at law or in equity unless expressly stated herein) in the event the other party has materially breached this Agreement or any Task Order (i) upon receipt of written notice thereof if such material breach is incapable of cure; or (ii) upon the expiration of thirty (30) days (or such additional cure period as the non-breaching party may authorize in writing) after receipt of written notice thereof if the material breach is capable of cure and has not been cured. Waiver of a particular material breach shall not imply waiver of any other material breach. Notwithstanding the foregoing, Contractor only may terminate this Agreement or a particular Task Order in the event that the Company fails to pay Contractor undisputed amounts under this Agreement or a particular Task Order for an extended period of time. Each party agrees to continue performing its/his obligations under this Agreement while any dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment shall not be deemed to preclude performance).

11.3 Termination for Convenience. The Company may terminate this Agreement at any time for convenience and without cause. Exercise of this right must be accomplished by giving Contractor prior written notice designating the termination date (which termination date shall not be less than five (5) days following such notice) and by paying Contractor fees due through the date of termination as provided in Section 5.1 above. In the event that a purported termination for cause by the Company under Section 11.2 above is determined by a competent authority not to be properly a termination for cause, then such termination by the Company shall be deemed to be a termination for convenience under this Section 11.3.

11.4 Task Orders. Upon written notice to Contract, the Company may terminate any particular Task Order. The termination of any particular Task Order shall not affect the parties' respective duties and obligations under any other Task Order(s) then in effect.

12. GENERAL

12.1 Assignment. This Agreement shall be binding on the parties hereto and their respective successors and assigns. Neither party may, or shall have the power to, assign this Agreement without prior written consent of the other, except that the Company may assign its rights and obligations under this Agreement without approval of Contractor to an entity that acquires all or substantially all of the assets of the Company or to any subsidiary or affiliate or successor in a merger or acquisition of the Company; provided that in no event shall such assignment relieve the Company of its obligations under this Agreement.

12.2 Force Majeure. In the event performance of this Agreement or a particular Task Order is prevented or interfered with by reason of acts of God, fires, floods, epidemic, strikes, or any other circumstances beyond the reasonable control and without the fault or negligence of the party affected, the party so affected, upon giving prompt notice to the other party of the circumstances causing its delay or failure to perform and of its plans and efforts to implement a work-around solution, shall be excused from such performance on a day-to-day basis to the extent of such prevention, restriction or interference (and the other party shall likewise be excused from performance of its obligations on a day-to-day basis until the delay, restriction or interference has ceased), provided, however, that the party so affected shall use its reasonable efforts to avoid or remove such causes of nonperformance and both parties shall proceed whenever such causes are removed or cease. In the event such delay shall extend for a period which substantially and adversely impacts the Services, and in no event more than three (3) consecutive days, then the Company may terminate this Agreement without liability upon written notice to Contractor.

12.3 Informal Dispute Resolution. The parties agree that, prior to initiating formal dispute resolution relating to any matter set forth in this Agreement, they will attempt to resolve disputes informally by working together to promptly address problems and escalate issues within their respective companies as reasonably required.

12.4 Notices. Any notices or communication under this Agreement and/or any Task Order shall be in writing and shall be hand delivered or sent by registered mail return receipt requested to the party receiving such communication at the address first set forth above, or such other address as either party may in the future specify to the other party in accordance with this notice provision.

12.5 Governing Law. This Agreement and related Task Order(s) shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to its choice of law rules. The sole jurisdiction and venue for any litigation arising out of this Agreement shall be an appropriate federal or state court in Virginia.

12.6 Entire Agreement. Except as provided below in this Section 12.6, this Agreement and each Task Order attached hereto set forth the entire understanding and agreement of the parties as to the specific subject matter therein, and supersede all prior agreements and representations, whether written or oral, with respect to the subject matter of this Agreement, and each Task Order attached hereto, between the parties. No modification, amendment, supplement to or waiver of this Agreement or any Task Order

hereunder, or any of their provisions shall be binding upon the parties hereto unless made in writing and duly signed by both parties. Notwithstanding the foregoing, the Termination Agreement (and the Separation Agreement referenced in the Termination Agreement) shall remain in full force and effect in accordance with their current terms and shall not be modified or amended by this Agreement.

12.7 Counterparts. This Agreement and any future Task Order may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall together constitute one and the same Agreement.

12.8 No Waiver. No waiver shall be effective unless in writing signed by an authorized representative of the party against whom enforcement of the waiver is sought. Neither the failure of either party to exercise any right of termination, nor the waiver of any default or breach shall constitute a waiver of the rights granted in this Agreement with respect to any subsequent other default or breach.

12.9 No Interference. Contractor represents to the Company that, as of the Effective Date, he is not subject to any obligation that would prevent him from entering into this Agreement or any Task Order, and that Contractor's offer to provide Services and the Company's acceptance of such offer in no way causes or induces Contractor to breach any contractual obligation to any other party.

12.10 Severability. In the event any one or more of the provisions of this Agreement or of any Task Order is invalid or otherwise unenforceable, the enforceability of remaining provisions shall be unimpaired.

12.11 Publicity. Contractor agrees that he will not refer to the existence of this Agreement or any Task Order in press releases, advertising or materials distributed to prospective customers without the prior written consent of the Company, in each instance, which consent may be withheld in its sole discretion. The Company shall be entitled to reference this Agreement in any public filings or press releases it makes.

14.12 Remedies. The rights and remedies of the Company as set forth in this Agreement are not exclusive and are in addition to any other rights and remedies available to it at law or in equity.

14.13 Survival. Any provision of this Agreement which contemplates performance subsequent to any termination or expiration of this Agreement shall survive any termination or expiration of this Agreement and continue in full force and effect.

14.14 Headings. The section headings in this Agreement are intended for reference purposes only and shall in no way be construed to modify or restrict any of the terms or provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

[Signatures on the following page]

PRIMUS TELECOMMUNICATIONS GROUP, INC.

/s/ John B. Spirtos

By: John B. Spirtos

THOMAS R. KLOSTER

/s/ THOMAS R. KLOSTER

EXHIBIT A

(Form W-9)