Table of Contents

As filed with the Securities and Exchange Commission on July 18, 2006

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware	**4813**	**54-1708481**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

PRIMUS TELECOMMUNICATIONS HOLDING, INC.

(Exact name of registrant as specified in its charter)

Delaware	**4813**	**20-0346064**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

7901 Jones Branch Drive, Suite 900
McLean, Virginia 22102
(703) 902-2800
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

K. Paul Singh
Chairman, President and Chief Executive Officer
PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
7901 Jones Branch Drive, Suite 900
McLean, Virginia 22102
(703) 902-2800
(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copies to:
Brian J. Lynch, Esq.
Hogan & Hartson L.L.P.
8300 Greensboro Drive
McLean, Virginia 22102
(703) 610-6100

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ☒

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐ _____

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐ _____

If this form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. ☐

If this form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ☐

Table of Contents

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be Registered	Proposed maximum price per unit(1)	Proposed maximum aggregate offering price(1)	Amount of registration fee
PRIMUS TELECOMMUNICATIONS HOLDING, INC. :				
5.00% Exchangeable Senior Notes due 2009	$56,323,000(2)	100%	$56,323,000	$ 6,027
PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED:				
Common Stock, par value $0.01 per share	59,179,963(3)	— (3)	— (3)	— (4)
Guarantees of the 5.00% Exchangeable Senior Notes due 2009	—	—	—	— (5)

(1) Estimated solely for the purpose of computing the registration fee.

(2) The aggregate principal amount of 5.00% Exchangeable Senior Notes due 2009 that were issued on June 28, 2006.

(3) The number of shares of PRIMUS Telecommunications Group, Incorporated registered hereunder is based upon the maximum number of shares of PRIMUS Telecommunications Group, Incorporated that are issuable (i) upon exchange of the senior notes and (ii) at the election of PRIMUS Telecommunications Group, Incorporated and subject to certain conditions, as interest payments on the senior notes. Pursuant to Rule 416 under the Securities Act, such number of shares of PRIMUS Telecommunications Group, Incorporated common stock registered hereby shall include an indeterminable number of shares of PRIMUS Telecommunications Group, Incorporated common stock that may be issued in connection with a stock split, stock dividend, recapitalization or similar event.

(4) Pursuant to Rule 457(i) under the Securities Act, no registration fee is payable with respect to the shares of PRIMUS Telecommunications Group, Incorporated common stock issuable upon exchange of the senior notes because no additional consideration will be received by the registrant upon exchange of the senior notes.

(5) Pursuant to Rule 457(n) under the Securities Act, no separate fee is payable for the guarantees.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. The selling securityholders may not sell these securities or accept an offer to buy these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and it is not soliciting offers to buy these securities in any state where such offer or sale is not permitted.

Subject to Completion, Dated July 18, 2006

PROSPECTUS

PRIMUS TELECOMMUNICATIONS HOLDING, INC.

$56,323,000
5.00% Exchangeable Senior Notes due 2009
and

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED

46,935,833 shares of Common Stock issuable upon exchange of the Senior Notes and up to 12,244,130 shares of Common Stock that may be payable as interest

This prospectus relates to an aggregate principal amount of $56.3 million of 5.00% Exchangeable Senior Notes due 2009 (which are referred to in this Prospectus as "senior notes") of PRIMUS Telecommunications Holding, Inc. ("Holding"), a wholly owned subsidiary of PRIMUS Telecommunications Group, Incorporated ("PRIMUS"), 46,935,833 shares of PRIMUS common stock issuable upon exchange of the senior notes and up to 12,244,130 shares of PRIMUS common stock payable, subject to certain conditions, by Holding as interest. This prospectus will be used by the selling securityholders from time to time to resell their senior notes and the shares of PRIMUS common stock issuable upon exchange of the senior notes or payable by Holding as interest on the senior notes.

The principal terms of the senior notes include the following:

Issuer:	PRIMUS Telecommunications Holding, Inc.
Interest:	Accrues from June 28, 2006 at the rate of 5% per annum, payable on each June 30 and December 30, beginning on December 30, 2006; under certain circumstances, Holding may elect to make interest payments in shares of PRIMUS common stock, in which case the shares will be valued at the greater of (1) the closing price of PRIMUS common stock on June 7, 2006 and (2) 95% of the average closing price of PRIMUS common stock for the three-day period ending on the trading day prior to the interest payment date; however, the first two interest payments must be paid in cash
Maturity Date:	June 30, 2010, subject to an accelerated maturity of June 30, 2009 if PRIMUS does not increase its equity in the aggregate of $25 million during the three years following issuance of the senior notes through the sale of equity for cash, equity exchanges for debt or conversions of debt into equity
Conversion Price:	$1.20 per share, subject to adjustment
Redemption Options:	If the closing bid price of PRIMUS common stock, for at least 20 trading days in any consecutive 30 trading-day period, exceeds 150% of the conversion price then in effect, Holding may elect to call the senior notes for cash at par, or Holding may elect to exchange the senior notes for shares of PRIMUS common stock at the conversion price, subject to certain conditions, including that no more than 50% of the senior notes may be exchanged by Holding within any rolling 30-day period
Ranking:	The senior notes are senior unsecured obligations of Holding and rank pari passu with the existing 8% Senior Notes due 2014 of Holding
Guarantee:	The senior notes are fully and unconditionally guaranteed by PRIMUS

The senior notes are not listed on any securities exchange. The senior notes are designated for trading in the PORTAL market. PRIMUS common stock is listed on the Nasdaq Capital Market under the symbol PRTL. The last reported sales price of the common stock, as reported on the Nasdaq Capital Market on July 17, 2006 was $0.53 per share.

See " Risk Factors" beginning on page 8 for information that you should consider before purchasing the securities offered by this prospectus.

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

The date of this prospectus is July , 2006.

You should rely only on the information contained in this prospectus or any supplement. None of PRIMUS, Holding or any selling securityholder has authorized anyone to provide you with different information. You should not assume that the information in this prospectus or any supplement is accurate as of any date other than the date on the front of such documents.

TABLE OF CONTENTS

SUMMARY

This summary highlights some of the information in this prospectus. Because this is only a summary, it does not contain all of the information that may be important to you. To understand this prospectus, the senior notes and the common stock and business of PRIMUS, you should read the entire prospectus, particularly "Risk Factors" and the consolidated financial statements and related notes incorporated by reference into this prospectus. References in this prospectus to "PRIMUS" or "the Company" refer to PRIMUS Telecommunications Group, Incorporated together with its consolidated subsidiaries. References to "Holding" refer to PRIMUS Telecommunications Holding, Inc., a wholly owned subsidiary of PRIMUS.

PRIMUS

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

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

- 16 carrier-grade international gateway and domestic switching systems (the hardware/software devices that direct the voice traffic across the network) in the United States, Canada, Australia, Europe and Japan;
- approximately 350 interconnection points to the Company's network, or points of presence (POPs), within its service regions and other markets;
- undersea and land-based fiber optic transmission line systems that PRIMUS owns or leases and that carry voice and data traffic across the network; and
- global network and data centers that use a high-bandwidth network standard (asynchronous transfer mode) and Internet-based protocol (ATM+IP) to connect with the network. The global VOIP network is based on routers and gateways with an open network architecture which connects the Company's partners in over 150 countries.

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

- international and domestic long distance services over the traditional network;
- wholesale and retail VOIP services;
- wireless services;
- prepaid services, toll-free services and reorigination services;
- dial-up, dedicated and high-speed Internet access;
- local voice services;
- ATM+IP broadband services; and
- managed and shared Web hosting services and applications.

Generally, PRIMUS prices its services competitively or at a discount with the major carriers and service providers operating in its principal service regions. PRIMUS seeks to continue to generate net revenue through

sales and marketing efforts focused on customers with significant communications needs (international and domestic voice, wireless, VOIP, high speed and dial-up Internet and data), including SMEs, multinational corporations, residential customers, and other telecommunications carriers and resellers. PRIMUS also seeks growth opportunities through acquisitions.

Holding

Holding is a wholly owned subsidiary of PRIMUS. Holding owns, directly or indirectly, all of the common stock of the operating subsidiaries of the PRIMUS group.

Other Information

PRIMUS was incorporated in Delaware in 1994. Holding was incorporated in Delaware in 2003. The principal executive offices of each of PRIMUS and Holding are located at 7901 Jones Branch Drive, Suite 900, McLean, Virginia 22102, and the telephone number at that address is (703) 902-2800.

Recent Developments

Offering of Senior Notes

Holding issued the senior notes subject to this prospectus on June 28, 2006. $32.2 million principal amount of the senior notes was issued in exchange for $54.8 million principal amount of PRIMUS's 3 3/4% convertible senior notes due 2010 and $24.1 million principal amount of the senior notes was issued for gross cash proceeds of $20.5 million.

Sale of Interests in Direct Internet Limited and Primus Telecommunications India Limited

On June 23, 2006, PRIMUS and related entities consummated the sale of their respective interests in Direct Internet Limited ("DIL") and its wholly-owned subsidiary, Primus Telecommunications India Limited ("PTIL"), to Videsh Sanchar Nigam Limited ("VSNL"), a leading international telecommunications company and member of the TATA Group. In the transaction, VSNL purchased 100% of the stock of DIL and PTIL, which provide fixed broadband wireless internet services to enterprise and retail customers in India. PRIMUS, which owned approximately 85% of the stock of DIL through an indirect wholly-owned subsidiary, received $15.0 million in net cash proceeds from the transaction. Under the Sale and Purchase Agreement, PRIMUS agreed to certain non-compete provisions regarding the business of DIL and PTIL and is a party to the Sale and Purchase Agreement for the purpose of guaranteeing indemnity obligations of the PRIMUS subsidiary selling the stock of DIL. The sale of DIL and PTIL will be accounted for as discontinued operations in future filings and will not be presented pro forma as neither DIL nor PTIL, separately or in the aggregate, constitutes a significant subsidiary of Primus.

Approval of Capitalization Matters by Stockholders

At its annual meeting of stockholders held on June 20, 2006, the stockholders of PRIMUS authorized (1) an amendment to PRIMUS's certificate of incorporation to reflect a 1-for-10 reverse stock split and (2) an amendment to PRIMUS's certificate of incorporation allowing an increase in authorized common stock from 150,000,000 to 300,000,000 shares. The PRIMUS board of directors may, in its discretion, implement one of these two authorized proposals. As of the date of this prospectus, the PRIMUS board of directors has not taken action to approve either a reverse stock split or an increase in the authorized shares of PRIMUS.

Nasdaq listing matters

PRIMUS has appealed a determination by the Nasdaq Listing Qualifications Staff of Nasdaq to delist PRIMUS common stock from the Nasdaq Capital Market because PRIMUS is not in compliance with Nasdaq's minimum bid price requirement. There can be no assurance that the Listing Qualifications Panel, before which the appeal will be heard on July 20, 2006, will grant PRIMUS's request for continued listing on the Nasdaq Capital Market. Pending a final written decision of the Listing Qualifications Panel, PRIMUS common stock will continue to trade on the Nasdaq Capital Market.

Summary of the Terms of the Senior Notes

The following summary contains basic information about the senior notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the senior notes, please refer to the section of this prospectus entitled "Description of the Senior Notes."

Issuer:	PRIMUS Telecommunications Holding, Inc.
Interest:	Accrues from June 28, 2006 at the rate of 5% per annum, payable on each June 30 and December 30, beginning on December 30, 2006; under certain circumstances, Holding may elect to make interest payments in shares of PRIMUS common stock, in which case the shares will be valued at the greater of (1) the closing price of PRIMUS common stock on June 7, 2006 and (2) 95% of the average closing price of PRIMUS common stock for the three-day period ending on the trading day prior to the interest payment date; however, the first two interest payments must be paid in cash
Maturity date:	June 30, 2010, subject to an accelerated maturity of June 30, 2009 if PRIMUS does not increase its equity in the aggregate of $25 million during the three years following issuance of the senior notes through the sale of equity for cash, equity exchanges for debt or conversions of debt into equity
Conversion Price:	$1.20 per share, subject to adjustment
Redemption Options:	If the closing bid price of PRIMUS common stock, for at least 20 trading days in any consecutive 30 trading-day period, exceeds 150% of the conversion price then in effect, Holding may elect to call the senior notes for cash at par, or Holding may elect to exchange the senior notes for shares of PRIMUS common stock at the conversion price, subject to certain conditions, including that no more than 50% of the senior notes may be exchanged by Holding within any rolling 30-day period
Ranking:	The senior notes are senior unsecured obligations of Holding and rank pari passu with the existing 8% Senior Notes due 2014 of Holding
Guarantee:	The senior notes are fully and unconditionally guaranteed by PRIMUS
Use of Proceeds:	General corporate purposes, including the payment of certain maturing 5 3/4% convertible subordinated debentures due February 2007 of PRIMUS
Book-entry form:	The senior notes were issued in book-entry form and are represented by global certificates deposited with, or on behalf of, The Depository Trust Company ("DTC") and registered in the name of Cede & Co., DTC's current nominee. Beneficial interests in any of the senior notes are shown, and transfers are effected only through, records maintained by DTC or its nominee, and any such interest may not be exchanged for certificated securities except in limited circumstances

Forward Looking Information

Certain statements in this prospectus constitute "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements are based on current expectations, and are not strictly historical statements. Forward looking statements include, without limitation, statements set forth in this document and elsewhere regarding, among other things:

- expectations of future growth, creation of shareholder value, revenue, foreign revenue contributions and net income, as well as income from operations, margins, earnings per share, cash flow and cash sufficiency levels, working capital, network development, customer migration and related costs, spending on and success with new product initiatives, including the development of broadband Internet, VOIP, wireless and local services, traffic development, capital expenditures, selling, general and administrative expenses, income tax expense, fixed asset and goodwill impairment charges, service introductions and cash requirements;
- increased competitive pressures, declining usage patterns, and PRIMUS's new product initiatives, bundled service offerings and DSL network build-out, the pace and cost of customer migration onto PRIMUS's networks, the effectiveness and profitability of new initiatives and prepaid services offerings;
- financing, refinancing, de-levering and/or debt repurchase, restructuring, exchange or tender plans or initiatives, and potential dilution of existing equity holders from such initiatives;
- liquidity and debt service forecasts;
- assumptions regarding currency exchange rates;
- timing, extent and effectiveness of cost reduction initiatives and management's ability to moderate or control discretionary spending;
- management's plans, goals, expectations, guidance, objectives, strategies, and timing for future operations, acquisitions, product plans, performance and results; and
- management's assessment of market factors and competitive developments, including pricing actions and regulatory rulings.

Factors and risks that could cause actual results or circumstances to differ materially from those set forth or contemplated in forward looking statements include those set forth in "Risk Factors" as well as, without limitation:

- changes in business conditions causing changes in the business direction and strategy by management;
- accelerated competitive pricing and bundling pressures in the markets in which PRIMUS operates;
- risks, delays and costs in seeking to restructure and reestablish PRIMUS's prepaid services business in pre-existing and new markets;
- accelerated decrease in minutes of use on wireline phones;
- fluctuations in the exchange rates of currencies, particularly of the USD relative to foreign currencies of the countries where PRIMUS conducts its foreign operations;
- adverse interest rate developments affecting PRIMUS's variable interest rate debt;
- difficulty in maintaining or increasing customer revenues and margins through PRIMUS's new product initiatives and bundled service offerings, and difficulties, costs and delays in constructing and operating proposed DSL networks in Australia and Canada, and migrating broadband and local customers to such networks;
- inadequate financial resources to promote and to market the new product initiatives;

- fluctuations in prevailing trade credit terms or revenues due to the adverse impact of, among other things, further telecommunications carrier bankruptcies or adverse bankruptcy related developments affecting PRIMUS's large carrier customers;
- the possible inability to raise additional capital when needed, on attractive terms, or at all;
- the inability to reduce, repurchase, exchange, tender for or restructure debt significantly, or in amounts sufficient to conduct regular ongoing operations;
- potential delisting of PRIMUS's common stock from the Nasdaq Capital Market which may impair its ability to raise capital;
- further changes in the telecommunications or Internet industry, including rapid technological changes, regulatory and pricing changes in PRIMUS's principal markets and the nature and degree of competitive pressure that PRIMUS may face;
- adverse tax or regulatory rulings from applicable authorities;
- broadband, DSL, Internet, wireless, VOIP and local and long distance voice telecommunications competition;
- changes in financial, capital market and economic conditions, including the potential adverse impact arising out of or as a consequence of PRIMUS's external auditor's opinion dated March 15, 2006 which included a matter of emphasis paragraph for a going concern;
- changes in service offerings or business strategies, including the need to modify business models if performance is below expectations;
- difficulty in retaining existing long distance wireline and dial-up ISP customers;
- difficulty in migrating or retaining customers associated with acquisitions of customer bases, or integrating other assets;
- difficulty in selling new services in the marketplace;
- difficulty in providing broadband, DSL, local, VOIP or wireless services;
- changes in the regulatory schemes or requirements and regulatory enforcement in the markets in which PRIMUS operates;
- restrictions on PRIMUS's ability to follow certain strategies or complete certain transactions as a result of its inexperience with new product initiatives, or limitations imposed by its capital structure or debt covenants;
- risks associated with PRIMUS's limited DSL, Internet, VOIP, Web hosting and wireless experience and expertise, including cost effectively utilizing new marketing channels such as interactive marketing utilizing the Internet;
- entry into developing markets;
- aggregate margin contribution from the new initiatives are not sufficient in amount or timing to offset the margin decline in PRIMUS's long distance voice and dial-up ISP businesses;
- the possible inability to hire and/or retain qualified executive management, sales, technical and other personnel;
- risks associated with international operations;
- dependence on effective information systems;

- dependence on third parties for access to their networks to enable PRIMUS to expand and manage its global network and operations and to offer broadband, DSL, local, VOIP and wireless services, including dependence upon the cooperation of incumbent carriers relating to the migration of customers;
- dependence on the performance of PRIMUS's global standard asynchronous transfer mode and Internet-based protocol (ATM+IP) communications network;
- adverse regulatory rulings or actions affecting our operations, including the imposition of taxes and fees, the imposition of obligations upon VOIP providers to provide enhanced 911 (E911) services and restricting access to broadband networks owned and operated by others;
- the potential further elimination or limitation of a substantial amount or all of PRIMUS's United States or foreign operating loss carryforwards due to future significant issuances of equity securities, changes in ownership or other circumstances, which carryforwards would otherwise be available to reduce future taxable income; and
- the outbreak or escalation of hostilities or terrorist acts and adverse geopolitical developments.

As such, actual results or circumstances may vary materially from such forward looking statements or expectations. Readers are also cautioned not to place undue reliance on these forward looking statements which speak only as of the date these statements were made. PRIMUS is not obligated to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

RISK FACTORS

Any purchase of the senior notes or shares of PRIMUS common stock involves a high degree of risk. You should consider carefully the following information about these risks, together with the information under the caption "Forward Looking Information" and the other information contained in or incorporated by reference into this prospectus before you decide to buy senior notes or common stock.

Risks Related to the PRIMUS Business

A wide range of factors could materially affect PRIMUS's performance. In addition to factors affecting specific business operations and the financial results of those operations identified elsewhere in this prospectus, the following factors, among others, could adversely affect PRIMUS's operations:

Any potential future reaction to the unqualified opinion with a matter of emphasis regarding PRIMUS's ability to continue as a going concern from its independent registered public accounting firm in connection with the filing of its Form 10-K for the year ended December 31, 2005, could adversely affect PRIMUS's operations by potentially increasing its immediate need for additional capital and disrupting supplier relationships.

PRIMUS's independent registered public accounting firm has included in their report concerning its consolidated financial statements for 2005 an explanatory paragraph that its recurring losses from operations, the maturity of the 5 3/4% convertible subordinated debentures due 2007, negative working capital, and stockholders' deficit raise substantial doubt about PRIMUS's ability to continue as a going concern. Any potential future adverse reaction after the date of this prospectus to this opinion may adversely affect PRIMUS's ability to manage its accounts payable and potentially cause some suppliers to deal with PRIMUS on a cash-on-delivery or prepaid basis only or to terminate the supplier relationship. If this were to occur, this would adversely affect PRIMUS's operations by increasing its immediate need for additional capital.

If competitive pressures continue or intensify and/or the success of PRIMUS's new initiatives is not adequate in amount or timing to offset the decline in results from its core businesses, PRIMUS may not be able to service its debt or other obligations.

PRIMUS believes that its existing cash and cash equivalents, including funds generated by the sale of PRIMUS's interest in its Indian subsidiaries and the sale and exchange of the senior notes in June 2006, along with its ongoing operational initiatives, will allow it to fund fully its 2006 business plan as well as to provide sufficient cash resources to pay its outstanding 5 3/4% convertible subordinated debentures that will mature in February 2007. While there can be no assurance that PRIMUS will be able to meet its debt or other obligations in the future, PRIMUS believes that its cash and cash equivalents, future sales of equity, internally generated funds from operating activities, continued cost reduction efforts, its ability to moderate capital expenditures, combined with existing and potential debt financing alternatives and potential proceeds from opportunistic asset sales and interest savings from balance sheet deleveraging should be sufficient to fund its future debt service requirements and other fixed obligations (such as capital leases, vendor financing and other long-term obligations), resolution of vendor disputes, and other cash needs for its operations. However, there are substantial risks, uncertainties and changes that could cause actual results to differ from PRIMUS's current belief, particularly as aggressive pricing and bundling strategies by certain incumbent carriers and ILECs have intensified competitive pressures in the markets where PRIMUS operates, and/or if PRIMUS has insufficient financial resources to market its services. The aggregate anticipated margin contribution from PRIMUS's new initiatives may not be adequate in amount or timing to offset the declines in margin from its core long distance voice and dial-up ISP business. In addition, regulatory decisions could have a material adverse impact on PRIMUS's operations and outlook. See also information under "Item 2—MD&A—Liquidity and Capital Resources–Short- and Long-Term Liquidity Considerations and Risks" in PRIMUS's Form 10-Q for the quarter ended March 31, 2006 incorporated herein by reference and in these Risk Factors. If adverse events referenced or described herein or therein were to occur, PRIMUS may not be able to service its debt or other obligations and could, among other things, be required to seek protection under the bankruptcy laws of the United States or other similar laws in other countries.

PRIMUS's high level of debt may adversely affect its financial and operating flexibility.

PRIMUS currently has substantial indebtedness and anticipates that it and its subsidiaries may incur additional indebtedness in the future. The level and/or terms of PRIMUS's indebtedness (1) could make it difficult for PRIMUS to make required payments of principal and interest on its outstanding debt; (2) could limit its ability to obtain any necessary financing in the future for working capital, capital expenditures, debt service requirements or other purposes; (3) requires that a substantial portion of its cash flow, if any, be dedicated to the payment of principal and interest on outstanding indebtedness and other obligations and, accordingly, such cash flow will not be available for use in its business; (4) could limit its flexibility in planning for, or reacting to, changes in its business; (5) results in its being more highly leveraged than many of its competitors, which places PRIMUS at a competitive disadvantage; (6) will make PRIMUS more vulnerable in the event of a downturn in its business; and (7) could limit PRIMUS's ability to sell assets partially or fund its operations due to covenant restrictions.

If PRIMUS is delisted from the Nasdaq Capital Market it could result in a more limited public market for PRIMUS common stock.

On June 13, 2006, PRIMUS received a notification that its common stock would be delisted from trading on the Nasdaq Capital Market due to the continued failure to meet the minimum bid price requirement. PRIMUS is currently appealing this decision to a Listing Qualifications Panel, and a hearing is scheduled for July 20, 2006. Until a final written decision is announced by the Listing Qualifications Panel, PRIMUS common stock will continue to trade on the Nasdaq Capital Market. If PRIMUS common stock is delisted from the Nasdaq Capital Market, the common stock could trade on the OTC Bulletin Board. The OTC Bulletin Board is a substantially less liquid market than the Nasdaq Global or Capital Markets. As a result, if PRIMUS's common stock is delisted from the Nasdaq markets, PRIMUS stockholders may have greater difficulty disposing of their shares in acceptable amounts and at acceptable prices and PRIMUS may have greater difficulty issuing equity securities or securities convertible into common stock in such circumstances. If delisted, PRIMUS cannot assure you when, if ever, its common stock would once again be eligible for listing on either the Nasdaq Global or Capital Markets.

Given PRIMUS's limited experience in delivering its new product initiatives and in providing bundled local, wireless, broadband, DSL, Internet, data and VOIP services, PRIMUS may not be able to operate successfully or expand these parts of its business.

During 2004, PRIMUS accelerated initiatives to provide wireless, broadband, VOIP and local wireline services in certain markets where PRIMUS operates. During the third quarter of 2004 PRIMUS accelerated initiatives to become an integrated wireline, wireless and broadband service provider in order to counter competitive pricing pressures initiated by large incumbent providers in certain of the principal markets where PRIMUS operates and to stem the loss of certain of its wireline and dial-up ISP customers to its competitors' bundled wireless, wireline and broadband service offerings. PRIMUS's experience in providing these new products in certain markets and in providing these bundled service offerings is limited. PRIMUS's primary competitors include incumbent telecommunications providers, cable companies and other ISPs that have a significant national or international presence. Many of these operators have substantially greater resources, capital and operational experience than PRIMUS does. PRIMUS also expects that it will experience increased competition from traditional telecommunications carriers and cable companies and other new entrants that expand into the market for broadband, VOIP, Internet services and traditional voice services, and regulatory developments may impair PRIMUS's ability to compete. Therefore, future operations involving these individual or bundled services may not succeed in this new competitive environment, and PRIMUS may not be able to expand successfully; may experience margin pressure; may face quarterly revenue and operating results variability; may have limited resources to develop and to market the new services; and have heightened difficulty in establishing future revenues or results. As a result, there can be no assurance that PRIMUS will reverse recent revenue declines or maintain or increase revenues or be able to generate income from operations or net income in the future or on any predictable or timely basis.

PRIMUS may be exposed to significant liability resulting from its noncompliance with FCC directives regarding enhanced 911 (E911) services.

In June 2005, the FCC adopted new rules requiring VOIP providers interconnected to the public switched telephone network (PSTN) to provide E911 service in a manner similar to traditional wireline carriers by November 2005. LINGO, a subsidiary of PRIMUS which sells VOIP services, was unable to meet this deadline for all of its customers. As of June 30, 2006, approximately 45% of PRIMUS's LINGO customers were without E911 service. PRIMUS has sought a waiver from the FCC asking for an additional nine months to complete deploying its E911 service, but the FCC has not yet addressed PRIMUS's waiver petition. PRIMUS also is participating in a legal challenge to these rules pending before the U.S. Court of Appeals for the District of Columbia Circuit.

LINGO's current services are more limited than the 911 services offered by traditional wireline telephone companies. These limitations may cause significant delays, or even failures, in callers' receipt of the emergency assistance they need. PRIMUS has notified its customers of the differences between its Emergency Calling Service and E911 services and those available through traditional telephony providers and has received affirmative acknowledgement from substantially all of its customers. Nevertheless, injured customers may attempt to hold PRIMUS responsible for any loss, damage, personal injury or death suffered as a result of PRIMUS's failure to comply with the FCC mandated E911 service. PRIMUS's resulting liability could be significant.

In addition, if and to the extent that PRIMUS is determined to be out of compliance with the FCC order regarding E911 services PRIMUS may be subject to fines or penalties or injunctions prohibiting LINGO from providing service in some markets.

PRIMUS is substantially smaller than its major competitors, whose marketing and pricing decisions, and relative size advantage, could adversely affect PRIMUS's ability to attract and retain customers and are likely to continue to cause significant pricing pressures that could adversely affect PRIMUS's net revenues, results of operations and financial condition.

The long distance telecommunications, Internet, broadband, DSL, data and wireless industry is significantly influenced by the marketing and pricing decisions of the larger long distance, Internet access, broadband, DSL and wireless business participants. Prices in the long distance industry have continued to decline in recent years, and as competition continues to increase within each of PRIMUS's service segments and each of its product lines, PRIMUS believes that prices are likely to continue to decrease. PRIMUS's competitors in its core markets include, among others: Sprint, the regional bell operating companies (RBOCs) and the major wireless carriers in the United States; Telstra, SingTel Optus and Telecom New Zealand in Australia; Telus, BCE, Allstream (formerly AT&T Canada) and the major wireless and cable companies in Canada; and BT, Cable & Wireless United Kingdom, Colt Telecom, Energis and the major wireless carriers in the United Kingdom. Customers frequently change long distance, wireless and broadband providers, and ISPs in response to the offering of lower rates or promotional incentives, increasingly as a result of bundling of various services by competitors. Moreover, competitors' VOIP and broadband product rollouts have added further customer choice and pricing pressure. As a result, generally, customers can switch carriers and service offerings at any time. Competition in all of PRIMUS's markets is likely to remain intense, or even increase in intensity and, as deregulatory influences are experienced in markets outside the United States, competition in non-United States markets is becoming similar to the intense competition in the United States. Many of PRIMUS's competitors are significantly larger than PRIMUS and have substantially greater financial, technical and marketing resources, larger networks, a broader portfolio of service offerings, greater control over network and transmission lines, stronger name recognition and customer loyalty, long-standing relationships with its target customers, and lower debt leverage ratios. As a result, PRIMUS's ability to attract and retain customers may be adversely affected. Many of PRIMUS's competitors enjoy economies of scale that result in low cost structures for transmission and related costs that could cause significant pricing pressures within the industry. Several long distance carriers in the United States, Canada and Australia and the major wireless carriers and cable companies, have introduced pricing and product bundling strategies that provide for fixed, low rates for

calls. This strategy of PRIMUS's competitors could have a material adverse effect on its net revenue per minute, results of operations and financial condition if its pricing, set to remain competitive, is not offset by similar declines in its costs. Many companies emerging out of bankruptcy might benefit from a lower cost structure and might apply pricing pressure within the industry to gain market share. PRIMUS competes on the basis of price, particularly with respect to its sales to other carriers, and also on the basis of customer service and its ability to provide a variety of telecommunications products and services. If such price pressures and bundling strategies intensify, PRIMUS may not be able to compete successfully in the future, may face quarterly revenue and operating results variability, and may have heightened difficulty in estimating future revenues or results.

PRIMUS's repositioning in the marketplace places a significant strain on its resources, and if not managed effectively, could result in operational inefficiencies and other difficulties.

PRIMUS's repositioning in the marketplace may place a significant strain on its management, operational and financial resources, and increase demand on its systems and controls. To manage this change effectively, PRIMUS must continue to implement and improve its operational and financial systems and controls, invest in critical network infrastructure to maintain or improve its service quality levels, purchase and utilize other transmission facilities, and expand, train and manage its employee base. If PRIMUS inaccurately forecasts the movement of traffic onto its network, PRIMUS could have insufficient or excessive transmission facilities and disproportionate fixed expenses. As PRIMUS proceeds with its development, operational difficulties could arise from additional demand placed on customer provisioning and support, billing and management information systems, product delivery and fulfillment, on its support, sales and marketing and administrative resources and on its network infrastructure. For instance, PRIMUS may encounter delays or cost-overruns or suffer other adverse consequences in implementing new systems when required. In addition, PRIMUS's operating and financial control systems and infrastructure could be inadequate to ensure timely and accurate financial reporting.

PRIMUS has experienced significant historical, and may experience significant future, operating losses and net losses which may hinder its ability to meet its debt service or working capital requirements.

As of December 31, 2005, PRIMUS had an accumulated deficit of $(850.0) million. PRIMUS incurred net losses of $(63.6) million in 1998, $(112.7) million in 1999, $(174.7) million in 2000, $(306.2) million in 2001, $(34.6) million in 2002, $(10.6) million in 2004 and $(154.4) million in 2005. During the year ended December 31, 2003, PRIMUS recognized net income of $54.8 million, of which $39.4 million is the positive impact of foreign currency transaction gains. PRIMUS cannot assure you that it will recognize net income, or reverse recent net revenue declines in future periods. If PRIMUS cannot generate net income or operating profitability, PRIMUS may not be able to meet its debt service or working capital requirements.

Integration of acquisitions ultimately may not provide the benefits originally anticipated by management and may distract the attention of PRIMUS personnel from the operation of its business.

PRIMUS strives to increase the volume of voice and data traffic that it carries over its existing global network in order to reduce transmission costs and other operating costs as a percentage of net revenue, improve margins, improve service quality and enhance its ability to introduce new products and services. PRIMUS may pursue acquisitions in the future to further its strategic objectives. Acquisitions of businesses and customer lists, a key element of PRIMUS's historical growth strategy, involve operational risks, including the possibility that an acquisition does not ultimately provide the benefits originally anticipated by management. Moreover, there can be no assurance that PRIMUS will be successful in identifying attractive acquisition candidates, completing and financing additional acquisitions on favorable terms, or integrating the acquired business or assets into its own. There may be difficulty in migrating the customer base and in integrating the service offerings, distribution channels and networks gained through acquisitions with PRIMUS's own. Successful integration of operations and technologies requires the dedication of management and other personnel, which may distract their attention from the day-to-day business, the development or acquisition of new technologies, and the pursuit of other business acquisition opportunities, and there can be no assurance that successful integration will occur in light of these factors.

PRIMUS experiences intense domestic and international competition which may adversely affect its results of operations and financial condition.

The local and long distance telecommunications, data, broadband, Internet, VOIP and wireless industries are intensely competitive with relatively limited barriers to entry in the more deregulated countries in which PRIMUS operates and with numerous entities competing for the same customers. Recent and pending deregulation in various countries may encourage new entrants to compete, including ISPs, wireless companies, cable television companies, who would offer voice, broadband, Internet access and television, and electric power utilities who would offer voice and broadband Internet access. For example, the United States and many other countries have committed to open their telecommunications markets to competition pursuant to an agreement under the World Trade Organization which began on January 1, 1998. Further, in the United States, as certain conditions have been met under the Telecommunications Act of 1996, the RBOCs have been allowed to enter the long distance market, and other long distance carriers have been allowed to enter the local telephone services market (although recent judicial and regulatory developments have diminished the attractiveness of this opportunity), and many entities, including cable television companies and utilities, have been allowed to enter both the local service and long distance telecommunications markets. Moreover, the rapid enhancement of VOIP technology may result in increasing levels of traditional domestic and international voice long distance traffic being transmitted over the Internet, as opposed to traditional telecommunication networks. Currently, there are significant capital investment savings and cost savings associated with carrying voice traffic employing VOIP technology, as compared to carrying calls over traditional networks. Thus, there exists the possibility that the price of traditional long distance voice services will decrease in order to be competitive with VOIP. Additionally, competition is expected to be intense to switch customers to VOIP product offerings, as is evidenced by numerous recent market announcements in the United States and internationally from industry leaders and competitive carriers concerning significant VOIP initiatives. PRIMUS's ability effectively to retain its existing customer base and generate new customers, either through its traditional network or its own VOIP offerings, may be adversely affected by accelerated competition arising as a result of VOIP initiatives, as well as regulatory developments that may impede its ability to compete, such as restrictions on access to broadband networks owned and operated by others and the requirements to provide E911 services. As competition intensifies as a result of deregulatory, market or technological developments, PRIMUS's results of operations and financial condition could be adversely affected.

If the fair value of PRIMUS's long-lived assets is determined to be less than its carrying value, any resulting impairment charge could have a material adverse impact on its results of operations and financial condition.

PRIMUS assesses the recoverability of its long-lived assets to be held and used whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. PRIMUS's judgments regarding the existence of impairment indicators are based on expected operational performance, market conditions, legal factors and future plans. In 2001, PRIMUS recorded an asset impairment write-down of $526 million relating to its voice and data center assets. If a triggering event for impairment were to occur, PRIMUS would compare the carrying value of the assets with the undiscounted cash flows expected to be derived from the usage of the asset. If there is a shortfall and the fair value of the asset is less than its carrying value, PRIMUS will record an impairment charge for the excess carrying value over fair value. PRIMUS estimates fair value using a discounted cash flow model. Any resulting impairment charge could have a material adverse impact on its financial condition and results of operations.

A deterioration in its relationships with facilities-based carriers could have a material adverse effect upon PRIMUS's business.

PRIMUS primarily connects its customers' telephone calls and data/Internet needs through transmission lines that it leases under a variety of arrangements with other facilities-based long distance carriers. Many of these carriers are, or may become, competitors of PRIMUS. PRIMUS's ability to maintain and expand its business depends on its ability to maintain favorable relationships with the facilities-based carriers from which

PRIMUS leases transmission lines. If PRIMUS's relationship with one or more of these carriers were to deteriorate or terminate, it could have a material adverse effect upon its cost structure, service quality, network diversity, results of operations and financial condition.

Uncertainties and risks associated with international markets could adversely impact PRIMUS's international operations.

PRIMUS has significant international operations and, as of December 31, 2005, derived more than 80% of its revenues by providing services outside of the United States. In international markets, PRIMUS is smaller than the principal or incumbent telecommunications carrier that operates in each of the foreign jurisdictions where PRIMUS operates. In these markets, incumbent carriers are likely to control access to, and pricing of, the local networks; enjoy better brand recognition and brand and customer loyalty; generally offer a wider range of product and services; and have significant operational economies of scale, including a larger backbone network and more correspondent agreements. Moreover, the incumbent carrier may take many months to allow competitors, including PRIMUS, to interconnect to its switches within its territory, and PRIMUS is dependent upon their cooperation in migrating customers onto its network. There can be no assurance that PRIMUS will be able to obtain the permits and operating licenses required for it to operate; obtain access to local transmission facilities on economically acceptable terms; or market services in international markets. In addition, operating in international markets generally involves additional risks, including unexpected changes in regulatory requirements, taxes, tariffs, customs, duties and other trade barriers, difficulties in staffing and managing foreign operations, problems in collecting accounts receivable, political risks, fluctuations in currency exchange rates, restrictions associated with the repatriation of funds, technology export and import restrictions, and seasonal reductions in business activity. PRIMUS's ability to operate and grow its international operations successfully could be adversely impacted by these risks and uncertainties particularly in light of the fact that PRIMUS derives such a large percentage of its revenues from outside of the United States.

Because a significant portion of PRIMUS's business is conducted outside the United States, fluctuations in foreign currency exchange rates could adversely affect its results of operations.

A significant portion of PRIMUS's net revenue is derived from sales and operations outside the United States. The reporting currency for PRIMUS's consolidated financial statements is the United States dollar (USD). The local currency of each country is the functional currency for each of its respective entities operating in that country. In the future, PRIMUS 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 exchange rates have had and may have a significant, and potentially adverse, effect on its results of operations. PRIMUS's primary risk of loss regarding foreign currency exchange rate risk is caused by fluctuations in the following exchange rates: USD/AUD, USD/CAD, USD/GBP, and USD/EUR. See "Quantitative and Qualitative Disclosures about Market Risk" in PRIMUS's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 incorporated herein by reference. Due to the large percentage of PRIMUS's operations conducted outside of the United States, strengthening or weakening of the USD relative to one or more of the foregoing currencies could have an adverse impact on future results of operations. PRIMUS historically has not engaged in hedging transactions and does not currently contemplate engaging in hedging transactions to mitigate foreign exchange risks. In addition, the operations of affiliates and subsidiaries in foreign countries have been funded with investments and other advances denominated in foreign currencies. Historically, such investments and advances have been long-term in nature, and PRIMUS accounted for any adjustments resulting from currency translation as a charge or credit to accumulated other comprehensive loss within the stockholders' deficit section of its consolidated balance sheets. In 2002, agreements with certain subsidiaries were put in place for repayment of a portion of the investments and advances made to those subsidiaries. As PRIMUS anticipates repayment in the foreseeable future of these amounts, PRIMUS recognizes the unrealized gains and losses in foreign currency transaction gain (loss) on the consolidated statements of operations, and depending upon changes in future currency rates, such gains or losses could have a significant, and potentially adverse, effect on its results of operations.

The telecommunications industry is rapidly changing, and if PRIMUS is not able to adjust its strategy and resources effectively in the future to meet changing market conditions, PRIMUS may not be able to compete effectively.

The telecommunications industry is changing rapidly due to deregulation, privatization, consolidation, technological improvements, availability of alternative services such as wireless, broadband, DSL, Internet, VOIP, and wireless DSL through use of the fixed wireless spectrum, and the globalization of the world's economies. In addition, alternative services to traditional fixed wireline services, such as wireless, broadband, Internet and VOIP services, are a substantial competitive threat. If PRIMUS does not adjust its contemplated plan of development to meet changing market conditions and if PRIMUS does not have adequate resources, PRIMUS may not be able to compete effectively. The telecommunications industry is marked by the introduction of new product and service offerings and technological improvements. Achieving successful financial results will depend on PRIMUS's ability to anticipate, assess and adapt to rapid technological changes, and offer, on a timely and cost-effective basis, services including the bundling of multiple services, that meet evolving industry standards. If PRIMUS does not anticipate, assess or adapt to such technological changes at a competitive price, maintain competitive services or obtain new technologies on a timely basis or on satisfactory terms, its financial results may be materially and adversely affected.

If PRIMUS is not able to operate a cost-effective network, PRIMUS may not be able to grow its business successfully.

PRIMUS's long-term success depends on its ability to design, implement, operate, manage and maintain a reliable and cost-effective network. In addition, PRIMUS relies on third parties to enable it to expand and manage its global network and to provide local, broadband Internet and wireless services. If PRIMUS fails to generate additional traffic on its network, if PRIMUS experiences technical or logistical impediments to its ability to develop necessary network (such as its DSL networks in Australia and Canada) or to migrate traffic and customers onto its network, or if PRIMUS experiences difficulties with its third-party providers, PRIMUS may not achieve desired economies of scale or otherwise be successful in growing its business.

If PRIMUS is not able to use and protect its intellectual property domestically and internationally, it could have a material adverse effect on PRIMUS's business.

PRIMUS's ability to compete depends, in part, on its ability to use intellectual property in the United States and internationally. PRIMUS relies on a combination of trade secrets, trademarks and licenses to protect its intellectual property. PRIMUS is also subject to the risks of claims and litigation alleging infringement of the intellectual property rights of others. The telecommunications industry is subject to frequent litigation regarding patent and other intellectual property rights. PRIMUS relies upon certain technology, including hardware and software, licensed from third parties. There can be no assurance that the technology licensed by PRIMUS will continue to provide competitive features and functionality or that licenses for technology currently used by it or other technology that PRIMUS may seek to license in the future will be available to it on commercially reasonable terms or at all. Although PRIMUS's existing intellectual property are on standard commercial terms made generally available by the companies providing the licenses and, individually, their costs and terms are not material to its business, the loss of, or its inability to maintain existing licenses, could result in shipment delays or reductions until equivalent technology or suitable alternative products could be developed, identified, licensed and integrated. Such delays or reductions in the aggregate could harm PRIMUS's business.

The loss of key personnel could have a material adverse effect on PRIMUS's business.

The loss of the services of K. Paul Singh, PRIMUS's Chairman and Chief Executive Officer, or the services of its other key personnel, or its inability to attract and retain additional key management, technical and sales personnel, could have a material adverse effect upon PRIMUS.

PRIMUS is subject to potential adverse effects of regulation which may have a material adverse impact on its competitive position, growth and financial performance.

PRIMUS's operations are subject to constantly changing regulation. There can be no assurance that future regulatory changes will not have a material adverse effect on PRIMUS, or that regulators or third parties will not raise material issues with regard to PRIMUS's compliance or noncompliance with applicable regulations, any of which could have a material adverse effect upon PRIMUS. As a multinational telecommunications company, PRIMUS is subject to varying degrees of regulation in each of the jurisdictions in which it provides its services. Local laws and regulations, and the interpretation of such laws and regulations, differ significantly among the jurisdictions in which PRIMUS operates. Enforcement and interpretations of these laws and regulations can be unpredictable and are often subject to the informal views of government officials. Potential future regulatory, judicial, legislative and government policy changes in jurisdictions where PRIMUS operates could have a material adverse effect on PRIMUS. Domestic or international regulators or third parties may raise material issues with regard to PRIMUS's compliance or noncompliance with applicable regulations, and therefore may have a material adverse impact on its competitive position, growth and financial performance. Regulatory considerations that affect or limit PRIMUS's business include (1) United States common carrier requirements not to discriminate unreasonably among customers and to charge just and reasonable rates; (2) general uncertainty regarding the future regulatory classification of and taxation of VOIP telephony, the need to provide emergency calling services in a manner required by the FCC that is not yet available commercially on a nation-wide basis and the ability to access broadband networks owned and operated by others; if regulators decide that VOIP is a regulated telecommunications service, its VOIP services may be subject to burdensome regulatory requirements and fees, PRIMUS may be obligated to pay carriers additional interconnection fees and operating costs may increase; (3) general changes in access charges, universal service and regulatory fee payments would affect its cost of providing long distance services; (4) the ultimate regulatory resolution regarding efforts by Telstra in Australia to increase prices and charges and to build a new broadband network that could adversely impact PRIMUS's current DSL network; and (5) general changes in access charges and contribution payments could adversely affect its cost of providing long distance, wireless, broadband, VOIP, local and other services. Any adverse developments implicating the foregoing could materially adversely affect its business, financial condition, result of operations and prospects.

Natural disasters may affect the markets in which PRIMUS operates, its operations and its profitability.

Many of the geographic areas where PRIMUS conducts its business may be affected by natural disasters, including hurricanes and tropical storms. Hurricanes, tropical storms and other natural disasters could have a material adverse effect on the business by damaging the network facilities or curtailing voice or data traffic as a result of the effects of such events, such as destruction of homes and businesses.

Terrorist attacks and other acts of violence or war may affect the markets in which PRIMUS operates, its operations and its profitability.

PRIMUS is a United States-based corporation with significant international operations. Terrorist attacks, such as the attacks that occurred in New York City and Washington, D.C. on September 11, 2001, and subsequent worldwide terrorist actions, including apparent action against companies operating abroad, may negatively affect PRIMUS's operations. PRIMUS cannot assure you that there will not be further terrorist attacks that affect its employees, network facilities or support systems, either in the United States or in any of the other countries in which PRIMUS operates. Certain losses resulting from these types of events are uninsurable and others are not likely to be covered by PRIMUS's insurance. Terrorist attacks may directly impact PRIMUS's business operations through damage or harm to PRIMUS's employees, network facilities or support systems, increased security costs or the general curtailment of voice or data traffic. Any of these events could result in increased volatility in or damage to PRIMUS's business and the United States and worldwide financial markets and economies.

A small group of PRIMUS's stockholders could exercise influence over its affairs.

As of February 28, 2006, funds affiliated with American International Group, Incorporated (AIG Entities) beneficially owned 15% of PRIMUS's outstanding common stock, which was acquired through the conversion of their Series C Preferred Stock. As a result of such share ownership, these holders can exercise influence over PRIMUS's affairs through the provisions of a certain Governance Agreement between such holders and PRIMUS, dated November 4, 2003, that provide for their right to nominate a candidate for election by its stockholders to the board of directors and nominate one non-voting board observer, in each case subject to the maintenance of certain minimum ownership levels of its common stock and the board's right to exercise its fiduciary duties.

In addition, these holders' significant ownership levels could have an influence on: amendments to PRIMUS's certificate of incorporation; other fundamental corporate transactions such as mergers and asset sales; and the general direction of its business and affairs.

Also, the applicable triggering provisions of PRIMUS's rights agreement with StockTrans, Inc., as Rights Agent, dated December 23, 1998 (as amended, the "Rights Agreement") contain exceptions with respect to the acquisition of beneficial ownership of its shares by such holders and the other former holders of Series C Preferred Stock. As a result, such holders could gain additional control over PRIMUS's affairs without triggering the provisions of the Rights Agreement.

Finally, other stockholders that acquire a significant portion of PRIMUS's common stock, either in the market or in future issuances by PRIMUS, could potentially exercise influence over its affairs.

Significant future sales of PRIMUS's common stock in the public market could adversely affect the market price of its common stock and could impair its ability to raise funds in additional stock offerings.

Significant future sales of PRIMUS's common stock in the public market, including in particular the shares offered under the Common Stock Resale Registration Statement (defined below) and the Note Registration Statement (defined below) and shares issuable upon conversion of the step up convertible subordinated debentures due 2009, could lower its stock price and impair its ability to raise funds in new stock offerings. Of 22.6 million shares of PRIMUS's common stock originally issued upon conversion of its Series C Preferred stock (the "Series C Registered Securities") in November 2003, which were registered for resale under an effective registration statement (the "Common Stock Resale Registration Statement") under the Securities Act, 16.5 million shares were, as of February 23, 2006, held by a group of affiliated holders. These shares, in general, may be freely resold under the Securities Act pursuant to the Common Stock Resale Registration Statement. The holders of the 3 3/4% convertible senior notes due 2010 (the "2010 Notes") have a registration statement that has been declared effective under the Securities Act (the "Note Registration Statement") covering these notes and the 8.3 million shares of common stock issuable upon conversion of the remaining outstanding balance of these notes, and the 23.2 million shares of common stock issuable upon conversion of the outstanding step up convertible debentures due 2009 (the "2009 Debentures") will be unrestricted and freely transferable under the Securities Act. Sales of a substantial amount of this common stock in the public market, or the perception that these sales may occur, could create selling pressure on PRIMUS's common stock and adversely affect the market price of its common stock prevailing from time to time in the public market and could impair its ability to raise funds in additional stock offerings.

Risks Related to the Senior Notes

Our high level of debt may adversely affect Holding's or PRIMUS's ability to satisfy its obligations under the senior notes and the guarantee.

Neither Holding nor PRIMUS can assure you that it will be able to meet its debt service obligations. A default in the debt obligations of Holding or PRIMUS, including a breach of any restrictive covenant imposed by the terms of their respective indebtedness, could result in the acceleration of a substantial portion of their

respective indebtedness, including the senior notes. In such a situation, it is unlikely that either Holding or PRIMUS would be able to fulfill its obligations under the senior notes or that Holding or PRIMUS would otherwise be able to repay the accelerated indebtedness or make other required payments. Even in the absence of an acceleration of indebtedness, a default under the terms of Holding's or PRIMUS's indebtedness could have an adverse impact on the respective company's ability to satisfy its debt service obligations, including Holding's obligations under the senior notes and PRIMUS's obligations under the guarantee, and on the trading price of the senior notes.

Holding or PRIMUS may not be able to pay interest and principal on the senior notes if either Holding or PRIMUS does not receive distributions from its subsidiaries.

The Issuer and Parent are holding companies with no operations of their own and no significant assets other than the stock of, and intercompany loans payable by, their operating subsidiaries. Dividends, intercompany loans and other permitted payments from the Issuer's and Parent's direct and indirect subsidiaries as well as their own credit arrangements, are their primary sources of funds to meet their cash needs, including the payment of expenses and the principal of and interest on the notes. PRIMUS's subsidiaries are legally distinct entities from Holding and PRIMUS and have no obligations to pay amounts due with respect to the senior notes or to otherwise make funds available to Holding or PRIMUS other than the repayment of intercompany loans made by Holding and PRIMUS. Many of these subsidiaries are organized in jurisdictions outside the United States. Their ability to pay dividends, repay intercompany loans or make other distributions may be restricted by, among other things, the availability of funds, the terms of various credit arrangements entered into by them, as well as statutory and other legal restrictions. Additionally, payments from these subsidiaries may result in adverse tax consequences. If Holding does not receive dividends, distributions and other payments from its subsidiaries, its ability to pay interest and principal on the senior notes and other indebtedness and to use cash flow from one subsidiary to cover shortfalls in working capital of another subsidiary would be impaired; in such a circumstance, it is likely that PRIMUS's ability to pay interest and principal on the senior notes and other indebtedness and to use cash flow from one subsidiary to cover shortfalls in working capital of another subsidiary would be impaired as well.

Holding's holding company structure may limit your recourse to its subsidiaries' assets.

Creditors of a holding company, such as the holders of the senior notes, and the holding company itself generally will have subordinate claims against the assets of a particular subsidiary as compared to the creditors of that subsidiary. Accordingly, the senior notes will be structurally subordinated to all existing and future debt and other liabilities of Holding's subsidiaries, including trade payables. Holding's right to receive assets of any subsidiary upon the liquidation or reorganization of that subsidiary (and the consequent rights of the holders of the senior notes to participate in those assets) will be structurally subordinated to the claims of that subsidiary's creditors. Even if Holding is recognized as a creditor of that subsidiary as a result of an intercompany loan, Holding's claims would be subordinate to any secured indebtedness of such subsidiary and any indebtedness of such subsidiary that is senior to Holding's claims. Holding has no significant assets other than cash and the stock of, and intercompany loans payable by, its subsidiaries. As is the case with Holding's current $100 million term loan agreement, if Holding or any of its subsidiaries were to enter into a bank credit facility or similar arrangement in the future, Holding expects that the stock of the subsidiaries would be pledged to secure any such credit facility or arrangement, in which case, any claims you may have as a noteholder against the stock of the subsidiaries would be subordinate to claims of the lenders under such credit facility or arrangement.

Holding's ability to repurchase senior notes with cash upon a change of control may be limited.

In certain circumstances involving a Change of Control (as defined below under "Description of the Senior Notes"), the holders of the senior notes may require Holding to repurchase some or all of the holders' senior notes. No assurances can be made that Holding or PRIMUS will have sufficient financial resources at such time or would be able to arrange financing to pay the repurchase price of the senior notes in cash. Holding's or PRIMUS's ability to repurchase the senior notes in cash in such event may be limited by law, by the indenture or

by the terms of other agreements. In addition, a Change of Control may trigger repayment obligations under the terms of other indebtedness. Holding and PRIMUS may not have, or be able to raise, sufficient funds to satisfy all of their repayment or repurchase obligations.

If an active trading market for the senior notes does not develop, then the market price of the senior notes may decline or you may not be able to sell your senior notes.

No assurances can be made that any liquid market will develop for the senior notes or that holders of the senior notes will be able to sell their senior notes, and no assurances can be made concerning the price at which the holders will be able to sell their senior notes. Before this offering, there has been no trading market for the senior notes. Holding has applied for the senior notes to be approved for trading in the PORTAL Market. No market for the senior notes may develop, and any market that develops may not last. Neither Holding nor PRIMUS intends to apply for listing of the senior notes on any securities exchange or other stock market (other than the PORTAL Market). The liquidity of the trading market and the trading price of the senior notes may be adversely affected by declines in the trading price of PRIMUS's common stock and its other public debt securities, by delisting of PRIMUS's common stock from the Nasdaq Capital Market, by changes in PRIMUS's financial performance or prospects and by changes in the financial performance of or prospects for companies in PRIMUS's industry generally.

RATIO OF EARNINGS TO FIXED CHARGES

The following table presents the historical ratios of earnings to fixed charges of PRIMUS for the periods indicated:

	Fiscal Year Ended December 31,					Three Months Ended March 31,	
	2005	2004	2003	2002	2001	2006	2005
Ratio of earnings to fixed charges (1)	<1	<1	1.86	<1	<1	<1	<1

(1) The ratio of earnings to fixed charges is computed by dividing pre-tax income from continuing operations (before adjustment for minority interest in consolidated subsidiaries and loss from equity investees) by fixed charges. Fixed charges consist of interest charges, whether expensed or capitalized, and that portion of rental expense PRIMUS believes to represent interest.

For the years ended December 31, 2001, 2002, 2004 and 2005 and the three months ended March 31, 2005 and 2006, earnings were insufficient to cover fixed charges by $301.0 million, $30.0 million, $4.6 million, $150.3 million, $32.3 million and $14.3 million, respectively.

USE OF PROCEEDS

All of the senior notes and shares offered hereby are being offered by the selling securityholders. Neither PRIMUS nor Holding will receive any proceeds from the sale of the senior notes or shares of common stock offered by this prospectus. See “Selling Securityholders.”

DIVIDEND POLICY

PRIMUS has not paid any cash dividends on its common stock to date. The payment of dividends, if any, in the future is within the discretion of the PRIMUS board of directors and will depend on PRIMUS’s earnings, capital requirements and financial condition. Dividends are also restricted by certain of PRIMUS’s credit facilities and indentures governing the outstanding indebtedness of PRIMUS and may be restricted by other credit arrangements entered into in the future. The PRIMUS board of directors presently intends to retain all earnings, if any, for use in the Company’s business operations, and accordingly, the PRIMUS board of directors does not expect to declare or pay any dividends in the foreseeable future.

CAPITALIZATION

The following table sets forth the consolidated cash and cash equivalents, restricted cash and capitalization of PRIMUS as of March 31, 2006. The Company’s capitalization is presented:

(1) on an actual basis;

(2) on a pro forma basis, giving effect to the India transaction, including the receipt of $15.0 million of net proceeds and a resulting gain on sale of assets of $7.4 million;

(3) on a pro forma, as adjusted, basis giving effect to:

- the transaction described in (2) above;
- the exchange of $54.75 million principal amount of 3 3/4% convertible senior notes of PRIMUS due 2010 for $32.2 million principal amount of the senior notes and a resulting gain, net of the write-off of deferred financing costs, on early extinguishment of debt of $26.0 million; and
- the sale of $24.1 million principal amount of the senior notes for net proceeds of $17.7 million.

The following table should be read in conjunction with the consolidated and consolidated condensed financial statements of PRIMUS, the notes thereto, and with "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in documents incorporated by reference into this prospectus.

	As of March 31, 2006		
	Actual	Pro Forma	Pro Forma, As Adjusted
	(in thousands, except share amounts)		
Cash and cash equivalents	$ 58,711	$ 73,731	$ 91,381
Restricted cash	9,103	9,103	9,103
Total cash, cash equivalents and restricted cash	$ 67,814	$ 82,834	$ 100,484
Debt, obligations under capital leases and other long-term obligations (including current portion):			
Senior secured term loan facility	$ 99,000	$ 99,000	$ 99,000
8% senior notes due 2014	235,000	235,000	235,000
12 3/4% senior notes due 2009	71,560	71,560	71,560
5 3/4% convertible subordinated debentures due 2007	22,702	22,702	22,702
Step up convertible subordinated debentures due 2009 (1)	27,481	27,481	27,481
3 3/4% convertible senior notes due 2010 (1)	132,000	132,000	77,250
5% exchangeable senior notes due 2009 (1)	—	—	56,323
Obligations under capital leases and other long-term obligations	54,299	54,299	54,299
Total debt, obligations under capital leases and other long-term obligations	642,042	642,042	643,615
Stockholders' deficit:			
Preferred stock: Not designated, $0.01 par value – 1,410,050 shares authorized, none issued and outstanding; Series A and B, $0.01 par value – 485,000 shares authorized, none issued and outstanding; Series C, $0.01 par value 559,950 shares authorized, none issued and outstanding	—	—	—
Common stock, $0.01 par value – 150,000,000 authorized, 113,787,301 issued and outstanding	1,138	1,138	1,138
Additional paid-in capital	692,544	692,544	692,544
Accumulated deficit (2)	(865,736)	(858,321)	(832,328)
Accumulated other comprehensive loss (3)	(74,450)	(74,058)	(74,058)
Total stockholders' deficit	(246,504)	(238,697)	(212,704)
Total capitalization	$ 395,538	$ 403,345	$ 430,911

(1) The amount presented is gross of all debt discounts.

(2) Pro forma reflects $7.4 million gain on sale of assets from the India transaction and pro forma, as adjusted, reflects $27.4 million gain on early extinguishment of debt and $1.4 million for the write-off of deferred financing costs of the 3.75% senior notes due 2010.

(3) Pro forma reflects approximately $0.4 million for reclassification adjustment for loss included in accumulated deficit resulting from the India transaction.

Selected Consolidated Financial Data

The following selected consolidated financial data as of December 31, 2005 and 2004 and for the years ended December 31, 2005, 2004 and 2003 were derived from the audited consolidated financial statements of PRIMUS incorporated by reference in this prospectus. The selected consolidated financial data as of December 31, 2003, 2002 and 2001 and for the years ended December 31, 2002 and 2001 were derived from the audited consolidated financial statements of PRIMUS not incorporated by reference in this prospectus. The statement of operations data for the three months ended March 31, 2006 and 2005 and balance sheet data as of March 31, 2006 were derived from the unaudited consolidated financial statements of PRIMUS incorporated by reference in this prospectus. The selected consolidated financial data set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes thereto incorporated by reference in this prospectus.

	Year Ended December 31,					Three Months Ended March 31,	
	2001	2002	2003	2004	2005	2005	2006
Statement of Operations Data:							
NET REVENUE	$ 1,082,475	$ 1,024,056	$ 1,287,779	$ 1,350,872	$ 1,187,396	$ 313,718	$ 272,379
OPERATING EXPENSES							
Cost of revenue (exclusive of depreciation included below)	767,841	668,643	786,308	821,455	784,826	202,095	180,247
Selling, general and administrative	303,026	254,152	342,350	394,050	381,382	105,533	77,269
Depreciation and amortization	157,596	82,239	86,015	92,744	87,729	22,963	17,909
Loss on sale or disposal of assets	—	—	804	1,941	13,380	—	1,036
Asset impairment write-down	526,309	22,337	2,668	1,624	—	—	—
Total operating expenses	1,754,772	1,027,371	1,218,145	1,311,814	1,267,317	330,591	276,461
INCOME (LOSS) FROM OPERATIONS	(672,297)	(3,315)	69,634	39,058	(79,921)	(16,873)	(4,082)
INTEREST EXPENSE	(100,700)	(68,303)	(60,733)	(50,526)	(53,440)	(12,442)	(13,679)
ACCRETION ON DEBT DISCOUNT	—	—	—	—	—	—	(392)
CHANGE IN FAIR VALUE OF DERIVATIVES EMBEDDED WITHIN CONVERTIBLE DEBT	—	—	—	—	—	—	2,523
GAIN (LOSS) ON EARLY EXTINGUISHMENT OF DEBT	491,771	36,675	12,945	(10,982)	(1,693)	—	2,613
INTEREST INCOME AND OTHER INCOME (EXPENSE)	(17,951)	(771)	(1,603)	11,207	2,357	295	568
FOREIGN CURRENCY TRANSACTION GAIN (LOSS)	(1,999)	8,486	39,394	6,561	(17,686)	(3,135)	(1,967)
INCOME (LOSS) BEFORE INCOME TAXES	(301,176)	(27,228)	59,637	(4,682)	(150,383)	(32,155)	(14,416)
INCOME TAX BENEFIT (EXPENSE)	(5,000)	3,598	(5,769)	(5,899)	(3,997)	(2,472)	(1,282)
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(306,176)	(23,630)	53,868	(10,581)	(154,380)	(34,627)	(15,698)
EXTRAORDINARY ITEM	—	—	887	—	—	—	—
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(306,176)	(23,630)	54,755	(10,581)	(154,380)	(34,627)	(15,698)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	—	(10,973)	—	—	—	—	—
NET INCOME (LOSS)	(306,176)	(34,603)	54,755	(10,581)	(154,380)	(34,627)	(15,698)
ACCRETED AND DEEMED DIVIDEND ON CONVERTIBLE PREFERRED STOCK	—	—	(1,678)	—	—	—	—
INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (306,176)	$ (34,603)	$ 53,077	$ (10,581)	$ (154,380)	$ (34,627)	$ (15,698)

	Year Ended December 31,					Three Months Ended March 31,	
	2001	2002	2003	2004	2005	2005	2006
BASIC INCOME (LOSS) PER COMMON SHARE	$ (5.73)	$ (0.54)	$ 0.77	$ (0.12)	$ (1.62)	$ (0.38)	$ (0.15)
DILUTED INCOME (LOSS) PER COMMON SHARE	$ (5.73)	$ (0.54)	$ 0.57	$ (0.12)	$ (1.62)	$ (0.38)	$ (0.15)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:							
Basic	53,423	64,631	68,936	89,537	95,384	90,059	107,882
Diluted	53,423	64,631	97,998	89,537	95,384	90,059	107,882
Net Revenue by Geographic Segment:							
United States and Other	$ 280,464	$ 218,141	$ 291,256	$ 247,393	$ 207,026	$ 55,650	$ 48,616
Canada	172,647	163,428	214,848	244,091	261,511	62,996	70,546
Europe:							
United Kingdom	141,297	139,480	156,941	241,271	113,859	45,328	22,720
Germany	99,189	63,767	53,629	47,480	53,658	12,418	11,511
Netherlands	42,824	79,467	137,216	79,548	102,182	16,355	19,270
Other	73,737	80,955	77,384	83,451	83,242	22,664	16,513
Total Europe	357,047	363,669	425,170	451,750	352,941	96,765	70,014
Asia-Pacific:							
Australia	248,173	259,459	336,720	384,900	344,218	92,522	78,209
Other	24,144	19,359	19,785	22,738	21,700	5,785	4,994
Total Asia-Pacific	272,317	278,818	356,505	407,638	365,918	98,307	83,203
Total	$ 1,082,475	$ 1,024,056	$ 1,287,779	$ 1,350,872	$ 1,187,396	$ 313,718	$ 272,379

	Year Ended December 31,						Three Months Ended March 31,			
	2003	%	2004	%	2005	%	2005	%	2006	%
Net Revenue by Product Category:										
Voice	$1,087,487	84%	$1,102,635	82%	$ 905,495	76%	$244,192	78%	$197,620	73%
Data/Internet	129,864	10%	174,118	13%	182,300	15%	47,041	15%	45,329	16%
VOIP	70,428	6%	74,119	5%	99,601	9%	22,485	7%	29,430	11%
Total Net Revenue	$1,287,779	100%	$1,350,872	100%	$1,187,396	100%	$313,718	100%	$272,379	100%

	As of December 31,					As of March 31,
	2001	2002	2003	2004	2005	2006
Balance Sheet Data:						
Cash and cash equivalents	$ 83,953	$ 92,492	$ 64,066	$ 49,668	$ 42,999	$ 58,711
Restricted cash and investments	$ 4,961	$ 11,712	$ 12,463	$ 16,963	$ 10,619	$ 9,103
Total assets	$ 816,214	$ 724,588	$ 751,164	$ 758,600	$ 641,089	$ 624,334
Long-term obligations (including current portion, gross of debt discount)	$ 667,587	$ 600,988	$ 542,451	$ 559,352	$ 642,042	$ 625,057
Stockholders' deficit	$ (178,484)	$ (200,123)	$ (96,366)	$ (108,756)	$ (236,334)	$ (246,504)

SELLING SECURITYHOLDERS

The following table sets forth information known to PRIMUS and Holding as of July 14, 2006 with respect to the selling securityholders listed below, which are referred to as the "selling holders" and the amount of senior notes and the number of shares of common stock beneficially owned by each selling holder that may be offered under this prospectus, based upon record holdings. The selling holders may offer all, some or none of the senior notes or common stock. Because the selling holders may offer all or some portion of the senior notes or common stock, no estimate can be given as to the amount of the senior notes or common stock that will be held by the selling holders upon termination of any sales. The table below assumes that all selling holders will sell all of their senior notes or common stock covered by this prospectus, unless otherwise indicated.

In the following table, the number and percentage of shares beneficially owned has been determined in accordance with Rule 13d-3 of the Exchange Act, and this information does not necessarily indicate beneficial ownership for any other purpose. Applicable percentages are based on the shares of PRIMUS common stock outstanding as of the close of business on July 14, 2006.

Selling Securityholder	Principal Amount of Senior Notes Beneficially Owned that May be Sold:	Shares of Common Stock Beneficially Owned Upon Exchange of the Senior Notes: (1)	Senior Notes Owned after Completion of the Offering:	Shares of Common Stock Owned after Completion of the Offering:
Morgan Stanley & Co. Incorporated (2)	$ 14,558,000	12,198,738(3)	—	67,072
The Drake Offshore Master Fund, Ltd. (4)	12,941,000	10,784,166	—	—
Whitebox Hedged High Yield Partners, L.P. (5)	2,262,000	1,885,000	—	—
GPC LIX, L.L.C. (6)	353,000	294,166	—	—
Guggenheim Portfolio Company XXXI, L.L.C. (6)	598,000	498,333	—	—
HFR RVA Combined Master Trust (7)	585,000	487,500	—	—
Whitebox Convertible Arbitrage Partners, LP (8)	6,914,000	5,761,666	—	—
Whitebox Diversified Convertible Arbitrage Partners, LP (9)	612,000	510,000	—	—
AHFP Context (10)	297,000	247,500	—	—
Context Advantage Fund, LP (10)	1,106,000	921,666	—	—
Finch Tactical Plus Class B (10)	418,000	348,333	—	—
Lyzor/Context Fund Ltd. (10)	1,765,000	1,470,833	—	—
ALTMA Fund SICAV PLC in Respect (10)	2,479,000	2,065,833	—	—
Context Offshore Advantage Fund (10)	5,591,000	4,659,166	—	—
Institutional Benchmarks (10)	200,000	166,666	—	—
Worldwide Transactions Limited (10)	350,000	291,666	—	—
Highbridge International LLC (11)	5,294,000	4,411,666	—	—

(1) Assumes exchange of all of the selling holders' senior notes at the conversion price of $1.20 per share. Does not reflect up to 12,244,130 shares that may be issuable at the option of Holding and subject to satisfaction of certain conditions as interest on the senior notes.

(2) This securityholder, is a broker-dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended. It has advised us that it acquired the senior notes offered by this prospectus in the ordinary course of business and not as compensation for investment banking services or as investment shares. This securityholder is a wholly-owned subsidiary of Morgan Stanley, a public company.

(3) Includes 67,072 shares of PRIMUS common stock (excluding options and securities convertible into PRIMUS common stock) beneficially owned by Morgan Stanley & Co. Incorporated.

(4) Drake Capital Management LLC is the investment advisor for The Drake Offshore Master Fund, Ltd. and has voting control and investment control over the securities held by The Drake Offshore Master Fund, Ltd. Steven Cuttrell and Anthony Faillace are the managing members of Drake Capital Management LLC. Each of Drake Capital Management LLC, Steven Cuttrell and Anthony Faillace disclaims beneficial ownership of the securities held by The Drake Offshore Master Fund, Ltd.

(5) Whitebox Hedged High Yield Advisors LLC is the general partner of Whitebox Hedged High Yield Partners LP and exercises voting and investment control over securities held by Whitebox Hedged High Yield Partners LP. Whitebox Advisors LLC is the managing member of Whitebox Hedged High Yield Advisors LLC. Andrew Redleaf is the managing member of Whitebox Advisors LLC.

(6) Guggenheim Advisors LLC is the managing member of each of GPC LIX, LLC and Guggenheim Portfolio Company XXXI, LLC and exercises voting and investment control over securities held by those entities. Whitebox Advisors LLC is the managing member of Guggenheim Advisors LLC. Andrew Redleaf is the managing member of Whitebox Advisors LLC.

(7) HFR Asset Management LLC is the Trustee of the HFR RVA Combined Master Trust and exercises voting and investment control over securities held by the HFR RVA Combined Master Trust. Whitebox Advisors LLC is the managing member of Guggenheim Advisors LLC. Andrew Redleaf is the managing member of Whitebox Advisors LLC.

(8) Whitebox Convertible Arbitrage Advisors LLC is the general partner of Whitebox Convertible Arbitrage Partners LP and exercises voting and investment control over securities held by Whitebox Convertible Arbitrage Partners LP. Whitebox Advisors LLC is the managing member of Whitebox Convertible Arbitrage Advisors LLC. Andrew Redleaf is the managing member of Whitebox Advisors LLC.

(9) Whitebox Diversified Convertible Arbitrage Advisors LLC is the general partner of Whitebox Diversified Convertible Arbitrage Partners LP and exercises voting and investment control over securities held by Whitebox Diversified Convertible Arbitrage Advisors LLC. Andrew Redleaf is the managing member of Whitebox Diversified Convertible Arbitrage Advisors LLC.

(10) Context Capital Management LLC is the investment advisor of this securityholder and has sole voting and dispositive power over the senior notes and common stock offered by this securityholder pursuant to this prospectus. Michael S. Rosen and William Fertig are the managing members of Context Capital Management LLC.

(11) Highbridge Capital Management, LLC is the trading manager of Highbridge International LLC and has voting control and investment discretion over securities held by Highbridge International LLC. Glenn Dubin and Henry Swieca Control Highbridge Capital Management, LLC. Each of Highbridge Capital Management, LLC, Glenn Dubin and Henry Swieca disclaims beneficial ownership of the securities held by Highbridge International LLC.

Our Relationships with Selling Securityholders

During the past three years, Morgan Stanley & Co. Incorporated and/or its affiliates have performed investment banking services for PRIMUS and/or Holding.

Future Selling Securityholders

The securities for resale by the selling securityholders named in this prospectus have been registered in accordance with a registration rights agreement that PRIMUS and Holding entered into with the selling securityholders at the time of their investments. If these selling securityholders transfer offered securities in private transactions, the registration rights agreement may require PRIMUS and Holding under certain circumstances to add the transferees of such offered securities as selling securityholders in this prospectus. Information concerning other selling securityholders will be set forth from time to time in prospectus supplements or pursuant to amendments to the registration statement of which this prospectus forms a part. No other securityholders may offer securities for resale pursuant to this prospectus until such securityholder is named as a selling securityholder in a supplement to this prospectus or in a future prospectus.

DESCRIPTION OF THE SENIOR NOTES

Holding issued the senior notes under an indenture, dated as of June 28, 2006, between PRIMUS, Holding and U.S. Bank National Association, as trustee. The terms of the senior notes include those provided in the indenture and the senior notes. The following description is only a summary of the material provisions of the senior notes, the indenture, and the registration rights agreement related to the senior notes. You should read these documents in their entirety because they, and not this description, will define your rights as holders of these senior notes. You may request copies of these documents at the address set forth above under the caption "Summary."

Brief Description of the Senior Notes

The senior notes are:

- limited to $200 million in aggregate principal amount under the indenture;
- senior unsecured obligations, ranking pari passu with Holding's existing 8% senior notes;
- exchangeable into Primus common stock at an initial conversion price of $1.20 per share, subject to adjustment as described below under "—Conversion Rights";
- subject to repurchase at your option if a change of control occurs as set forth below under "—Repurchase at Option of Holders—Change of Control" or the conditions for the 2009 repurchase right are met as set forth below under "—Repurchase at Option of Holders—2009 Repurchase Right"; and
- due on June 30, 2010 unless earlier exchanged or repurchased, at your option, upon a change of control or as a result of the 2009 repurchase right, redeemed by Holding or mandatorily converted.

The indenture does not contain any financial covenants and does not restrict PRIMUS, Holding or any of their respective subsidiaries from paying dividends, incurring additional debt or issuing or repurchasing PRIMUS's other securities. In addition, the indenture does not protect you in the event of a highly leveraged transaction or a change in control of PRIMUS except to the extent described below under "—Repurchase at Option of Holders Upon a Change of Control."

No sinking fund is provided for the senior notes. The senior notes are not subject to defeasance. The senior notes have been issued only in registered form in denominations of $1,000 and any integral multiple of $1,000 above that amount. No service charge will be made for any registration of transfer or exchange of senior notes, but Holding may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

You may present definitive senior notes for conversion, registration of transfer and exchange, without service charge, at Holding's office or agency in New York City, which shall initially be the office or agency of the trustee in New York City. For information regarding conversion, registration of transfer and exchange of global notes, see "—Form, Denomination and Registration."

Ranking

The senior notes are senior unsecured obligations of Holding and rank equally in right of payment with all of Holding's existing and future senior debt and pari passu with the existing 8% Senior Notes due 2014 of Holding.

Holding is a holding company with no operations of its own and no significant assets other than cash and the stock of, and intercompany loans payable by, its operating subsidiaries. Dividends, intercompany loans and other permitted payments from Holding's direct and indirect subsidiaries, and its own credit arrangements, are

Holding's sources of funds to meet its cash needs, including any funds that would be payable as a result of the senior notes. Holding's subsidiaries are legally distinct from it and have no obligations to pay amounts due with respect to the senior notes or to otherwise make funds available to Holding. Claims of creditors of such subsidiaries generally will have priority with respect to assets of such subsidiaries over the claims of Holding's creditors, including holders of the senior notes. Accordingly, the senior notes are structurally subordinated to all existing and future debt and other liabilities of Holding's subsidiaries, including trade payables. As of March 31, 2006, Holding and its subsidiaries had $377.6 million of outstanding debt and other liabilities, including trade payables but excluding the 8% senior notes due 2014 and intercompany liabilities, all of which are structurally senior to the senior notes.

Interest

The senior notes bear interest from June 28, 2006 at the rate of 5.00% per year. Holding will pay interest semiannually in arrears on June 30 and December 30 of each year to the holders of record at the close of business on the preceding June 15 and December 15 respectively, beginning December 30, 2006. There are two exceptions to the preceding sentence:

- In general, Holding will not pay accrued and unpaid interest on any senior note that is exchanged into PRIMUS common stock. See "—Exchange Rights— Exchange Procedures"; and
- Holding will pay interest to a person other than the holder of record on the relevant record date if holders elect to require Holding to repurchase the senior notes on a date that is after the record date and on or prior to the corresponding interest payment date. In this instance, Holding will pay accrued and unpaid interest on the senior notes being repurchased to, but excluding, the repurchase date, to the same person to whom Holding will pay the principal of those senior notes.

Holding will pay the principal of, interest on, and any additional amounts due in respect of the global notes to DTC in immediately available funds. If the closing price of PRIMUS common stock for a three trading day period is greater than 110% of the closing price of PRIMUS common stock on June 7, 2006, which was $0.69 per share, Holding may elect, upon proper notice to holders of the senior notes, to pay interest, in whole or in part, in shares of PRIMUS common stock. Shares of PRIMUS common stock issued as interest will be valued at the greater of (1) the closing price of PRIMUS common stock on June 7, 2006, which was $0.69 per share, or (2) 95% of the average closing price for PRIMUS common stock for the three trading day period ending on the trading day prior to the interest payment date. However, the interest payments that will be due on December 30, 2006 and June 30, 2007 must be paid in cash.

In the event definitive senior notes are issued, Holding will pay interest and any additional amounts due on:

- definitive senior notes by check mailed to the holders of those notes;
- definitive senior notes having an aggregate principal amount of more than $5 million by wire transfer in immediately available funds if requested by holder of those senior notes; and
- at maturity, Holding will pay the principal of and interest on the definitive senior notes at Holding's office or agency in New York City, which initially will be the office or agency of the trustee in New York City.

Interest generally will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Exchange Rights

General

You may exchange any outstanding senior notes (or portions of outstanding senior notes) into PRIMUS common stock, initially at the conversion price of $1.20 per share. The conversion price is subject, however, to

adjustment as described below under "—Conversion Price Adjustments." Holding will not issue fractional shares of common stock upon conversion of senior notes. Instead, Holding will pay cash to you in an amount equal to the market value of that fractional share based upon the closing sale price of PRIMUS common stock on the trading day immediately preceding the conversion date. You may convert senior notes only in denominations of $1,000 and whole multiples of $1,000. In the event that the 2009 repurchase right is not exercised as discussed below under "—Repurchase at the Option of the Holders—2009 Repurchase Right" or the senior notes are not otherwise redeemed or exchanged by Holding, you may exercise your exchange rights until June 30, 2010.

You may exercise exchange rights at any time prior to the close of business on the business day prior to the final maturity date of the senior notes. However, if you have exercised your right to require Holding to repurchase your senior notes because a change of control has occurred, you may exchange your senior notes into PRIMUS common stock only if you withdraw your notice and exchange your senior notes prior to the close of business on the business day immediately preceding the change of control repurchase date. Similarly, if you have exercised your right to require Holding to repurchase your senior notes as a result of the 2009 repurchase right, you may exchange your senior notes into PRIMUS common stock only if you withdraw your notice and exchange your senior notes prior to the close of business on the business day immediately preceding the 2009 repurchase date.

Conversion Procedures

By delivering to the holder the number of shares issuable upon conversion, determined by dividing the principal amount of the senior notes being converted by the conversion price, together with a cash payment, if any, in lieu of fractional shares, Holding will satisfy its obligation with respect to the exchanged senior notes. That is, accrued but unpaid interest will be deemed to be paid in full rather than canceled, extinguished or forfeited.

If you exchange after a record date for an interest payment but prior to the corresponding interest payment date, you will receive on the interest payment date interest accrued and paid on such senior notes, notwithstanding the exchange of such senior notes prior to such interest payment date, because you will have been the holder of record on the corresponding record date. However, at the time you surrender such senior notes for exchange, you must pay Holding an amount equal to the interest that has accrued and will be paid on the senior notes being exchanged on the interest payment date.

You will not be required to pay any transfer taxes or duties relating to the issuance or delivery of Primus common stock if you exercise your exchange rights, but you will be required to pay any transfer tax or duties which may be payable relating to any transfer involved in the issuance or delivery of the common stock in a name other than yours. Certificates representing shares of common stock will be issued or delivered only after all applicable transfer taxes and duties, if any, payable by you have been paid.

To exchange interests in a global note, you must deliver to DTC the appropriate instruction form for exchange pursuant to DTC's conversion program.

To exchange a definitive senior note, you will be required to:

- complete the exchange notice on the back of the senior note (or a facsimile of it);
- deliver the completed exchange notice and the senior notes to be exchanged to the specified office of the exchange agent;
- pay all funds required, if any, relating to interest on the senior notes to be exchanged to which you are not entitled, as described in the third preceding paragraph; and
- pay all transfer taxes or duties, if any, as described in the second preceding paragraph.

The exchange date will be the date on which all of the foregoing requirements have been satisfied. The senior notes will be deemed to have been exchanged immediately prior to the close of business on the exchange date. Holding will deliver, or cause to be delivered, to you a certificate for the number of shares of common stock into which the senior notes are exchanged (and cash in lieu of any fractional shares) as soon as practicable on or after the exchange date.

Conversion Price Adjustments

Holding will adjust the initial conversion price for certain events, including:

(1) issuances of PRIMUS common stock as a dividend or distribution on its common stock;

(2) certain subdivisions, combinations or reclassifications of PRIMUS common stock;

(3) issuances to all or substantially all holders of PRIMUS common stock of certain rights or warrants to purchase PRIMUS common stock (or securities convertible into PRIMUS common stock) at less than (or having a conversion price per share less than) the current market price of PRIMUS common stock;

(4) distributions to all or substantially all holders of PRIMUS common stock of shares of its capital stock (other than PRIMUS common stock), evidences of PRIMUS's indebtedness or assets, including securities, but excluding:

- certain distributions of rights or warrants;
- any dividends and distributions in connection with a reclassification, consolidation, merger, statutory share exchange, combination, sale or conveyance resulting in a change in the conversion consideration pursuant to the fifth succeeding paragraph;
- any dividends or distributions paid exclusively in cash; or

(5) dividends or other distributions by PRIMUS consisting exclusively of shares of PRIMUS common stock to all or substantially all holders of PRIMUS common stock; and

(6) purchases of PRIMUS common stock pursuant to a tender offer or exchange offer made by PRIMUS or any of its subsidiaries (excluding offers for stock options, warrants or similar instruments and the common stock underlying such instruments) to the extent that the aggregate value of the cash and any other consideration included in the payment, together with:

- any cash and the fair market value of other consideration payable in a tender offer or exchange offer by PRIMUS or any of its subsidiaries for PRIMUS common stock expiring within the 12 months preceding the expiration of that tender offer or exchange offer in respect of which no adjustments have been made; and
- the aggregate amount of any cash distributions to all holders of PRIMUS common stock within the 12 months preceding the expiration of that tender offer or exchange offer in respect of which no adjustments have been made,

exceeds 10% of PRIMUS's market capitalization on the expiration date of such tender offer.

PRIMUS has issued Rights (as defined in "Description of Capital Stock—Takeover Protections—Rights Agreement" as incorporated by reference) to all holders of PRIMUS common stock pursuant to a Rights Agreement described under "Description of Capital Stock—Takeover Protections—Rights Agreement" as incorporated by reference. If any holder converts senior notes prior to the Rights trading separately from the common stock, the holder will become entitled to receive Rights in addition to the common stock. Following a Distribution Date (as defined in "Description of Capital Stock—Takeover Protections—Rights Agreement" as incorporated by reference), the conversion ratio will be adjusted. If such an adjustment is made and the Rights are later redeemed, invalidated or terminated, then a reversing adjustment will be made.

Holding will not make any adjustment if holders may participate in the transaction or in certain other cases. In cases where the fair market value of assets, debt securities or certain rights, warrants or options to purchase PRIMUS securities, applicable to one share of PRIMUS common stock, distributed to stockholders:

- equals or exceeds the average closing price of the common stock over the ten consecutive trading day period ending on the record date for such distribution, or
- such average closing price exceeds the fair market value of such assets, debt securities or rights, warrants or options so distributed by less than $1.00,

rather than being entitled to an adjustment in the conversion price, the holder of a senior note will be entitled to receive upon exchange, in addition to the shares of common stock, the kind and amount of assets, debt securities or rights, warrants or options comprising the distribution that such holder would have received if such holder had exchanged such senior notes immediately prior to the record date for determining the shareholders entitled to receive the distribution.

Holding will not make an adjustment in the conversion price unless such adjustment would require a change of at least 1% in the conversion price then in effect at such time. Holding will carry forward and take into account in any subsequent adjustment any adjustment that would otherwise be required to be made. Except as stated above, Holding will not adjust the conversion price for the issuance of PRIMUS common stock or any securities convertible into or exchangeable for PRIMUS common stock or carrying the right to purchase any of the foregoing.

- If PRIMUS distributes shares of capital stock of a subsidiary, the conversion price will be adjusted, if at all, based on the market value of the subsidiary stock so distributed relative to the market value of its common stock, in each case over a measurement period following the distribution, unless PRIMUS elects to reserve the pro rata portion of such shares for the benefit of the holders of senior notes.
- If PRIMUS:
    - reclassifies or changes its common stock (other than changes resulting from a subdivision or combination), or
    - consolidate or combine with or merge into any person or sell or convey to another person all or substantially all of its property and assets,

and the holders of PRIMUS common stock receive stock, other securities or other property or assets (including cash or any combination thereof) with respect to or in exchange for their common stock, each outstanding note would, without the consent of any holders of senior notes, become exchangeable only into the consideration the holders of senior notes would have received if they had exchanged their senior notes immediately prior to such reclassification, change, consolidation, merger, statutory share exchange, combination, sale or conveyance.

If a taxable distribution to holders of PRIMUS common stock or other transaction occurs which results in any adjustment of the conversion price (including an adjustment at Holding's option), you may, in certain circumstances, be deemed to have received a distribution subject to U.S. income tax as a dividend. In certain other circumstances, the absence of an adjustment may result in a taxable dividend to the holders of PRIMUS common stock. See "Material United States Federal Income Tax Consequences."

Automatic Exchange

If the average closing price of PRIMUS common stock exceeds 150% of the conversion price then in effect for at least 20 trading days during any 30 trading day period, ending within five trading days prior to the date of

an auto-exchange notice, Holding may elect, at its sole option, at any time after the issuance of the senior notes through the close of business on the final maturity date of the senior notes, to exchange automatically all of the senior notes or any portion of the principal amount of the senior notes that is $1,000 or an integral multiple of $1,000 into the number of shares of PRIMUS common stock calculated based upon the conversion price in effect at that time. However, Holding may not effect an auto-exchange of senior notes of greater than 50% of the aggregate principal amount of the senior notes during any rolling 30 trading day period. Any auto exchange of less than all of the senior notes will be made on a pro rata basis with reference to the aggregate principal amount held by all holders of the senior notes on the auto-exchange date.

Repurchase at Option of Holding

If the average closing price of PRIMUS common stock exceeds 150% of the conversion price then in effect for at least 20 trading days during any 30 trading day period, ending within five trading days prior to the date of a redemption notice, Holding may elect, at its sole option, at any time after the issuance of the senior notes through the close of business on the final maturity date of the senior notes, to redeem the senior notes, in whole or in part, for a redemption price in cash equal to 100% of the principal amount of the senior notes to be redeemed, plus any accrued and unpaid interest on the senior notes.

Repurchase at Option of Holders

Repurchase Upon a Change of Control

If a change of control occurs, holders may require Holding to repurchase all of their senior notes, or any portion of those notes that is equal to $1,000 or a whole multiple of $1,000, at a repurchase price equal to 100% of the principal amount of the senior notes to be repurchased plus any accrued and unpaid interest to, but excluding, the repurchase date.

At the option of Holding, instead of paying the repurchase price in cash, Holding may pay the repurchase price in PRIMUS common stock, valued at 95% of the average of the closing sales prices of such common stock on the Nasdaq National Market, or an over-the-counter market on which such common stock is traded, for the five consecutive trading days ending on the third trading day prior to the repurchase date. Holding may not pay the repurchase price in common stock unless Holding satisfies certain conditions provided in the indenture.

A “change of control” will be deemed to have occurred at such time after the original issuance of the senior notes when any of the following has occurred:

- any person, including any syndicate or group deemed to be a “person” under Section 13(d)(3) of the Exchange Act, becomes the ultimate beneficial owner of more than 50% of the total voting power of all shares of capital stock of PRIMUS entitled to vote generally in elections of directors; or
- the first day on which a majority of the members of the PRIMUS board of directors does not consist of directors who constituted the PRIMUS board of directors at the beginning of the preceding two calendar years; or
    - the consolidation or merger of PRIMUS with or into any other person, any merger of another person into PRIMUS with the effect that immediately after such transaction, such person has become the beneficial owner of 50% of more of the total voting power of all shares of PRIMUS capital stock entitled to vote generally in elections of directors immediately prior to such transaction have the right to exercise, directly or indirectly, 50% or more of the total voting power of all shares of PRIMUS’s capital stock entitled to vote generally in elections of directors; or
    - the adoption of a plan relating to the liquidation of dissolution of PRIMUS or Holding.

However, a change of control will be deemed not to have occurred if the closing sale price per share of PRIMUS common stock for any five trading days within:

- the period of 10 consecutive trading days ending immediately after the later of the change of control or the public announcement of the change of control, in the case of a change of control under the first bullet point above; or

- the period of 10 consecutive trading days ending immediately before the change of control, in the case of a change of control under the remaining bullet points above,

equals or exceeds 110% of the conversion price of the senior notes in effect on each such trading day.

Beneficial ownership shall be determined in accordance with Rules 13d-3 and 13d-5 under the Exchange Act (except that a person shall be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition). The term "person" includes any syndicate or group which would be deemed to be a "person" under Section 13(d)(3) under the Exchange Act.

2009 Repurchase Right

If PRIMUS does not, prior to June 28, 2009, raise cumulatively $25 million in new equity through the sale of equity for cash, equity exchanges for the debt of PRIMUS or Holding, the conversion of debt of PRIMUS or Holding into equity or any combination thereof, then each holder will have the right, at the holder's option, to require Holding to repurchase for cash all of the holder's senior notes or any portion of the principal amount of the holder's notes that is equal to $1,000 or an integral multiple thereof at a purchase price equal to 100% of the principal amount of the senior notes to be repurchased, plus accrued and unpaid interest. The amount of new equity raised is to be calculated based on the gross cash proceeds from the issuance of equity, the face amount of debt exchanges or the face amount of debt converted.

Prior to or on the 20th business day prior to September 15, 2009, Holding will be required to give notice to all holders of the 2009 repurchase right unless PRIMUS has raised the $25 million in new equity discussed in the preceding paragraph.

In order to exercise this repurchase right, the holder must meet certain requirements set forth in the indenture.

The definition of "change of control" includes a phrase relating to the conveyance, transfer, sale, lease or disposition of "all or substantially all" of PRIMUS's properties and assets. There is no precise, established definition of the phrase "substantially all" under applicable law. In interpreting this phrase, courts, among other things, make a subjective determination as to the portion of assets conveyed, considering many factors, including the value of assets conveyed, the proportion of an entity's income derived from the assets conveyed and the significance of those assets to the ongoing business of the entity. To the extent the meaning of such phrase is uncertain, uncertainty will exist as to whether or not a change of control may have occurred and, accordingly, as to whether or not the holders of senior notes will have the right to require Holding to repurchase their senior notes.

Repurchase Right Procedures

Within 30 days after the occurrence of a change of control, Holding will be required to give notice to all holders of the occurrence of the change of control and of their resulting repurchase right. The repurchase date will be no later than 30 days after the date Holding gives that notice. The notice will be delivered to the holders at their addresses shown in the register of the registrar and to beneficial owners as required by applicable law, stating, among other things, the procedures that holders must follow to require Holding to repurchase their senior notes as described below.

To elect to require Holding to repurchase notes, each holder must deliver a repurchase notice so that it is received by the paying agent no later than the close of business on the second business day immediately prior to the repurchase date, unless Holding specifies a later date, and must state certain information, including:

- the name of the holder;
- the certificate numbers of the holders' notes to be delivered for repurchase;
- the portion of the principal amount of senior notes to be repurchased, which must be $1,000 or an integral multiple of $1,000; and
- that an election to exercise a repurchase right is being made; and

- in the case of the exercise of a change of control repurchase right and in the event that the change of control repurchase price is to be paid by shares of PRIMUS common stock, the name or names and addresses in which the certificates are to be issued.

A holder may withdraw any repurchase notice by delivering a written notice of withdrawal to the paying agent prior to the third business day prior to the repurchase date. The notice of withdrawal must state certain information, including:

The Exchange Act requires the dissemination of certain information to security holders and that an issuer follow certain procedures if an issuer tender offer occurs, which requirements may apply if the repurchase right summarized above becomes available to holders of the senior notes. In connection with any offer to require Holding to repurchase notes as summarized above Holding will, to the extent applicable:

- comply with the provisions of Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act which may then be applicable; and
- file a Schedule TO or any other required schedule or form under the Exchange Act.

Holding's obligation to pay the repurchase price for senior notes for which a repurchase notice has been delivered and not validly withdrawn is conditioned upon the holder delivering the senior notes, together with necessary endorsements, to the paying agent at any time after delivery of the repurchase notice. Holding will cause the repurchase price for the notes to be paid promptly following the later of the repurchase date or the time of delivery of the notes, together with such endorsements.

If the paying agent holds money and/or shares of common stock sufficient to pay the repurchase price of the senior notes for which a repurchase notice has been given on the business day following the repurchase date in accordance with the terms of the indenture, then, immediately after the repurchase date, the senior notes will cease to be outstanding and interest on the senior notes will cease to accrue, whether or not the senior notes are delivered to the paying agent. Thereafter, all other rights of the holder shall terminate, other than the right to receive the repurchase price upon delivery of the senior notes.

Holding may, to the extent permitted by applicable law and the agreements governing any of its other indebtedness at the time outstanding, at any time purchase the senior notes in the open market or by tender at any price or by private agreement. Any notes so purchased by Holding shall be surrendered to the trustee for cancellation. Any senior notes surrendered to the trustee may, to the extent permitted by applicable law, be reissued or resold or may be surrendered to the trustee for cancellation. Any senior note surrendered to the trustee for cancellation may not be reissued or resold and will be canceled promptly.

Limitations on Repurchase Rights

The repurchase rights described above may not necessarily protect holders of the notes if a highly leveraged or another transaction involving PRIMUS or Holding occurs that may adversely affect holders.

Holding's ability to repurchase senior notes upon the occurrence of a change of control or a 2009 repurchase right is subject to important limitations. The occurrence of a change of control could cause an event of default under, or be prohibited or limited by, the terms of PRIMUS's or Holding's existing or future debt. Further, Holding cannot assure you that, in that event, Holding or PRIMUS would have the financial resources, or would be able to arrange financing, to pay the repurchase price in cash for all the senior notes that might be delivered by holders of senior notes seeking to exercise the repurchase right. In addition, although the terms of the senior notes allow Holding to use PRIMUS common stock to repay the repurchase price, Holding may not be in a position to do so. Any failure by Holding to repurchase the notes when required following a change of control or 2009 repurchase right would result in an event of default under the indenture. Any such default may, in turn, cause a default under Holding's or PRIMUS's other indebtedness that may be outstanding at that time. In

addition, Holding's ability to repurchase notes may be limited by restrictions on its ability to obtain funds for such repurchase through dividends from its subsidiaries and other provisions in agreements that may govern its other indebtedness outstanding at the time.

The change of control repurchase provision of the notes may, in certain circumstances, make more difficult or discourage a takeover of PRIMUS or Holding company. The change of control repurchase feature, however, is not the result of Holding's or PRIMUS's knowledge of any specific effort by others to accumulate shares of PRIMUS common stock or to obtain control of PRIMUS by means of a merger, tender offer solicitation or otherwise or by management to adopt a series of antitakeover provisions. Instead, the change of control purchase feature is a standard term contained in convertible securities similar to the senior notes.

Consolidation, Merger, Etc.

The indenture provides that PRIMUS or Holding may, without the consent of the holders of any of the senior notes, consolidate with or merge into any other person or convey, transfer, sell, lease or otherwise dispose of all or substantially all of its properties and assets to another person as long as, among other things:

- either (1) the resulting, surviving or transferee person is a corporation and is organized and existing under the laws of the United States, any state thereof or any jurisdiction of the United States and;
- that person assumes all of the obligations of PRIMUS or Holding, as the case may be, under the indenture and the senior notes; and
- immediately after giving effect to the transaction, no default or event of default has occurred or is occurring.

The occurrence of certain of the foregoing transactions could also constitute a change of control under the indenture.

The covenant described above includes a phrase relating to the conveyance, transfer, sale, lease or disposition of "all or substantially all" of PRIMUS's properties and assets. There is no precise, established definition of the phrase "substantially all" under applicable law. In interpreting this phrase, courts, among other things, make a subjective determination as to the portion of assets conveyed, considering many factors, including the value of assets conveyed, the proportion of an entity's income derived from the assets conveyed and the significance of those assets to the ongoing business of the entity. To the extent the meaning of such phrase is uncertain, uncertainty will exist as to whether or not the restrictions on the sale, lease or disposition of PRIMUS's assets described above apply to a particular transaction.

Events of Default

Each of the following will constitute an event of default under the indenture:

(1) the failure to pay an installment of interest (including additional amounts, if any) on any of the senior notes for 30 days after the date when due;

(2) the failure to pay when due the principal of any of the senior notes at maturity or upon exercise of a repurchase right or otherwise;

(3) the failure to pay principal and interest on any senior notes required to be purchased pursuant to a change of control repurchase right or a 2009 repurchase right;

(4) the failure to perform or observe any other covenant or agreement contained in the notes or the indenture for a period of 30 days after written notice of such failure, requiring PRIMUS to remedy the same, shall have been given to Holding by the trustee or to Holding and the trustee by the holders of at least 25% in aggregate principal amount of the notes then outstanding;

(5) a default under any indebtedness for money borrowed by PRIMUS or any of its subsidiaries that is a "restricted subsidiary" (as defined in the indentures giving the 12 3/4% senior notes due 2009 of PRIMUS, the 8% senior notes due 2014 of Holding or the $100,000,000 term loan of PRIMUS) the aggregate outstanding principal amount of which is in an amount in excess of $25 million, for a period of 30 days after written notice to Holding by the trustee or to Holding and the trustee by holders of at least 25% in aggregate principal amount of the notes then outstanding, which default:

- is caused by a failure to pay principal or interest when due on such indebtedness by the end of the earlier of: (a) the applicable grace period, if any, or (b) the 30th day after the default, unless such indebtedness is discharged; or
- results in the acceleration of such indebtedness, unless such acceleration is waived, cured, rescinded, annulled or such indebtedness is discharged;

(6) any final judgment or order for the payment of money in excess of $25.0 million in the aggregate for all such final judgments or orders rendered against PRIMUS or any restricted subsidiary, which final judgment or order has not been paid or discharged within any period of 20 consecutive days following entry of the final judgment or order causing the aggregate amount of final judgments and orders to exceed $25.0 million;

(7) certain events of bankruptcy, insolvency or reorganization with respect to PRIMUS or any of its subsidiaries that is a significant subsidiary; and

(8) the guaranty by PRIMUS ceases to be in full force and effect.

The indenture provides that the trustee will, within 90 days of the occurrence of a default, give to the registered holders of the notes notice of all uncured defaults or events of default known to it, but the trustee shall be protected in withholding such notice if it, in good faith, determines that the withholding of such notice is in the best interest of such registered holders, except in the case of a default or event of default in the payment of the principal of or interest on, any of the notes when due or in the payment of any repurchase obligation.

If an event of default specified in clause (7) above occurs and is continuing with respect to Holding, then automatically the principal of all the senior notes and the interest thereon shall become immediately due and payable. If an event of default shall occur and be continuing, other than with respect to clause (7) above with respect to Holding (the default not having been cured or waived as provided under "—Modifications and Amendments" below), the trustee or the holders of at least 25% in aggregate principal amount of the senior notes then outstanding may declare the senior notes due and payable at their principal amount together with accrued interest, and thereupon the trustee may, at its discretion, proceed to protect and enforce the rights of the holders of senior notes by appropriate judicial proceedings. Such declaration may be rescinded or annulled with the written consent of the holders of a majority in aggregate principal amount of the senior notes then outstanding if all events of default (other than the nonpayment of amounts due solely as a result of such acceleration) have been cured or waived.

The indenture contains a provision entitling the trustee, subject to the duty of the trustee during default to act with the required standard of care, to be indemnified by the holders of senior notes before proceeding to exercise any right or power under the indenture at the request of such holders. The indenture provides that the holders of a majority in aggregate principal amount of the senior notes then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred upon the trustee.

Holding will be required to furnish annually to the trustee a statement as to the fulfillment of its obligations under the indenture.

Modifications and Amendments

Changes Requiring Approval of Each Affected Holder

Except as set forth below and under "—Changes Requiring No Approval," Holding and the trustee may amend or supplement the indenture or the senior notes with the consent of the holders of a majority in aggregate principal amount of the outstanding senior notes. However, the indenture, including the terms and conditions of the senior notes, will not be able to be modified or amended without the written consent or the affirmative vote of the holder of each senior note affected by such change to:

- change the maturity of the principal of or the date any installment of interest (including any payment of additional amounts) is due on any senior note;
- reduce the principal amount of, or interest (including any payment of additional amounts) on, any senior note;
- change the currency of payment of such senior note or interest thereon;
- impair the right of any holder to institute suit for the enforcement of any payment on or on conversion of any senior note;
- modify the obligations of Holding to maintain an office or agency in New York City;
- except as otherwise permitted or contemplated by provisions concerning corporate reorganizations, adversely affect the repurchase rights of holders or the exchange rights of holders of the senior notes;
- reduce the percentage in aggregate principal amount of notes outstanding necessary to modify or amend the indenture or to waive any past default; or
- reduce the requirements for quorum or voting, or reduce the percentage in aggregate principal amount of the senior notes the consent of whose holders is required for any supplemental indenture or any waiver under the indenture.

Changes Requiring No Approval

The indenture, including the terms and conditions of the senior notes, may be modified or amended by Holding and the trustee, without the consent of any holders of senior notes, for the purposes of, among other things:

- adding to Holding's covenants for the benefit of the holders of senior notes;
- surrendering any right or power conferred upon Holding;
- providing for exchange rights of holders of senior notes if any reclassification or change of PRIMUS common stock or any consolidation, merger or sale of all or substantially all of the assets of PRIMUS or Holding occurs;
- providing for the assumption of the obligations PRIMUS or Holding to the holders of senior notes in the case of a merger, consolidation, conveyance, transfer or lease;
- reducing the conversion price, provided that the reduction will not adversely affect the interests of the holders of senior notes in any material respect;
- complying with the requirements of the SEC in order to effect or maintain the qualification of the indenture under the Trust Indenture Act of 1939;
- curing any ambiguity or correcting or supplementing any defective provision contained in the indenture, provided that such modification or amendment does not, in the good faith opinion of Holding's board of directors, adversely affect the interests of the holders of senior notes in any material respect; or
- adding or modifying any other provisions with respect to matters or questions arising under the indenture that Holding and the trustee may deem necessary or desirable and that will not, in the good faith opinion of Holding's board of directors, adversely affect the interests of the holders of senior notes.

No Personal Liability of Directors, Officers, Employees or Stockholders

None of PRIMUS's or Holding's directors, officers, employees or stockholders, as such, shall have any liability for any of their obligations under the senior notes or the indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a note, each holder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issue of the notes.

Guarantee

The senior notes are fully and unconditionally guaranteed by PRIMUS. PRIMUS is a holding company with no operations of its own and no significant assets other than cash and the stock of, and intercompany loans payable by, its operating subsidiaries. Dividends, intercompany loans and other permitted payments from PRIMUS's direct and indirect subsidiaries, and its own credit arrangements, are its sources of funds to meet its cash needs, including any funds that would be payable as a result of PRIMUS's guarantee of Holding's obligations for the senior notes. PRIMUS's subsidiaries are legally distinct from it and, other than Holding, have no obligations to pay amounts due with respect to the senior notes or to otherwise make funds available to PRIMUS. Claims of creditors of such subsidiaries generally will have priority with respect to assets of such subsidiaries over the claims or PRIMUS's creditors, including holders of the senior notes. Accordingly, the senior notes are structurally subordinated to all existing and future debt and other liabilities of PRIMUS's subsidiaries, including trade payables.

Governing Law

The indenture and the notes will be governed by, and construed in accordance with, the law of the State of New York.

Information Concerning the Trustee and the Transfer Agent

U.S. Bank National Association, as trustee under the indenture, has been appointed by Holding as paying agent, conversion agent, registrar and custodian with regard to the notes. StockTrans Inc. is the transfer agent and registrar for PRIMUS common stock. The trustee or its affiliates may from time to time in the future provide banking and other services to PRIMUS or Holding in the ordinary course of their business.

Registration Rights

Upon the closing of the senior notes offering, PRIMUS and Holding entered into a registration rights agreement with the holders of the senior notes. Pursuant to this agreement, PRIMUS and Holding agreed, at their expense to, among other things, use their reasonable best efforts to keep a shelf registration statement effective until the earliest of:

- two years after the last date of original issuance of any of the senior notes;
- the date when the holders of the senior notes and the common stock issuable upon exchange of the senior notes are able to sell all such securities immediately without restriction pursuant to the volume limitation provisions of Rule 144 under the Securities Act; and
- the date when all of the senior notes and the common stock into which the senior notes are exchangeable are registered under the shelf registration statement and disposed of in accordance with the shelf registration statement.

Each holder who sells securities pursuant to the shelf registration statement generally will be:

- required to be named as a selling stockholder in the related prospectus;
- required to deliver a prospectus to purchasers;

- required to notify Holding of such sale within five business days after such sale;
- subject to certain of the civil liability provisions under the Securities Act in connection with the holder's sales; and
- bound by the provisions of the registration rights agreement which are applicable to the holder (including certain indemnification rights and obligations).

Holding and PRIMUS may suspend the holder's use of the prospectus for a reasonable period not to exceed two periods aggregating 60 days within any 12-month period if Holding reasonably determines that the offering of any senior notes or shares of PRIMUS common stock by any holder would require disclosure of material information as to which disclosure at that time would not be in the best interest of PRIMUS and its stockholders.

If, after the effectiveness target date, the registration statement ceases to be effective or fails to be usable and (1) PRIMUS does not cure the registration statement within five business days by a post-effective amendment or a report filed pursuant to the Exchange Act or (2) if applicable, the suspension periods exceed an aggregate of 60 days in any 12-month period (each, a "registration default"), then in any such case additional amounts will be payable on the senior notes that are Registrable Securities, from and including the day following the registration default to but excluding the day on which the registration default has been cured or the end of the effectiveness period. Additional amounts will be paid semiannually in arrears, with the first semiannual payment due on the first interest payment date, as applicable, following the date on which such additional amounts begin to accrue, and will accrue at a rate per year equal to:

- an additional 1.00% of the principal amount to and including the 90th day following such registration default; and
- an additional 1.50% of the principal amount from and after the 91st day following such registration default.

If a shelf registration statement covering the resales of the senior notes and common stock into which the notes are convertible is not effective, these securities generally may not be sold or otherwise transferred except in accordance with exceptions under the Securities Act.

Rule 144A Information

PRIMUS will furnish to the holders, beneficial holders and prospective purchasers of the senior notes and the common stock into which the senior notes are exchangeable, upon their request, the information required by Rule 144A(d)(4) under the Securities Act until such time as these securities are no longer "restricted securities" within the meaning of Rule 144 under the Securities Act, assuming these securities have not been owned by an affiliate of PRIMUS.

Form, Denomination and Registration

Denomination and Registration

The notes will be issued in fully registered form, without coupons, in denominations of $1,000 principal amount and whole multiples of $1,000.

Global Notes; Book-Entry Form

Except as provided below, the senior notes will be evidenced by one or more global notes deposited with the trustee as custodian for DTC, and registered in the name of Cede & Co. as DTC's nominee.

Record ownership of the global notes may be transferred, in whole or in part, only to another nominee of DTC or to a successor of DTC or its nominee, except as set forth below. A holder may hold its interests in a

global note directly through DTC if such holder is a participant in DTC, or indirectly through organizations which are direct DTC participants if such holder is not a participant in DTC. Transfers between direct DTC participants will be effected in the ordinary way in accordance with DTC's rules and procedures and will be settled in same-day funds. Holders may also beneficially own interests in the global notes held by DTC through certain banks, brokers, dealers, trust companies and other parties that clear through or maintain a custodial relationship with a direct DTC participant, either directly or indirectly. Transfers between direct DTC participants will be effected in the ordinary way in accordance with DTC's rules and procedures and will be settled in same-day funds.

So long as Cede & Co., as nominee of DTC, is the registered owner of the global notes, Cede & Co. for all purposes will be considered the sole holder of the global notes. Except as provided below, owners of beneficial interests in the global notes:

- will not be entitled to have certificates registered in their names;
- will not receive or be entitled to receive physical delivery of certificates in definitive form; and
- will not be considered holders of the global notes.

The laws of some states require that certain persons take physical delivery of securities in definitive form. Consequently, the ability of an owner of a beneficial interest in a global note to transfer the beneficial interest in the global note to such persons may be limited.

Holding will wire, through the facilities of the trustee, payments of principal of and interest on the global notes to Cede & Co., the nominee of DTC, as the registered owner of the global notes. None of PRIMUS, Holding, the trustee and any paying agent will have any responsibility or be liable for paying amounts due on the global notes to owners of beneficial interests in the global notes.

It is DTC's current practice, upon receipt of any payment of principal of and interest on the global notes, to credit participants' accounts on the payment date in amounts proportionate to their respective beneficial interests in the senior notes represented by the global notes, as shown on the records of DTC, unless DTC believes that it will not receive payment on the payment date. Payments by DTC participants to owners of beneficial interests in notes represented by the global notes held through DTC participants will be the responsibility of DTC participants, as is now the case with securities held for the accounts of customers registered in "street name."

If you would like to exchange your notes for PRIMUS common stock pursuant to the terms of the senior notes, you should contact your broker or other direct or indirect DTC participant to obtain information on procedures, including proper forms and cut-off times, for submitting those requests.

Because DTC can only act on behalf of DTC participants, who in turn act on behalf of indirect DTC participants and other banks, your ability to pledge your interest in the notes represented by global notes to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate.

None of PRIMUS, Holding nor the trustee (nor any registrar, paying agent or conversion agent under the indenture) will have any responsibility for the performance by DTC or direct or indirect DTC participants of their obligations under the rules and procedures governing their operations. DTC has advised Holding that it will take any action permitted to be taken by a holder of senior notes, including, without limitation, the presentation of senior notes for exchange as described below, only at the direction of one or more direct DTC participants to whose account with DTC interests in the global senior notes are credited and only for the principal amount of the senior notes for which directions have been given.

DTC has advised Holding as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of

the Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act. DTC was created to hold securities for DTC participants and to facilitate the clearance and settlement of securities transactions between DTC participants through electronic book-entry changes to the accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations, such as the initial purchasers of the notes. Certain DTC participants or their representatives, together with other entities, own DTC. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through, or maintain a custodial relationship with, a participant, either directly or indirectly.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the global notes among DTC participants, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. If DTC is at any time unwilling or unable to continue as depositary and a successor depositary is not appointed by Holding within 90 days or an event of default has occurred and is continuing with respect to the notes, Holding will cause notes to be issued in definitive form in exchange for the global notes. None of Primus, the trustee or any of their respective agents will have any responsibility for the performance by DTC or direct or indirect DTC participants of their obligations under the rules and procedures governing their operations, including maintaining, supervising or reviewing the records relating to, or payments made on account of, beneficial ownership interests in global notes.

According to DTC, the foregoing information with respect to DTC has been provided to its participants and other members of the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

DESCRIPTION OF CAPITAL STOCK

General

PRIMUS's certificate of incorporation authorizes the issuance of 150,000,000 shares of common stock, and 2,455,000 shares of preferred stock, each par value $0.01 per share. As of June 30, 2006, PRIMUS's outstanding capital stock consisted of 113,819,009 shares of common stock held by 508 stockholders of record and no shares of preferred stock. As of June 30, 2006, there were 8,543,414 shares of common stock reserved for issuance upon the exercise of stock options and other stock equivalents, 46.9 million shares of common stock reserved for issuance pursuant to the conversion of the senior notes, 23.2 million shares of common stock reserved for issuance pursuant to the conversion of the step up convertible subordinated debentures due 2009, 8.3 million shares of common stock reserved for issuance pursuant to the conversion of the convertible senior notes due 2010, and 0.5 million shares of common stock reserved for issuance pursuant to the conversion of the 2007 Convertible Notes.

At its annual meeting of stockholders held on June 20, 2006, the stockholders of PRIMUS authorized (1) an amendment to PRIMUS's certificate of incorporation to reflect a 1-for-10 reverse stock split and (2) an amendment to PRIMUS's certificate of incorporation allowing an increase in authorized common stock from 150,000,000 to 300,000,000 shares. The PRIMUS board of directors may, in its discretion, implement one of these two authorized proposals. As of the date of this prospectus, the PRIMUS board of directors has not taken action to approve either a reverse stock split or an increase in the authorized shares of PRIMUS.

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

Common Stock

Holders of common stock are entitled to one vote per share on all matters to be voted upon by PRIMUS's stockholders, and the holders of its common stock vote together as a single class on all matters to be voted upon by the stockholders. The holders of common stock are entitled to receive ratably dividends when, as and if declared from time to time by the board of directors out of PRIMUS's assets available for the payment of dividends to the extent permitted by law, subject to preferences that may be applicable to any outstanding preferred stock and any other provisions of its certificate of incorporation. PRIMUS does not, however, anticipate paying any cash dividends in the foreseeable future.

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

Preferred Stock

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

In addition to the Preferred Stock designated as described above, PRIMUS's board of directors, without further action by the holders of its common stock is also authorized to issue up to 1,410,050 shares of other

Preferred Stock ("Other Preferred Stock"). The PRIMUS board of directors may determine the timing, series, designation and number of shares of Other Preferred Stock to be issued, as well as the rights, preferences and limitations of such shares, including those related to voting power, redemption, conversion, dividend rights and liquidation preferences. The issuance of Other Preferred Stock could in certain circumstances adversely affect the voting power of the holders of PRIMUS's common stock or have the effect of deterring or delaying any attempt by a person, entity or group to obtain control of PRIMUS.

Registration Rights

Simultaneously with the closing of the exchange and sale of the senior notes, PRIMUS entered into a registration rights agreement, pursuant to which PRIMUS granted to the purchasers of the senior notes (and their affiliates and permitted transferees) (the "Designated Holders") registration rights with respect to the senior notes and shares of PRIMUS common stock issuable upon exchange of the senior notes held by the Designated Holders (collectively, the "Registrable Securities"). The senior notes and shares of PRIMUS common stock offered by this prospectus constitute Registrable Securities.

Takeover Protections

Classified Board

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

Other Protections Under By-Laws

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

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

Rights Agreement

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

- ten business days following a public announcement (the date of such announcement being the "Stock Acquisition Date") that a person or group of affiliated or associated persons (an "Acquiring Person") has acquired, obtained the right to acquire, or otherwise obtained beneficial ownership of 20% or more of the then outstanding shares of common stock; or
- ten business days following the commencement of a tender offer or exchange offer that would result in an Acquiring Person owning 20% or more of the then outstanding shares of common stock, or such later date as may be determined by action of a majority of the members of the board of directors (such determination to be made prior to such time as any person becomes an Acquiring Person).

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

In the event that

- PRIMUS is the surviving corporation in a merger with an Acquiring Person and shares of common stock shall remain outstanding;
- a person or group of affiliated or associated persons becomes the beneficial owner of 20% or more of the then outstanding shares of common stock;
- an Acquiring Person engages in one or more "self-dealing" transactions as set forth in the Rights Agreement; or
- during such time as there is an Acquiring Person, an event occurs which results in such Acquiring Person's ownership interest being increased by more than 1% (e.g., by means of a reverse stock split or recapitalization);

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

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

- PRIMUS is acquired in a merger or other business combination transaction and PRIMUS is not the surviving corporation (other than a merger described in the preceding paragraph);
- any person or group of affiliated or associated persons consolidates or merges with PRIMUS and all or part of the common stock is converted or exchanged for securities, cash or property of any other person or group of affiliated or associated persons; or
- 50% or more of PRIMUS's assets or earning power is sold or transferred, each holder of a Right (except the Rights which previously have been voided or exchanged as described above) shall thereafter have the right to receive, upon exercise, common stock of the Acquiring Person having a value equal to two times the exercise price of the Right.

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

Statutory Provisions

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

- prior to such date, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (1) by persons who are directors and also officers, and (2) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or subsequent to such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 $^{2}/_{3}$% of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 of the DGCL defines "business combination" to include:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;
- subject to certain exceptions, any transaction which results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

- any transaction involving the corporation which has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of benefits provided by or through the corporation. In general, Section 203 defines an "interested stockholder" as any person who, together with any affiliates or associates of such person, beneficially owns, directly or indirectly, 15% or more of the outstanding voting stock of a Delaware corporation.

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

Acceleration of Vesting

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

Repurchase of Notes and Debentures

Upon a change of control, pursuant to the indentures governing each of PRIMUS's 12 3/4% senior notes due 2009 and 8% senior notes due 2014, the holders of such senior notes may require PRIMUS to repurchase their senior notes at 101% of principal plus accrued interest. A similar provision providing for the repurchase of notes or debentures at 100% of principal plus accrued interest is contained in the indentures governing the 5 3/4% convertible subordinated debentures due 2007, the step up convertible subordinated debentures due 2009, the 3 3/4% convertible senior notes due 2010 and the senior notes offered hereby. These provisions may have the effect of discouraging a third party from making a tender offer or otherwise attempting to obtain control of PRIMUS.

Indemnification of Directors and Officers

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

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

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

Limitation of Liability

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

- for any breach of that person's duty of loyalty to PRIMUS or its stockholders;
- for acts or omissions not in good faith or involving intentional misconduct or a knowing violation of law;
- for the unlawful payment of dividends on or redemption of PRIMUS's capital stock; and
- for any transaction from which that person derived an improper personal benefit.

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

Transfer Agent and Registrar

The transfer agent and registrar for PRIMUS common stock is StockTrans, Inc.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

This section describes the material United States federal income tax considerations relating to the purchase, ownership and disposition of the senior notes and of the PRIMUS common stock issuable upon exchange of the senior notes. This description does not provide a complete analysis of all potential tax considerations. The information provided below is based on the Internal Revenue Code of 1986, as amended, referred to as the "Code," Treasury regulations issued under the Code, published rulings and court decisions, all as in effect on the date hereof. These authorities may change, possibly on a retroactive basis, or the Internal Revenue Service, referred to as the "IRS," might interpret the existing authorities differently. In either case, the tax consequences of purchasing, owning or disposing of the senior notes or the PRIMUS common stock could differ from those described below.

This description assumes that the senior notes and the PRIMUS common stock are held as "capital assets" (generally, property held for investment) within the meaning of section 1221 of the Code.

This description generally applies only to a holder that purchases senior notes for cash. This description is general in nature and does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular holder in light of the holder's particular circumstances, or to certain types of holders subject to special treatment under U.S. federal income tax laws (such as financial institutions, real estate investment trusts, regulated investment companies, grantor trusts, insurance companies, tax-exempt organizations, brokers, dealers or traders in securities or foreign currencies, and persons holding senior notes or PRIMUS common stock as part of a position in a "straddle" or as part of a "hedging," "conversion" or "integrated" transaction for U.S. federal income tax purposes). In addition, this description does not consider the effect of any foreign, state, local or other tax laws, or any U.S. tax considerations (e.g., estate or gift tax) other than U.S. federal income tax considerations, that may be applicable to particular holders.

If a partnership or other entity taxable as a partnership holds the senior notes or the PRIMUS common stock, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Any such partnership or other entity owning the senior notes or the PRIMUS common stock and any owner thereof should consult its tax advisor as to the tax consequences of the purchase, ownership and disposition of the senior notes and the PRIMUS common stock.

Holding and PRIMUS urge prospective investors to consult their own tax advisors with respect to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the U.S. federal estate or gift tax laws or under the laws of any state, local or foreign taxing jurisdiction or under any applicable treaty or the possible effects of changes in the United States federal and other tax laws.

Consequences to U.S. Holders

The following is a summary of the U.S. federal income tax consequences that will apply to you if you are a U.S. Holder of senior notes or PRIMUS common stock. "U.S. Holder" means a beneficial owner of the senior notes or the PRIMUS common stock that is:

- a citizen or resident of the United States, as determined for United States federal income tax purposes;
- a corporation or other business entity treated as a corporation for United States federal income tax purposes created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States can exercise primary supervision over its administration, and one or more United States persons have the authority to control all of the substantial decisions of that trust, or certain electing trusts that were in existence on August 20, 1996, and were treated as domestic trusts on the previous date.

Interest and Original Issue Discount

Stated interest on the senior notes will generally be included in a U.S. Holder's gross income as ordinary income for U.S. federal income tax purposes at the time it is paid or accrued in accordance with the U.S. Holder's regular method of accounting.

The senior notes were issued with "original issue discount" for federal income tax purposes. Accordingly, a U.S. Holder (whether a cash or accrual method taxpayer) is required to include in gross income as additional interest the amount of such original issue discount which is treated as having accrued during the period when the holder held such senior note in the taxable year, in advance of the receipt of some or all of the related cash payments. The original issue discount on a senior note is equal to excess of the stated redemption price at maturity of the senior note over the issue price of the senior note. The issue price of a senior note for United States federal income tax purposes is the first price at which a substantial amount of the senior notes was sold for cash, excluding sales to bond houses, brokers or similar persons acting as underwriters, placement agents or wholesalers. Holding and PRIMUS are taking the position that the issue price of the senior notes for this purpose was $850.00 per $1,000 stated principal amount. The stated redemption price at maturity of a senior note equals the sum of all payments to be made on the senior note other than payments of stated interest.

As noted above, a U.S. Holder of a senior note will be required to include original issue discount in gross income (as ordinary interest income) periodically over the term of the senior note before receipt of the cash or other payment attributable to such income, regardless of such holder's regular method of tax accounting. The amount to be included for any taxable year is the sum of the daily portions of original issue discount with respect to the senior note for each day during the taxable year or portion of a taxable year during which such holder holds such senior note. The daily portion is determined by allocating to each day of any accrual period within a taxable year a pro rata portion of the original issue discount allocable to the accrual period. The amount of original issue discount allocable to an accrual period is the senior note's adjusted issue price at the beginning of the accrual period multiplied by its yield to maturity, less any stated interest allocable to such accrual period. The yield to maturity of a senior note is the discount rate that, when used in computing the present value of all payments to be made on the senior note, produces an amount equal to the original issue price of the senior note. A U.S. Holder is permitted to select any accrual periods; provided, however, that each accrual period is no longer than one year, and each scheduled payment of interest or principal occurs on either the first or last day of an accrual period. The adjusted issue price of a senior note at the beginning of any accrual period is its issue price increased by the aggregate amount of original issue discount previously accrued and decreased by any payments previously made on the senior note other than payments of stated interest.

Under certain circumstances, Holding may be entitled to repurchase the senior notes from the holders. In addition, under certain circumstances, a holder may be entitled to require Holding to repurchase all or any part of such holder's notes. The Treasury Regulations contain special rules for determining, for purposes of calculating accruals of original issue discount, the payment schedule and the yield to maturity of a debt instrument in the event the debt instrument provides for contingencies that could, for example, result in the acceleration or deferral of one or more payments. Holding and PRIMUS intend to take the position that the payment schedule of the senior notes, without taking into account Holding's conditional options to repurchase the senior notes or a holder's conditional options to require Holding to repurchase the notes, should be used for purposes of determining the yield and maturity of the senior notes because such payment schedule is significantly more likely than not to occur and/or because such contingencies should be viewed as remote or incidental. However, if such contingencies occur and such option are exercised, the yield and maturity of the senior notes must be redetermined using the new payment schedule by treating the senior notes as retired and reissued on that date. The determination to use such payment schedule for purposes of computing accruals of original issue discount is binding on holders of the senior notes, unless a holder explicitly discloses a contrary position on a form attached to its tax return for the year in which it acquired the senior note.

Under the foregoing rules, U.S. Holders are required to include in gross income increasingly greater amounts of original issue discount in each successive accrual period. A U.S. Holder's tax basis in the senior notes

will be increased by the amount of original issue discount included in gross income by such U.S. Holder and will be decreased by the amount of any payments received by such U.S. Holder with respect to the senior notes other than payments of stated interest. The amount of original issue discount allocable to any initial short accrual period may be computed using any reasonable method if all other accrual periods, other than a final short accrual period, are of equal length. The amount of original issue discount allocable to the final accrual period at maturity of the senior notes will be the difference between (i) the amount payable at maturity of the senior notes, excluding stated interest, and (ii) the senior notes' adjusted issue price as of the beginning of the final accrual period.

Additional Amounts

The contingent obligation to make payments of "additional amounts" if Holding or PRIMUS fails to comply with specified obligations under the registration rights agreement may implicate the provisions of Treasury regulations relating to "contingent payment debt instruments." Holding and PRIMUS intend to take the position that the likelihood of payments of "additional amounts" is remote. Therefore, Holding and PRIMUS intend to take the position that the senior notes should not be treated as contingent payment debt instruments, and that any payment of "additional amounts" will be taxable to U.S. Holders only at the time it accrues or is received in accordance with such holder's method of tax accounting. However, the determination of whether such a contingency is remote or not is inherently factual. Therefore, there can be no assurance that this position would be sustained if challenged by the IRS. A successful challenge of this position by the IRS could affect the timing of the U.S. Holder's income and could cause the gain from the sale or other disposition of a senior note to be treated as ordinary income, rather than capital gain. Holding's and PRIMUS's position for purposes of the contingent debt regulations as to the likelihood of these additional payments being remote is binding on a U.S. Holder, unless the U.S. Holder discloses a contrary position on a form attached to its tax return for the year in which it acquired the senior note.

Market Discount

If a U.S. Holder purchases a senior note for an amount that is less than its "revised issue price" (generally, the original issue price of the senior note plus the amount of original issue discount allocable to all prior accrual periods, minus any payments on the senior notes other than stated interest) as of the purchase date, such U.S. Holder will be treated as having purchased such senior notes at a "market discount," unless such market discount is less than a specified de minimis amount.

Under the market discount rules, a U.S. Holder will be required to treat any payment (other than stated interest) on, or any gain realized on the sale, exchange, retirement or other disposition of, a note as ordinary income to the extent of the lesser of (i) the amount of such payment or realized gain or (ii) the market discount which has not previously been included in income and is treated as having accrued on such senior note at the time of such payment or disposition. Market discount will be considered to accrue ratably during the period from the date of acquisition to the stated maturity date of the senior note, unless the U.S. Holder elects to accrue market discount on the constant interest method.

A U.S. Holder may be required to defer the deduction of all or a portion of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a senior note with market discount until the stated maturity of the senior note or certain earlier dispositions, because a current deduction is only allowed to the extent the interest expense exceeds an allocable portion of market discount. A U.S. Holder may elect to include market discount in income currently as it accrues (on either a ratable or constant interest basis), in which case the rules described above regarding the treatment as ordinary income of gain upon the disposition of the senior note and upon the receipt of certain cash payments and regarding the deferral of interest deductions will not apply. Generally, such currently included market discount is treated as ordinary interest for U.S. Federal income tax purposes, and your tax basis in the senior note will be increased by the amount of market discount included in income. Such an election will apply to all debt instruments acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS. The election, therefore, should only be made in consultation with a tax advisor.

Premium

A U.S. Holder who purchases a senior note for an amount that is greater than its adjusted issue price as of the purchase date and less than or equal to the sum of all amounts (other than stated interest) payable on the senior note after the purchase date will be considered to have purchased the note at an "acquisition premium." Under the acquisition premium rules, the amount of original issue discount which such U.S. Holder must include in its gross income with respect to such senior note for any taxable year (or portion thereof in which the U.S. Holder holds the senior note) will be reduced (but not below zero) by the portion of the acquisition premium properly allocable to the period.

A U.S. Holder who purchases a senior note for an amount that exceeds the sum of all amounts (other than stated interest) payable on the senior note after the purchase date will be considered to have purchased the senior note with a "amortizable bond premium," and no OID is required to be included in the gross income of the U.S. Holder. For this purpose only, a U.S. Holder's purchase price for a senior note is reduced by an amount equal to the value of the option to exchange the senior note into PRIMUS common stock; the value of the exchange option may be determined under any reasonable method. You generally may elect to amortize such "premium" over the remaining term of the senior note on a constant-yield method as offset to interest income. If you make this election, you will be required to reduce your adjusted tax basis in the senior note by the amount of the premium amortized. This election will also apply to all debt obligations held or subsequently acquired by you on or after the first day of the first taxable year to which the election applies. You may not revoke the election without the consent of the IRS. You should consult your own tax advisor before making this election.

Sale, exchange or redemption of the senior notes

A U.S. Holder generally will recognize capital gain or loss (except as described above under "—Market Discount") if the U.S. Holder disposes of a senior note in a sale, redemption or exchange (including an exchange of the note for PRIMUS common stock pursuant to the senior note's exchange right). The U.S. Holder's gain or loss will equal the difference between the amount realized by the U.S. Holder and the U.S. Holder's adjusted tax basis in the senior note. The U.S. Holder's adjusted tax basis in the senior note will generally equal the amount the U.S. Holder paid for the senior note, increased by any amounts of original issue discount or market premium includible in income with respect to the senior notes, and reduced by any payments other than qualified stated interest and any amortized premium with respect to the senior notes. The amount realized by the U.S. Holder will include the amount of any cash and the fair market value of any other property received for the senior note. The gain or loss recognized by a U.S. Holder on a disposition of the senior note will be long-term capital gain or loss if the U.S. Holder held the senior note for more than one year. Long-term capital gains of non-corporate taxpayers are taxed at lower rates than those applicable to ordinary income. The deductibility of capital losses is subject to certain limitations.

Dividends on PRIMUS common stock

If a U.S. Holder exchanges a senior note for PRIMUS common stock and PRIMUS makes a distribution in respect of that stock, the distribution will be treated as a dividend to the extent it is paid from current or accumulated earnings and profits. If the distribution exceeds PRIMUS's current and accumulated earnings and profits, the excess will be treated as a nontaxable return of capital reducing the U.S. Holder's adjusted tax basis in the U.S. Holder's PRIMUS common stock to the extent of the U.S. Holder's adjusted tax basis in that stock. Any remaining excess will be treated as capital gain. Recent legislation provides for special treatment of dividends paid to individual taxpayers in taxable years beginning before January 1, 2009. Under this legislation, dividend income that is received by individual taxpayers and that satisfies certain requirements is generally subject to tax at a favorable rate. PRIMUS is required to provide stockholders who receive dividends with an information return on Form 1099-DIV that states the extent to which the dividend is paid from current or accumulated earnings and profits. If a U.S. Holder is a U.S. corporation, it will be able to claim the deduction allowed to U.S. corporations in respect of dividends received from other U.S. corporations equal to a portion of

any dividends received subject to generally applicable limitations on that deduction. In general, a dividend distribution to a corporate U.S. Holder may qualify for the 70% dividends received deduction if the U.S. Holder owns less than 20% of the voting power and value of PRIMUS stock.

Constructive dividends to holders of senior notes or PRIMUS common stock

The terms of the senior notes allow for changes in the exchange price of the notes in certain circumstances. A change in exchange price that allows U.S. Holders of senior notes to receive more shares of PRIMUS common stock may increase those senior note holders' proportionate interests in earnings and profits or assets of PRIMUS. In that case, those senior note holders could be treated as though they received a dividend in the form of PRIMUS common stock. Such a constructive stock dividend could be taxable to those senior note holders, although they would not actually receive any cash or other property. For example, such a taxable constructive stock dividend would occur if the exchange price were adjusted to compensate senior note holders for distributions of cash or property to PRIMUS stockholders. However, a change in exchange price to prevent the dilution of the senior note holders' interests upon a stock split or other change in capital structure, if made under a bona fide, reasonable adjustment formula, should not increase senior note holders' proportionate interests in earnings and profits or assets of PRIMUS and should not be treated as a constructive stock dividend. On the other hand, if an event occurs that dilutes the senior note holders' interests and the exchange price is not adjusted, the resulting increase in the proportionate interests of PRIMUS stockholders could be treated as a taxable stock dividend to those stockholders. Any taxable constructive stock dividends resulting from a change to, or failure to change, the exchange price would be treated in the same manner as dividends paid in cash or other property. These dividends would result in dividend income to the recipient, to the extent of PRIMUS's current or accumulated earnings and profits, with any excess treated as a nontaxable return of capital, up to the holder's basis in the PRIMUS common stock, and the remainder as capital gain as more fully described above.

Sale of PRIMUS common stock

A U.S. Holder will generally recognize capital gain or loss on a sale or exchange of PRIMUS common stock. The U.S. Holder's gain or loss will equal the difference between the amount realized by the U.S. Holder and the U.S. Holder's adjusted tax basis in the stock, which generally will be the value of the PRIMUS common stock on the date the U.S. Holder received the PRIMUS common stock in exchange for senior notes. The amount realized by the U.S. Holder will include the amount of any cash and the fair market value of any other property received for the stock. Gain or loss recognized by a U.S. Holder on a sale or exchange of stock will be long-term capital gain or loss if the holder held the stock for more than one year. Long-term capital gains of non-corporate taxpayers are taxed at lower rates than those applicable to ordinary income. The deductibility of capital losses is subject to certain limitations.

Information reporting and backup withholding

When required, Holding, PRIMUS, or either company's paying agent will report to the holders of the senior notes and the PRIMUS common stock and the IRS amounts paid or accrued on or with respect to the senior notes and the PRIMUS common stock during each calendar year and the amount of tax, if any, withheld from such payments. A U.S. Holder may be subject to backup withholding on payments made on the notes and dividends paid on the PRIMUS common stock and proceeds from the sale of the PRIMUS common stock or the senior notes at the applicable rate (which is currently 28%) if the U.S. Holder (a) fails to provide us or our paying agent (or, in the case of a disposition of stock, to the broker or other paying agent) with a correct taxpayer identification number or certification of exempt status (such as certification of corporate status), (b) has been notified by the IRS that it is subject to backup withholdings as a result of the failure to properly report payments of interest or dividends or,

(c) in certain circumstances, has failed to certify under penalty of perjury that it is not subject to backup withholding. A U.S. Holder may be eligible for an exemption from backup withholding by providing a properly completed IRS Form W-9. Any amounts withheld under the backup withholding rules will generally be allowed as a refund or a credit against a U.S. Holder's United States federal income tax liability provided the required information is properly furnished to the IRS on a timely basis.

Consequences to Non-U.S. Holders

For purposes of this discussion, a Non-U.S. Holder means a beneficial owner of the senior notes or the PRIMUS common stock who is a nonresident alien or a corporation, trust or estate for U.S. federal income tax purposes that is not a U.S. Holder. Special rules may apply to certain non-U.S. Holders such as "controlled foreign corporations," "passive foreign investment companies," "foreign personal holding companies," and entities that are treated as partnerships for United States federal income tax purposes. Such entities and their owners should consult their tax advisors to determine the United States federal, state, local and other tax consequences that may be relevant to them.

Interest and Original Issue Discount

Interest or original issue discount paid to a Non-U.S. Holder of the senior notes will not be subject to United States federal withholding tax under the "portfolio interest exception," provided that:

(1) the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of PRIMUS stock,

(2) the Non-U.S. Holder is not

  (A) a controlled foreign corporation that is related to us through stock ownership or

  (B) a bank that received the senior note on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and

(3) the beneficial owner of the senior note provides a certification, signed under penalties of perjury, that it is not a United States person. Such certification is generally made on an IRS Form W-8BEN or a suitable substitute form.

Interest income to a Non-U.S. Holder that does not qualify for the portfolio interest exception and that is not effectively connected to a United States trade or business will be subject to United States federal withholding tax at a rate of 30%, unless a United States income tax treaty applies to reduce or eliminate withholding.

A Non-U.S. Holder will generally be subject to tax in the same manner as a U.S. Holder with respect to interest or original issue discount that is effectively connected with the conduct of a trade or business by the Non-U.S. Holder in the United States and, if an applicable tax treaty provides, such interest is attributable to a United States permanent establishment maintained by the Non-U.S. Holder. Such effectively connected interest received by a Non-U.S. Holder which is a corporation may in certain circumstances be subject to an additional "branch profits tax" at a 30% rate or, if applicable, a lower treaty rate.

To claim the benefit of a lower treaty rate or to claim exemption from withholding because the interest is effectively connected with a United States trade or business, the Non-U.S. Holder must provide a properly executed IRS Form W-8BEN or IRS Form W-8ECI (or a suitable substitute form), as applicable. Such certificate must contain, among other information, the name and address of the Non-U.S. Holder.

Non-U.S. Holders should consult their own tax advisors regarding applicable income tax treaties, which may provide different rules.

Additional Amounts

As described under "Description of the Senior Notes—Registration Rights" Holding or PRIMUS may be required to make payments of "additional amounts" to the holders if they fail to comply with specified

obligations under the registration rights agreement. Holding and PRIMUS currently plan to the take the position that such payments are subject to U.S. federal withholding tax at a rate of 30% or lower treaty rate, if applicable. Prospective purchasers should consult their tax advisors as to the tax considerations that relate to the potential payment of additional amounts and the availability of a refund of amounts withheld.

Dividends

Subject to the discussion below of backup withholding, dividends paid on the PRIMUS common stock to a Non-U.S. Holder (including any deemed dividend payments as discussed in "—Consequences to U.S. holders—Constructive dividends to holders of senior notes or PRIMUS common stock") generally will be subject to a 30% U.S. federal withholding tax, unless either: (a) an applicable income tax treaty reduces or eliminates such tax, and the Non-U.S. Holder claims the benefit of that treaty by providing a properly completed and duly executed IRS Form W-8BEN (or suitable successor or substitute form) establishing qualification for benefits under the treaty, or (b) the dividend is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States and the Non-U.S. Holder provides an appropriate statement to that effect on a properly completed and duly executed IRS Form W-8ECI (or suitable successor form).

If dividends paid on the PRIMUS common stock to a Non-U.S. Holder are effectively connected with the Non-U.S. Holder's trade or business in the United States, the Non-U.S. Holder will be required to pay United States federal income tax on that dividend on a net income basis (although exempt from the 30% withholding tax provided the appropriate statement is provided to PRIMUS) generally in the same manner as a U.S. Holder. If a Non-U.S. Holder is eligible for the benefits of a tax treaty between the United States and its country of residence, any dividend income that is effectively connected with a United States trade or business will be subject to United States federal income tax in the manner specified by the treaty and generally will only be subject to such tax if such income is attributable to a permanent establishment (or a fixed base in the case of an individual) maintained by the Non-U.S. Holder in the United States and the Non-U.S. Holder claims the benefit of the treaty by properly submitting an IRS Form W-8BEN. In addition, a Non-U.S. Holder that is treated as a foreign corporation for United States federal income tax purposes may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a trade or business in the United States.

Dispositions of senior notes and PRIMUS common stock

Generally, a Non-U.S. Holder will not be subject to federal income tax on gain realized upon the sale, exchange (including an exchange of a senior note for PRIMUS common stock pursuant to the senior note's exchange right), redemption or other disposition of a senior note or PRIMUS common stock unless: (a) such holder is an individual present in the United States for 183 days or more in the taxable year of the sale, exchange, redemption or other disposition and certain other conditions are met, (b) the gain is effectively connected with the conduct of a trade or business in the United States by the Non-U.S. Holder, and in the case of a treaty resident, attributable to a permanent establishment (or in the case of an individual, to a fixed base) in the United States, or (c) Holding or PRIMUS is or has been a U.S. real property holding corporation, as defined in the Code, at any time within the 5-year period preceding the disposition or the Non-U.S. Holder's holding period, whichever period is shorter. In the case of a disposition of PRIMUS common stock, even if PRIMUS were a U.S. real property holding corporation, such gain would not be taxable under the rules described in clause (c) in the preceding sentence if such stock is regularly traded on an established securities market and such holder owns no more than 5% of the PRIMUS common stock. PRIMUS is not, and does not anticipate becoming, a U.S. real property holding corporation.

If the first exception applies, the Non-U.S. Holder generally will be subject to tax at a rate of 30% on the amount by which the United States-source capital gains exceed capital losses allocable to United States sources.

If the second exception applies, generally the Non-U.S. Holder will be required to pay United States federal income tax on the net gain derived from the sale in the same manner as U.S. Holders, as described above. If a Non-U.S. Holder is eligible for the benefits of a tax treaty between the United States and its country of residence, any such gain will be subject to United States federal income tax in the manner specified by the treaty and generally will only be subject to such tax if such gain is attributable to a permanent establishment (or a fixed base in the case of an individual) maintained by the Non-U.S. Holder in the United States and the Non-U.S. Holder claims the benefit of the treaty by properly submitting an IRS Form W-8BEN (or suitable successor form). Additionally, Non-U.S. Holders that are treated for United States federal income tax purposes as corporations and that are engaged in a trade or business or have a permanent establishment in the United States could be subject to a branch profits tax on such income at a 30% rate or a lower rate if so specified by an applicable income tax treaty.

Information reporting and backup withholding

When required, Holding, PRIMUS or either company's paying agent will report to the IRS and to each Non-U.S. Holder the amount of any dividend paid on the PRIMUS common stock and any amount paid with respect to the senior notes in each calendar year, and the amount of tax withheld, if any, with respect to these payments.

Non-U.S. Holders who have provided the forms and certification mentioned above or who have otherwise established an exemption will generally not be subject to backup withholding tax if neither Holding, PRIMUS, nor either company's agent has actual knowledge or reason to know that any information in those forms and certification is unreliable or that the conditions of the exemption are in fact not satisfied. Payments of the proceeds from the sale of a senior note or PRIMUS common stock to or through a foreign office of a broker will not be subject to information reporting or backup withholding. However, additional information reporting, but not backup withholding, may apply to those payments if the broker is one of the following: (a) a United States person, (b) a controlled foreign corporation for United States tax purposes, (c) a foreign person 50 percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business, or (d) a foreign partnership with specified connections to the United States.

Payment of the proceeds from a sale of a senior note or PRIMUS common stock to or through the United States office of a broker will be subject to information reporting and backup withholding unless the holder of beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a Non-U.S. Holder will be allowed as a credit against such holder's United States federal income tax liability and may entitle the holder to a refund, provided the required information is furnished to the IRS on a timely basis.

The preceding discussion of certain U.S. federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, holding and disposing of the notes and the PRIMUS common stock, including the applicability and effect of any state, local or foreign tax laws, and of any proposed changes in applicable laws.

PLAN OF DISTRIBUTION

Neither PRIMUS nor Holding will receive any of the proceeds of the sale of the senior notes and the underlying shares of PRIMUS common stock offered by this prospectus. The senior notes and the underlying common stock may be offered and sold from time to time by the selling securityholders. As used herein, the term “selling security holder” includes donees, pledgees, transferees or other successors-in-interests selling shares received from a named selling security holder as a gift, partnership distribution, or other non-sale-related transfer after the date of this prospectus.

The selling security holders may sell shares of common stock from time to time (if at all) using any one or more of the following methods:

- to or through underwriters, brokers or dealers;
- directly to one or more other purchasers;
- through agents on a best-efforts basis;
- through a combination of any of these methods of sale; or
- through any other method permitted pursuant to applicable law.

If a selling security holder sells shares of common stock through underwriters, dealers, brokers or agents, those underwriters, dealers, brokers or agents may receive compensation in the form of discounts, concessions or commissions from the selling security holder and/or the purchasers of the shares of common stock.

The shares of common stock may be sold from time to time:

- in one or more transactions at a fixed price or prices, which may be changed;
- at market prices prevailing at the time of sale;
- at prices related to prevailing market prices;
- at varying prices determined at the time of sale; or
- at negotiated prices.

These sales may be effected:

- in transactions on any national securities exchange or quotation service on which PRIMUS common stock may be listed or quoted at the time of sale, including the Nasdaq Capital Market on which PRIMUS common stock is currently quoted;
- in transactions in the over-the-counter market;
- in block transactions in which the broker or dealer so engaged will attempt to sell the shares of common stock as agent but may position and resell a portion of the block as principal to facilitate the transaction, or in crosses, in which the same broker acts as an agent on both sides of the trade;
- in transactions otherwise than on exchanges or services or in the over-the-counter market;
- through the writing of options; or
- through other types of transactions.

In connection with sales of common stock or otherwise, the selling security holder may enter into hedging transactions with brokers-dealers or others, who may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The selling security holder may sell short the common stock and

may deliver this prospectus in connection with short sales and use the shares of common stock covered by the prospectus to cover these short sales. In addition, any shares of common stock covered by this prospectus that qualify for sale pursuant to Rule 144 or any other available exemption from registration under the Securities Act may be sold under Rule 144 or another available exemption.

At the time a particular offering of shares of common stock is made, a prospectus supplement, if required, will be distributed which will set forth the aggregate amount of shares of common stock being offered and the terms of the offering, including the name or names of any underwriters, dealers, brokers or agents, if any, and any discounts, commissions or concessions allowed or reallowed to be paid to brokers or dealers. To PRIMUS's knowledge, there are currently no agreements, arrangements or understandings with respect to the sale of any of the shares offered hereby.

Each selling security holder and any underwriters, dealers, brokers or agents who participate in the distribution of the shares of common stock may be deemed to be "underwriters" within the meaning of the Securities Act and any profits on the sale of the shares of common stock by them and any discounts, commissions or concessions received by any underwriters, dealers, brokers or agents may be deemed to be underwriting discounts and commissions under the Securities Act.

Each selling security holder and any other person participating in a distribution of the shares of common stock will be subject to applicable provisions of the Exchange Act and the rules and regulations under the Exchange Act, including, without limitation, Regulation M which may limit the timing of purchases and sales of shares of common stock by the selling security holder and any other person participating in the distribution. Furthermore, Regulation M under the Exchange Act may restrict the ability of any person engaged in a distribution of the shares of common stock to engage in market-making activities with respect to the shares of common stock being distributed for a period of up to five business days prior to the commencement of the distribution. All of the foregoing may affect the marketability of the shares of common stock and the ability of any person or entity to engage in market-making activities with respect to the shares of common stock.

Certain expenses incurred in connection with the registration of the shares, including printer's and accounting fees and the fees, disbursements and expenses of PRIMUS's counsel and the reasonable fees of one counsel for the selling security holders will be borne by PRIMUS. Commissions and discounts, if any, attributable to the sales of the shares of common stock will be borne by each selling security holder. Holding has agreed to indemnify the selling security holders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act. Each selling security holder may agree to indemnify any broker-dealer or agent that participates in transactions involving sales of the shares of common stock against certain liabilities, including liabilities arising under the Securities Act.

LEGAL MATTERS

Hogan & Hartson LLP, McLean, Virginia, will pass upon the validity of the senior notes and the underlying common stock offered under this prospectus.

EXPERTS

The consolidated financial statements, the related financial statement schedule, and management's report on the effectiveness of internal control over financial reporting incorporated in this prospectus by reference from the Annual Report of Primus Telecommunications Group, Incorporated on Form 10-K for the year ended December 31, 2005 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report on the consolidated financial statements and financial statement schedule dated March 15, 2006 (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the ability of Primus Telecommunications Group, Incorporated to continue as a going concern) and their report on management's report on the effectiveness of internal control over financial reporting dated March 15, 2006, which are incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

PRIMUS files annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information filed by PRIMUS at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents by contacting the SEC and paying a fee for the copying costs. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. You also may inspect copies of these materials at the reading room of the library of the National Association of Securities Dealers, Inc., 1735 K Street, N.W., Washington, D.C. 20006. PRIMUS's SEC filings are also available to the public from commercial document retrieval services and at the SEC's web site at "http://www.sec.gov."

PRIMUS "incorporates by reference" into this prospectus certain information it files with the SEC, which means that PRIMUS can disclose important information to you by referring you to another prospectus it filed with the SEC. The information incorporated by reference is an important part of this prospectus, and information that PRIMUS files later with the SEC will automatically update and supersede this information. PRIMUS and Holding incorporate by reference the documents listed below and any future filings it will make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, after the date of this prospectus but before the end of any offering made under this prospectus:

- Current Report on Form 8-K, filed with the SEC on June 29, 2006;
- Current Report on Form 8-K, filed with the SEC on June 16, 2006;
- Current Report on Form 8-K, filed with the SEC on June 8, 2006;
- Quarterly Report on Form 10-Q for the quarter ended March 31, 2006;
- Definitive Proxy Statement on Schedule 14A as filed with the SEC on April 24, 2006 and as supplemented on June 8, 2006, excluding the information contained in such proxy statement under the captions "Executive Compensation and Other Information—Ten-Year Option Repricings," "Stock Price Performance Graph," "Compensation Committee Report on Executive Compensation" and "Report of the Audit Committee," which are not incorporated by reference in this prospectus; and
- PRIMUS Annual Report on Form 10-K for the fiscal year ended December 31, 2005.

PRIMUS will furnish without charge to you, upon written or oral request, a copy of any or all of the documents described above, except for exhibits, unless the exhibits are specifically incorporated by reference into the prospectus. You should direct your requests to: Primus Telecommunications Group, Incorporated, 7901 Jones Branch Drive, Suite 900, McLean, VA 22102, Attention: Thomas R. Kloster, Chief Financial Officer.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

The following table sets forth the various fees and expenses, other than underwriting discounts and commissions, payable by the registrant in connection with the distribution of the senior notes and common stock being registered. All amounts shown are estimates except for the SEC registration fee and the Nasdaq Capital Market Filing Fee.

	Amount
SEC registration fee	$ 7,000
Accounting fees and expenses	100,000
Legal fees and expenses	775,000
Other professional fees	1,918,000
Printing and engraving	30,000
Miscellaneous expenses	20,000
Total	$ 2,850,000

Item 15. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law (the "DGCL") permits each Delaware business corporation to indemnify its directors, officers, employees and agents against liability for each such person's acts taken in his or her capacity as a director, officer, employee or agent of the corporation if such actions were taken in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action, if he or she had no reasonable cause to believe his or her conduct was unlawful. Article X of PRIMUS's Amended and Restated By-Laws provides that PRIMUS, to the full extent permitted by Section 145 of the DGCL, shall indemnify all of its past and present directors and may indemnify all of its past or present employees or other agents. To the extent that a director, officer, employee or agent of PRIMUS has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in such Article X, or in defense of any claim, issue or matter therein, he or she shall be indemnified by PRIMUS against actually and reasonably incurred expenses in connection therewith. Such expenses may be paid by PRIMUS in advance of the final disposition of the action upon receipt of an undertaking to repay the advance if it is ultimately determined that such person is not entitled to indemnification.

As permitted by Section 102(b)(7) of the DGCL, Article 11 of PRIMUS's Amended and Restated Certificate of Incorporation provides that no director shall be liable to PRIMUS for monetary damages for breach of fiduciary duty as a director, except for liability:

(i) for any breach of the director's duty of loyalty to PRIMUS or its stockholders,

(ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law,

(iii) for the unlawful payment of dividends on or redemption of PRIMUS capital stock; or

(iv) for any transaction from which the director derived an improper personal benefit.

PRIMUS has obtained a policy insuring PRIMUS and its directors and officers against certain liabilities, including liabilities under the Securities Act.

Item 16. Exhibits

The following Exhibits are filed herewith or incorporated herein by reference. References to filings by "the Company" are the filings of PRIMUS Telecommunications Group, Inc.

Exhibit Number	Description
4.1	Specimen Certificate of Primus Common Stock; Incorporated by reference to Exhibit 4.1 of the IPO Registration Statement.
4.2	Form of Indenture of Primus, between Primus and Wachovia, N.A. including therein the form of the notes; Incorporated by reference to Exhibit 4.1 of the Registration Statement on Form S-4, No. 333-114981; filed with the SEC on April 29, 2004.
4.3	Intentionally left blank.
4.4	Intentionally left blank.
4.5	Contractual/Governance Agreement dated November 4, 2003, the Company and certain stockholders; Incorporated by reference to Exhibit 99.1 of the Resale S-3.
4.6	Indenture, dated February 27, 2006, between the Company and U.S. Bank National Association, as Trustee, concerning the Step Up Convertible Subordinated Debentures due 2009, including therein the form of the debentures; Incorporated by reference to Exhibit 4.1 to the Company's current report on Form 8-K file on March 2, 2006.
4.7	Intentionally left blank.
4.8	Rights Agreement, dated as of December 23, 1998, between Primus and StockTrans, Inc., including the Form of Rights Certificate (Exhibit A), the Certificate of Designation (Exhibit B) and the Form of Summary of Rights (Exhibit C); Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 8-A, No. 0-29092 filed with the Commission on December 30, 1998.
4.9	Amendments to Rights Agreement, dated as of December 30, 2002 and May 2, 2003, between Primus and StockTrans, Inc.; Incorporated by reference to Exhibit 4.19 of the Company's Annual Report on Form 10-K for the year ended December 31, 2002 and Exhibit 4(a) of the Company's Current Report on Form 8-K dated May 2, 2003, respectively.
4.10	Form of legend on certificates representing shares of Common Stock regarding Series B Junior Participating Preferred Stock Purchase Rights; Incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form 8-A, No. 0-29092 filed with the Commission on December 30, 1998.
4.11	Intentionally left blank.
4.12	Intentionally left blank.
4.13	Intentionally left blank.
4.14	Indenture, dated October 15, 1999, between the Company and First Union National Bank including therein the form of the notes; Incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-4, No. 333-90179, filed with the SEC on November 2, 1999.
4.15	Intentionally left blank.
4.16	Indenture, dated February 24, 2000, between the Company and First Union National Bank; Incorporated by reference to Exhibit 4.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (the "2000 10-K").
4.17	Specimen 5 3/4% convertible subordinated debenture due 2007; Incorporated by reference to Exhibit A to Exhibit 4.16 to the 2000 10-K.

Exhibit Number	Description
4.18	Intentionally left blank.
4.19	Intentionally left blank.
4.20	Indenture dated as of September 15, 2003 between the Company and Wachovia Bank, National Association, concerning the Company's 3 3/4% convertible notes, including therein the forms of the notes; Incorporated by reference to Exhibit 4.1 of Post-Effective Amendment No.1 (No. 333-109902) to the Company's Registration Statement on Form S-3.
4.21	Registration Rights Agreement dated as of September 15, 2003 between the Company, Lehman Brothers Inc. and Harris Nesbitt Corp; Incorporated by reference to Exhibit 4.2 of Post-Effective Amendment No.1 (No. 333-109902) to the Company's Registration Statement on Form S-3.
4.22	Form of Senior Debt Indenture under Universal Shelf Registration Statement on Form S-3 (No. 333-110241) (the "Universal S-3"); Incorporated by reference to Exhibit 4.3 of the Universal S-3.
4.23	Form of Subordinated Debt Indenture under Universal S-3; Incorporated by reference to Exhibit 4.4 of the Universal S-3.
4.24	Indenture among Primus Telecommunications Holding, Inc., Primus Telecommunications Group, Incorporated and U.S. Bank National Association, as Trustee, relating to the 5.00% Exchangeable Senior Notes due 2009 of Primus Telecommunications Holding, Inc.*
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5.1	Opinion of Hogan & Hartson LLP**
12.1	Computation of Ratio of Earnings to Fixed Charges*
23.1	Consent of Independent Registered Public Accounting Firm.*
23.2	Consent of Hogan & Hartson LLP (included in Exhibit 5.1).**
24.1	Power of Attorney (included on signature page).
25.1	Form T-1, Statement of Eligibility under the Trust Indenture Act of U.S. Bank Trust National Association**

* Filed herewith.
** To be filed by amendment.

Item 17. Undertakings

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated

maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in this registration statement.

Provided, however, that subparagraphs (a)(1)(i) and (a)(1)(ii) above shall not apply if the registration statement is on Form S-3 or Form S-8 and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby further undertakes that, for the purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this amendment to registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of McLean, State of Virginia, on July 18, 2006.

PRIMUS TELECOMMUNICATIONS GROUP INCORPORATED

By: /S/ K. PAUL SINGH
K. Paul Singh
Chairman, President and Chief Executive Officer
(Duly Authorized Officer)

Each person whose signature appears below constitutes and appoints K. Paul Singh, John F. DePodesta and Thomas R. Kloster his or her true and lawful attorney-in-fact and agent, each acting alone, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments and registration statements filed pursuant to Rule 462 under the Securities Act) to the Registration Statement on Form S-3, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this amendment to registration statement has been signed as of July 18, 2006 by the following persons in the capacities indicated.

Signature	Title
/S/ K. PAUL SINGH **K. Paul Singh**	Chairman, President and Chief Executive Officer (Principal Executive Officer)
/S/ JOHN F. DEPODESTA **John F. DePodesta**	Executive Vice President, Secretary and Director
/S/ THOMAS R. KLOSTER **Thomas R. Kloster**	Chief Financial Officer (Principal Financial Officer)
/S/ TRACY B. LAWSON **Tracy B. Lawson**	Vice President—Corporate Controller (Principal Accounting Officer)
/S/ DAVID E. HERSHBERG **David E. Hershberg**	Director
/S/ PRADMAN P. KAUL **Pradman P. Kaul**	Director
/S/ JOHN G. PUENTE **John G. Puente**	Director
/S/ DOUGLAS M. KARP **Douglas M. Karp**	Director
Paul G. Pizzani	Director

EXHIBIT INDEX

Exhibit Number	Description
4.1	Specimen Certificate of Primus Common Stock; Incorporated by reference to Exhibit 4.1 of the IPO Registration Statement.
4.2	Form of Indenture of Primus, between Primus and Wachovia, N.A. including therein the form of the notes; Incorporated by reference to Exhibit 4.1 of the Registration Statement on Form S-4, No. 333-114981; filed with the SEC on April 29, 2004.
4.3	Intentionally left blank.
4.4	Intentionally left blank.
4.5	Contractual/Governance Agreement dated November 4, 2003, the Company and certain stockholders; Incorporated by reference to Exhibit 99.1 of the Resale S-3.
4.6	Indenture, dated February 27, 2006, between the Company and U.S. Bank National Association, as Trustee, concerning the Step Up Convertible Subordinated Debentures due 2009, including therein the form of the debentures; Incorporated by reference to Exhibit 4.1 to the Company's current report on Form 8-K file on March 2, 2006.
4.7	Intentionally left blank.
4.8	Rights Agreement, dated as of December 23, 1998, between Primus and StockTrans, Inc., including the Form of Rights Certificate (Exhibit A), the Certificate of Designation (Exhibit B) and the Form of Summary of Rights (Exhibit C); Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 8-A, No. 0-29092 filed with the Commission on December 30, 1998.
4.9	Amendments to Rights Agreement, dated as of December 30, 2002 and May 2, 2003, between Primus and StockTrans, Inc.; Incorporated by reference to Exhibit 4.19 of the Company's Annual Report on Form 10-K for the year ended December 31, 2002 and Exhibit 4(a) of the Company's Current Report on Form 8-K dated May 2, 2003, respectively.
4.10	Form of legend on certificates representing shares of Common Stock regarding Series B Junior Participating Preferred Stock Purchase Rights; Incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form 8-A, No. 0-29092 filed with the Commission on December 30, 1998.
4.11	Intentionally left blank.
4.12	Intentionally left blank.
4.13	Intentionally left blank.
4.14	Indenture, dated October 15, 1999, between the Company and First Union National Bank including therein the form of the notes; Incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-4, No. 333-90179, filed with the SEC on November 2, 1999.
4.15	Intentionally left blank.
4.16	Indenture, dated February 24, 2000, between the Company and First Union National Bank; Incorporated by reference to Exhibit 4.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (the "2000 10-K").
4.17	Specimen 5 3/4% convertible subordinated debenture due 2007; Incorporated by reference to Exhibit A to Exhibit 4.16 to the 2000 10-K.

Exhibit Number	Description
4.18	Intentionally left blank.
4.19	Intentionally left blank.
4.20	Indenture dated as of September 15, 2003 between the Company and Wachovia Bank, National Association, concerning the Company's 3 3/4% convertible notes, including therein the forms of the notes; Incorporated by reference to Exhibit 4.1 of Post-Effective Amendment No.1 (No. 333-109902) to the Company's Registration Statement on Form S-3.
4.21	Registration Rights Agreement dated as of September 15, 2003 between the Company, Lehman Brothers Inc. and Harris Nesbitt Corp; Incorporated by reference to Exhibit 4.2 of Post-Effective Amendment No.1 (No. 333-109902) to the Company's Registration Statement on Form S-3.
4.22	Form of Senior Debt Indenture under Universal Shelf Registration Statement on Form S-3 (No. 333-110241) (the "Universal S-3"); Incorporated by reference to Exhibit 4.3 of the Universal S-3.
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* Filed herewith.

** To be filed by amendment.

PRIMUS TELECOMMUNICATIONS HOLDING, INC.,
as Issuer

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED,
as Guarantor

$200,000,000

5.00% EXCHANGEABLE SENIOR NOTES DUE 2009

INDENTURE

Dated as of June 28, 2006

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

CROSS-REFERENCE TABLE*

Trust Indenture Act Section		Indenture Section
310	(a)(1)	5.11
	(a)(2)	5.11
	(a)(3)	n/a
	(a)(4)	n/a
	(a)(5)	5.11
	(b)	5.3; 5.11
	(c)	n/a
311	(a)	5.12
	(b)	5.12
	(c)	n/a
312	(a)	2.10
	(b)	14.3
	(c)	14.3
313	(a)	5.7
	(b)(1)	n/a
	(b)(2)	5.7
	(c)	5.7; 14.2
	(d)	5.7
314	(a)(1), (2), (3)	9.6; 14.6
	(a)(4)	9.6; 9.7; 14.6
	(b)	n/a
	(c)(1)	14.5
	(c)(2)	14.5
	(c)(3)	n/a
	(d)	n/a
	(e)	14.6
	(f)	n/a
315	(a)	5.1(a)
	(b)	5.6; 14.2
	(c)	5.1(b)
	(d)	5.1(c)
	(e)	4.14

"n/a" means not applicable.

* This Cross-Reference Table shall not, for any purpose, be deemed to be a part of the Indenture.

Trust Indenture Act Section		Indenture Section
316	(a)(last sentence)	2.13
	(a)(1)(A)	4.5
	(a)(1)(B)	4.4
	(a)(2)	n/a
	(b)	4.7
	(c)	7.4
317	(a)(1)	4.8
	(a)(2)	4.9
	(b)	2.5
318	(a)	14.1
	(b)	n/a
	(c)	14.1

TABLE OF CONTENTS

ARTICLE 12

CONVERSION OF NOTES

ARTICLE 13

PARENT GUARANTEE

ARTICLE 14

OTHER PROVISIONS OF GENERAL APPLICATION

INDENTURE, dated as of June 28, 2006 between PRIMUS TELECOMMUNICATIONS HOLDING, INC., a corporation duly organized and existing under the laws of the State of Delaware, having its principal office at 7901 Jones Branch Drive, Suite 900, McLean, VA 22102 (the "Issuer"), PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED, a corporation duly organized and existing under the laws of the State of Delaware, having its principal office at 7901 Jones Branch Drive, Suite 900, McLean, VA 22102 (the "Parent"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, having a corporate trust office at 100 Wall Street, Suite 1600, New York, New York 10005, as Trustee (the "Trustee").

RECITALS OF THE ISSUER AND PARENT

The Issuer has duly authorized the creation of an issue of its 5.00% Exchangeable Senior Notes due 2009 (the "Notes") of substantially the tenor and amount hereinafter set forth, and to provide therefor the Issuer has duly authorized the execution and delivery of this Indenture.

The Parent has duly authorized the Parent Guarantee (as defined herein).

All things necessary to make the Notes, when the Notes are executed by the Issuer and authenticated and delivered hereunder and duly issued by the Issuer, the valid obligations of the Issuer, and to make this Indenture a valid agreement of the Issuer and the Parent, in accordance with their and its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Notes by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Notes, as follows:

ARTICLE 1

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.1 Definitions.

For all purposes of this Indenture and the Notes, the following terms are defined as follows:

"2009 Repurchase Date" has the meaning specified in Section 11.4(a) hereof.

"2009 Repurchase Notice" has the meaning specified in Section 11.5 hereof.

"2009 Repurchase Price" has the meaning specified in Section 11.4(a) hereof.

"2009 Repurchase Right" has the meaning specified in Section 11.4(a) hereof.

"Act", when used with respect to any Holder of a Note, has the meaning specified in Section 14.4(a) hereof.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Applicable Consideration" has the meaning specified in Section 12.11 hereof.

"Applicable Procedures" means, with respect to any transfer or transaction involving a Global Note or beneficial interest therein, the rules and procedures of the Depositary for such Note, in each case to the extent applicable to such transaction and as in effect from time to time.

"Auto-Conversion" has the meaning specified in Section 12.13(a) hereof.

"Auto-Conversion Date" means the date on which an Auto-Conversion is deemed effective under this Indenture.

"Auto-Conversion Notice" has the meaning specified in Section 12.13(b) hereof.

"Bankruptcy Law" means Title 11 of the U.S. Code, as amended, or any similar federal or state law for the relief of debtors.

"Board of Directors" means either the board of directors of the Issuer or the Parent, as the case may be, or any committee of that board empowered to act for it with respect to this Indenture.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Issuer or the Parent, as the case may be, to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day", when used with respect to any Place of Payment or Place of Conversion, means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that Place of Payment or Place of Conversion, as the case may be, are authorized or obligated by law or executive order to close.

"Capitalized Lease" means, as applied to any Person, any lease of any property (whether real, personal or mixed) of which the discounted present value of the rental obligations of such Person as lessee, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether now outstanding or issued after the date of this Indenture, including, without limitation, all common stock and preferred stock.

"Change of Control" means the occurrence of any of the following after the original issuance of the Notes:

(1) a "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act) becomes the ultimate "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of more than 50% of the total voting power of the then outstanding Voting Stock of the Parent on a fully diluted basis;

(2) individuals who at the beginning of any period of two consecutive calendar years constituted the Board of Directors of the Parent (together with any directors who are members of the Board of Directors on the date hereof and any new directors whose election by the Board of Directors or whose nomination for election by the Parent's stockholders was approved by a vote of at least two- thirds of the members of the Board of Directors then still in office who either were members of the Board of Directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the members of such board of directors then in office;

(3) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Parent and its Subsidiaries taken as a whole to any such "person" or "group" (other than to the Parent or a Subsidiary);

(4) the merger or consolidation of the Parent with or into another corporation or the merger of another corporation with or into the Parent with the effect that immediately after such transaction any such "person" or "group" of persons or entities shall have become the beneficial owner of securities of the surviving corporation of such merger or consolidation representing a majority of the total voting power of the then outstanding Voting Stock of the surviving corporation; or

(5) the adoption of a plan relating to the liquidation or dissolution of the Parent or the Issuer.

provided, however, that a Change of Control shall not be deemed to have occurred if the closing sales price per share of the Common Stock for any five Trading Days within the period of 10 consecutive Trading Days ending immediately after the later of the Change of Control or the public announcement of the Change of Control, in the case of a Change of Control under clause (1) above, or the period of 10 consecutive Trading Days ending immediately before the Change of Control, in the case of a Change of Control under clause (2), (3), (4) or (5) above, shall equal or exceed 110% of the Conversion Price of the Notes in effect on each such Trading Day.

"Change of Control Repurchase Date" has the meaning specified in Section 11.1 hereof.

"Change of Control Repurchase Notice" has the meaning specified in Section 11.3 hereof.

"Change of Control Repurchase Price" has the meaning specified in Section 11.1 hereof.

"Change of Control Repurchase Right" has the meaning specified in Section 11.1 hereof.

"Closing Date" means June 28, 2006.

"Closing Price" of any security on any date of determination means:

(1) the closing sale price (or, if no closing sale price is reported, the last reported sale price) of such security on the New York Stock Exchange on such date;

(2) if such security is not listed for trading on the New York Stock Exchange on any such date, the closing sale price as reported in the composite transactions for the principal U.S. securities exchange on which such security is so listed;

(3) if such security is not so listed on a U.S. national or regional securities exchange, the closing sale price as reported by the Nasdaq National Market or Nasdaq Capital Market;

(4) if such security is not so reported, the last quoted bid price for such security in the over-the-counter market as reported by the National Quotation Bureau or similar organization; or

(5) if such bid price is not available, the average of the mid-point of the last bid and ask prices of such security on such date from at least three nationally recognized independent investment banking firms retained for this purpose by the Issuer.

"Closing Price Condition" has the meaning specified in Section 2.1 hereof.

"Common Stock" means any stock of any class of the Parent which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Parent and which is not subject to redemption by the Parent. However, subject to the provisions of Section 12.11 hereof, shares issuable on Conversion of Notes shall include only shares of the class designated as Common Stock, par value $.01 per share, of the Parent at the date of execution of this Indenture or shares of any class or classes resulting from any reclassification or reclassifications thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Parent and which are not subject to redemption by the Parent; provided that, if at any time there shall be more than one such resulting class, the shares of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

"Common Stock Restrictive Legend" has the meaning specified in Section 2.7(f) hereof.

"Conversion", when used with reference to the Notes, shall mean and include each of a voluntary conversion or an Auto-Conversion.

"Conversion Agent" means any Person authorized by the Issuer to convert Notes in accordance with Article 12 hereof.

“Conversion Date” means the date on which a Conversion is deemed effective under this Indenture.

“Conversion Price” has the meaning specified in Section 12.1 hereof.

“Corporate Trust Office” means for purposes of presentation or surrender of Notes for payment, registration, transfer, exchange or Conversion or for service of notices or demands upon the Issuer and for all other purposes under this Indenture, the office of the Trustee located in The City of New York at which at any particular time its corporate trust business shall be administered (which at the date of execution of this Indenture is located at 100 Wall Street, Suite 1600, New York, New York 10005) Attention: Corporate Trust Services.

“Corporation” means corporations, associations, limited liability companies, companies and business trusts.

“Currency Agreement” means any foreign exchange contract, currency swap agreement and any other arrangement and agreement designed to provide protection against fluctuations in currency values.

“Current Market Price” has the meaning set forth in Section 12.4(g)(1) hereof.

“Custodian” means any receiver, trustee, assignee, liquidator, sequestrator or similar official under any Bankruptcy Law.

“Default” means an event which is, or after notice or lapse of time or both would be, an Event of Default.

“Defaulted Interest” has the meaning specified in Section 2.17 hereof.

“Depositary” means The Depository Trust Company, its nominees and their respective successors.

“Dollar”, “U.S. Dollar” or “U.S. $” means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

“DTC” has the meaning specified in Section 2.1 hereof.

“DTC Participants” has the meaning specified in Section 2.8(a) hereof.

“Effective Date” has the meaning specified in Section 12.4(m) hereof.

“Event of Default” has the meaning specified in Section 4.1 hereof.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Expiration Time” has the meaning specified in Section 12.4(f) hereof.

“fair market value” has the meaning set forth in Section 12.4(g)(iii)(2) hereof.

"Global Note" has the meaning specified in Section 2.2 hereof.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"Guaranteed Obligations" has the meaning specified in Section 13.1 hereof.

"Holder", when used with respect to any Note, means the Person in whose name the Note is registered in the Register.

"Indebtedness" means, with respect to any Person at any date of determination (without duplication):

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto);

(4) all obligations of such Person as lessee under Capitalized Leases;

(5) all Indebtedness of other Persons secured by a lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of such Indebtedness shall be the lesser of (A) the fair market value of such asset at such date of determination and (B) the amount of such Indebtedness,

(6) all Indebtedness of other Persons guaranteed by such Person to the extent such Indebtedness is guaranteed by such Person; and

(7) to the extent not otherwise included in this definition, obligations under Currency Agreements and Interest Rate Protection Agreements.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; provided (i) that the amount outstanding at any time of any Indebtedness issued with

original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP and (ii) that Indebtedness shall not include any liability for federal, state, local or other taxes.

"Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

"Interest Payment Date" means each of June 30 and December 30, beginning December 30, 2006.

"Interest Payment Notice" has the meaning specified in Section 2.1 hereof.

"Interest Payment Notice Date" has the meaning specified in Section 2.1 hereof.

"Interest Payment Shares" has the meaning specified in Section 2.1 hereof.

"Interest Rate Protection Agreement" means interest rate swap agreements, interest rate cap agreements, interest rate insurance, and other arrangements and agreements designed to provide protection against fluctuations in interest rates.

"Issuer" means the Person named the Issuer in the first paragraph of this Indenture, until a successor Person shall have come such pursuant to the applicable provisions of this Indenture, and thereafter "Issuer" shall mean such person.

"Issuer Order" means a written request or order signed in the name of the Issuer by an Officer of the Issuer, and delivered to the Trustee.

"Legend" has the meaning specified in Section 2.7(f) hereof.

"Make-Whole Conversion Price" has the meaning specified in Section 12.4(m) hereof.

"Maturity" means the date on which the principal of such Notes becomes due and payable as therein or herein provided, whether at the Stated Maturity or by acceleration, Conversion, upon Redemption, exercise of a Change of Control Repurchase Right, exercise of a 2009 Repurchase Right or otherwise.

"Nasdaq Capital Market" means the National Association of Securities Dealers Automated Quotation Capital Market or any successor securities exchange or automated over-the-counter trading market in the United States.

"Nasdaq National Market" means the National Association of Securities Dealers Automated Quotation National Market or any successor national securities exchange or automated over-the-counter trading market in the United States.

"New Equity Requirement" has the meaning specified in Section 11.4(b) hereof.

"Non-Electing Share" has the meaning specified in Section 12.11 hereof.

"Non-Stock Change of Control" has the meaning specified in Section 12.4(m) hereof.

"Non-Stock Change of Control Notice" has the meaning specified in Section 12.4(m) hereof.

"Notes" has the meaning ascribed to it in the first paragraph under the caption "Recitals of the Issuer and the Parent."

"Obligors" means the Parent together with the Issuer.

"Officer" of the Issuer or the Parent, as the case may be, means the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer, the Treasurer, an Assistant Treasurer, any Vice President, the Secretary or an Assistant Secretary of the Issuer or the Parent, as the case may be.

"Officer's Certificate" means a certificate signed an Officer of the Issuer or the Parent, as the case may be, and delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel to the Issuer or the Parent (and may include directors or employees of the Issuer or the Parent) and which opinion is acceptable to the Trustee.

"Outstanding", when used with respect to Notes, means, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except Notes:

(1) previously canceled by the Trustee or delivered to the Trustee for cancellation;

(2) converted into Common Stock in accordance with the provisions of this Indenture;

(3) for the payment of which money in the necessary amount has been previously deposited with the Trustee or any Paying Agent (other than the Issuer) in trust or set aside and segregated in trust by the Issuer (if the Issuer shall act as its own Paying Agent) for the Holders of such Notes; or

(4) which have been paid, in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, other than any such Notes in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Notes are held by a bona fide purchaser in whose hands such Notes are valid obligations of the Issuer.

"Parent" means the Person named as "Parent" in the first paragraph of this Indenture until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Parent" shall mean such successor Persons.

"Parent Guarantee" means the Guarantee of payment of the Notes by Parent pursuant to this Indenture.

"Paying Agent" has the meaning specified in Section 2.5 hereof.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, estate, unincorporated organization or government or any agency or political subdivision thereof.

"Physical Notes" has the meaning specified in Section 2.2 hereof.

"Place of Conversion" means any city in which any Conversion Agent is located.

"Place of Payment" means any city in which any Paying Agent is located.

"Predecessor Note" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 2.12 hereof in exchange for or in lieu of a mutilated, destroyed, lost or stolen Note shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Note.

"Record Date" means either a Regular Record Date or a Special Record Date, as the case may be; provided that, for purposes of Section 12.4 hereof, Record Date has the meaning specified in Section 12.4(g)(3) hereof.

"Redemption Date," when used with respect to any Note to be redeemed, in whole or in part, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Notice" has the meaning specified in Section 10.4 hereof.

"Redemption Price" has the meaning specified in Section 10.1 hereof.

"Reference Dealer" means a dealer engaged in the trading of convertible securities.

"Reference Period" has the meaning set forth in Section 12.4(d) hereof.

"Register" has the meaning specified in Section 2.5 hereof.

"Registrar" has the meaning specified in Section 2.5 hereof.

"Registration Rights Agreement" means the Registration Rights Agreement, dated the date hereof, among the Issuer, the Parent and the Holders party thereto.

"Regular Record Date" for the interest on the Notes payable means the June 15 or December 15 (whether or not a Business Day), as the case may be, next preceding an Interest Payment Date.

"Repurchase Date" means the Change of Control Repurchase Date or the 2009 Repurchase Date, as applicable.

"Repurchase Price" means the Change of Control Repurchase Price or the 2009 Repurchase Price, as applicable.

"Repurchase Right" means the Change of Control Repurchase Right or the 2009 Repurchase Right, as applicable.

"Responsible Officer", when used with respect to the Trustee, means any officer of the Trustee, including any vice president, assistant vice president, assistant secretary, any assistant treasurer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"Restricted Security" means a Note (or Common Stock into which such Note has been converted) required to bear the restrictive legend set forth in the form of Note set forth in Exhibit A of this Indenture.

"Restricted Subsidiary" means a Subsidiary of the Parent that is a "Restricted Subsidiary" as defined in (i) the indenture governing the 12-3/4% Senior Notes due 2009 of the Parent, (ii) the indenture governing the 8% senior notes due 2014 of the Issuer, or (iii) the $100,000,000 Term Loan Agreement among the Parent, the Issuer and various lenders named therein, dated February 18, 2005, or any replacement thereof.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Significant Subsidiary" means, at any date of determination, any Subsidiary of the Parent that, together with its Subsidiaries, (i) for the most recent fiscal year of the Parent, accounted for more than 10% of the consolidated revenues of the Parent or (ii) as of the end of such fiscal year, was the owner of more than 10% of the consolidated assets of the Parent, all as set forth on the most recently available consolidated financial statements of the Parent for such fiscal year.

"Special Interest" shall have the meaning ascribed to it in the Registration Rights Agreement.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 2.17 hereof.

"Stated Maturity" means, (i) with respect to any debt security, the date specified in such debt security as the fixed date on which the final installment of principal of such debt security is due and payable and (ii) with respect to any scheduled installment of principal of or interest on any debt security, the date specified in such debt security as the fixed date on which such installment is due and payable.

"Stock Price" has the meaning specified in Section 12.4(m) hereof.

"Subsidiary" means, with respect to any Person, a corporation, association or other business entity more than 50% of the outstanding Voting Stock of which is owned, directly or indirectly, by such Person or by one or more other Subsidiaries, or by such Person and one or more other Subsidiaries.

"TIA" means the Trust Indenture Act of 1939 (15 U.S. Code Section 77aaa-77bbbb), as in effect on the date of execution of this Indenture; provided, however, that in the event the TIA is amended after such date, "TIA" means, to the extent required by such amendment, the Trust Indenture Act of 1939, as so amended, or any successor statute.

"Trading Day" means:

(1) if the applicable security is listed or admitted for trading on the New York Stock Exchange or another national security exchange, a day on which the New York Stock Exchange or such other national security is open for business;

(2) if the applicable security is quoted on the Nasdaq National Market or Nasdaq Capital Market, a day on which trades may be made thereon; or

(3) if the applicable security is not so listed, admitted for trading or quoted, any day other than a Saturday or Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"Transfer Agent" has the meaning specified in Section 2.1 hereof.

"Trigger Event" has the meaning specified in Section 12.4(d) hereof.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean such successor Trustee.

"U.S. Government Obligations" means: (1) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged or (2) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America and which in either case, are non-callable at the option of the issuer thereof.

"Vice President", when used with respect to the Issuer or the Parent, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president".

"Voting Stock" means with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

Section 1.2 Incorporation by Reference of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture. The following TIA terms, as applied to this Indenture, have the following meanings:

"indenture securities" means the Notes;

"indenture security holder" means a Holder;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee; and

"obligor" on the Notes means the Issuer, the Parent and any other obligor on the Notes.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

Section 1.3 Rules of Construction.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with accounting principles generally accepted in the United States prevailing at the time of any relevant computation hereunder; and

(3) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

ARTICLE 2

THE NOTES

Section 2.1 Title and Terms.

The Notes shall be known and designated as the "5.00% Exchangeable Senior Notes due 2009" of the Issuer. The aggregate principal amount of Notes which may be authenticated and delivered under this Indenture is limited to $200,000,000, except for Notes authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of other Notes pursuant

to Section 2.7, Section 2.8, Section 2.12, Section 7.5, Section 10.7, Section 11.6(d) or Section 12.2 hereof. The Notes shall be issuable in denominations of $1,000 or integral multiples thereof.

The Notes shall mature on June 30, 2010.

Interest shall accrue from the Closing Date or from the most recent Interest Payment Date to which interest has been paid or duly provided for at a rate of 5.00% per annum until the principal thereof is paid or made available for payment. Interest shall be payable semiannually in arrears on June 30 and December 30 of each year, commencing December 30, 2006.

Interest on the Notes shall be computed on the basis of a 360-day year of twelve 30-day months.

To the extent that the Closing Price of the Common Stock for the three (3) Trading Day period ending on, and including, the Trading Day prior to the Interest Payment Notice Date exceeds 110% of the Closing Price of the Common Stock on June 7, 2006 (the "Closing Price Condition"), the Issuer may elect, at the sole option of the Issuer, to pay interest, in whole or in part, in shares of Common Stock (the "Interest Payment Shares"); provided, however, that interest payments shall be payable in Interest Payment Shares only if the Issuer delivers an Interest Payment Notice indicating that the interest will be paid, in whole or in part, in Interest Payment Shares; provided, further, however, that the interest payable on the Interest Payment Dates of December 30, 2006 and June 30, 2007, shall be payable only in cash. At least 15 Trading Days prior to the applicable Interest Payment Date (the "Interest Payment Notice Date"), the Issuer shall provide written notice (the "Interest Payment Notice") to the Trustee and the Holders indicating that the interest shall be paid in Interest Payment Shares, and, if only paid in part, the amount of interest which shall be paid in Interest Payment Shares. The Interest Payment Notice shall also contain a certification that the Closing Price Condition has been satisfied as of the Interest Payment Notice Date. If any Interest Payment Shares are to be issued on an Interest Payment Date, then the Issuer shall, on the applicable Interest Payment Date, (x) provided that the Parent's designated transfer agent (the "Transfer Agent") is participating in The Depository Trust Company ("DTC") Fast Automated Securities Transfer Program, credit such aggregate number of shares of Common Stock to which the Holder shall be entitled to the Holder's or its designee's balance account with DTC through its Deposit Withdrawal Agent Commission system, or (y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and deliver to such Holder, a certificate, registered in the name of the Holder or its designee, for the number of shares of Common Stock to which the Holder shall be entitled. Interest Payment Shares shall be valued at the greater of (i) the Closing Price on June 7, 2006 and (ii) 95% of the average Closing Price for the Common Stock for the three Trading Day period ending on the Trading Day prior to the applicable Interest Payment Date. If any fractional share of Common Stock otherwise would be issuable as a result of the issuance of Interest Payment Shares, the Issuer shall calculate and pay a cash adjustment in respect of such fraction (calculated to the nearest one-100th of a share) in an amount equal to the same fraction of the Closing Price of the Common Stock as of the Trading Day preceding the Interest Payment Date.

Any issuance and delivery of certificates for Interest Payment Shares shall be made without charge to the Holder of Notes for such certificates or for any tax or duty in respect of the

issuance or delivery of such certificates or the Notes represented thereby; provided, however, that neither the Parent nor the Issuer shall be required to pay any tax or duty which may be payable in respect of (i) income or (ii) any transfer involved in the issuance or delivery of certificates for Interest Payment Shares in a name other than that of the Holder entitled to the payment of interest, and no such issuance or delivery shall be made unless the Persons requesting such issuance or delivery has paid to the Issuer the amount of any such tax or duty or has established, to the satisfaction of the Issuer, that such tax or duty has been paid.

A Holder of any Note at the close of business on a Regular Record Date shall be entitled to receive interest on such Note on the corresponding Interest Payment Date. A Holder of any Note which is converted after the close of business on a Regular Record Date and prior to the corresponding Interest Payment Date shall be entitled to receive interest (including Special Interest, if any) on the principal amount of such Note, notwithstanding the Conversion of such Note prior to such Interest Payment Date. However, any such Holder which surrenders any such Note for Conversion (other than any Note whose Maturity is prior to such Interest Payment Date) during the period between the close of business on such Regular Record Date and ending with the opening of business on the corresponding Interest Payment Date shall be required to pay the Issuer an amount equal to the interest (including Special Interest, if any) on the principal amount of such Note so converted, which is payable by the Issuer to such Holder on such Interest Payment Date, at the time such Holder surrenders such Note for Conversion.

Principal of, and premium, if any, and interest (including Special Interest, if any) payable in cash on, Global Notes shall be payable to the Depositary in immediately available funds.

Principal and premium, if any, and interest at Maturity, on Physical Notes shall be payable at the office or agency of the Issuer maintained for such purpose, initially the Corporate Trust Office of the Trustee. Interest (including Special Interest, if any) payable in cash on Physical Notes (other than at Maturity) will be payable by (i) U.S. Dollar check drawn on a bank in The City of New York mailed to the address of the Person entitled thereto as such address shall appear in the Register, or (ii) upon written application to the Registrar not later than the relevant Record Date by a Holder of an aggregate principal amount in excess of $5,000,000, wire transfer of immediately available funds.

The Notes shall be redeemed, at the option of the Issuer, as provided in Article 10 hereof.

The Notes shall have a Change of Control Repurchase Right and a 2009 Repurchase Right exercisable at the option of Holders as provided in Article 11 hereof.

The Notes shall be exchangeable as provided in Article 12 hereof.

Section 2.2 Form of Notes.

The Notes and the Trustee's certificate of authentication to be borne by such Notes shall be substantially in the form annexed hereto as Exhibit A, which is incorporated in and made a part of this Indenture. The terms and provisions contained in the form of Note shall constitute, and are hereby expressly made, a part of this Indenture, and to the extent applicable, the Issuer,

the Parent and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

Any of the Notes may have such letters, numbers or other marks of identification and such notations, legends and endorsements as the officers executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any securities exchange or automated quotation system on which the Notes may be listed or designated for issuance, or to conform to usage.

Notes issued hereunder shall initially be issued only in the form of one or more permanent global Notes (each, a "Global Note") in registered form without interest coupons, in substantially the form set forth in Exhibit A and shall include the legend set forth in Section 2.3. Notes issued pursuant to Section 2.8(d) in exchange for or upon transfer of beneficial interests in the Global Note shall be in the form of permanent certificated Notes substantially in the form set forth in Exhibit A (the "Physical Notes"), except that such Physical Note shall not have the legend set forth in Section 2.3(a).

The Global Notes shall be:

(1) duly executed by the Issuer and authenticated by the Trustee as hereinafter provided;

(2) registered in the name of the Depositary (or its nominee) for credit to the respective accounts of the Holders at the Depositary; and

(3) deposited with the Trustee, as custodian for the Depositary.

The Global Notes shall be substantially in the form of Note set forth in Exhibit A annexed hereto (including the text and schedule called for by footnote and thereto). The aggregate principal amount of the Global Notes may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depositary (or its nominee), in accordance with the instructions given by the Holder thereof, as hereinafter provided.

The Notes shall be typed, printed, lithographed or engraved or produced by any combination of these methods or may be produced in any other manner permitted by the rules of any securities exchange on which the Notes may be listed, all as determined by the Officers executing such Notes, as evidenced by their execution of such Notes.

Section 2.3 Global Note Legend.

Each Global Note shall also bear the following legend on the face thereof:

(a) Unless this certificate is presented by an authorized representative of The Depository Trust Company ("DTC") to Primus Telecommunications Holding, Inc. (or its

successor) or its agent for registration of transfer, exchange, conversion or payment, and any certificate issued is registered in the name of Cede & Co. or in such other entity as is requested by an authorized representative of DTC (and any payment hereon is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any person is wrongful since the registered owner hereof, Cede & Co., has an interest herein.

(b) **THIS NOTE MAY BE ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID").** Beginning on July 7, 2006, a Holder may, upon request, obtain from the Issuer the Note's issue price, issue date, amount of OID and yield to maturity by contacting the Issuer representative listed in Section 14.2 hereof.

Section 2.4 Execution, Authentication, Delivery and Dating.

Two Officers shall execute the Notes on behalf of the Issuer by manual or facsimile signature. If an Officer whose signature is on a Note no longer holds that office at the time the Note is authenticated, the Note shall be valid nevertheless.

At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Trustee for authentication, together with an Issuer Order for the authentication and delivery of such Notes, and the Trustee in accordance with such Issuer Order shall authenticate and deliver such Notes as provided in this Indenture and not otherwise.

Each Note shall be dated the date of its authentication.

No Note shall be entitled to any benefit under this Indenture, or be valid or obligatory for any purpose, unless there appears on such Note a certificate of authentication substantially in the form provided for herein executed by or on behalf of the Trustee by manual signature, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

The Trustee may appoint an authenticating agent or agents reasonably acceptable to the Issuer with respect to the Notes. Unless limited by the terms of such appointment, an authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent.

Section 2.5 Registrar and Paying Agent.

The Issuer shall maintain an office or agency where Notes may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where Notes may be presented for payment (the "Paying Agent"). The Registrar shall keep a register of the Notes (the "Register") and of their transfer and exchange. The Issuer may appoint one or more co-Registrars and one or more additional Paying Agents for the Notes. The term "Paying Agent"

includes any additional paying agent and the term "Registrar" includes any additional registrar. The Issuer may change any Paying Agent or Registrar without prior notice to any Holder.

The Issuer will cause each Paying Agent (other than the Trustee) to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of the principal of and premium, if any, or interest on Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as provided in this Indenture;

(2) give the Trustee prompt written notice of any Default by the Issuer in the making of any payment of principal and premium, if any, or interest (including Special Interest, if any); and

(3) at any time during the continuance of any such Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Issuer shall give prompt written notice to the Trustee of the name and address of any Agent who is not a party to this Indenture. If the Issuer fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Issuer or any Affiliate of the Issuer may act as Paying Agent or Registrar; provided, however, that none of the Issuer, the Parent, its subsidiaries or the Affiliates of the foregoing shall act:

(i) as Paying Agent in connection with offers to purchase and discharges, as otherwise specified in this Indenture, and

(ii) as Paying Agent or Registrar if a Default or Event of Default has occurred and is continuing.

The Issuer hereby initially appoints the Trustee as Registrar and Paying Agent for the Notes.

Section 2.6 Paying Agent to Hold Assets in Trust.

Not later than 11:00 a.m. (New York City time) on each due date of the principal, premium, if any, and interest (including Special Interest, if any) payable in cash on any Notes, the Issuer shall deposit with one or more Paying Agents money in immediately available funds sufficient to pay such principal, premium, if any, and interest (including Special Interest, if any) so becoming due. The Issuer at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Issuer) shall have no further liability for the money so paid over to the Trustee.

If the Issuer shall act as a Paying Agent, it shall, prior to or on each due date of the principal of and premium, if any, or interest (including Special Interest, if any) on any of the Notes, segregate and hold in trust for the benefit of the Holders a sum sufficient with monies held by all other Paying Agents, to pay the principal and premium, if any, or interest (including Special Interest, if any) so becoming due until such sums shall be paid to such Persons or otherwise disposed of as provided in this Indenture, and shall promptly notify the Trustee of its action or failure to act.

Section 2.7 Registration of Transfer and Exchange; Legends.

(a) Subject to Section 2.9 hereof, upon surrender for registration of transfer of any Note, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Holder or such Holder's attorney duly authorized in writing, at the office or agency of the Issuer designated as Registrar or co-registrar pursuant to Section 2.5, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denomination or denominations, of a like aggregate principal amount. The Issuer shall not charge a service charge for any registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to pay all taxes, assessments or other governmental charges that may be imposed in connection with the transfer or exchange of the Issuer from the Holder requesting such transfer or exchange.

At the option of the Holder, Notes may be exchanged for other Notes of any authorized denomination or denominations, of a like aggregate principal amount upon surrender of the Notes to be exchanged, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Holder or such Holder's attorney duly authorized in writing, at such office or agency. Whenever any Notes are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Notes which the Holder making the exchange is entitled to receive.

The Issuer shall not be required to make, and the Registrar need not register, transfers or exchanges of Notes in respect of which (i) a Repurchase Notice has been given and not withdrawn by the Holder thereof in accordance with the terms of this Indenture (except, in the case of Notes to be purchased in part, the portion thereof not to be purchased) or (ii) have been surrendered for redemption or conversion or, if a portion of any Note is surrendered for redemption or conversion, such portion thereof surrendered for redemption or conversion, as applicable.

(b) Notwithstanding any provision to the contrary herein, so long as a Global Note remains Outstanding and is held by or on behalf of the Depositary, (i) transfers of beneficial interests in a Global Note, in whole or in part, may be effected only through a book entry system maintained by the Holder of such Global Note (or its agent) in accordance with Applicable Procedures, (ii) ownership of a beneficial interest in the Note shall be required to be reflected in book entry and (iii) transfers of Global Notes or

beneficial interests in Global Notes shall be made only in accordance with Section 2.8, Section 2.9 and this Section 2.7(b).

(c) Successive registrations and registrations of transfers and exchanges as aforesaid may be made from time to time as desired, and each such registration shall be noted on the register for the Notes.

(d) Any Registrar appointed pursuant to Section 2.5 hereof shall provide to the Trustee such information as the Trustee may reasonably require in connection with the delivery by such Registrar of Notes upon transfer or exchange of Notes.

(e) No Registrar shall be required to make registrations of transfer or exchange of Notes during any periods designated in the text of the Notes or in this Indenture as periods during which such registration of transfers and exchanges need not be made.

(f) If Notes are issued upon the transfer, exchange or replacement of Notes subject to restrictions on transfer and bearing the legends set forth on the forms of Note attached hereto as Exhibit A setting forth such restrictions (collectively, the "Legend"), or if a request is made to remove the Legend on a Note, the Notes so issued shall bear the Legend, or the Legend shall not be removed, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may be reasonably required by the Issuer and the Registrar and the Trustee (if not the same Person as the Trustee), that neither the Legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A or Rule 144 under the Securities Act or that such Notes are not "restricted" within the meaning of Rule 144 under the Securities Act. Upon (i) provision of such satisfactory evidence, or (ii) notification by the Issuer to the Trustee and Registrar of the sale of such Security pursuant to a registration statement that is effective at the time of such sale, the Trustee, upon an Issuer Order, shall authenticate and deliver a Note that does not bear the Legend. If the Legend is removed from the face of a Note and the Note is subsequently held by the Issuer or an Affiliate of the Issuer, the Legend shall be reinstated.

In the event Rule 144(k) as promulgated under the Securities Act is amended to shorten the two-year period under Rule 144(k), then, the references in the Legend to "TWO YEARS", and in the corresponding transfer restrictions described above, will be deemed to refer to such shorter period, from and after receipt by the Trustee of an Officer's Certificate and an Opinion of Counsel to that effect. As soon as practicable after the Issuer knows of the effectiveness of any such amendment to shorten the two-year period under Rule 144(k), unless such changes would otherwise be prohibited by, or would cause a violation of, the federal securities laws applicable at the time, the Issuer shall provide to the Trustee an Officer's Certificate and an Opinion of Counsel as to the effectiveness of such amendment and the effectiveness of such change to the restrictive legends and transfer restrictions.

Until the Legend on any Restricted Security has been removed in compliance with this Section 2.7(f), all shares of Common Stock (or other securities issuable upon conversion as a result of the provisions of this Indenture) issued upon conversion of such Restricted Security shall bear a legend substantially in the form of the Legend (the "Common Stock Restrictive Legend") and shall be subject to the same restrictions on transfer as such Restricted Security. At any time following the time when the restrictions on transfer set forth in the Common Stock Restrictive Legend shall have expired in accordance with their terms or shall have terminated under applicable law, the holder of such Common Stock may, upon a surrender of the certificate representing such Common Stock exchange to the Transfer Agent in accordance with such Transfer Agent's customary procedures (accompanied, in the event that such restrictions on transfer have terminated by reason of a transfer in compliance with Rule 144 or any successor provision, by an opinion of counsel having substantial experience in practice under the Securities Act and otherwise reasonably acceptable to the Parent, addressed to the Parent and in form acceptable to the Parent, to the effect that the transfer of such Common Stock has been made in compliance with Rule 144 or such successor provision), may receive a new certificate representing such Common Stock, in like amount, which shall not bear the Common Stock Restrictive Legend.

The Notes shall also bear the legend set forth in Section 2.3(b).

Section 2.8 Book-Entry Provisions for the Global Notes.

(a) The Global Notes initially shall:

(i) be registered in the name of the Depositary (or a nominee thereof); and

(ii) be delivered to the Trustee as custodian for such Depositary.

Members of, or participants in, the Depositary ("DTC Participants") shall have no rights under this Indenture with respect to any Global Note held on their behalf by the Depositary, or the Trustee as its custodian, or under such Global Note, and the Depositary shall be treated by the Issuer, the Trustee and any agent of the Issuer or the Trustee as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing contained herein shall prevent the Issuer, the Trustee or any agent of the Issuer or Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or impair, as between the Depositary and the DTC Participants, the operation of customary practices governing the exercise of the rights of a Holder of any Note.

(b) The registered Holder of a Global Note may grant proxies and otherwise authorize any Person, including DTC Participants and Persons that may hold interests through DTC Participants, to take any action which a Holder is entitled to take under this Indenture or the Notes.

(c) A Global Note may not be transferred, in whole or in part, to any Person other than the Depositary (or a nominee thereof), and any such transfer to any such other Person shall be registered. Beneficial interests in a Global Note may be transferred in accordance with the Applicable Procedures, Section 2.7(b), this Section 2.8 and Section 2.9.

(d) If at any time:

(i) the Depositary notifies the Issuer in writing that it is no longer willing or able to continue to act as Depositary for the Global Notes, or the Depositary ceases to be a "clearing agency" registered under the Exchange Act and a successor depositary for the Global Notes is not appointed by the Issuer within 90 days of such notice or cessation; or

(ii) an Event of Default has occurred and is continuing and the Registrar has received a request from the Depositary for the issuance of Physical Notes in exchange for such Global Note or Global Notes,

the Depositary shall surrender such Global Note or Global Notes to the Trustee for cancellation and the Issuer shall execute, and the Trustee, upon receipt of an Officer's Certificate and Issuer Order for the authentication and delivery of Notes, shall authenticate and deliver in exchange for such Global Note or Global Notes, Physical Notes in an aggregate principal amount equal to the aggregate principal amount of such Global Note or Global Notes. Such Physical Notes shall be registered in such names as the Depositary (or any nominee thereof) shall identify in writing as the beneficial owners of the Notes represented by such Global Note or Global Notes.

(e) Notwithstanding the foregoing, in connection with any transfer of beneficial interests in a Global Note to beneficial owners pursuant to Section 2.8(d) hereof, the Registrar shall reflect on its books and records the date and a decrease in the principal amount of such Global Note in an amount equal to the principal amount of the beneficial interest in such Global Note to be transferred.

(f) The Trustee shall not have any responsibility for any actions taken or not taken by the Depositary.

Section 2.9 Transfer Provisions.

(a) Notwithstanding any other provisions of this Indenture or the Notes, (A) transfers of a Global Note, in whole or in part, shall be made only in accordance with Section 2.7, 2.8 and Section 2.9(a)(i), (B) transfers or exchanges of a beneficial interest in a Global Note for an interest in the same or another Global Note shall comply with Section 2.7, Section 2.8 and Section 2.9(a)(ii) below, (C) transfers of a beneficial interest in a

Global Note for a Physical Note shall comply with Section 2.6, Section 2.8(d) and Section 2.9(a)(ii) below and (D) transfers of a Physical Note shall comply with Section 2.6 and Sections 2.9(a)(iv) and (v) below.

(i) *Transfer of Global Note*. A Global Note may not be transferred, in whole or in part, to any Person other than the Depositary or a nominee or any successor thereof, and no such transfer to any such other Person may be registered; provided that this clause (i) shall not prohibit any transfer of a Physical Note that is issued in exchange for a Global Note. No transfer of a Global Note to any Person shall be effective under this Indenture or the Notes unless and until such Note has been registered in the name of such Person. Nothing in this Section 2.9(a)(i) shall prohibit or render ineffective any transfer of a beneficial interest in a Global Note effected in accordance with the other provisions of this Section 2.9.

(ii) *Transfer or Exchange of a Beneficial Interest in a Global Note for a Beneficial Interest in the Same or Another Global Note*.

(1) A beneficial interest in a Global Note may not be transferred or exchanged for a beneficial interest in another Global Note except upon satisfaction of the requirements set forth below. Upon receipt by the Trustee of a request to transfer or exchange of a beneficial interest in a Global Note in accordance with Applicable Procedures for a beneficial interest in another Global Note, together with:

(A) so long as the Notes are Restricted Securities, certification in the form set forth in Exhibit B;

(B) written instructions to the Trustee to make, or direct the Registrar to make, in the case of a transfer or exchange of a beneficial interest in a Global Note for a beneficial interest in another Global Note, an adjustment on its books and records with respect to such Global Note to reflect a decrease and increase in the aggregate principal amount of the Notes represented by such Global Note, such instructions to contain information regarding the Depositary accounts to be credited with such decrease and increase; and

(C) if the Issuer or the Trustee so requests, an opinion of counsel or other evidence reasonably satisfactory to it as to the compliance with the restrictions set forth in the Legend,

then the Trustee, (x) shall cause, or direct the Registrar to cause, in accordance with the standing instructions and procedures existing between the Depositary and the Registrar, the aggregate principal amount of the Notes represented by the appropriate Global Note to be decreased by the aggregate principal amount that the other Global Note is increased and (y) in accordance with the standing instructions and procedures existing between the Depositary and the Registrar and Applicable Procedures, shall debit and credit or cause to be debited or credited, as appropriate, to the accounts of the persons specified in such instructions a beneficial interest in the Global Note or Global Notes, as appropriate, equal to the amount of the beneficial interests so transferred or exchanged.

(2) Beneficial interests in a Global Note may be transferred to Persons who take delivery in the same Global Note in accordance with the Applicable Procedures and, if the Global Note is a Restricted Security, in accordance with the transfer restrictions set forth in the Legend. No written orders or instructions shall be required to be delivered to the Registrar or the Trustee to effect the transactions described in this Section 2.9(a)(ii)(2).

(3) Other than transfers to the Issuer or to an Affiliate of the Issuer, beneficial interests in a Global Note that is not a Restricted Security may not be transferred to a Person who takes delivery thereof in the form of a beneficial interest in a Global Note that is a Restricted Security.

(iii) *Transfer or Exchange of a Beneficial Interest in a Global Note for a Physical Not*e. A beneficial interest in a Global Note may not be exchanged for a Physical Note except upon satisfaction of the requirements set forth below and in Section 2.9(d). Upon receipt by the Trustee of a request for a transfer a beneficial interest in a Global Note in accordance with Applicable Procedures for a Physical Note in the form satisfactory to the Trustee, together with:

(1) so long as the Notes are Restricted Securities, certification in the form set forth in Exhibit B;

(2) written instructions to the Trustee to make, or direct the Registrar to make, an adjustment on its books and records with respect to such Global Note to reflect a decrease in the aggregate principal amount of the Securities represented by the Global Note, such instructions to contain information regarding the Depositary account to be credited with such decrease; and

(3) if the Issuer or the Trustee so requests, an opinion of counsel or other evidence reasonably satisfactory to it as to the compliance with the restrictions set forth in the Legend,

then the Trustee shall cause, or direct the Registrar to cause, in accordance with the standing instructions and procedures existing between the Depositary and the Registrar, the aggregate principal amount of the Notes represented by the Global Note to be decreased by the aggregate principal amount of the Physical Note to be issued, shall issue such Physical Note and shall debit or cause to be debited to the account of the person specified in such instructions a beneficial interest in the Global Note equal to the principal amount of the Physical Note so issued.

(iv) *Transfer and Exchange of Physical Notes*. When Physical Notes are presented to the Registrar with a request:

(x) to register the transfer of such Physical Notes; or

(y) to exchange such Physical Notes for an equal principal amount of Physical Notes of other authorized denominations,

the Registrar shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; provided, however, that the Physical Notes surrendered for transfer or exchange:

(1) shall be duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Issuer and the Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing; and

(2) so long as such Notes are Restricted Securities, such Notes are being transferred or exchanged pursuant to an effective registration statement under the Securities Act or pursuant to clause (A), (B) or (C) below, and are accompanied by the following additional information and documents, as applicable:

(A) if such Physical Notes are being delivered to the Registrar by a Holder for registration in the name of such Holder, without transfer, a certification from such Holder to that effect; or

(B) if such Physical Notes are being transferred to the Issuer, a certification to that effect; or

(C) if such Physical Notes are being transferred pursuant to an exemption from registration, (i) a certification to that effect (in the form set forth in Exhibit B, if applicable) and (ii) if the Issuer so requests, an opinion of counsel or other evidence reasonably satisfactory to it as to the compliance with the restrictions set forth in the Legend.

(v) *Transfer of a Physical Note for a Beneficial Interest in a Global Note*. A Physical Note may not be exchanged for a beneficial interest in a Global Note except upon receipt by the Trustee of the Physical Note, duly endorsed or accompanied by appropriate instruments of transfer, in form satisfactory to the Trustee, together with:

(1) so long as the Notes are Restricted Securities, certification, in the form set forth in Exhibit B, that such Physical Note is being transferred to a QIB in accordance with Rule 144A, or to an institutional accredited investor within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D of the Securities Act; and

(2) written instructions directing the Trustee to make, or to direct the Registrar to make, an adjustment on its books and records with respect to such Global Note to reflect an increase in the aggregate principal amount of the Notes represented by the Global Note, such instructions to contain information regarding the Depositary account to be credited with such increase, then the Trustee shall cancel such Physical Note and cause, or direct the Registrar to cause, in accordance with the standing instructions and procedures existing between the Depositary and the Registrar, the aggregate principal amount of Notes represented by the Global Note to be increased by the aggregate principal amount of the Physical Note to be exchanged, and shall credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in the Global Note equal to the principal amount of the Physical Note so cancelled. If no Global Notes are then Outstanding, the Issuer shall issue and the Trustee shall authenticate, upon an Issuer Order, a new Global Note in the appropriate principal amount.

(b) Subject to the succeeding Section 2.9(c), every Note shall be subject to the restrictions on transfer provided in the Legend and herein including the delivery of an opinion of counsel, if so provided. Whenever any Restricted Security is presented or surrendered for transfer or for exchange, such Note must be accompanied by a certificate in substantially the form set forth in Exhibit B, dated the date of such surrender and signed by the Holder of such Note, as to compliance with such restrictions on transfer. The Registrar shall not be required to accept for such transfer or exchange any Note not so accompanied by a properly completed certificate.

(c) The restrictions imposed by the Legend upon the transferability of any Note shall cease and terminate when such Note has been sold pursuant to an effective registration statement under the Securities Act or transferred in compliance with Rule 144 under the Securities Act (or any successor provision thereto) or, if earlier, upon the expiration of the holding period applicable to sales thereof under Rule 144(k) under the Securities Act (or any successor provision). Any Note as to which such restrictions on transfer shall have expired in accordance with their terms or shall have terminated may, upon a surrender of such Note for exchange to the Registrar in accordance with the provisions of this Section 2.9 (accompanied, in the event that such restrictions on transfer have terminated by reason of a transfer in compliance with Rule 144 or any successor provision, by an opinion of counsel having substantial experience in practice under the Securities Act and otherwise reasonably acceptable to the Issuer, addressed to the Issuer and to the Trustee and in form acceptable to the Issuer, to the effect that the transfer of such Note has been made in compliance with Rule 144 or such successor provision), be exchanged for a new Note, of like tenor and aggregate principal amount, which shall not bear the restrictive Legend. The Issuer shall inform the Trustee of the effective date of any registration statement registering the Notes under the Securities Act. The Trustee shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the aforementioned opinion of counsel or registration statement.

(d) As used in the preceding two paragraphs of this Section 2.9 the term “transfer” encompasses any sale, pledge, transfer, loan, hypothecation, or other disposition of any interest in any Note.

(e) By its acceptance of any Note bearing the Legend, each Holder of such Note acknowledges the restrictions on transfer of such Note set forth in this Indenture and agrees that it will transfer such Note only as provided in this Indenture.

(f) Each Holder of a Notes agrees to indemnify the Issuer, the Parent and the Trustee against any liability that may result from the transfer, exchange or assignment of such Holder’s Note in violation of any provision of this Indenture and/or applicable United States federal or state securities law.

(g) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among DTC Participants or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Section 2.10 Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders and shall otherwise comply with Section 312(a) of the TIA. If the Trustee is not the Registrar, the Issuer shall furnish to the Trustee prior to or on each Interest Payment Date and at such other times as the Trustee may request in writing a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders relating to such Interest Payment Date or request, as the case may be.

Section 2.11 Persons Deemed Owners.

The Issuer, the Trustee and any agent of the Issuer or the Trustee shall treat the registered Holder of a Global Note as the absolute owner of such Global Note for the purpose of receiving payment thereof or on account thereof and for all other purposes whatsoever, whether or not such Note be overdue, and notwithstanding any notice of ownership or writing thereon, or any notice of previous loss or theft or other interest therein. The Issuer, the Trustee and any agent of the Issuer or the Trustee shall treat the Person in whose name any Note is registered as the owner of such Note for the purpose of receiving payment of principal of and premium, if any, and interest (including Special Interest, if any) on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and notwithstanding any notice of ownership or writing thereon, or any notice of previous loss or theft or other interest therein.

Section 2.12 Mutilated, Destroyed, Lost or Stolen Notes.

If any mutilated Note is surrendered to the Trustee, the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Note of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there is delivered to the Issuer and the Trustee

(1) evidence to their satisfaction of the destruction, loss or theft of any Note, and

(2) such Note or indemnity as may be required by them to save each of them and any agent of either of them harmless,

then, in the absence of notice to the Issuer or the Trustee that such Note has been acquired by a bona fide purchaser, the Issuer shall execute and, upon request, the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Note, a new Note of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion, but subject to any conversion rights, may, instead of issuing a new Note, pay such Note, upon satisfaction of the condition set forth in the preceding paragraph.

Prior to the issuance of any new Note under this Section 2.12, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Note issued pursuant to this Section 2.12 in lieu of any destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone, and such new Note shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

The provisions of this Section 2.12 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 2.13 Treasury Notes.

In determining whether the Holders of the requisite principal amount of Outstanding Notes have given any request, demand, authorization, direction, consent, notice or waiver hereunder, and for the purposes of making the calculations required by TIA Section 316, Notes owned by an Obligor upon the Notes or any Affiliate of an Obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in making such calculation or in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded. Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledge establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such notes and that the pledge is not the Issuer or any other obligor upon the Notes or any Affiliate of the Issuer or such other obligor.

Section 2.14 Temporary Notes.

Pending the preparation of Notes in definitive form, the Issuer may execute and the Trustee shall, upon written request of the Issuer, authenticate and deliver temporary Notes (printed or lithographed). Temporary Notes shall be issuable in any authorized denomination, and substantially in the form of the Notes in definitive form but with such omissions, insertions and variations as may be appropriate for temporary Notes, all as may be determined by the Issuer. Every such temporary Note shall be executed by the Issuer and authenticated by the Trustee upon the same conditions and in substantially the same manner, and with the same effect, as the Notes in definitive form. Without unreasonable delay, the Issuer will execute and deliver to the Trustee, Notes in definitive form (other than in the case of Notes in global form) and thereupon any or all temporary Notes (other than any such Notes in global form) may be surrendered in exchange therefor, at each office or agency maintained by the Issuer pursuant to Section 9.2 hereof and the Trustee shall authenticate and deliver in exchange for such temporary Notes an equal aggregate principal amount of Notes in definitive form. Such exchange shall be made by the Issuer at its own expense and without any charge therefor. Until so exchanged, the temporary

Notes shall in all respects be entitled to the same benefits and subject to the same limitations under this Indenture as Notes in definitive form authenticated and delivered hereunder.

Section 2.15 Cancellation.

All Notes surrendered for payment, redemption, repurchase, Conversion, registration of transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee. All Notes so delivered shall be canceled promptly by the Trustee, and no Notes shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Trustee shall dispose of canceled Notes in accordance with its customary procedures. If the Issuer shall acquire any of the Notes, such acquisition shall not operate as a redemption or satisfaction of the Indebtedness represented by such Notes unless the same are delivered to the Trustee for cancellation.

Section 2.16 CUSIP Numbers.

The Issuer in issuing the Notes may use "CUSIP" numbers (if then generally in use), and the Trustee shall use CUSIP numbers in notices of conversion, exchange or redemption as a convenience to Holders; provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any such notice and that reliance may be placed only on the other identification numbers printed on the Notes, and any such conversion, exchange or redemption shall not be affected by any defect in or omission of such numbers. The Issuer shall promptly notify the Trustee in writing of any change in the CUSIP numbers.

Section 2.17 Defaulted Interest.

If the Issuer fails to make a payment of interest on any Note when due and payable ("Defaulted Interest"), it shall pay such Defaulted Interest plus (to the extent lawful) any interest payable on the Defaulted Interest at the rate borne by the Notes, in any lawful manner. It may elect to pay such Defaulted Interest, plus any such interest payable on it, to the Persons who are Holders of such Notes on which the interest is due on a subsequent Special Record Date. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each such Note. The Issuer shall fix any such Special Record Date and payment date for such payment. At least 15 days before any such Special Record Date, the Issuer shall mail to Holders affected thereby a notice that states the Special Record Date, the Interest Payment Date, and amount of such interest to be paid.

ARTICLE 3

SATISFACTION AND DISCHARGE

Section 3.1 Satisfaction and Discharge of Indenture. When:

(a) the Issuer shall deliver to the Trustee for cancellation all Notes previously authenticated (other than any Notes which have been destroyed, lost or stolen and in lieu of, or in substitution for which, other Notes shall have been authenticated and delivered) and not previously canceled, or

(b) (1) all the Notes not previously canceled or delivered to the Trustee for cancellation shall have become due and payable, or are by their terms to become due and payable within one year; and

(2) the Issuer shall deposit with the Trustee, in trust, cash in U.S. dollars and/or U.S. Government Obligations which through the payment of interest and principal in respect thereof, in accordance with their terms, will provide (and without reinvestment and assuming no tax liability will be imposed on such Trustee), not later than one day before the due date of any payment of money, an amount in cash, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay principal of, premium, if any, or interest (including Special Interest, if any) on all of the Notes (other than any Notes which shall have been mutilated, destroyed, lost or stolen and in lieu of or in substitution for which other Notes shall have been authenticated and delivered) not previously canceled or delivered to the Trustee for cancellation, on the dates such payments of principal, premium, if any, or interest (including Special Interest, if any) are due to such date of maturity.

if, in the case of either clause (a) or (b), the Issuer shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then this Indenture shall cease to be of further effect, except as to:

(i) remaining rights of registration of transfer, substitution and exchange and Conversion of Notes,

(ii) rights hereunder of Holders to receive payments of principal of and premium, if any, and interest on, the Notes and the other rights, duties and obligations of Holders, as beneficiaries hereof with respect to the amounts, if any, so deposited with the Trustee, and

(iii) the rights, obligations and immunities of the Trustee hereunder,

and the Trustee, on demand of the Issuer accompanied by an Officer's Certificate and an Opinion of Counsel (each stating that all conditions precedent herein relating to the satisfaction and discharge of this Indenture have been complied with) and at the cost and expense of the Issuer, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture; provided, however, the Issuer shall reimburse the Trustee for all amounts due the Trustee under

Section 5.8 hereof and for any costs or expenses thereafter reasonably and properly incurred by the Trustee and to compensate the Trustee for any services thereafter reasonably and properly rendered by the Trustee in connection with this Indenture or the Notes.

Section 3.2 Deposited Monies to be Held in Trust.

Subject to Section 3.3 hereof, all monies deposited with the Trustee pursuant to Section 3.1 hereof shall be held in trust and applied by it to the payment, either directly or through any Paying Agent (including the Issuer if acting as its own Paying Agent), to the Holders of the particular Notes for the payment of which such monies have been deposited with the Trustee, of all sums due and to become due thereon for principal, premium, if any, and interest (including Special Interest, if any). All monies deposited with the Trustee pursuant to Section 3.1 hereof (and held by it or any Paying Agent) for the payment of Notes subsequently converted shall be returned to the Issuer upon written request of the Issuer.

Section 3.3 Return of Unclaimed Monies.

The Trustee and the Paying Agent shall pay to the Issuer any money held by them for the payment of principal or premium, if any, or interest that remains unclaimed for two years after the date upon which such payment shall have become due. After payment to the Issuer, Holders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person, and all liability of the Trustee and such Paying Agent with respect to such money shall cease.

ARTICLE 4

DEFAULTS AND REMEDIES

Section 4.1 Events of Default.

An “Event of Default”, wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any or governmental body):

(a) default in the payment of interest or Special Interest, if any on any Note when due and payable and continuance of such default for a period of 30 days;

(b) default in the payment of principal of (or premium, if any, on) any Note at its Stated Maturity, upon acceleration or otherwise;

(c) default in the payment of principal or interest (including Special Interest, if any) on any Note required to be purchased pursuant to a Change of Control Repurchase Right or a 2009 Repurchase Right as set forth in Article 11;

(d) default in the performance or breach of any covenant or agreement of the Issuer or the Parent in this Indenture or under the Notes (other than a default in the performance, or breach, of a covenant or agreement specified in clause (a), (b) or (c) of this Section 4.1), and continuance of such default or breach for a period of 30 consecutive days after there has been given, by registered or certified mail, to the Issuer by the Trustee or to the Issuer and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Notes a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder;

(e) there occurs with respect to any issue or issues of Indebtedness of the Parent or any Restricted Subsidiary having an outstanding principal amount of $25.0 million or more in the aggregate for all such issues of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (I) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and such Indebtedness has not been discharged in full or such acceleration has not been rescinded or annulled by the earlier of (x) the expiration of any applicable grace period or (y) the thirtieth day after such default; and/or (II) the failure to make a principal payment at the final (but not any interim) fixed maturity and such defaulted payment shall not have been made, waived or extended by the earlier of (x) the expiration of any applicable grace period or (y) the thirtieth day after such default;

(f) any final judgment or order (not covered by insurance) for the payment of money in excess of $25.0 million in the aggregate for all such final judgments or orders (treating any deductibles, self-insurance or retention as not so covered) shall be rendered against the Parent or any Restricted Subsidiary and shall not be paid or discharged, and there shall be any period of 30 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed $25.0 million during which a stay of enforcement of such final judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;

(g) a court having jurisdiction in the premises enters a decree or order for (A) relief in respect of the Parent, the Issuer or any Significant Subsidiary in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (B) appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Parent, the Issuer or any Significant Subsidiary or for all or substantially all of the property and assets of the Parent, the Issuer or of any Significant Subsidiary or (C) the winding up or liquidation of the affairs of the Parent, the Issuer or any Significant Subsidiary and, in each case, such decree or order shall remain unstayed and in effect for a period of 30 consecutive days;

(h) the Parent, the Issuer or any Significant Subsidiary (A) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (B) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Parent, the Issuer or any Significant Subsidiary or for all or substantially all of the property and assets of the Parent, the Issuer or any Significant Subsidiary or (C) effects any general assignment for the benefit of creditors; or

(i) the Parent Guarantee ceases to be in full force and effect (except as contemplated by the terms thereof) or any Guarantor denies or disaffirms its obligations under this Indenture.

Section 4.2 Acceleration of Maturity; Rescission and Annulment.

(a) If an Event of Default with respect to Outstanding Notes (other than an Event of Default specified in Section 4.1(g) or Section 4.1(h) hereof) occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the Outstanding Notes, by written notice to the Issuer, may declare due and payable 100% of the principal amount of all Outstanding Notes plus any accrued and unpaid interest and Special Interest, if any, to the date of payment. Upon a declaration of acceleration, such principal and accrued and unpaid interest and Special Interest, if any, to the date of payment shall be immediately due and payable.

(b) If an Event of Default specified in Section 4.1(g) or Section 4.1(h) hereof occurs, all unpaid principal and accrued and unpaid interest and Special Interest, if any, on the Outstanding Notes shall become and be immediately due and payable, without any declaration or other act on the part of the Trustee or any Holder.

(c) The Holders of a majority in aggregate principal amount of the Outstanding Notes by written notice to the Trustee may rescind and annul an acceleration and its consequences if:

(i) all existing Events of Default, other than the nonpayment of principal of or interest on the Notes which have become due solely because of the acceleration, have been remedied, cured or waived, and

(ii) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction;

provided, however, that in the event of a declaration of acceleration in respect of the Notes because of an Event of Default specified in Section 4.1(e) shall have occurred and be continuing, such declaration of acceleration shall be automatically rescinded and annulled if the Indebtedness that is the subject of such Event of Default has been discharged or the holders thereof have rescinded their declaration of acceleration in respect of such Indebtedness, and written notice of such discharge or rescission, as the case may be, shall have been given to the Trustee by the Issuer and countersigned by the holders of such Indebtedness or a trustee, fiduciary or agent for such holders, within 60 days after such declaration of acceleration in respect of the Notes and no other Event of Default has occurred during such 60-day period which has not been cured or waived during such period.

Section 4.3 Other Remedies.

If an Event of Default with respect to Outstanding Notes occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the payment of principal of or interest on the Notes or to enforce the performance of any provision of the Notes.

The Trustee may maintain a proceeding in which it may prosecute and enforce all rights of action and claims under this Indenture or the Notes, even if it does not possess any of the Notes or does not produce any of them in the proceeding.

Section 4.4 Waiver of Past Defaults.

The Holders, either (a) through the written consent of not less than a majority in aggregate principal amount of the Outstanding Notes, or (b) by the adoption of a resolution, at a meeting of Holders of the Outstanding Notes at which a quorum (as prescribed in Section 8.4 hereof) is present, by the Holders of at least a majority in aggregate principal amount of the Outstanding Notes represented at such meeting, may, on behalf of the Holders of all of the Notes, waive an existing Default or Event of Default, except a Default or Event of Default:

(a) in the payment of the principal of or premium, if any, or interest and Special Interest, if any, on any Note (provided, however, that subject to Section 4.7 hereof, the Holders of a majority in aggregate principal amount of the Outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration); or

(b) in respect of a covenant or provision hereof which, under Section 7.2 hereof, cannot be modified or amended without the consent of the Holders of each Outstanding Note affected. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; provided, however, that no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 4.5 Control by Majority.

The Holders of a majority in aggregate principal amount of the Outstanding Notes (or such lesser amount as shall have acted at a meeting pursuant to the provisions of this Indenture) shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that:

(1) conflicts with any law or with this Indenture;

(2) the Trustee determines may be unduly prejudicial to the rights of the Holders not joining therein, or

(3) may expose the Trustee to personal liability.

The Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 4.6 Limitation on Suit.

No Holder of any Note shall have any right to pursue any remedy with respect to this Indenture or the Notes (including, instituting any proceeding, judicial or otherwise, with respect to this Indenture or for the appointment of a receiver or trustee) unless:

(1) such Holder has previously given written notice to the Trustee of an Event of Default that is continuing;

(2) the Holders of at least 25% in aggregate principal amount of the Outstanding Notes shall have made a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders have offered to the Trustee indemnity satisfactory to it against any costs, expenses and liabilities incurred in complying with such request;

(4) the Trustee has failed to comply with the request for 60 days after its receipt of such notice, request and offer of indemnity; and

(5) during such 60-day period, no direction inconsistent with such written request has been given to the Trustee by the Holders of a majority in aggregate principal amount of the Outstanding Notes (or such

amount as shall have acted at a meeting pursuant to the provisions of this Indenture);

provided, however, that no one or more of such Holders may use this Indenture to prejudice the rights of another Holder or to obtain preference or priority over another Holder (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Holders).

Section 4.7 Unconditional Rights of Holders to Receive Payment and to Convert.

Notwithstanding any other provision in this Indenture, the registered Holder of any Note shall have the right, which is absolute and unconditional, to receive payment of the principal of and premium, if any, and interest on such Note on the Stated Maturity expressed in such Note (or in the case of a redemption, on the Redemption Date, or in the case of the exercise of a Repurchase Right, on the Repurchase Date) and to convert such Note in accordance with Article 12, and to bring suit for the enforcement of any such payment on or after such respective dates and right to convert, and such rights shall not be impaired or affected without the consent of such Holder.

Section 4.8 Collection of Indebtedness and Suits for Enforcement by the Trustee.

The Issuer covenants that if:

(1) a Default or Event of Default is made in the payment of any interest (including Special Interest, if any) on any Note when such interest becomes due and payable and such Default or Event of Default continues for a period of 30 days, or

(2) a Default or Event of Default is made in the payment of the principal of or premium, if any, on any Note at the Maturity thereof,

the Issuer will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Notes, the whole amount then due and payable (as expressed therein or as a result of any acceleration effected pursuant to Section 4.2 hereof) on such Notes for principal and premium, if any, and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal and premium, if any, and on any overdue interest, at the rate borne by the Notes and Special Interest, if any, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Issuer fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and

may enforce the same against the Issuer and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Issuer, wherever situated.

If an Event of Default occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Notes by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 4.9 Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Issuer or the property of the Issuer or its creditors, the Trustee (irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Issuer for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(1) to file and prove a claim for the whole amount of principal and premium, if any, and interest owing and unpaid in respect of the Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders of Notes allowed in such judicial proceeding, and

(2) to collect and receive any moneys or other property payable or deliverable on any such claim and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceedings is hereby authorized by each Holder of Notes to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders of Notes, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee under Section 5.8 hereof.

Nothing contained herein shall be deemed to authorize the Trustee to authorize or consent to or accept, or adopt on behalf of any Holder of a Note, any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder of a Note in any such proceeding.

Section 4.10 Restoration of Rights and Remedies.

If the Trustee or any Holder of a Note has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Issuer, the Trustee and the Holders of Notes shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 4.11 Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes in the last paragraph of Section 2.12 hereof, no right or remedy conferred in this Indenture upon or reserved to the Trustee or to the Holders of Notes is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 4.12 Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Note to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or any acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders of Notes may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders of Notes, as the case may be.

Section 4.13 Application of Money Collected.

Any money collected by the Trustee pursuant to this Article or any money otherwise distributable in respect of the Issuer's or the Parent's obligations under this Indenture, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or premium, if any, or interest (including Special Interest, if any), upon presentation of the Notes and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee;

SECOND: To the payment of the amounts then due and unpaid for principal of and premium, if any, and interest (including Special Interest, if any) on the Notes in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Notes for principal and premium, if any, and interest (including Special Interest, if any), respectively; and

THIRD: Any remaining amounts shall be repaid to the Person or Persons entitled thereto.

Section 4.14 Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Note by such Holder's acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 4.14 shall not apply to any suit instituted by the Issuer, to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in aggregate principal amount of the Outstanding Notes, or to any suit instituted by any Holder of any Note for the enforcement of the payment of the principal of or premium, if any, or interest (including Special Interest, if any) on any Note on or after the Stated Maturity expressed in such Note or for the enforcement of the right to convert any Note in accordance with Article 12.

Section 4.15 Waiver of Stay or Extension Laws.

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim to take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 5

THE TRUSTEE

Section 5.1 Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default,

(1) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture or the TIA,

and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; provided, however, that in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates or opinions to determine whether or not, on their face, they conform to the requirements to this Indenture (but need not investigate or confirm the accuracy of any facts stated therein).

(b) In case an Event of Default actually known to a Responsible Officer of the Trustee has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) This paragraph (c) shall not be construed to limit the effect of paragraph (a) of this Section 5.1;

(2) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with a direction received by it of the Holders of a majority in principal amount of the Outstanding Notes (or such lesser amount as shall have acted at a meeting pursuant to the provisions of this Indenture) relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(d) Whether or not herein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 5.1.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability, cost or expense (including, without limitation, reasonable fees and expenses of counsel).

(f) The Trustee shall not be obligated to pay interest on any money or other assets received by it unless otherwise agreed in writing with the Issuer. Assets held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, coupon, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer and the Parent, personally or by agent or attorney at the sole cost of the Issuer and Parent and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(h) The Trustee shall not be deemed to have notice or actual knowledge of any Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact a Default is received by the Trustee pursuant to Section 14.2 hereof and such notice references the Notes and this Indenture.

(i) The rights, privileges, protections, immunities and benefits given to the Trustee hereunder, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each Paying Agent, authenticating agent, Conversion Agent or Registrar acting hereunder.

Section 5.2 Certain Rights of Trustee.

Subject to the provisions of Section 5.1 hereof and subject to Sections 315(a) through (d) of the TIA:

(1) The Trustee may conclusively rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(2) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel, or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officer's Certificate or Opinion of Counsel.

(3) The Trustee may act through attorneys and agents and shall not be responsible for the misconduct or negligence of any attorney or agent appointed with due care.

(4) The Trustee shall not be liable for any action taken or omitted to be taken by it in good faith which it believed to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, unless the Trustee's conduct constitutes negligence or willful misconduct.

(5) The Trustee may consult with counsel of its selection and the advice of such counsel as to matters of law shall be full and complete authorization and protection in respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(6) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Issuer or the Parent shall be sufficient if signed by an Officer of the Issuer or the Parent, as applicable.

(7) The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty unless so specified herein.

(8) In no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(9) The Trustee may request that the Issuer and the Parent deliver a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture.

Section 5.3 Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer or any Affiliate of the Issuer with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest (as such term is defined in Section 310(b) of the TIA), it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as trustee (to the extent permitted under Section 310(b) of the TIA) or resign. Any agent may do the same with like rights and duties. The Trustee is also subject to Section 5.11 and Section 5.12 hereof.

Section 5.4 Money Held in Trust.

Money held by the Trustee in trust hereunder shall be segregated from other funds. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise expressly agreed in writing with the Issuer.

Section 5.5 Trustee's Disclaimer.

The recitals contained herein and in the Notes (except for those in the certificate of authentication) shall be taken as the statements of the Issuer and the Parent, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity, sufficiency or priority of this Indenture or of the Notes. The Trustee shall not be accountable for the use or application by the Issuer of Notes or the proceeds thereof.

Section 5.6 Notice of Defaults.

Within 90 days after the occurrence of any Default or Event of Default hereunder of which the Trustee has received written notice, the Trustee shall give notice to Holders pursuant to Section 14.2 hereof, unless such Default or Event of Default shall have been cured or waived; provided, however, that, except in the case of a Default or Event of Default in the payment of the principal of or premium, if any, or interest, or in the payment of any repurchase obligation on any Note, the Trustee shall be protected in withholding such notice if and so long as Responsible Officers of the Trustee, in good faith, determine that the withholding of such notice is in the interest of the Holders.

Section 5.7 Reports by Trustee to Holders.

The Trustee shall transmit to Holders such reports concerning the Trustee and its actions under this Indenture as may be required by Section 313 of the TIA at the times and in the manner provided by the TIA. If required by Section 313 (a) of the TIA, the Trustee shall, within sixty days after each May 15 following the date of the initial issuance of Notes under this Indenture deliver to Holders a brief report, dated as of such May 15, which complies with the provisions of such Section 313(a). A copy of each report at the time of its mailing to Holders shall be mailed to the Issuer and filed with the SEC, if required, and each stock exchange, if any, on which the Notes are listed. The Issuer shall promptly notify the Trustee in writing when the Notes become listed on any stock exchange and of any delisting thereof.

Section 5.8 Compensation and Indemnification.

The Issuer covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, such compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) as shall be agreed to in writing and the Issuer covenants and agrees to pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by or on behalf of it in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all agents and other persons not regularly in its employ), except to the extent that any such expense, disbursement or advance is due to its negligence or bad faith. When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 4.1 hereof, the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any bankruptcy law. The Issuer also covenants to indemnify the Trustee and its officers, directors, employees and agents for, and to hold such Persons harmless against, any and all loss, liability, damage, claim or expense, including taxes (other than taxes based on the income of the Trustee), incurred by them, arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder or the performance of their duties hereunder, including the costs and expenses of defending themselves against or investigating any claim (whether asserted by the Issuer, the Parent, a Holder or any other Person) of liability in the premises, except to the extent that any such loss, liability, damage, claim or expense was due to the negligence or willful misconduct of such Persons. The obligations of the Issuer under this Section 5.8 to compensate and indemnify the Trustee and its officers, directors, employees and agents and to pay or reimburse such Persons for expenses, disbursements and advances shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of this Indenture or the earlier resignation or removal of the Trustee. Such additional indebtedness shall be a senior claim to that of the Notes upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the Holders of particular Notes, and the Notes are hereby subordinated to such senior claim. “Trustee” for purposes of this Section 5.8 shall include any predecessor Trustee, but the negligence or willful misconduct of any Trustee shall not affect the indemnification of any other Trustee.

Section 5.9 Replacement of Trustee.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 5.9.

The Trustee may resign and be discharged from the trust hereby created by so notifying the Issuer in writing. The Holders of at least a majority in aggregate principal amount of Outstanding Notes may remove the Trustee by so notifying the Trustee and the Issuer in writing. The Issuer must remove the Trustee if:

(i) the Trustee fails to comply with Section 5.11 hereof or Section 310 of the TIA;

(ii) the Trustee becomes incapable of acting;

(iii) the Trustee is adjudged a bankrupt or insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law; or

(iv) a Custodian or public officer takes charge of the Trustee or its property.

If the Trustee resigns or is removed or if a vacancy exists in the office of the Trustee for any reason, the Issuer shall promptly appoint a successor Trustee. The Trustee shall be entitled to payment of its fees and reimbursement of its expenses while acting as Trustee. Within one year after the successor Trustee takes office, the Holders of at least a majority in aggregate principal amount of Outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Issuer.

Any Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee if the Trustee fails to comply with Section 5.11 hereof.

If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation or removal, the resigning or removed Trustee, as the case may be, may petition, at the expense of the Issuer, any court of competent jurisdiction for the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The Issuer shall mail a notice of the successor Trustee's succession to the Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee. Notwithstanding replacement of the Trustee pursuant to this Section 5.9, the Issuer's obligations under Section 5.8 hereof shall continue for the benefit of the retiring Trustee with respect to expenses, losses and liabilities incurred by it prior to such replacement.

Section 5.10 Successor Trustee by Merger, Etc.

Subject to Section 5.11 hereof, if the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation or national banking association, the successor entity without any further act shall be the successor Trustee as to the Notes.

Section 5.11 Corporate Trustee Required; Eligibility.

The Trustee shall at all times satisfy the requirements of Sections 310(a)(1), (2) and (5) of the TIA. The Trustee shall at all times have (or, in the case of a corporation included in a bank holding Issuer system, the related bank holding Issuer shall at all times have), a combined capital and surplus of at least $100 million as set forth in its (or its related bank holding Issuer's) most recent published annual report of condition. The Trustee is subject to Section 310(b) of the TIA.

Section 5.12 Collection of Claims Against the Issuer.

The Trustee is subject to Section 311(a) of the TIA, excluding any creditor relationship listed in Section 311(b) of the TIA. A Trustee who has resigned or been removed shall be subject to Section 311(a) of the TIA to the extent indicated therein.

ARTICLE 6

CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

Section 6.1 Obligors May Consolidate, Etc., Only on Certain Terms.

Neither of the Obligors shall consolidate with, merge with or into, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its property and assets (as an entirety or substantially an entirety in one transaction or a series of related transactions) to, any Person or permit any Person to merge with or into such Obligor, unless:

(1) either (A) such Obligor shall be the continuing Person, or (B) the Person (if other than such Obligor) formed by such consolidation or into which such Obligor is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of such Obligor substantially as an entirety (i) shall be a corporation, and validly existing under the laws of the United States of America or any jurisdiction thereof, (ii) shall expressly assume, by a supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all of such Obligor's obligations under the Notes or the Parent Guarantee, as the case may be, and observance of every covenant of the Indenture on the part of such Obligor to be performed or observed and

shall have provided for conversion rights in accordance with Section 12.11 hereof and (iii) all of such Obligor's obligations under the Registration Rights Agreement pursuant to an agreement or agreements reasonably satisfactory to the Trustee;

(2) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and

(3) such Obligor or such Person shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture complies with this Article 6 and that all conditions precedent provided for herein relating to such transaction have been complied with.

Section 6.2 Successor Corporation Substituted.

Upon any consolidation of an Obligor with or merger of an Obligor with or into any other Corporation or any conveyance, transfer or lease of the properties and assets of an Obligor substantially as an entirety to any Person in accordance with Section 6.1, the successor Person formed by such consolidation or into which such Obligor is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, such Obligor under this Indenture with the same effect as if such successor Person had been named as an Obligor herein, and in the event of any such conveyance or transfer, such Obligor, except in the case of a lease to another Person, shall be discharged of all obligations and covenants under this Indenture and the Notes and may be dissolved and liquidated.

ARTICLE 7

AMENDMENTS, SUPPLEMENTS AND WAIVERS

Section 7.1 Without Consent of Holders of Notes.

Without the consent of any Holders of Notes, the Issuer, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may amend this Indenture and the Notes to:

(a) add to the covenants of the Issuer for the benefit of the Holders of Notes;

(b) surrender any right or power herein conferred upon the Issuer;

(c) make provision with respect to the Conversion rights of Holders of Notes pursuant to Section 12.11 hereof;

(d) provide for the assumption of an Obligor's obligations to the Holders of Notes in the case of a merger, consolidation, conveyance, transfer or lease pursuant to Article 6 hereof;

(e) reduce the Conversion Price; provided that such reduction in the Conversion Price shall not adversely affect the interest of the Holders of Notes in any material respect;

(f) comply with the requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA;

(g) cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein or which is otherwise defective, or to make any other provisions with respect to matters or questions arising under this Indenture which the Issuer may deem necessary or desirable and which shall not be inconsistent with the provisions of this Indenture; provided that such action pursuant to this clause (g) does not, in the good faith opinion of the Issuer's Board of Directors, adversely affect the interests of the Holders of Notes in any material respect; or

(h) add or modify any other provisions with respect to matters or questions arising under this Indenture which the Issuer and the Trustee may deem necessary or desirable and which shall not be inconsistent with the provisions of this Indenture; provided that such action pursuant to this clause (h) does not adversely affect the interests of the Holders of Notes in any material respect.

Section 7.2 With Consent of Holders of Notes.

Except as provided below in this Section 7.2, this Indenture or the Notes may be amended, modified or supplemented, and noncompliance in any particular instance with any provision of this Indenture or the Notes may be waived, in each case (i) with the written consent of the Holders of at least a majority in aggregate principal amount of the Outstanding Notes or (ii) by the adoption of a resolution, at a meeting of Holders of the Outstanding Notes at which a quorum is present, by the Holders of a majority in aggregate principal amount of the Outstanding Notes represented at such meeting.

Without the written consent or the affirmative vote of each Holder of Notes so affected, an amendment, modification or waiver under this Section 7.2 may not:

(a) change the Stated Maturity of the principal of, or any installment of interest (or Special Interest, if any) on, any Note;

(b) reduce the principal amount of, or premium, if any, on any Note;

(c) reduce the interest on any Note;

(d) change the currency of payment of principal of, premium, if any, or interest (or Special Interest, if any) on any Note;

(e) impair the right of any Holder to institute suit for the enforcement of any payment in or with respect to any Note;

(f) modify the obligation of the Issuer to maintain an office or agency in The City of New York pursuant to Section 9.2 hereof;

(g) except as permitted by Section 12.11 hereof, adversely affect the Repurchase Right or the right to convert any Note as provided in Article 12 hereof;

(h) modify the Auto-Conversion provisions of the Notes in a manner adverse to the Holders of the Notes;

(i) modify any of the provisions of this Section, or reduce the percentage of voting interests required to waive a default, except to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Note affected thereby; or

(j) reduce the requirements of Section 8.4 hereof for quorum or voting, or reduce the percentage in aggregate principal amount of the Outstanding Notes the consent of whose Holders is required for any such supplemental indenture or the consent of whose Holders is required for any waiver provided for in this Indenture.

It shall not be necessary for any Act of Holders of Notes under this Section 7.2 to approve the particular form of any proposal supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 7.3 Compliance with Trust Indenture Act.

Every amendment to this Indenture or the Notes shall be set forth in a supplemental indenture that complies with the TIA as then in effect.

Section 7.4 Revocation of Consents and Effect of Consents or Votes.

Until an amendment, supplement or waiver becomes effective, a written consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note; provided, however, that unless a record date shall have been established, any such Holder or subsequent Holder may revoke the consent as to its Note or portion of a Note if the Trustee receives written notice of revocation before the date the amendment, supplement or waiver becomes effective.

An amendment, supplement or waiver becomes effective on receipt by the Trustee of written consents from or affirmative votes by, as the case may be, the Holders of the requisite percentage of aggregate principal amount of the Outstanding Notes, and thereafter shall bind every Holder of Notes; provided, however, if the amendment, supplement or waiver makes a change described in any of the clauses (a) through (j) of Section 7.2 hereof, the amendment, supplement or waiver shall bind only each Holder of a Note which has consented to it or voted for it, as the case may be, and every subsequent Holder of a Note or portion of a Note that evidences the same indebtedness as the Note of the consenting or affirmatively voting, as the case may be, Holder.

Section 7.5 Notation on or Exchange of Notes.

If an amendment, supplement or waiver changes the terms of a Note:

(a) the Trustee may require the Holder of a Note to deliver such Notes to the Trustee, the Trustee may place an appropriate notation on the Note about the changed terms and return it to the Holder and the Trustee may place an appropriate notation on any Note thereafter authenticated; or

(b) if the Issuer or the Trustee so determines, the Issuer in exchange for the Note shall issue and the Trustee shall authenticate a new Note that reflects the changed terms.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

Section 7.6 Trustee to Sign Amendment, Etc.

The Trustee shall sign any amendment authorized pursuant to this Article 7 if the amendment does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If

the amendment does adversely affect the rights, duties, liabilities or immunities of the Trustee, the Trustee may, but need not, sign it. In signing or refusing to sign such amendment, the Trustee shall receive and shall be fully protected in conclusively relying upon an Officer's Certificate and an Opinion of Counsel as conclusive evidence that such amendment is authorized or permitted by this Indenture.

ARTICLE 8

MEETING OF HOLDERS OF NOTES

Section 8.1 Purposes for Which Meetings May Be Called.

A meeting of Holders of Notes may be called at any time and from time to time pursuant to this Article to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be made, given or taken by Holders of Notes.

Section 8.2 Call Notice and Place of Meetings.

(a) The Trustee may at any time call a meeting of Holders of Notes for any purpose specified in Section 8.1 hereof, to be held at such time and at such place in The City of New York as the Trustee may determine. Notice of every meeting of Holders of Notes, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given, in the manner provided in Section 14.2 hereof, not less than 21 nor more than 180 days prior to the date fixed for the meeting.

(b) In case at any time the Issuer, pursuant to a Board Resolution, or the Holders of at least 10% in principal amount of the Outstanding Notes shall have requested the Trustee to call a meeting of the Holders of Notes for any purpose specified in Section 8.1 hereof, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have made the first publication of the notice of such meeting within 21 days after receipt of such request or shall not thereafter proceed to cause the meeting to be held as provided herein, then the Issuer or the Holders of Notes in the amount specified, as the case may be, may determine the time and the place in The City of New York for such meeting and may call such meeting for such purposes by giving notice thereof as provided in paragraph (a) of this Section 8.2.

Section 8.3 Persons Entitled to Vote at Meetings.

To be entitled to vote at any meeting of Holders of Notes, a Person shall be (a) a Holder of one or more Outstanding Notes, or (b) a Person appointed by an instrument in writing as proxy for a Holder or Holders of one or more Outstanding Notes by such Holder or Holders.

The only Persons who shall be entitled to be present or to speak at any meeting of Holders shall be the Persons entitled to vote at such meeting and their counsel, any representatives of the Trustee and its counsel and any representatives of the Issuer, the Parent and their counsel.

Section 8.4 Quorum; Action.

The Persons entitled to vote a majority in principal amount of the Outstanding Notes shall constitute a quorum. In the absence of a quorum within 30 minutes of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of Notes, be dissolved. In any other case, the meeting may be adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such adjourned meeting. Notice of the reconvening of any adjourned meeting shall be given as provided in Section 8.2(a) hereof, except that such notice need be given only once and not less than five days prior to the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of an adjourned meeting shall state expressly the percentage of the principal amount of the Outstanding Notes which shall constitute a quorum.

Subject to the foregoing, at the reconvening of any meeting adjourned for a lack of a quorum, the Persons entitled to vote 25% in principal amount of the Outstanding Notes at the time shall constitute a quorum for the taking of any action set forth in the notice of the original meeting. At a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid, any resolution and all matters (except as limited by the proviso to Section 7.2 hereof) shall be effectively passed and decided if passed or decided by the Persons entitled to vote not less than a majority in principal amount of Outstanding Notes represented and voting at such meeting.

Any resolution passed or decisions taken at any meeting of Holders of Notes duly held in accordance with this Section 8.4 shall, subject to Section 7.4 hereof, be binding on all the Holders of Notes, whether or not present or represented at the meeting.

Section 8.5 Determination of Voting Rights; Conduct and Adjournment of Meetings.

(a) Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders of Notes in regard to proof of the holding of Notes and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of Notes shall be proved in the manner specified in Section 14.4 hereof and the appointment of any proxy shall be proved in the manner specified in Section 14.4 hereof. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in Section 14.4 hereof or other proof.

(b) The Trustee shall, by an instrument in writing, appoint a temporary chairman (which may be the Trustee) of the meeting, unless the meeting shall have been called by the Issuer or by Holders of Notes as provided in Section 8.2(b) hereof, in which case the Issuer or the Holders of Notes calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Persons entitled to vote a majority in principal amount of the Outstanding Notes represented at the meeting.

(c) At any meeting, each Holder of a Note or proxy shall be entitled to one vote for each $1,000 principal amount of Notes held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Note challenged as not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote, except as a Holder of a Note or proxy.

(d) Any meeting of Holders of Notes duly called pursuant to Section 8.2 hereof at which a quorum is present may be adjourned from time to time by Persons entitled to vote a majority in principal amount of the Outstanding Notes represented at the meeting, and the meeting may be held as so adjourned without further notice.

Section 8.6 Counting Votes and Recording Action of Meetings.

The vote upon any resolution submitted to any meeting of Holders of Notes shall be by written ballots on which shall be subscribed the signatures of the Holders of Notes or of their representatives by proxy and the principal amounts and serial numbers of the Outstanding Notes held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record, at least in duplicate, of the proceedings of each meeting of Holders of Notes shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more Persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 8.2 hereof and, if applicable, Section 8.4 hereof. Each copy shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one such copy shall be delivered to the Issuer and another to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

ARTICLE 9

COVENANTS

Section 9.1 Payment of Principal, Premium and Interest.

The Issuer will duly and punctually pay the principal of and premium, if any, and interest (including Special Interest, if any) in respect of the Notes in accordance with the terms of the Notes and this Indenture. The Issuer will deposit or cause to be deposited with the Trustee as directed by the Trustee, no later than the day prior to the Stated Maturity of any Note or installment of interest, all payments so due.

Section 9.2 Maintenance of Offices or Agencies.

The Issuer hereby appoints the Trustee's Corporate Trust Office as its office in The City of New York, where Notes may be:

(i) presented or surrendered for payment;

(ii) surrendered for registration of transfer or exchange;

(iii) surrendered for Conversion;

and where notices and demands to or upon the Issuer or the Parent in respect of the Notes and this Indenture maybe served.

The Issuer may at any time and from time to time vary or terminate the appointment of any such office or appoint any additional offices for any or all of such purposes; provided, however, that, until all of the Notes have been delivered to the Trustee for cancellation, or moneys sufficient to pay the principal of and premium, if any, and interest on the Notes have been made available for payment and either paid or returned to the Issuer pursuant to the provisions of Section 4.13 hereof, the Issuer will maintain in The City of New York, an office or agency where Notes may be presented or surrendered for payment, where Notes may be surrendered for registration of transfer or exchange, where Notes may be surrendered for Conversion and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer shall give prompt written notice to the Trustee, and notice to the Holders in accordance with Section 14.2 hereof, of the appointment or termination of any such agents and of the location and any change in the location of any such office or agency.

If at any time the Issuer shall fail to maintain any such required office or agency in The City of New York, or shall fail to furnish the Trustee with the address thereof, presentations and surrenders may be made at, and notices and demands may be served on, the Corporate Trust Office of the Trustee.

Section 9.3 Corporate Existence.

Subject to Article 6 hereof, the Parent and the Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises of the Parent and each Subsidiary; provided, however, that the Parent shall not be required to preserve any such right or franchise if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Parent and its Subsidiaries as a whole and that the loss thereof is not disadvantageous in any material respect to the Holders.

Section 9.4 Maintenance of Properties.

The Parent will cause all properties owned by the Parent or any Subsidiary or used or held for use in the conduct of its business or the business of any Subsidiary to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Parent may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section 9.4 shall prevent the Parent from discontinuing the maintenance of any of such properties if such discontinuance is, in the judgment of the Parent, desirable in the conduct of its business or the business of any Subsidiary and not disadvantageous in any material respect to the Holders.

Section 9.5 Payment of Taxes and Other Claims.

The Parent will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (a) all taxes, assessments and governmental charges levied or imposed upon the Parent or any Subsidiary or upon the income, profits or property of the Parent or any Subsidiary and (b) all lawful claims for labor, materials and supplies, which, if unpaid, might by law become a lien upon the property of the Parent or any Subsidiary; provided, however, that the Parent shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

Section 9.6 Reports.

The Parent shall deliver to the Trustee within 15 days after it files them with the SEC copies of the annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) which the Parent is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act; provided, however, the Parent shall not be required to deliver to the Trustee any materials for which the Parent has sought and received confidential treatment by the SEC. The Parent also shall comply with the other provisions of Section 314(a) of the TIA. Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee’s receipt of such shall not constitute constructive notice of any information contained therein or

determinable from information contained therein, including the Parent's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

Section 9.7 Compliance Certificate.

The Issuer shall deliver to the Trustee, within 90 days after the end of each fiscal year of the Issuer, commencing with the fiscal year ended December 31, 2006, an Officer's Certificate signed by two Officers of the Issuer, one of which shall be the principal executive officer, the principal financial officer or the principal accounting officer of the Issuer, stating that in the course of the performance by the signers of their duties as Officers of the Issuer, they would normally have knowledge of any failure by the Issuer to comply with all conditions, or Default by the Issuer with respect to any covenants, under this Indenture, and further stating whether or not they have knowledge of any such failure or default and, if so, specifying each such failure or Default and the nature thereof. In the event an Officer of the Issuer comes to have actual knowledge of a Default, regardless of the date, the Issuer shall deliver an Officer's Certificate to the Trustee within five Business Days of obtaining such actual knowledge specifying such Default and the nature and status thereof.

Section 9.8 Statement by Officers as to Default.

The Issuer shall deliver to the Trustee, as soon as possible and in any event within five Business Days after the Issuer becomes aware of the occurrence of any Default or Event of Default, an Officer's Certificate setting forth the details of such Default or Event of Default and the action which the Issuer proposes to take with respect thereto.

Section 9.9 Insurance.

The Parent will at all times keep all of its and its Subsidiaries properties which are of an insurable nature insured with insurers, believed by the Parent to be responsible, against loss or damage to the extent that property of similar character is usually so insured by corporations similarly situated and owning like properties.

ARTICLE 10

REDEMPTION AT THE OPTION OF THE ISSUER

Section 10.1 Right of Redemption.

Subject to the terms and conditions of this Article 10 and unless the Issuer elects an Auto-Conversion of the Notes pursuant to Section 12.13, if the average Closing Price of the Common Stock has exceeded 150% of the Conversion Price then in effect for at least 20 Trading Days during any 30 Trading Day period, ending within five Trading Days prior to the date of the Redemption Notice, the Issuer may elect, at its sole option, at any time after the original issuance

of the Notes through the close of business on the final maturity date of the Notes, to redeem the Notes, in whole or in part, on the Redemption Date for a redemption price in cash equal to 100% of the principal amount of Notes to be redeemed (the "Redemption Price"), plus any accrued and unpaid interest (including Special Interest, if any) on the Notes redeemed to, but excluding, the Redemption Date; provided however, if the Redemption Date is prior to the one year anniversary of the Closing Date, then the Issuer shall pay in cash the interest (including Special Interest, if any) due on the Interest Payment Dates of December 30, 2006 and June 30, 2007, to the extent not already paid, to the Holders of such Notes so redeemed on such Interest Payment Dates. If the Redemption Date is after a Regular Record Date and on or prior to the corresponding Interest Payment Date, the interest payable on such Interest Payment Date shall be paid on the Redemption Date to the Holder on the Regular Record Date.

Section 10.2 Election to Redeem Notice to Trustee.

The election of the Issuer to redeem any Notes pursuant to Section 10.1 shall be evidenced by a Board Resolution. In case of any redemption at the election of the Issuer, the Issuer shall, at least ten days prior to the Redemption Date fixed by the Issuer (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date and of the principal amount of Notes to be redeemed and shall deliver to the Trustee such documentation and records as shall enable the Trustee to select the Notes to be redeemed pursuant to Section 10.3.

Section 10.3 Selection by Trustee of Notes to Be Redeemed.

If less than all the Notes are to be redeemed, the particular Notes to be redeemed shall be selected not less than ten days prior to the Redemption Date by the Trustee, from the Outstanding Notes not previously called for redemption, in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed, if the Notes are not listed on a national securities exchange, on a pro rata basis, by lot, or by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions of the principal of Notes; provided, however, that no such portion redemption shall reduce the prior of the principal amount of a Note not redeemed to less than $1,000.

The Trustee shall promptly notify the Issuer in writing of the Notes selected for redemption and, in the case of any Notes selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to redemption of Notes shall relate, in the case of any Note redeemed or to be redeemed only in part, to the portion of the principal amount of such Note which has been or is to be redeemed.

Section 10.4 Notice of Redemption.

Notice of redemption (the "Redemption Notice") shall be given in the manner provided for in Section 14.2 not more than 30 days but not less than ten days before the Redemption Date, to each Holder of Notes to be redeemed.

All Redemption Notices shall identify the Notes to be redeemed (including CUSIP numbers) and shall state:

(1) the Redemption Date,

(2) the Redemption Price and the amount of accrued interest (including Special Interest, if any) to the Redemption Date payable as provided in Section 10.6, if any,

(3) if less than all Outstanding Notes are to be redeemed, the identification (and, in the case of a partial redemption, the principal amounts) of the particular Notes to be redeemed,

(4) in case any Notes is to be redeemed in part only, the notice which relates to such Note shall state that on and after the Redemption Date, upon surrender of such Note, the Holder will receive, without charge, a new Note or Notes of authorized denominations for the principal amount thereof remaining unredeemed,

(5) that on the Redemption Date the Redemption Price (and accrued interest and Special Interest, if any, to, but excluding, the Redemption Date payable as provided in Section 10.6) will become due and payable upon each such Note, or the portion, thereof, to be redeemed, and that interest (including Special Interest, if any) thereon will cease to accrue on and after said date;

(6) the Conversion Price then in effect, the date on which the right to convert the principal amount of the Notes to be repurchased will terminate and the place where such Notes may be surrendered for Conversion; and

(7) the place or places where such Notes are to be surrendered for payment of the Redemption Price and accrued interest and Special Interest, if any.

Notice of redemption of Notes to be redeemed at the election of the Issuer shall be given by the Issuer or, at the Issuer's written request, by the Trustee in the name and at the expense of the Issuer.

Section 10.5 Deposit of Redemption Price.

Prior to any Redemption Date, the Issuer shall deposit with the Trustee or with a Paying Agent (or, if the Issuer is acting as its own Paying Agent, segregate and hold in trust as provided in Section 2.6) an amount of money sufficient to pay the Redemption Price of, and accrued interest and Special Interest, if any, on all the Notes which are to be redeemed on that date.

Section 10.6 Notes Payable on Redemption Date.

Redemption Notice having been given as aforesaid, the Notes so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified (together with accrued interest and Special Interest, if any, to, but excluding, the Redemption Date), and from and after such date (unless the Issuer shall default in the payment of the Redemption Price and accrued interest) such Notes shall cease to bear interest (including Special Interest, if any). Upon surrender of any such Note for redemption in accordance with said notice, such Note shall be paid by the Issuer at the Redemption Price, together with accrued interest and Special Interest, if any, to, but excluding, the Redemption Date; provided, however, that installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Notes, or on or more Predecessor Notes, registered as such at the close of business on the relevant Record Dates according to their terms and provisions of Section 2.1 hereof. If any Note called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate borne by the Notes.

Section 10.7 Notes Redeemed in Part.

Any Note which is to be redeemed only in part shall be surrendered to the Trustee (with, if the Issuer or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Issuer and the Trustee duly executed by the Holder thereof or his attorney duly authorized in writing), and the Issuer shall execute, and the Trustee shall authenticate and make available for delivery to the Holder of such Note without service charge, a new Note or Notes, containing identical terms and conditions, each in an authorized denomination in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Note so surrendered.

Section 10.8 Redeemed Notes to be Canceled.

All Notes subject to any redemption shall be delivered to the Trustee to be canceled at the direction of the Trustee, which shall dispose of the same as provided in Section 2.15 hereof. Failure to deliver such Notes shall not affect their automatic cancellation.

ARTICLE 11

REPURCHASE OF THE NOTES AT THE OPTION OF THE HOLDER

Section 11.1 Change of Control Repurchase Right.

In the event that a Change of Control shall occur, each Holder shall have the right (the "Change of Control Repurchase Right"), at the Holder's option, but subject to the provisions of Section 11.2 hereof, to require the Issuer to repurchase, and upon the exercise of such right the Issuer shall repurchase, all of such Holder's Notes, or any portion of the principal amount thereof that is equal to $1,000 or an integral multiple thereof (provided that no single Note may be repurchased in part unless the portion of the principal amount of such Note to be Outstanding after such repurchase is equal to $1,000 or an integral multiple thereof), on the date (the "Change of Control Repurchase Date") that is a Business Day no earlier than 30 days nor later than 60 days after the date of the Change of Control Repurchase Notice at a purchase price equal to 100% of the principal amount of the Notes to be repurchased (the "Change of Control Repurchase Price"), plus interest (including Special Interest, if any) accrued and unpaid to, but excluding, the Change of Control Repurchase Date, subject to the satisfaction by or on behalf of the Holder of the requirements set forth in Section 11.6; provided, however, that installments of interest on Notes whose Stated Maturity is prior to or on the Change of Control Repurchase Date shall be payable to the Holders of such Notes, or one or more Predecessor Notes, registered as such on the relevant Record Date according to their terms and the provisions of Section 2.1 hereof.

Subject to the fulfillment by the Issuer of the conditions set forth in Section 11.2 hereof, the Issuer may elect to pay the Change of Control Repurchase Price by delivering the number of shares of Common Stock equal to (i) the Change of Control Repurchase Price divided by (ii) 95% of the average of the Closing Prices per share of Common Stock for the five consecutive Trading Days immediately preceding and including the third Trading Day prior to the Change of Control Repurchase Date.

Section 11.2 Conditions to the Issuer's Election to Pay the Change of Control Repurchase Price in Common Stock.

(a) The shares of Common Stock to be issued upon repurchase of Notes in connection with a Change of Control:

(1) shall not require registration under any federal securities law before such shares may be freely transferable without being subject to any transfer restrictions under the Securities Act upon repurchase or, if such registration is required, such registration shall be completed and shall become effective prior to the Change of Control Repurchase Date; and

(2) shall not require registration with, or approval of, any governmental authority under any state law or any other federal law before shares may be validly issued or delivered upon repurchase or if such registration is required or such approval must be obtained, such registration shall be completed or such approval shall be obtained prior to the Change of Control Repurchase Date.

(b) The shares of Common Stock to be listed upon repurchase of Notes hereunder are, or shall have been, approved for listing on the Nasdaq Capital Market, the Nasdaq National Market or the New York Stock Exchange or listed on another national securities exchange, in any case, prior to the Change of Control Repurchase Date.

(c) All shares of Common Stock which may be issued upon repurchase of Notes will be issued out of the Parent's authorized but unissued Common Stock and shall, upon issue, be duly and validly issued and fully paid and nonassessable and free of any preemptive or similar rights.

(d) If any of the conditions set forth in clauses (a) through (c) of this Section 11.2 are not satisfied in accordance with the terms thereof, the Change of Control Repurchase Price shall be paid by the Issuer only in cash.

Section 11.3 Change of Control Repurchase Notices.

Prior to or on the 30th day after the occurrence of a Change of Control, the Issuer, or, at the written request and expense of the Issuer prior to or on the 30th day after such occurrence, the Trustee, shall give to all Holders of Notes notice, in the manner provided in Section 14.2 hereof, of the occurrence of the Change of Control and of the Change of Control Repurchase Right set forth herein arising as a result thereof (the "Change of Control Repurchase Notice"). The Issuer shall also deliver a copy of such notice of a Change of Control Repurchase Right to the Trustee. Each notice of a Repurchase Right shall identify the Notes to be repurchased (including applicable CUSIP numbers) and shall state:

(1) the Change of Control Repurchase Date;

(2) the date by which the Change of Control Repurchase Right must be exercised;

(3) the Change of Control Repurchase Price and accrued and unpaid interest (including Special Interest, if any), if any, and whether the Change of Control Repurchase Price shall be paid by the Issuer in cash or by delivery of shares of Common Stock;

(4) a description of the procedure which a Holder must follow to exercise a Change of Control Repurchase Right, and the place or places where such Notes are to be surrendered for payment of the Change of Control Repurchase Price and accrued and unpaid interest;

(5) that on the Change of Control Repurchase Date the Change of Control Repurchase Price and accrued and unpaid interest will become due and payable upon each such Note designated by the Holder to be repurchased, and that interest thereon (including Special Interest, if any) shall cease to accrue on and after said date;

(6) the Conversion Price then in effect (and whether such Conversion Price is a Make-Whole Conversion Price resulting from the Change of Control giving rise to such notice), the date on which the right to convert the principal amount of the Notes to be repurchased will terminate and the place where such Notes may be surrendered for Conversion;

(7) the place or places where such Notes, together with the Option of Holder to Elect Repurchase certificate included in Exhibit A annexed hereto are to be delivered for payment of the Change of Control Repurchase Price and accrued and unpaid interest (including Special Interest, if any), if any; and

(8) whether such notice constitutes a Non-Stock Change of Control Notice.

No failure of the Issuer to give the foregoing notices or defect therein shall limit any Holder's right to exercise a Change of Control Repurchase Right or affect the validity of the proceedings for the repurchase of Notes.

If any of the foregoing provisions or other provisions of this Article 11 are inconsistent with applicable law, such law shall govern.

Section 11.4 The 2009 Repurchase Right.

(a) In the event that the Parent does not meet the New Equity Requirement set forth below in clause (b), each Holder shall have the right (the "2009 Repurchase Right"), at the Holder's option, to require the Issuer to repurchase for cash, and upon the exercise of such right the Issuer shall repurchase, all of such Holder's Notes, or any portion of the principal amount thereof that is equal to $1,000 or an integral multiple thereof (provided that no single Note may be repurchased in part unless the

portion of the principal amount of such Note to be Outstanding after such repurchase is equal to $1,000 or an integral multiple thereof), on September 15, 2009 (the "2009 Repurchase Date"), at a purchase price equal to 100% of the principal amount of the Notes to be repurchased (the "2009 Repurchase Price"), plus interest (including Special Interest, if any) accrued and unpaid to, but excluding, the 2009 Repurchase Date, subject to the satisfaction by or on behalf of the Holder of the requirements set forth in Section 11.6.

(b) The Issuer shall be subject to the 2009 Repurchase Right of the Holders set forth in clause (a) above if the Parent does not raise cumulatively from the date of this Indenture to the third anniversary of the date of this Indenture, $25,000,000 in new equity (the "New Equity Requirement") through the sale of equity for cash, equity exchanges for the debt of the Parent or the Issuer, conversion of debt of the Parent or the Issuer into equity or any combination thereof. The amount of new equity raised is to be calculated based on gross cash proceeds from the issuance of equity, the face amount of debt exchanged for equity or the face amount of debt converted into equity, as applicable. For avoidance of doubt, any failure of the Parent to meet the New Equity Requirement shall not constitute a Default or an Event of Default under this Indenture.

Section 11.5 The 2009 Repurchase Notice.

Prior to or on the 20th Business Day prior to the 2009 Repurchase Date, the Issuer, or, at the written request and expense of the Issuer prior to or on the 30th Business Day prior to the 2009 Repurchase Date, the Trustee, shall give to all Holders of Notes notice, in the manner provided in Section 14.2 hereof, of the Holder's 2009 Repurchase Right set forth herein arising as a result of the failure by the Parent to meet the New Equity Requirement (the "2009 Repurchase Notice") and the Issuer shall also deliver a copy of such notice of a 2009 Repurchase Right to the Trustee; provided, however, that the Issuer shall not be required to give Holders the 2009 Repurchase Notice if the Parent meets the New Equity Requirement. The 2009 Repurchase Notice shall identify the Notes to be repurchased (including applicable CUSIP numbers) and shall state:

(1) the 2009 Repurchase Date;

(2) the date by which the 2009 Repurchase Right must be exercised;

(3) the 2009 Repurchase Price and accrued and unpaid interest (including Special Interest, if any), if any;

(4) a description of the procedure which a Holder must follow to exercise the 2009 Repurchase Right, and the place or places where such Notes are to be surrendered for payment of the 2009

Repurchase Price and accrued and unpaid interest (including Special Interest, if any);

(5) that on the 2009 Repurchase Date the 2009 Repurchase Price and accrued and unpaid interest (including Special Interest, if any) will become due and payable upon each such Note designated by the Holder to be repurchased, and that interest (including Special Interest, if any) thereon shall cease to accrue on and after said date;

(6) the Conversion Price then in effect, the date on which the right to convert the principal amount of the Notes to be repurchased will terminate and the place where such Notes may be surrendered for Conversion; and

(7) the place or places where such Notes, together with the Option of Holder Elect Repurchase certificate included in Exhibit A annexed hereto are to be delivered for payment of the 2009 Repurchase Price and accrued and unpaid interest (including Special Interest, if any), if any.

No failure of the Issuer to give the foregoing notices or defect therein shall limit any Holder's right to exercise the 2009 Repurchase Right or affect the validity of the proceedings for the repurchase of Notes.

If any of the foregoing provisions or other provisions of this Article 11 are inconsistent with applicable law, such law shall govern.

Section 11.6 Method of Exercising Repurchase Right, Etc.

(a) To exercise a Repurchase Right, a Holder shall deliver to the Trustee prior to the close of business on the third Business Day immediately preceding the Repurchase Date:

(1) written notice of the Holder's exercise of such right, which notice shall set forth the name of the Holder, the principal amount of the Notes to be repurchased (and, if any Note is to be repurchased in part, the serial number thereof, the portion of the principal amount thereof to be repurchased) and a statement that an election to exercise the Repurchase Right is being made thereby, and, in the case of the exercise of a Change of Control Repurchase Right, in the event that the Change of Control Repurchase Price shall be paid in shares of Common Stock, the

name or names (with addresses) in which the certificate or certificates for shares of Common Stock shall be issued, and

(2) the Notes with respect to which the Repurchase Right is being exercised; provided, however, if the Notes are not in certificated (i.e., physical) form, Holders must provide notice of their election in accordance with the Applicable Procedures of the Depositary.

Such written notice shall be irrevocable if not withdrawn prior to the close of business on the third Business Day prior to the Repurchase Date by delivery to the Trustee of a notice of withdrawal, except that the right of the Holder to convert the Notes with respect to which the Repurchase Right is being exercised shall continue until the close of business on the Business Day immediately preceding the Repurchase Date. The Issuer shall not pay accrued and unpaid interest (including Special Interest, if any) on any such Notes so converted.

(b) In the event a Repurchase Right shall be exercised in accordance with the terms hereof, the Issuer shall pay or cause to be paid to the Trustee the Repurchase Price in cash or, in the case of the exercise of a Change of Control Repurchase Right, shares of Common Stock, as provided in Section 11.2, for payment to the Holder on the Repurchase Date or, if shares of Common Stock are to be paid, as promptly after the Change of Control Repurchase Date as practicable, and accrued and unpaid interest (including Special Interest, if any) to the Repurchase Date payable in cash with respect to the Notes as to which the Repurchase Right has been exercised; provided, however, that installments of interest that mature prior to or on the Repurchase Date shall be payable in cash to the Holders of such Notes, or one or more Predecessor Notes, registered as such at the close of business on the relevant Regular Record Date.

(c) If any Note (or portion thereof) surrendered for repurchase shall not be so paid on the Repurchase Date, the principal amount of such Note (or portion thereof, as the case may be) shall, until paid, bear interest to the extent permitted by applicable law from the Repurchase Date at the rate of interest borne by the Notes, and each Note shall remain convertible into Common Stock until the principal of such Note (or portion thereof, as the case may be) shall have been paid or duly provided for.

(d) Any Note which is to be repurchased only in part shall be surrendered to the Trustee (with, if the Issuer or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Issuer and the Trustee duly executed by the Holder thereof or his attorney duly authorized in writing), and the Issuer shall execute, and the Trustee shall authenticate and make available for delivery to the Holder of such Note without service charge, a new Note or Notes, containing identical terms and conditions, each in an authorized denomination in aggregate principal amount equal to and in exchange for the unrepurchased portion of the principal of the Note so surrendered.

(e) Any issuance of shares of Common Stock in respect of the Change of Control Repurchase Price shall be deemed to have been effected immediately prior to the close of business on the Change of Control Repurchase Date and the Person or Persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such repurchase shall be deemed to have become on the Change of Control Repurchase Date the holder or holders of record of the shares represented thereby; provided, however, that any surrender for repurchase on a date when the stock transfer books of the Parent shall be closed shall constitute the Person or Persons in whose name or names the certificate or certificates for such shares are to be issued as the record holder or holders thereof for all purposes at the opening of business on the next succeeding day on which such stock transfer books are open. No payment or adjustment shall be made for dividends or distributions on any Common Stock issued upon repurchase of any Note declared prior to the Change of Control Repurchase Date.

(f) No fractions of shares of Common Stock shall be issued upon repurchase of any Note or Notes. If more than one Note shall be repurchased from the same Holder and the Change of Control Repurchase Price shall be payable in shares of Common Stock, the number of full shares which shall be issued upon such repurchase shall be computed on the basis of the aggregate principal amount of the Notes (or specified portions thereof) to be so repurchased. Instead of any fractional share of Common Stock which would otherwise be issued on the repurchase of any Note or Notes (or specified portions thereof), the Issuer shall pay a cash adjustment in respect of such fraction (calculated to the nearest one-100th of a share) in an amount equal to the same fraction of the Closing Price of the Common Stock as of the Trading Day preceding the Change of Control Repurchase Date.

(g) Any issuance and delivery of certificates for shares of Common Stock on repurchase of Notes shall be made without charge to the Holder of Notes being repurchased for such certificates or for any tax or duty in respect of the issuance or delivery of such certificates or the Notes represented thereby; provided, however, that neither the Parent nor the Issuer shall be required to pay any tax or duty which may be payable in respect of (i) income or (ii) any transfer involved in the issuance or delivery of certificates for shares of Common Stock in a name other than that of the Holder of the Notes being repurchased, and no such issuance or delivery shall be made unless the Persons requesting such issuance or delivery has paid to the Issuer the amount of any such tax or duty or has established, to the satisfaction of the Issuer, that such tax or duty has been paid.

(h) All Notes delivered for repurchase shall be delivered to the Trustee to be canceled at the direction of the Trustee, which shall dispose of the same as provided in Section 2.15 hereof.

ARTICLE 12

CONVERSION OF NOTES

Section 12.1 Conversion Right and Conversion Price.

Subject to and upon compliance with the provisions of this Article 12, at the option of the Holder thereof, any Outstanding Note or any portion of the principal amount thereof which is $1,000 or an integral multiple of $1,000 may be converted into duly authorized, fully paid and nonassessable shares of Common Stock, at the Conversion Price, determined as hereinafter provided, in effect at the time of Conversion. In the event the 2009 Repurchase Right is not exercised, such Conversion right shall expire at the close of business on June 30, 2010.

In the case of a Change of Control for which the Holder exercises its Change of Control Repurchase Right with respect to a Note or portion thereof, such Conversion right in respect of the Note or portion thereof shall expire at the close of business on the Business Day immediately preceding the Change of Control Repurchase Date.

In the event that the Parent does not meet the New Equity Requirement and the Holder exercises its 2009 Repurchase Right with respect to a Note or portion thereof, such Conversion right in respect of the Note or portion thereof shall expire at the close of business on the Business Day immediately preceding the 2009 Repurchase Date.

In the event that the Issuer calls any or all of the Notes for redemption pursuant to Article 10, the right in respect of the Note or portion thereof called for redemption shall expire at the close of business on the Business Day immediate preceding the Redemption Date.

The price at which shares of Common Stock shall be delivered upon Conversion (the “Conversion Price”) shall be initially equal to $1.20 per share of Common Stock. The Conversion Price shall be adjusted in certain instances as provided in Section 12.4 hereof.

Section 12.2 Exercise of Conversion Right.

To exercise the Conversion right, the Holder of any Note to be converted shall surrender such Note duly endorsed or assigned to the Issuer or in blank, at the office of any Conversion Agent, accompanied by a duly signed Conversion notice substantially in the form attached to the Note to the Issuer stating that the Holder elects to convert such Note or, if less than the entire principal amount thereof is to be converted, the portion thereof to be converted.

To the extent provided in Section 2.1 hereof, Notes surrendered for Conversion during the period from the close of business on any Regular Record Date to the opening of business on the next succeeding Interest Payment Date (except in the case of any Note whose Maturity is prior to such Interest Payment Date) shall be accompanied by wire payment of an amount equal to the interest to be received on such Interest Payment Date on the principal amount of Notes being surrendered for Conversion; provided, if the Notes are surrendered for conversion prior to the one year anniversary of the Closing Date, then the Issuer shall pay in cash the interest

(including Special Interest, if any) due on the Interest Payment Dates of December 30, 2006 and June 30, 2007, to the extent not already paid, to the Holders of such Notes so converted on such Interest Payment Dates, and such Holders need not provide the payment described in this paragraph provided, however, that, if the date the Notes are surrendered for conversion is between a Regular Record Date and the corresponding Interest Payment Date, the Issuer shall pay such interest (including Special Interest, if any) to the Holders at the close of business on the corresponding Regular Record Date.

Notes shall be deemed to have been converted immediately prior to the close of business on the day of surrender of such Notes for Conversion in accordance with the foregoing provision, and at such time the rights of the Holders of such Notes as Holders shall cease, and the Person or Persons entitled to receive the Common Stock issuable upon Conversion shall be treated for all purposes as the record holder or holders of such Common Stock at such time. As promptly as practicable on or after the Conversion Date, the Issuer shall cause to be issued and delivered to such Conversion Agent a certificate or certificates for the number of full shares of Common Stock issuable upon Conversion, together with payment in lieu of any fraction of a share as provided in Section 12.3 hereof.

In the case of any Note which is converted in part only, upon such Conversion the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder thereof, at the expense of the Issuer, a new Note or Notes of authorized denominations in aggregate principal amount equal to the unconverted portion of the principal amount of such Notes.

The Issuer hereby initially appoints the Trustee as the Conversion Agent.

Section 12.3 Fractions of Shares.

No fractional shares of Common Stock shall be issued upon Conversion of any Note or Notes. If more than one Note shall be surrendered for Conversion at one time by the same Holder, the number of full shares which shall be issued upon Conversion thereof shall be computed on the basis of the aggregate principal amount of the Notes (or specified portions thereof) so surrendered. Instead of any fractional share of Common Stock which would otherwise be issued upon Conversion of any Note or Notes (or specified portions thereof), the Issuer shall pay a cash adjustment in respect of such fraction (calculated to the nearest one-100th of a share) in an amount equal to the same fraction of the Closing Price of the Common Stock as of the Trading Day preceding the Conversion Date.

Section 12.4 Adjustment of Conversion Price.

The Conversion Price shall be subject to adjustments, calculated by the Issuer, from time to time as follows:

(a) In case the Parent shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Price in effect at the opening of business on the date following the date

fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be reduced by multiplying such Conversion Price by a fraction:

(i) the numerator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date (as defined in Section 12.4(g) hereof) fixed for such determination, and

(ii) the denominator of which shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution.

Such reduction shall become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this Section 12.4(a) is declared but not so paid or made, the Conversion Price shall again be adjusted to the Conversion Price which would then be in effect if such dividend or distribution had not been declared.

(b) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, the Conversion Price in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately reduced, and conversely, in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock, the Conversion Price in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately increased, such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(c) In case the Parent shall issue rights or warrants (other than any rights or warrants referred to in Section 12.4(d) hereof) to all holders of its outstanding shares of Common Stock entitling them to subscribe for or purchase shares of Common Stock (or securities convertible into Common Stock) at a price per share (or having a Conversion price per share) less than the Current Market Price (as defined in Section 12.4(g) hereof) on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect at the opening of business on the date after such Record Date by a fraction:

(i) the numerator of which shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase (or the aggregate Conversion price of the

convertible securities so offered) would purchase at such Current Market Price, and

(ii) the denominator of which shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase (or into which the convertible securities so offered are convertible).

Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock (or securities convertible into Common Stock) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Price shall be readjusted to the Conversion Price which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of shares of Common Stock (or securities convertible into Common Stock) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board of Directors.

(d) In case the Parent shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Parent (other than any dividends or distributions to which Section 12.4(a) hereof applies) or evidences of its indebtedness, cash or other assets, including securities, but excluding (1) any rights or warrants referred to in Section 12.4(c) hereof, (2) any stock, securities or other property or assets (including cash) distributed as dividends or distributions in connection with a reclassification, change, merger, consolidation, statutory share exchange, combination, sale or conveyance to which Section 12.11(i) hereof applies and (3) any dividends or distributions paid exclusively in cash (the securities described in foregoing are hereinafter in this Section 12.4(d) called the “securities”), then, in each such case, subject to the second succeeding paragraph of this Section 12.4(d), the Conversion Price shall be reduced so that the same shall be equal to the price determined by multiplying the Conversion Price in effect immediately prior to the close of business on the Record Date (as defined in Section 12.4(g) hereof) with respect to such distribution by a fraction:

(i) the numerator of which shall be the Current Market Price (determined as provided in Section 12.4(g) hereof) on such date less the fair market value (as determined by the Issuer’s Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) on such

date of the portion of the securities so distributed applicable to one share of Common Stock (determined on the basis of the number of shares of the Common Stock outstanding on the Record Date), and

(ii) the denominator of which shall be such Current Market Price.

Such reduction shall become effective immediately prior to the opening of business on the day following the Record Date. However, in the event that the then fair market value (as so determined) of the portion of the securities so distributed applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon Conversion of a Note (or any portion thereof) the amount of securities such Holder would have received had such Holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such dividend or distribution had not been declared.

If the Issuer's Board of Directors determines the fair market value of any distribution for purposes of this Section 12.4(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution, it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to Section 12.4(g) hereof to the extent possible, unless the Issuer's Board of Directors in a Board Resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interest of the Holder.

Rights or warrants distributed by the Parent to all holders of Common Stock entitling the holders thereof to subscribe for or purchase shares of the Parent's capital stock (either initially or under certain circumstances), which rights or warrants, until the occurrence of a specified event or events (a "Trigger Event"):

(i) are deemed to be transferred with such shares of Common Stock;

(ii) are not exercisable; and

(iii) are also issued in respect of future issuances of Common Stock,

shall be deemed not to have been distributed for purposes of this Section 12.4(d) (and no adjustment to the Conversion Price under this Section 12.4(d) will be required) until the occurrence of the earliest Trigger Event. If such right or warrant is subject to subsequent events, upon the occurrence of which such right or warrant shall become exercisable to purchase different securities, evidences of indebtedness or other assets or entitle the holder to purchase a

different number or amount of the foregoing or to purchase any of the foregoing at a different purchase price, then the occurrence of each such event shall be deemed to be the date of issuance and record date with respect to a new right or warrant (and a termination or expiration of the existing right or warrant without exercise by the holder thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants, or any Trigger Event or other event (of the type described in the preceding sentence) with respect thereto, that resulted in an adjustment to the Conversion Price under this Section 12.4(d):

(1) in the case of any such rights or warrants which shall all have been redeemed or repurchased without exercise by any holders thereof, the Conversion Price shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or repurchase price received by a holder of Common Stock with respect to such rights or warrant (assuming such holder had retained such rights or warrants), made to all holders of Common Stock as of the date of such redemption or repurchase, and

(2) in the case of such rights or warrants all of which shall have expired or been terminated without exercise, the Conversion Price shall be readjusted as if such rights and warrants had never been issued.

For purposes of this Section 12.4(d) and Sections 12.4(a) , (b) and (c) hereof, any dividend or distribution to which this Section 12.4(d) is applicable that also includes shares of Common Stock, a subdivision or combination of Common Stock to which Section 12.4(c) hereof applies, or rights or warrants to subscribe for or purchase shares of Common Stock to which Section 12.4(c) hereof applies (or any combination thereof), shall be deemed instead to be:

(1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock, such subdivision or combination or such rights or warrants to which Sections 12.4(a), (b) and (c) hereof apply, respectively (and any Conversion Price reduction required by this Section 12.4(d) with respect to such dividend or distribution shall then be made), immediately followed by

(2) a dividend or distribution of such shares of Common Stock, such subdivision or combination or such rights or warrants (and any further Conversion Price reduction required by Sections 12.4(a), (b) and (c) hereof with respect to such dividend or distribution shall then be made), except:

(A) the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determinations" and "Record Date" within the meaning of Section 12.4(a) hereof, (y) "the day upon which such subdivision becomes effective" and "the day upon which such combination becomes effective" within the meaning of Section 12.4(b) hereof, and (z) as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of Section 12.4(c) hereof, and

(B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of Section 12.4(a) hereof and any reduction or increase in the number of shares of Common Stock resulting from such subdivision or combination shall be disregarded in connection with such dividend or distribution.

(e) In case the Parent shall, by dividend or otherwise, distribute to all or substantially all holders of its Common Stock cash (excluding any dividend or distribution in connection with the liquidation, dissolution or winding up of the Parent, whether voluntary or involuntary), then, in such case, the Conversion Price shall be reduced so that the same shall equal the price determined by multiplying the Conversion Price in effect on the applicable Record Date by a fraction,

(1) the numerator of which shall be the Current Market Price on such Record Date less the full amount of cash distributed in respect of each share of Common Stock in such distribution; and

(2) the denominator of which shall be the Current Market Price on such Record Date,

such adjustment to be effective immediately prior to the opening of business on the day following the Record Date; provided that if the portion of the cash so distributed applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon Conversion the amount of cash such Holder would have received had such Holder converted each Note on the Record Date. If such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price that would then be in effect if such dividend or distribution had not been declared.

(f) In case a tender offer made by the Parent or any of its Subsidiaries for all or any portion of the Common Stock shall expire and such tender offer (as amended upon the expiration thereof) shall require the payment to stockholders (based on the acceptance (up to any maximum specified in the terms of the tender offer) of Purchased Shares (as defined below)) of an aggregate consideration having a fair market value (as determined by the Issuer's Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution) that combined together with:

(1) the aggregate of the cash plus the fair market value (as determined by the Issuer's Board of Directors, whose determination shall be conclusive and set forth in a Board Resolution), as of the expiration of such tender offer, of consideration payable in respect of any other tender offers, by the Parent or any of its Subsidiaries for all or any portion of the Common Stock expiring within the 12 months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to this Section 12.4(f) has been made, and

(2) the aggregate amount of any distributions to all holders of the Parent's Common Stock made exclusively in cash within 12 months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to Section 12.4(e) hereof has been made,

exceeds 10% of the product of the Current Market Price (determined as provided in Section 12.4(g) hereof) as of the last time (the "Expiration Time") tenders could have been made pursuant to such tender offer (as it may be amended) times the number of shares of Common Stock outstanding (including any tendered shares) on the Expiration Time, then, and in each such case, immediately prior to the opening of business on the day after the date of the Expiration Time, the Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to close of business on the date of the Expiration Time by a fraction:

(i) the numerator of which shall be the number of shares of Common Stock outstanding (including any tendered shares) at the Expiration Time multiplied by the Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and

(ii) the denominator shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer) of all shares validly tendered and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) on the Expiration

Time and the Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time.

Such reduction (if any) shall become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Parent is obligated to purchase shares pursuant to any such tender offer, but the Parent is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such tender offer had not been made. If the application of this Section 12.4(f) to any tender offer would result in an increase in the Conversion Price, no adjustment shall be made for such tender offer under this Section 12.4(f).

(g) For purposes of this Section 12.4, the following terms shall have the meanings indicated:

(1) "Current Market Price" shall mean the average of the daily Closing Prices per share of Common Stock for the ten consecutive Trading Days immediately prior to the date in question; provided, however, that if:

(i) the "ex" date (as hereinafter defined) for any event (other than the issuance or distribution requiring such computation) that requires an adjustment to the Conversion Price pursuant to Section 12.4(a), (b), (c), (d), (e) or (f) hereof occurs during such ten consecutive Trading Days, the Closing Price for each Trading Day prior to the "ex" date for such other event shall be adjusted by multiplying such Closing Price by the same fraction by which the Conversion Price is so required to be adjusted as a result of such other event;

(ii) the "ex" date for any event (other than the issuance or distribution requiring such computation) that requires an adjustment to the Conversion Price pursuant to Section 12.4(a), (b), (c), (d), (e) or (f) hereof occurs on or after the "ex" date for the issuance or distribution requiring such computation and prior to the day in question, the Closing Price for each Trading Day on and after the "ex" date for such other event shall be adjusted by multiplying such Closing Price by the reciprocal of the fraction by which the Conversion Price is so required to be adjusted as a result of such other event; and

(iii) the "ex" date for the issuance or distribution requiring such computation is prior to the day in question, after taking into account any adjustment required pursuant to clause (i) or (ii) of this proviso, the Closing Price for each Trading Day on or after such "ex" date shall be adjusted by adding thereto the amount of any cash and the fair market value (as determined by the Issuer's Board of Directors in a manner consistent with any determination of such

value for purposes of Section 12.4(d) or (f) hereof, whose determination shall be conclusive and set forth in a Board Resolution) of the evidences of indebtedness, shares of capital stock or assets being distributed applicable to one share of Common Stock as of the close of business on the day before such "ex" date.

For purposes of any computation under Section 12.4(f) hereof, the Current Market Price of the Common Stock on any date shall be deemed to be the average of the daily Closing Prices per share of Common Stock for such day and the next two succeeding Trading Days; provided, however, that if the "ex" date for any event (other than the tender offer requiring such computation) that requires an adjustment to the Conversion Price pursuant to Section 12.4(a), (b), (c), (d), (e) or (f) hereof occurs on or after the Expiration Time for the tender or exchange offer requiring such computation and prior to the day in question, the Closing Price for each Trading Day on and after the "ex" date for such other event shall be adjusted by multiplying such Closing Price by the reciprocal of the fraction by which the Conversion Price is so required to be adjusted as a result of such other event. For purposes of this paragraph, the term "ex" date, when used:

(A) with respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Closing Price was obtained without the right to receive such issuance or distribution;

(B) with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and

(C) with respect to any tender or exchange offer, means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Price are called for pursuant to this Section 12.4, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this Section 12.4 and to avoid unjust or inequitable results as determined in good faith by the Issuer's Board of Directors.

(2) "fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(3) "Record Date" shall mean, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or

other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Parent's Board of Directors or by statute, contract or otherwise).

(h) The Issuer may make such reductions in the Conversion Price, in addition to those required by Sections 12.4(a), (b), (c), (d), (e) or (f) hereof, as the Issuer's Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Issuer from time to time may reduce the Conversion Price by any amount for any period of time if the period is at least 20 days and the reduction is irrevocable during the period and the Issuer's Board of Directors determines in good faith that such reduction would be in the best interests of the Issuer, which determination shall be conclusive and set forth in a Board Resolution. Whenever the Conversion Price is reduced pursuant to the preceding sentence, the Issuer shall mail to the Trustee and each Holder at the address of such Holder as it appears in the Register a notice of the reduction at least 15 days prior to the date the reduced Conversion Price takes effect, and such notice shall state the reduced Conversion Price and the period during which it will be in effect. Notwithstanding the foregoing, in no event will the Conversion Price be less than $0.8600 except to give effect to the equitable adjustments to the Conversion Price as set forth in the provisions of this Section 12.4 (other than Section 12.4(m) hereof and this Section 12.4(h)).

(i) No adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in such price; provided, however, that any adjustments which by reason of this Section 12.4(i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article 12 shall be made by the Issuer and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock.

(j) In any case in which this Section 12.4 provides that an adjustment shall become effective immediately after a Record Date for an event, the Issuer may defer until the occurrence of such event (i) issuing to the Holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such Conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such Conversion before giving effect to such adjustment and (ii) paying to such holder any amount in cash in lieu of any fraction pursuant to Section 12.3 hereof.

(k) For purposes of this Section 12.4, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Parent but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of

shares of Common Stock. The Parent will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Parent.

(l) If the distribution date for the rights provided in the Parent's rights agreement, if any, occurs prior to the date a Note is converted, the Holder of the Note who converts such Note after the distribution date is not entitled to receive the rights that would otherwise be attached (but for the Conversion Date) to the shares of Common Stock received upon such Conversion; provided, however, that an adjustment shall be made to the Conversion Price pursuant to Section 12.4(b) hereof as if the rights were being distributed to the common stockholders of the Parent immediately prior to such Conversion. If such an adjustment is made and the rights are later redeemed, invalidated or terminated, then a corresponding reversing adjustment shall be made to the Conversion Price, on an equitable basis, to take account of such event.

(m) Subject to Section 6.1 hereof, if a Holder elects to convert a Note within 30 days after the date of the Non-Stock Change of Control Notice in connection with a Change of Control (or in connection with a transaction that would have been a Change of Control but for the proviso contained in the definition of Change of Control in Section 1.1 hereof), except for a Change of Control resulting solely from an event described in clause 2 of the definition of Change of Control, pursuant to which 10% or more of the consideration for the Common Stock (other than cash payments for fractional shares and cash payments made in respect of dissenters' appraisal rights) in such transaction consists of cash or securities (or other property) that are not traded or scheduled to be traded immediately following such transaction on a U.S. national securities exchange or the Nasdaq National Market (a "Non-Stock Change of Control"), the Issuer will reduce the Conversion Price for the Notes converted during such 30-day period to equal the new Conversion Price (the "Make-Whole Conversion Price") determined by reference to the table below, based on the date on which the Non-Stock Change of Control becomes effective (the "Effective Date") and the price (the "Stock Price") paid per share for the Common Stock in the Non-Stock Change of Control. If Holders of Common Stock receive only cash in the Non-Stock Change of Control, the Stock Price shall be the cash amount paid per share of Common Stock. Otherwise, the Stock Price shall be the volume-weighted average of the Closing Prices of the Common Stock on the five Trading Days prior to, but not including, the Effective Date.

The Stock Prices and the Make-Whole Conversion Prices set forth in the table below will be adjusted as of any date on which the Conversion Price is adjusted. On such date, the Stock Prices shall be adjusted by multiplying:

(1) the Stock Prices applicable immediately prior to such adjustment, by

(2) a fraction, the numerator of which shall be the Conversion Price as adjusted and the denominator of which shall be the

Conversion Price immediately prior to the adjustment giving rise to the Stock Price adjustment.

The following table sets forth the Make-Whole Conversion Prices for the Notes converted during the 30-day period after the date of the Non-Stock Change of Control Notice:

MAKE-WHOLE CONVERSION PRICES

	Make-Whole Conversion Prices									
	Stock Price									
Effective Date	**$0.72**	**$1.20**	**$1.30**	**$1.40**	**$1.50**	**$1.60**	**$1.70**	**$1.80**	**$1.90**	**$2.00**
6/30/2006	0.9076	1.1414	1.1478	1.1513	1.1545	1.1572	1.1596	1.2000	1.2000	1.2000
6/30/2007	0.8698	1.1548	1.1794	1.1945	1.2000	1.2000	1.2000	1.2000	1.2000	1.2000
6/30/2008	0.8279	1.1391	1.1685	1.1878	1.1982	1.2000	1.2000	1.2000	1.2000	1.2000
6/30/2009	0.7813	1.1307	1.1642	1.1860	1.1975	1.2000	1.2000	1.2000	1.2000	1.2000
6/30/2010	1.2000	1.2000	1.2000	1.2000	1.2000	1.2000	1.2000	1.2000	1.2000	1.2000

The exact Stock Price and Effective Date may not be set forth on the table; in which case, if the Stock Price is:

(1) between two Stock Prices on the table or the Effective Date is between two dates on the table, the Make-Whole Conversion Price will be determined by straight-line interpolation between the number of shares of additional Common Stock set forth for the higher and lower Stock Prices and the two Effective Dates, as applicable, based on a 360-day year.

(2) in excess of $2.00 per share (subject to adjustment), no decrease in the Conversion Price will be made;

(3) less than $0.72 per share (subject to adjustment), no decrease in the Conversion Price will be made.

In no event will the Conversion Price be adjusted pursuant to this Section 12.4(m) in connection with a Non-Stock Change of Control occurring on or after the later of the 2009 Repurchase Right or June 30, 2010.

The Issuer shall give notice (the “Non-Stock Change of Control Notice”) to all Holders of such Non-Stock Change of Control as part of the Change of Control Repurchase Notice in accordance with Section 11.3 hereof. Holders that convert Notes in accordance with the requirements of Section 12.2 hereof at any time after the Issuer gives the Non-Stock Change of Control Notice until the Change of Control Repurchase Date with respect to such Change of

Control will receive the benefit of the Conversion Price adjustment with respect to the securities so converted pursuant to this Section 12.4(m).

Section 12.5 Notice of Adjustments of Conversion Price.

Whenever the Conversion Price is adjusted as herein provided (other than in the case of an adjustment pursuant to the second paragraph of Section 12.4(h) for which the notice required by such paragraph has been provided), the Issuer shall promptly file with the Trustee and any Conversion Agent other than the Trustee an Officer's Certificate setting forth the adjusted Conversion Price and showing in reasonable detail the facts upon which such adjustment is based. Promptly after delivery of such Officer's Certificate, the Issuer shall prepare a notice stating that the Conversion Price has been adjusted and setting forth the adjusted Conversion Price and the date on which each adjustment becomes effective, and shall mail such notice to each Holder at the address of such Holder as it appears in the Register within 20 days of the effective date of such adjustment. Failure to deliver such notice shall not effect the legality or validity of any such adjustment.

Section 12.6 Notice Prior to Certain Actions.

In case at any time after the date hereof:

(1) the Parent shall declare a dividend (or any other distribution) on its Common Stock payable otherwise than in cash out of its capital surplus or its consolidated retained earnings;

(2) the Parent shall authorize the granting to the holders of its Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class (or of securities convertible into shares of capital stock of any class) or of any other rights;

(3) there shall occur any reclassification of the Common Stock of the Parent (other than a subdivision or combination of its outstanding Common Stock, a change in par value, a change from par value to no par value or a change from no par value to par value), or any merger, consolidation, statutory share exchange or combination to which the Parent is a party and for which approval of any shareholders of the Parent is required, or the sale, transfer or conveyance of all or substantially all of the assets of the Parent; or

(4) there shall occur the voluntary or involuntary dissolution, liquidation or winding up of the Parent or the Issuer;

the Issuer shall cause to be filed at each office or agency maintained for the purpose of Conversion of securities pursuant to Section 9.2 hereof, and shall cause to be provided to the Trustee and all Holders in accordance with Section 14.2 hereof, at least 20 days (or 10 days in any case specified in clause (1) or (2) above) prior to the applicable record or effective date hereinafter specified, a notice stating:

(A) the date on which a record is to be taken for the purpose of such dividend, distribution, rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, rights or warrants are to be determined, or

(B) the date on which such reclassification, merger, consolidation, statutory share exchange, combination, sale, transfer, conveyance, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities, cash or other property deliverable upon such reclassification, merger, consolidation, statutory share exchange, sale, transfer, dissolution, liquidation or winding up.

Neither the failure to give such notice nor any defect therein shall affect the legality or validity of the proceedings or actions described in clauses (1) through (4) of this Section 12.6.

Section 12.7 Parent to Reserve Common Stock.

The Parent shall at all times use its best efforts to reserve and keep available, free from preemptive rights, out of its authorized but unissued Common Stock, for the purpose of effecting the Conversion of Notes, the full number of shares of fully paid and nonassessable Common Stock then issuable upon the Conversion of all Outstanding Notes.

Section 12.8 Taxes on Conversions.

Any issuance and delivery of certificates for shares of Common Stock on Conversion of Notes shall be made without charge to the converting Holder of Notes for such certificates or for any tax or duty in respect of the issuance or delivery of such certificates or the Notes represented thereby; provided, however, that neither the Parent nor the Issuer shall be required to pay any tax or duty which may be payable in respect of (i) income or (ii) any transfer involved in the issuance or delivery of certificates for shares of Common Stock in a name other than that of the Holder of the Notes being converted, and no such issuance or delivery shall be made unless the Persons requesting such issuance or delivery has paid to the Issuer the amount of any such tax or duty or has established, to the satisfaction of the Issuer, that such tax or duty has been paid.

Section 12.9 Covenant as to Common Stock.

The Parent and the Issuer covenants that all shares of Common Stock which may be issued upon Conversion of Notes will upon issue be fully paid and nonassessable and, except as provided in Section 12.8 hereof, will be free from all taxes, liens and charges with respect to the issue thereof.

Section 12.10 Cancellation of Converted Notes.

All Notes delivered for Conversion shall be delivered to the Trustee to be canceled by or at the direction of the Trustee, which shall dispose of the same as provided in Section 2.15 hereof.

Section 12.11 Effect of Reclassification, Consolidation, Merger or Sale.

If any of following events occur, namely:

(i) any reclassification or change of the outstanding shares of Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock,

(ii) any merger, consolidation, statutory share exchange or combination of the Parent with another corporation as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, or

(iii) any sale or conveyance of the properties and assets of the Parent as, or substantially as, an entirety to any other corporation as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock,

then the Parent and the Issuer or the successor or purchasing corporation, as the case may be, shall execute with the Trustee a supplemental indenture (which shall comply with the TIA as in force at the date of execution of such supplemental indenture if such supplemental indenture is then required to so comply) providing that such Note shall be convertible into the kind and amount of shares of stock and other securities or property or assets (including cash) which such Holder would have been entitled to receive (the “Applicable Consideration”) upon such reclassification, change, merger, consolidation, statutory share exchange, combination, sale or conveyance had such Notes been converted into Common Stock immediately prior to such reclassification, change, merger, consolidation, statutory share exchange, combination, sale or

conveyance assuming such holder of Common Stock did not exercise its rights of election, if any, as to the kind or amount of securities, cash or other property receivable upon such merger, consolidation, statutory share exchange, sale or conveyance (provided that, if the kind or amount of securities, cash or other property receivable upon such merger, consolidation, statutory share exchange, sale or conveyance is not the same for each share of Common Stock in respect of which such rights of election shall not have been exercised ("Non-Electing Share"), then for the purposes of this Section 12.11 the kind and amount of securities, cash or other property receivable upon such merger, consolidation, statutory share exchange, sale or conveyance for each Non-Electing Share shall be deemed to be the kind and amount so receivable per share by a plurality of the Non-Electing Shares). Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 12. If, in the case of any such reclassification, change, merger, consolidation, statutory share exchange, combination, sale or conveyance, the stock or other securities and assets receivable thereupon by a holder of shares of Common Stock includes shares of stock or other securities and assets of a corporation other than the successor or purchasing corporation, as the case may be, in such reclassification, change, merger, consolidation, statutory share exchange, combination, sale or conveyance, then such supplemental indenture shall also be executed by such other corporation and shall contain such additional provisions to protect the interests of the Holders of the Notes as the Board of Directors shall reasonably consider necessary by reason of the foregoing, including to the extent practicable the provisions providing for the Repurchase Rights set forth in Article 11 hereof.

The Issuer shall cause notice of the execution of such supplemental indenture to be mailed to each Holder, at the address of such Holder as it appears on the Register, within 20 days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture.

In addition, any issuer of securities included in the Applicable Consideration shall execute an amendment to the Registration Rights Agreement (to the extent any Registrable Securities (as defined therein) remain outstanding) to make the provisions thereof apply to such securities.

The above provisions of this Section shall similarly apply to successive reclassifications, mergers, consolidations, statutory share exchanges, combinations, sales and conveyances.

If this Section 12.11 applies to any event or occurrence, Section 12.4 hereof shall not apply.

Section 12.12 Responsibility of Trustee for Conversion Provisions.

The Trustee, subject to the provisions of Section 5.1 hereof, and any Conversion Agent shall not at any time be under any duty or responsibility to any Holder of Notes to determine whether any facts exist which may require any adjustment of the Conversion Price, or with respect to the nature or intent of any such adjustments when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. Neither the Trustee, subject to the provisions of Section 5.1 hereof, nor any Conversion

Agent shall be accountable with respect to the validity or value (of the kind or amount) of any Common Stock, or of any other securities or property, which may at any time be issued or delivered upon the Conversion of any Note; and it or they do not make any representation with respect thereto. Neither the Trustee, subject to the provisions of Section 5.1 hereof, nor any Conversion Agent shall be responsible for any failure of the Issuer to make any cash payment or to issue, transfer or deliver any shares of stock or share certificates or other securities or property upon the surrender of any Note for the purpose of Conversion; and the Trustee, subject to the provisions of Section 5.1 hereof, and any Conversion Agent shall not be responsible or liable for any failure of the Issuer or the Parent to comply with any of the covenants of the Issuer or the Parent contained in this Article.

Section 12.13 Auto-Conversion by the Issuer.

(a) Subject to the terms and conditions of this Section 12.13 and unless the Issuer elects to redeem the Notes pursuant to Article 10 hereof, if the average Closing Price of the Common Stock has exceeded 150% of the Conversion Price then in effect for at least 20 Trading Days during any 30 Trading Day period, ending within five Trading Days prior to the date of the Auto-Conversion Notice, the Issuer may elect, at its sole option, at any time after the original issuance of the Notes through the close of business on the final maturity date of the Notes, to convert automatically (an "Auto-Conversion") all of the Notes or any portion of the principal amount thereof that is $1,000 or an integral multiple of $1,000 into that number of fully paid and non-assessable shares of Common Stock (as such shares shall then be constituted) obtained by dividing the principal amount of the Notes or portion thereof to be converted by the Conversion Price in effect at the time of such election, and in no event shall the Issuer be entitled to effect any Auto-Conversion of greater than fifty percent (50%) of the aggregate principal amount of the Notes issued under this Indenture during any rolling 30 Trading Day period. Any Auto-Conversion of less than all of the Notes will be made on a pro rata basis with reference to the aggregate principal amount held by all Holders of the Notes on the Auto-Conversion Date, rounded up to the amount of $1,000 in principal amount on a Holder-by-Holder basis.

(b) If the Issuer elects to effect an Auto-Conversion of all or a portion of the Notes pursuant to this Section 12.13, the Issuer, or at its request (which must be received by the Trustee at least five Business Days prior to the date the Trustee is requested to give notice as described below unless a shorter period is agreed to by the Trustee), the Trustee in the name of and at the expense of the Issuer, shall mail or cause to be mailed a notice (the "Auto-Conversion Notice") of the Auto-Conversion not more than 30 days but not less than ten days before the Auto-Conversion Date to such Holders at their last addresses as they shall appear upon the Register. Such notice shall be irrevocable and shall be mailed by first class mail. Any notice that is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the registered Holder receives the notice. In any case, failure to duly give such notice to the Holder of any Notes designated for Auto-Conversion in whole or in part, or any defect in the notice, shall not affect the validity of the Auto-Conversion of any other Notes.

Each Auto-Conversion Notice shall state:

(1) the Auto-Conversion Date;

(2) the CUSIP number(s) of the Note(s) to be automatically converted;

(3) the place or places where such Notes are to be surrendered for Conversion; and

(4) the Conversion Price then in effect.

In case less than all of the Notes are to be Auto-Converted, the Auto-Conversion Notice shall state the portion of the principal amount thereof to be converted and shall state that on and after the Auto-Conversion Date, upon surrender of such Note, a new Note or Notes in principal amount equal to the unconverted portion thereof will be issued.

(c) The Issuer shall pay any interest (including Special Interest, if any) accrued but not paid to, but excluding, the Auto-Conversion Date on any Notes Auto-Converted pursuant to this Section 12.13, provided, if the Auto-Conversion Date is prior to the one year anniversary of the Closing Date, then the Issuer shall pay in cash the interest (including Special Interest, if any) due on the Interest Payment Dates of December 30, 2006 and June 30, 2007, to the extent not already paid, to the Holders of such Notes so converted on such Interest Payment Dates. Such interest (including Special Interest, if any) shall be paid to the Holders of the Notes called for Auto-Conversion; provided, however, that, if the Auto-Conversion Date is between a Regular Record Date and the corresponding Interest Payment Date, the Issuer shall pay such interest (including Special Interest, if any) to the Holders at the close of business on the corresponding Regular Record Date.

(d) In the event of any Auto-Conversion, the Issuer shall issue and deliver a certificate or certificates for the number of shares of Common Stock issuable upon Auto-Conversion of the Notes along with any cash or stock due in respect of any fractional shares of Common Stock otherwise issuable upon Auto-Conversion as provided in Section 12.3 hereof for issuance and payment to the Holder as promptly after the Auto-Conversion Date as practicable in accordance with the provisions of this Article 12.

(e) All Notes subject to any Auto-Conversion shall be delivered to the Trustee to be canceled at the direction of the Trustee, which shall dispose of the same as provided in Section 2.15 hereof. Failure to deliver such Notes shall not affect their automatic cancellation.

ARTICLE 13

PARENT GUARANTEE

Section 13.1 Guarantee.

The Parent hereby irrevocably and unconditionally guarantees, as primary obligor and not as surety, to each Holder of the Notes and the Trustee the performance and punctual payment when due, whether at maturity, by acceleration, by redemption or otherwise, of all monetary obligations of the Issuer under this Indenture and the Notes, whether for principal of, or interest or Special Interest on, the Notes, indemnification or otherwise (including without limitation interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Issuer whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) (all the foregoing being hereinafter collectively called the "Guaranteed Obligations").

The Parent waives presentation to, demand of payment from and protest to, the Issuer of any of the Guaranteed Obligations and also waives notice of protest for nonpayment. The Parent waives notice of any default under the Notes or the Guaranteed Obligations. The obligations of the Parent hereunder shall not be affected by (a) the failure of any Holder to assert any claim or demand or to enforce any right or remedy against the Issuer or any other Person under this Indenture, the Notes or any other agreement or otherwise; (b) any extension or renewal of any thereof; (c) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Notes or any other agreement; (d) the release of any security held by any Holder or the Trustee for the Guaranteed Obligations or any of them; or (e) any change in the ownership of the Issuer.

The Parent further agrees that the Parent Guarantee constitutes a Guarantee of payment when due (and not a Guarantee of collection) and waives any right to require that any resort be had by any Holder to any security held for payment of the Guaranteed Obligations.

The obligations of the Parent hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than payment of the Guaranteed Obligations in full), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of the Parent herein shall not be discharged or impaired or otherwise affected by the failure of any Holder to assert any claim or demand or to enforce any remedy under this Indenture, the Notes or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the Guaranteed Obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of the Parent or would otherwise operate as a discharge of the Parent as a matter of law or equity.

The Parent agrees that the Parent Guarantee shall remain, in full force and effect until payment in full of all the Guaranteed Obligations. Parent further agrees that the Parent

Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any of the Guaranteed Obligations is rescinded or must otherwise be restored by any Holder upon the bankruptcy or reorganization of the Issuer or otherwise.

In furtherance of the foregoing and not in limitation of any other right which any Holder has at law or in equity against the Parent by virtue hereof, upon the failure of the Issuer to pay any of the Guaranteed Obligations when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, the Parent hereby promises to and shall, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Holders an amount equal to the sum of (i) the unpaid amount of such Guaranteed Obligations then due and owing and (ii) accrued and unpaid interest on such Guaranteed Obligations then due and owing (but only to the extent not prohibited by law).

The Parent further agrees that, as between the Parent, on the one hand, and the Holders, on the other hand, (x) the maturity of the Guaranteed Obligations guaranteed hereby may be accelerated as provided in this Indenture for the purposes of the Parent Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations guaranteed hereby and (y) in the event of any such declaration of acceleration of such Guaranteed Obligations, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by the Parent for the purposes of the Parent Guarantee.

The Parent also agrees to pay any and all reasonable costs and expenses (including reasonable attorneys' fees and expenses) incurred by the Trustee or the Holders in enforcing any rights under this Section and such costs and expenses shall constitute Guaranteed Obligations entitled to the rights and benefits of the Parent Guarantee.

Section 13.2 Limitation on Liability; Termination, Release and Discharge.

(a) Any term or provision of this Indenture to the contrary notwithstanding, the maximum, aggregate amount of obligations of the Parent hereunder will be limited to an amount as will, after giving effect to all other contingent and fixed liabilities of the Parent, result in the obligations of the Parent under the Parent Guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal or state law and not otherwise being void or voidable under any similar laws affecting the rights of creditors generally.

(b) The Parent will be deemed released from all its obligations under this Indenture, and the Parent Guarantee and such Parent Guarantee will terminate upon the satisfaction and discharge of the Indenture pursuant to the provisions of Article 3 hereof.

Section 13.3 No Subrogation.

Notwithstanding any payment or payments made by the Parent hereunder, the Parent shall not be entitled to be subrogated to any of the rights of the Trustee or any Holder against the Issuer or guarantee or right of offset held by the Trustee or any Holder for the payment of the Guaranteed Obligations, nor shall the Parent seek or be entitled to seek any contribution or reimbursement from the Issuer in respect of payments made by the Parent hereunder, until all amounts owing to the Trustee and the Holders by the Issuer on account of the Guaranteed Obligations are paid in full. If any amount shall be paid to the Parent on account of such subrogation rights at any time when all of the Guaranteed Obligations shall not have been paid in full, such amount shall be held by the Parent in trust for the Trustee and the Holders, segregated from other funds of the Parent, and shall, forthwith upon receipt by the Parent, be turned over to the Trustee in the exact form received by the Parent (duly indorsed by the Parent to the Trustee, if required), to be applied against the Guaranteed Obligations.

ARTICLE 14

OTHER PROVISIONS OF GENERAL APPLICATION

Section 14.1 Trust Indenture Act Controls.

This Indenture is subject to the provisions of the TIA which are required to be part of this Indenture, and shall, to the extent applicable, be governed by such provisions.

Section 14.2 Notices.

Any notice or communication by an Obligor or the Trustee to the other is duly given if in writing (including telecopy) and delivered in person or mailed by first-class mail to the address set forth below:

(a) if to an Obligor:

Primus Telecommunications Group, Incorporated
7901 Jones Branch Drive, Suite 900
McLean, VA 22102
Attention: Thomas R. Kloster
Telecopy: (703) 902-2814

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
333 West Wacker Drive
Chicago, IL 60606
Attention: Peter C. Krupp, Esq.

(b) if to the Trustee:

U.S. Bank National Association
Corporate Trust Services
100 Wall Street, Suite 1600
New York, New York 10005
Telecopy: (212) 361-6153

The Obligors or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

Any notice or communication to a Holder shall be mailed by first-class mail to his address shown on the Register kept by the Registrar. Failure to mail a notice or communication to a Holder or any defect in such notice or communication shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed or sent in the manner provided above within the time prescribed, it is duly given as of the date it is mailed, whether or not the addressee receives it, except that notice to the Trustee shall only be effective upon receipt thereof by the Trustee.

If the Issuer mails a notice or communication to Holders, it shall mail a copy to the Trustee at the same time.

Section 14.3 Communication by Holders with Other Holders.

Holders may communicate pursuant to Section 312(b) of the TIA with other Holders with respect to their rights under the Notes or this Indenture. The Issuer, the Parent, the Trustee, the Registrar and anyone else shall have the protection of Section 312(c) of the TIA.

Section 14.4 Acts of Holders of Notes.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders of Notes may be embodied in and evidenced by:

(i) one or more instruments of substantially similar tenor signed by such Holders in person or by agent or proxy duly appointed in writing;

(ii) the record of Holders of Notes voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Holders of Notes duly called and held in accordance with the provisions of Article 8; or

(iii) a combination of such instruments and any such record.

Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or record or both are delivered to the Trustee and, where it is hereby expressly required, to the Issuer. Such instrument or instruments and record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders of Notes signing such instrument or instruments and so voting at such meeting. Proof of execution of any such instrument or of a writing appointing any such agent or proxy, or of the holding by any Person of a Note, shall be sufficient for any purpose of this Indenture and (subject to Section 5.1 hereof) conclusive in favor of the Trustee and the Issuer if made in the manner provided in this Section 14.4. The record of any meeting of Holders of Notes shall be proved in the manner provided in Section 8.6 hereof.

(b) The fact and date of the execution by any Person of any such instrument or writing may be provided in any manner which the Trustee reasonably deems sufficient.

(c) The principal amount and serial numbers of Notes held by any Person, and the date of such Person holding the same, shall be proved by the Register.

(d) Any request, demand, authorization, direction, notice, consent, election, waiver or other Act of the Holders of any Note shall bind every future Holder of the same Note and the Holder of every Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Note.

Section 14.5 Certificate and Opinion as to Conditions Precedent.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of an Obligor may be based, insofar as it relates to legal matters, upon an Opinion of Counsel, unless such officer knows, or in the exercise of reasonable care should know, that the Opinion of Counsel with respect to the matters upon which such certificate or opinion is based is erroneous. Any such Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or representations by, an officer or officers of such Obligor stating that the information with respect to such factual matters is in the possession of such Obligor, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Upon any application or request by the Issuer to the Trustee to take any action under any provision of this Indenture, the Issuer shall furnish to the Trustee an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such Counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished and provided that no such Opinion of Counsel shall be required with respect to the initial issuance of Notes hereunder.

Section 14.6 Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(1) a statement that each individual signing such certificate or opinion on behalf of an Obligor has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 14.7 Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 14.8 Successors and Assigns.

All covenants and agreements in this Indenture by an Obligor shall bind its successors and assigns, whether so expressed or not.

Section 14.9 Separability Clause.

In case any provision in this Indenture or the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 14.10 Benefits of Indenture.

Nothing contained in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Holders of Notes, any benefit or legal or equitable right, remedy or claim under this Indenture.

Section 14.11 Governing Law; Waiver of Jury Trial.

THIS INDENTURE AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

EACH OF THE ISSUER, THE PARENT AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR THE TRANSACTION CONTEMPLATED HEREBY.

Section 14.12 Counterparts.

This instrument may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original but all such counterparts shall together constitute but one and the same instrument.

Section 14.13 Legal Holidays.

In any case where any Interest Payment Date or Stated Maturity of any Note or the last day on which a Holder of a Note has a right to convert such Note shall not be a Business Day at any Place of Payment or Place of Conversion, then (notwithstanding any other provision of this Indenture or of the Notes) payment of interest or principal or premium, if any, or Conversion of the Notes, need not be made at such Place of Payment or Place of Conversion on such day, but may be made on the next succeeding Business Day at such Place of Payment or Place of Conversion with the same force and effect as if made on the Interest Payment Date or at the Stated Maturity or on such last day for Conversion; provided that in the case that payment is made on such succeeding Business Day, no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date or Stated Maturity, as the case may be.

Section 14.14 Recourse Against Others.

No recourse for the payment of the principal of or premium, if any, or interest (including Special Interest, if any) on any Note, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, shareholder, officer or director, as such, past, present or future, of the Parent, the Issuer or of any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance thereof and as part of the consideration for the issue thereof, expressly waived and released.

Section 14.15 Force Majeure.

In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities or communications services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed all as of the day and year first above written.

PRIMUS TELECOMMUNICATIONS HOLDING, INC., as Issuer

By: /S/ THOMAS R. KLOSTER
Name: Thomas R. Kloster
Title: Chief Financial Officer

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED, as Guarantor

By: /S/ JOHN F. DEPODESTA
Name: John F. DePodesta
Title: Executive Vice President

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: /S/ THOMAS E. TABOR
Name: Thomas E. Tabor
Title: Vice President

EXHIBIT A

FORM OF NOTE

[FACE OF SECURITY]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO PRIMUS TELECOMMUNICATIONS HOLDING, INC. (OR ITS SUCCESSOR) OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, CONVERSION OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE SECURITY EVIDENCED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ACQUISITION HEREOF, THE HOLDER:

(1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT;

(2) AGREES THAT IT WILL NOT WITHIN TWO YEARS AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY RESELL OR OTHERWISE TRANSFER THE SECURITY EVIDENCED HEREBY OR THE COMMON STOCK ISSUABLE UPON CONVERSION OF SUCH SECURITY EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) TO A NON-U.S. PERSON OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT, IF AVAILABLE, (E) TO AN INSTITUTIONAL INVESTOR THAT IS AN ACCREDITED INVESTOR WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, IF AVAILABLE, OR (F) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT AND WHICH CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH TRANSFER; AND

(3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THE SECURITY EVIDENCED HEREBY IS TRANSFERRED (OTHER THAN A TRANSFER PURSUANT TO CLAUSE 2(F) ABOVE) A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

PRIMUS TELECOMMUNICATIONS HOLDING, INC.
5.00% Exchangeable Senior Notes due 2009

CUSIP NO. 74163R AD 0

No. _____ $_____

PRIMUS TELECOMMUNICATIONS HOLDING, INC., a Delaware corporation (the "Issuer", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or its registered assigns, the principal sum of _____ U.S. Dollars ($_____) on June 30, 2010.

Interest Payment Dates: June 30 and December 30, commencing December 30, 2006

Regular Record Dates: June 15 and December 15

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

THIS SECURITY MAY BE ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID"). Beginning on July 7, 2006, a Holder may, upon request, obtain from the Issuer the Security's issue price, issue date, amount of OID and yield to maturity by contacting the Issuer representative listed in Section 14.2 of the Indenture.

IN WITNESS WHEREOF, the Issuer has caused this Security to be duly executed manually or by facsimile by its duly authorized officers.

PRIMUS TELECOMMUNICATIONS HOLDING, INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the 5.00% Exchangeable Senior Notes due 2009 described in the within-named Indenture.

U.S. Bank National Association,
as Trustee

By: _____
Authorized Signatory

Dated: _____ _____, ____

[REVERSE OF SECURITY]

PRIMUS TELECOMMUNICATIONS HOLDING, INC.
5.00% Exchangeable Senior Notes due 2009

Capitalized terms used herein but not defined shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. Principal and Interest.

Primus Telecommunications Holding, Inc., a Delaware corporation (the "Issuer"), promises to pay interest on the principal amount of this Security at interest rate of 5.00% (the "Interest Rate") from the date of issuance until repayment at Maturity or repurchase. The Issuer will pay interest on this Security semiannually in arrears on June 30 and December 30 of each year (each an "Interest Payment Date"), commencing December 30, 2006.

Interest on the 5.00% Exchangeable Senior Notes due 2009 (the "Securities") shall be computed on the basis of a 360-day year of twelve 30 day months. A Holder of any Security at the close of business on a Regular Record Date shall be entitled to receive interest on such Security on the corresponding Interest Payment Date.

Provided the Closing Price Condition is satisfied, the Issuer may elect, at the sole option of the Issuer, to pay interest, in whole or in part, in shares of Common Stock (the "Interest Payment Shares"); provided, however, that interest payments shall be payable in Interest Payment Shares only if the Issuer delivers an Interest Payment Notice indicating that the interest will be paid, in whole or in part, in Interest Payment Shares; provided, further, however, that the interest payable on the Interest Payment Dates of December 30, 2006 and June 30, 2007, shall be payable only in cash. The Issuer shall provide an Interest Payment Notice on the Interest Payment Notice Date to the Trustee and the Holders indicating that the interest shall be paid in Interest Payment Shares, and, if only paid in part, the amount of interest which shall be paid in Interest Payment Shares. The Interest Payment Notice shall also contain a certification that the Closing Price Condition has been satisfied as of the Interest Payment Notice Date. If any Interest Payment Shares are to be issued on an Interest Payment Date, then the Issuer shall issue such shares as provided in the Indenture. Interest Payment Shares shall be valued as provided in the Indenture. If any fractional share of Common Stock otherwise would be issuable as a result of the issuance Interest Payment Shares, the Issuer shall calculate and pay a cash adjustment in respect of such fraction (calculated to the nearest one-100th of a share) in an amount equal to the same fraction of the Closing Price of the Common Stock as of the Trading Day preceding the Interest Payment Date.

A Holder of any Security which is converted after the close of business on a Regular Record Date and prior to the corresponding Interest Payment Date (other than any Security whose Maturity is prior to such Interest Payment Date) shall be entitled to receive interest (including Special Interest, if any) on the principal amount of such Security, notwithstanding the Conversion of such Security prior to such Interest Payment Date. However, any such Holder which surrenders any such Security for Conversion during the period between the close of

business on such Regular Record Date and ending with the opening of business on the corresponding Interest Payment Date shall be required to pay the Issuer an amount equal to the interest (including Special Interest, if any) on the principal amount of such Security so converted, which is payable by the Issuer to such Holder on such Interest Payment Date, at the time such Holder surrenders such Security for Conversion.

2. Method of Payment.

Interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name that Security (or one or more Predecessor Notes) is registered at the close of business on the Regular Record Date for such interest.

Principal of, and premium, if any, and interest payable in cash on, Global Notes will be payable to the Depositary in immediately available funds.

Principal and premium, if any, on Physical Notes will be payable at the office or agency of the Issuer maintained for such purpose, initially the Corporate Trust Office of the Trustee. Interest payable in cash on Physical Notes will be payable by (i) U.S. Dollar check drawn on a bank in The City of New York mailed to the address of the Person entitled thereto as such address shall appear in the Register, or (ii) upon written application to the Registrar not later than the relevant Record Date by a Holder of an aggregate principal amount in excess of $5,000,000, wire transfer in immediately available funds.

3. Paying Agent and Registrar.

Initially, U.S. Bank National Association, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Issuer may change the Paying Agent or Registrar without notice to any Holder.

4. Indenture.

The Issuer issued this Security under an Indenture, dated as of June 28, 2006 (the “Indenture”), among the Issuer, Primus Telecommunications Group, Incorporated, as guarantor (the “Parent”) and U.S. Bank National Association, as trustee (the “Trustee”). The terms of the Security include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (“TIA”). This Security is subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of all such terms. To the extent permitted by applicable law, in the event of any inconsistency between the terms of this Security and the terms of the Indenture, the terms of the Indenture shall control.

5. Redemption.

If the average Closing Price of the Common Stock has exceeded 150% of the Conversion Price then in effect for at least 20 Trading Days during any 30 Trading Day period, ending within five Trading Days prior to the date of the Redemption Notice, the Issuer may elect, at its sole option, subject to the conditions and in accordance with the provisions of the Indenture, to redeem the Securities, in whole or in part, on the Redemption Date for the Redemption Price,

plus any accrued and unpaid interest (including Special Interest, if any) on the Securities redeemed to, but excluding, the Redemption Date.

6. Repurchase Right.

If a Change of Control occurs, the Holder of Securities, at the Holder's option, shall have the right, subject to the conditions and in accordance with the provisions of the Indenture, to require the Issuer to repurchase the Securities (or any portion of the principal amount hereof that is at least $1,000 or an integral multiple thereof; provided that the portion of the principal amount of this Security to be Outstanding after such repurchase is at least equal to $1,000) at the Change of Control Repurchase Price in cash, plus any interest (including Special Interest, if any) accrued and unpaid to the Change of Control Repurchase Date.

Subject to the conditions provided in the Indenture, the Issuer may elect to pay the Change of Control Repurchase Price by delivering a number of shares of Common Stock equal to (i) the Change of Control Repurchase Price divided by (ii) 95% of the average of the Closing Prices per share for the five consecutive Trading Days immediately preceding and including the third Trading Day prior to the Change of Control Repurchase Date.

No fractional shares of Common Stock will be issued upon repurchase of any Securities. Instead of any fractional share of Common Stock which would otherwise be issued upon Conversion of such Securities, the Issuer shall pay a cash adjustment as provided in the Indenture.

A Change of Control Repurchase Notice will be given by the Issuer to the Holders as provided in the Indenture.

In the event that the Parent does not meet the New Equity Requirement, the Holder of Securities, at the Holder's option, shall have the right, subject to the conditions and in accordance with the provisions of the Indenture, to require the Issuer to repurchase the Securities (or any portion of the principal amount hereof that is at least $1,000 or an integral multiple thereof; provided that the portion of the principal amount of this Security to be Outstanding after such repurchase is at least equal to $1,000) at the 2009 Repurchase Price in cash, plus any interest (including Special Interest, if any) accrued and unpaid to the 2009 Repurchase Date.

To exercise a Repurchase Right, a Holder must deliver to the Trustee a written notice as provided in the Indenture.

7. Conversion Rights.

Subject to and upon compliance with the provisions of the Indenture, the Holder of Securities is entitled, at such Holder's option, at any time before the close of business on the earlier of the date the 2009 Repurchase Right is exercised or June 30, 2010, to convert the Holder's Securities (or any portion of the principal amount hereof which is $1,000 or an integral multiple thereof), at the principal amount thereof or of such portion, into duly authorized, fully paid and nonassessable shares of Common Stock of the Parent at the Conversion Price in effect at the time of Conversion.

In the case of a Change of Control for which the Holder exercises its Change of Control Repurchase Right with respect to a Security (or a portion thereof), such Conversion right in respect of the Security (or portion thereof) shall expire at the close of business on the Business Day preceding the Change of Control Repurchase Date.

In the event that the Parent does not meet the New Equity Requirement and the Holder exercises its 2009 Repurchase Right with respect to a Security or portion thereof, such Conversion right in respect of the Security or portion thereof shall expire at the close of business on the Business Day immediately preceding the 2009 Repurchase Date.

In the event that the Issuer calls any or all of the Securities for redemption pursuant to paragraph 5, the right in respect of the Security or portion thereof called for redemption shall expire at the close of business on the Business Day immediate preceding the Redemption Date.

The Conversion Price shall be initially equal to $1.20 per share of Common Stock.

The Conversion Price shall be adjusted under certain circumstances as provided in the Indenture.

To exercise the Conversion right, the Holder must surrender the Security (or portion thereof) duly endorsed or assigned to the Issuer or in blank, at the office of the Conversion Agent, accompanied by a duly signed Conversion notice to the Issuer. Any Security surrendered for Conversion during the period from the close of business on any Regular Record Date to the opening of business on the corresponding Interest Payment Date (other than any Security whose Maturity is prior to such Interest Payment Date), shall also be accompanied by payment in New York Clearing House funds or other funds acceptable to the Issuer of an amount equal to the interest payable on such Interest Payment Date on the principal amount of the Securities being surrendered for Conversion.

No fractional shares of Common Stock will be issued upon Conversion of any Securities. Instead of any fractional share of Common Stock which would otherwise be issued upon Conversion of such Securities, the Issuer shall pay a cash adjustment as provided in the Indenture.

Subject to the provisions of the Indenture, if the average Closing Price of the Common Stock has exceeded 150% of the Conversion Price then in effect for at least 20 Trading Days during any 30 Trading Day period, ending within five Trading Days prior to the date of the Auto-Conversion Notice, the Issuer may elect, at its sole option, at any time after the original issuance of the Securities through the close of business on the final maturity date of the Securities, to convert automatically all of the Securities or any portion of the principal amount thereof that is $1,000 or an integral multiple of $1,000, into that number of fully paid and non-assessable shares of Common Stock (as such shares shall then be constituted) obtained by dividing the principal amount of the Securities or portion thereof to be converted by the Conversion Price in effect at the time of such election, and in no event shall the Issuer be entitled to effect any Auto-Conversion of greater than fifty percent (50%) of the aggregate principal amount of the Securities issued under this Indenture during any rolling 30 Trading Day period. Any Auto-Conversion of less than all of the Securities will be made on a pro rata basis with reference to the

aggregate principal amount held by all holders of the Securities on the Auto-Conversion Date, rounded up to the amount of $1,000 in principal amount on a holder-by-holder basis.

The Issuer shall pay any interest (including Special Interest, if any) accrued but not paid to, but excluding, the Auto-Conversion Date on any Securities Auto-Converted; provided, if the Auto-Conversion Date is prior to the one year anniversary of the Closing Date, then the Issuer shall pay any interest (including Special Interest, if any) due on the Interest Payment Dates of December 30, 2006 and June 30, 2007, to the extent not already paid, to the Holders of such Notes so converted on such Interest Payment Dates. Such interest (including Special Interest, if any) shall be paid to the Holders of the Securities called for Auto-Conversion; provided, however, that, if the Auto-Conversion Date is an Interest Payment Date, the Issuer shall pay such interest (including Special Interest, if any) to the Holders at the close of business on the corresponding Regular Record Date.

The Issuer shall mail or cause to be mailed an Auto-Conversion Notice not more than 30 days but not less than five days before the Auto-Conversion Date to such holders at their last addresses as they shall appear upon the Register. Such Auto-Conversion Notice shall be irrevocable.

8. Guarantee.

The performance and punctual payment when due, whether at Maturity, by acceleration, by acceleration, by redemption, repurchase or otherwise, of all monetary obligations of the Issuer under this Indenture and the Securities, whether for principal of, or interest or Special Interest on, the Securities, indemnification or otherwise, are unconditionally guaranteed by Parent as set forth in the Indenture.

9. Denominations; Transfer; Exchange.

The Securities are issuable in registered form, without coupons, in denominations of $1,000 and integral multiples of $1,000 in excess thereof. A Holder may register the transfer or exchange of Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Issuer may require a Holder to pay any taxes and fees required by law or permitted by the Indenture.

In the event of Conversion or repurchase of the Securities in part only, a new Security or Securities for the unconverted or unrepurchased portion thereof will be issued in the name of the Holder hereof.

10. Persons Deemed Owners.

The registered Holder of this Security shall be treated as its owner for all purposes.

11. Unclaimed Money.

The Trustee and the Paying Agent shall pay to the Issuer any money held by them for the payment of principal, premium, if any, or interest (including Special Interest, if any) that remains unclaimed for two years after the date upon which such payment shall have become due. After

payment to the Issuer, Holders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person, and all liability of the Trustee and such Paying Agent with respect to such money shall cease.

12. Discharge Prior to Maturity.

Subject to certain conditions contained in the Indenture, the Issuer may discharge its obligations under the Securities and the Indenture if (1) all of the Outstanding Securities shall become due and payable at their scheduled Maturity within one year, and (2) the Issuer shall have deposited with the Trustee money and/or U.S. Government Obligations sufficient to pay the principal of, and premium, if any, and interest on, all of the Outstanding Securities on the date of Maturity.

13. Amendment; Supplement; Waiver.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Holders of the Securities under the Indenture at any time by the Issuer and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Outstanding Securities (or such lesser amount as shall have acted at a meeting pursuant to the provisions of the Indenture). The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security or such other Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and premium, if any, and interest (including Special Interest, if any) on this Security at the times, places and rate, and in the coin or currency, herein prescribed or to convert this Security (or pay cash in lieu of Conversion) as provided in the Indenture.

14. Defaults and Remedies.

The Indenture provides that an Event of Default with respect to the Securities occurs when any of the following occurs:

(a) default in the payment of interest or Special Interest, if any, on any of the Securities when due and payable and continuance of such default for a period of 30 days; or

(b) default in the payment of principal of (or premium, if any, on) any of the Securities at its Stated Maturity, upon acceleration or otherwise; or

(c) default in the payment of principal or interest (including Special Interest, if any) on any of the Securities required to be purchased pursuant to a Repurchase Right;

(d) default in the performance or breach of any covenant or agreement of the Issuer or the Parent in this Indenture or under the Securities (other than a default in the performance, or breach, of a covenant or agreement specified in the preceding clause (a), (b) or (c)), and continuance of such default or breach for a period of 30 consecutive days after there has been given, by registered or certified mail, to the Issuer by the Trustee or to the Issuer and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Indenture;

(e) there occurs with respect to any issue or issues of Indebtedness of the Parent or any Restricted Subsidiary having an outstanding principal amount of $25.0 million or more in the aggregate for all such issues of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (I) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and such Indebtedness has not been discharged in full or such acceleration has not been rescinded or annulled by the earlier of (x) the expiration of any applicable grace period or (y) the thirtieth day after such default; and/or (II) the failure to make a principal payment at the final (but not any interim) fixed maturity and such defaulted payment shall not have been made, waived or extended by the earlier of (x) the expiration of any applicable grace period or (y) the thirtieth day after such default;

(f) any final judgment or order (not covered by insurance) for the payment of money in excess of $25.0 million in the aggregate for all such final judgments or orders (treating any deductibles, self-insurance or retention as not so covered) shall be rendered against the Parent or any Restricted Subsidiary and shall not be paid or discharged, and there shall be any period of 30 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed $25.0 million during which a stay of enforcement of such final judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;

(g) there are certain events of bankruptcy, insolvency or reorganization of the Parent, the Issuer or any Significant Subsidiary. If an Event of Default shall occur and be continuing, the principal of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture; or

(h) the Parent Guarantee ceases to be in full force and effect (except as contemplated by the terms thereof) or any Guarantor denies or disaffirms its obligations under the Indenture.

15. Authentication.

This Security shall not be valid until the Trustee (or authenticating agent) executes the certificate of authentication on the other side of this Security.

16. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint

tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A (= Uniform Gifts to Minors Act).

17. CUSIP Numbers.

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuer has caused CUSIP numbers to be printed on this Security and the Trustee may use CUSIP numbers in notices of exchange, Conversion or redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on this Security or as contained in any notice of exchange, Conversion or redemption and reliance may be placed only on the other identification numbers placed thereon.

18. Governing Law.

The Indenture and this Security shall be governed by, and construed in accordance with, the law of the State of New York.

19. Successor Corporation.

In the event a successor corporation assumes all the obligations of the Issuer under this Security, pursuant to the terms hereof and of the Indenture, the Issuer will be released from all such obligations.

20. Additional Rights of Holders of Restricted Securities

In addition to the rights provided to Holders under the Indenture, Holders of Restricted Securities shall have the rights set forth in the Registration Rights Agreement, dated as of the date of the Indenture, among the Issuer, the Parent and the holders party thereto.

ASSIGNMENT FORM

To assign this Security, fill in the form below and have your signature guaranteed: (I) or (we) assign and transfer this Security to:

_____

(Insert assignee's soc. sec. or tax I.D. no.)

_____

_____

_____

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____
to transfer this Security on the books of the Issuer. The agent may substitute another to act for him.

Dated: _____ Your Name: _____

(Print your name exactly as it appears on the face of this Security)

Your Signature: _____

(Sign exactly as your name appears on the face of this Security)

Signature Guarantee:* _____

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within-mentioned instrument in every particular, without alteration or any change whatsoever.

Signature Guarantee:

_____

Signature must be guaranteed by a participant in a recognized signature guaranty medallion program or other signature guarantor acceptable to the Trustee.

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

CONVERSION NOTICE

TO: PRIMUS TELECOMMUNICATIONS HOLDING, INC.
7901 Jones Branch Drive, Suite 900
McLean, Virginia 22102

The undersigned registered owner of this Security hereby irrevocably exercises the option to convert this Security, or the portion hereof (which is $1,000 principal amount or an integral multiple thereof) below designated, into shares of Common Stock in accordance with the terms of the Indenture referred to in this Security, and directs that the shares issuable and deliverable upon such conversion, together with any check in payment for fractional shares and any Securities representing any unconverted principal amount hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If shares or any portion of this Security not converted are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto. To the extent provided in the Indenture, any amount required to be paid to the undersigned on account of interest, accompanies this Security.

Dated: _____

Your Name: _____
(Print your name exactly as it appears on the face of this Security)

Your Signature: _____
(Sign exactly as your name appears on the face of this Security)

Signature Guarantee:* _____

Social Security or other Taxpayer Identification Number: _____

Principal amount to be converted (if less than all): $_____

Fill in for registration of shares (if to be issued) and Securities (if to be delivered) other than to and in the name of the registered holder:

_____
(Name)

_____
(Street Address)

_____
(City, State and Zip Code)

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT REPURCHASE

TO: PRIMUS TELECOMMUNICATIONS HOLDING, INC.
7901 Jones Branch Drive, Suite 900
McLean, Virginia 22102

The undersigned registered owner of this Security hereby elects to have this Security purchased by Primus Telecommunications Holding, Inc. (the "Issuer") pursuant to (check the appropriate box) ☐ Section 11.1 or ☐ Section 11.4 and requests and instructs the Issuer to repay the entire principal amount of this Security, or the portion thereof (which is $1,000 principal amount or an integral multiple thereof) below designated, in accordance with the terms of the Indenture referred to in this Security, together with interest accrued and unpaid to, but excluding, such date, to the registered holder hereof.

Dated: _____

Your Name: _____
(Print your name exactly as it appears on the face of this Security)

Your Signature: _____
(Sign exactly as your name appears on the face of this Security)

Signature Guarantee:* _____

Social Security or other Taxpayer Identification
Number: _____

Principal amount to be repurchase (if less than all): $_____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES FOR PHYSICAL SECURITIES[1]

The following exchanges of a part of this Global Security for Physical Securities have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Security	Amount of increase in Principal Amount of this Global Security	Principal Amount of this Global Security following such decrease (or increase)	Signature of Authorized Signatory of Trustee

[1] This schedule should be included only if the Security is issued in global form.

EXHIBIT B

5.00% Exchangeable Senior Notes due 2009
Transfer Certificate

In connection with any transfer of any of the Securities or beneficial interest in a Global Note that is a Restricted Security within the period prior to the expiration of the holding period applicable to the sales thereof under Rule 144(k) under the Securities Act of 1933, as amended (the "Securities Act") (or any successor provision), the undersigned registered owner or beneficial owner of this Security hereby certifies with respect to $ principal amount of the above-captioned Securities (the "Surrendered Securities") presented or surrendered on the date hereof for registration of transfer, or for exchange or conversion where the securities issuable upon such exchange or conversion are to be registered in a name other than that of the undersigned registered or beneficial owner (each such transaction being a "transfer"), that such transfer complies with the restrictive legend set forth on the face of the Surrendered Securities for the reason checked below:

☐ A transfer of the Surrendered Securities is made to the Issuer or any subsidiaries; or

☐ The transfer of the Surrendered Securities complies with Rule 144A under the Securities Act; or

☐ The transfer of the Surrendered Securities complies with Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act; or

☐ The transfer of the Surrendered Securities is pursuant to an effective registration statement under the Securities Act; or

☐ The transfer of the Surrendered Securities is pursuant to another available exemption from the registration requirement of the Securities Act;

and unless the box below is checked, the undersigned confirms that, to the undersigned's knowledge, such Securities are not being transferred to an "affiliate" of the Issuer as defined in Rule 144 under the Securities Act (an "Affiliate").

☐ The transferee is an Affiliate of the Issuer.

DATE: _____

_____

(If the registered owner is a corporation, partnership or fiduciary, the title of the person signing on behalf of such registered owner must be stated.)

Signature Guarantee:

_____

Signature must be guaranteed by a participant in a recognized signature guaranty medallion program or other signature guarantor acceptable to the Trustee.

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
PRIMUS TELECOMMUNICATIONS HOLDING, INC.

$56,323,000 5.00% Exchangeable Senior Notes due 2009

Form of Registration Rights Agreement

June 28, 2006

TO THE HOLDERS (AS DEFINED HEREIN)

Ladies and Gentlemen:

This Registration Rights Agreement (this "**Agreement**") is made and entered into as of June 28, 2006, by and among Primus Telecommunications Group, Incorporated, a Delaware corporation ("**Primus**"), Primus Telecommunications Holding, Inc., a Delaware corporation ("**Holding**" and together with Primus the "**Company**"), and the Purchasers, each of whom has agreed to acquire from Primus, Holding's 5.00% Exchangeable Senior Notes due 2009 fully and unconditionally guaranteed by Primus (the "**Guarantee**") pursuant to the Exchange Agreements (as defined below) and the Purchase Agreements (as defined below). The Notes will be exchangeable into shares of Common Stock (as defined below) pursuant to the terms of the Indenture (as defined below). As an inducement to the Purchasers to acquire the Notes, the Company agrees with the Purchasers for the benefit of holders (as defined herein) from time to time of the Registrable Securities (as defined herein) as follows:

Section 1. Certain Definitions. For purposes of this Agreement, the following terms shall have the following respective meanings:

"**Base Interest**" shall mean the interest that would otherwise accrue on the Notes under the terms thereof and the Indenture, without giving effect to the provisions of this Agreement.

"**Business Day**" shall mean any day, except a Saturday, Sunday or legal holiday in which banking institutions in the City of New York are authorized or obligated by law or executive order to close.

"**Closing Date**" shall mean June 28, 2006.

"**Commission**" shall mean the United States Securities and Exchange Commission, or any other federal agency at the time administering the Exchange Act or the Securities Act, whichever is the relevant statute for the particular purpose.

"**Common Stock**" shall mean the shares of common stock, $0.01 par value, of Primus, and any other shares of common stock as may constitute "Common Stock" for purposes of the Indenture, including the Underlying Common Stock.

"**Effective Time**," shall mean the time and date as of which the Commission declares the Shelf Registration Statement effective or as of which the Shelf Registration Statement otherwise becomes effective.

"**Effectiveness Deadline**," shall have the meaning assigned thereto in Section 2(a) hereof.

"**Electing Holder**" shall mean any holder of Registrable Securities that has returned a completed and signed Notice and Questionnaire to Primus in accordance with Section 3(c)(ii) or 3(c)(iii) hereof.

"**Exchange Act**" shall mean the Securities Exchange Act of 1934, or any successor thereto, and the rules, regulations and forms promulgated thereunder, all as the same shall be amended from time to time.

"**Exchange Agreements**" shall mean those certain Exchange Agreements, dated June 7, 2006, among the Company and the Purchasers.

"**Filing Deadline**" shall have the meaning assigned thereto in Section 2(a) hereof.

The term "**holder**" shall mean, unless the context otherwise indicates, each of the Purchasers and other persons who acquire Registrable Securities from time to time (including any successors or assigns), in each case for so long as such person is a registered holder of any Registrable Securities.

"**Indenture**" shall mean the Indenture governing the Notes, dated as of June 28, 2006, among Holding, Primus, as guarantor, and U.S. Bank National Association, as Trustee, as the same shall be amended from time to time.

"**Notes**" shall mean, collectively, the 5.00% Exchangeable Senior Notes due 2009 of Holding, issued to the Purchasers pursuant to the Exchange Agreements and the Purchase Agreements.

"**Notice and Questionnaire**" shall mean a written notice delivered to the Company containing substantially the information called for by the Selling Securityholder Election and Questionnaire attached as Exhibit A hereto.

The term "**person**" shall mean a corporation, association, partnership, limited liability company, organization, business, individual, government or political subdivision thereof or governmental agency.

"**Purchase Agreements**" shall mean those certain Purchase Agreements, dated June 7, 2006, among the Company and the Purchasers.

"**Purchasers**" shall mean, collectively, the "**Holders**" referred to in the Exchange Agreements and the Purchase Agreements and that have executed and delivered a signature page to this Agreement.

"**Registrable Securities**" shall mean the Notes until such Notes have been exchanged for the Underlying Common stock and, subsequent to such exchange, the Underlying Common Stock; *provided*, *however*, that such Notes or such shares of Underlying Common Stock, as the case may

be, shall cease to be Registrable Securities at the earliest of (i) a Shelf Registration Statement registering such Registrable Security under the Securities Act has been declared or becomes effective and such Registrable Security has been sold or otherwise transferred by the holder thereof pursuant to and in a manner contemplated by such effective Shelf Registration Statement; (ii) such Registrable Security is sold pursuant to Rule 144; (iii) such Registrable Security is eligible to be sold pursuant to paragraph (k) of Rule 144; (iv) such Registrable Security shall cease to be outstanding or (v) two (2) years.

"**Registration Default**" shall have the meaning assigned thereto in Section 2(b) hereof.

"**Registration Default Period**" shall have the meaning assigned thereto in Section 2(b) hereof.

"**Registration Expenses**" shall have the meaning assigned thereto in Section 4 hereof.

"**Rule 144**" and "**Rule 415**" shall mean, in each case, such rule promulgated under the Securities Act (or any successor provision), as the same shall be amended from time to time.

"**Securities Act**" shall mean the Securities Act of 1933, or any successor thereto, and the rules, regulations and forms promulgated thereunder, all as the same shall be amended from time to time.

"**Shelf Registration**" shall have the meaning assigned thereto in Section 2(a) hereof.

"**Shelf Registration Statement**" shall have the meaning assigned thereto in Section 2(a) hereof.

"**Special Interest**" shall have the meaning assigned thereto in Section 2(b) hereof.

"**Trust Indenture Act**" shall mean the Trust Indenture Act of 1939, or any successor thereto, and the rules, regulations and forms promulgated thereunder, all as the same shall be amended from time to time.

"**Underlying Common Stock**" shall mean the Common Stock into which the Notes are exchangeable pursuant to the terms of the Indenture.

Unless the context otherwise requires, any reference herein to a "Section" or "clause" refers to a Section or clause, as the case may be, of this Agreement, and the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision.

Section 2. Registration Under the Securities Act.

(a) To the extent not prohibited by any applicable law or applicable interpretation of the staff of the Commission, the Company shall prepare and file or cause to be prepared and filed with the Commission within forty-five (45) days of the Closing Date (the "**Filing Deadline**") a "shelf" registration statement providing for the registration of, and the sale on a continuous or delayed basis by the holders of, all of the Registrable Securities, pursuant to

Rule 415 or any similar rule that may be adopted by the Commission (such filing, the "**Shelf Registration**" and such registration statement, the "**Shelf Registration Statement**"). The Company agrees to use its reasonable best efforts (x) to cause the Shelf Registration Statement to become or be declared effective by the Commission no later than one-hundred eighty (180) days after the Closing Date (the "**Effectiveness Deadline**") and, except as otherwise provided for herein, to keep such Shelf Registration Statement continuously effective for a period ending on the earlier of (i) the date when all of the Registrable Securities have been sold pursuant to Rule 144 or the Shelf Registration Statement, (ii) the expiration of the holding period under Rule 144(k) under the Securities Act, or any successor provision, (iii) such time as there are no longer any Registrable Securities outstanding or (iv) two (2) years (the "**Effectiveness Period**"); *provided, however*, that no holder shall be entitled to be named as a selling securityholder in the Shelf Registration Statement or to use the prospectus forming a part thereof for resales of Registrable Securities unless such holder is an Electing Holder, and (y) after the Effective Time of the Shelf Registration Statement, upon the request of any holder of Registrable Securities that is not then an Electing Holder, to take such reasonable action to make such filings with the Commission as could enable such holder to use the prospectus forming a part thereof for resales of Registrable Securities, including, without limitation, any action necessary to identify such holder as a selling securityholder in the Shelf Registration Statement, *provided, however*, that nothing in this clause (y) shall relieve any such holder of the obligation to return a completed and signed Notice and Questionnaire to the Company in accordance with Section 3(c)(iii) hereof or obligate the Company to take such action until receipt of a completed and signed Notice and Questionnaire. The Company further agrees to use its reasonable best efforts to supplement or make amendments to the Shelf Registration Statement, as and when required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement or by the Securities Act for shelf registration, and the Company agrees to furnish to each Electing Holder copies of any such supplement or amendment prior to its being used or promptly following its filing with the Commission. Notwithstanding anything to the contrary contained herein, subject to applicable law, neither the Company nor any of its subsidiaries or affiliates shall disclose the name of any Holders in any filing, announcement, release or otherwise without the prior written consent of the applicable Holder. The receipt of a Notice and Questionnaire shall be considered a valid consent for the purposes of this Section 2.

(b) In the event that (i) the Company has not filed the Shelf Registration Statement on or before the Filing Deadline, or (ii) such Shelf Registration Statement has not become effective or been declared effective by the Commission on or before the Effectiveness Deadline, or (iii) the Company delays the effectiveness of the Shelf Registration Statement or suspends the right of any holder to sell Registrable Securities under an effective Shelf Registration Statement except as permitted herein, or (iv) any Shelf Registration Statement is filed and becomes or is declared effective but shall thereafter either be withdrawn by the Company or shall become subject to an effective stop order issued by the Commission pursuant to Section 8(d) of the Securities Act suspending the effectiveness of such Shelf Registration Statement, except as otherwise provided for herein, without being succeeded immediately by an additional registration statement filed and declared effective (each such event referred to in clauses (i) through (iv), a "**Registration Default**" and each period during which a Registration Default has occurred and is continuing, a "**Registration Default Period**"), then, as liquidated damages for such Registration Default, in addition to the provisions of Section 8(a), special interest ("**Special Interest**"), in addition to the Base Interest, shall accrue on the aggregate principal amount of the outstanding

Registrable Securities that are Notes at a per annum rate of 1.00% for the first ninety (90) days of the Registration Default Period and at a per annum rate of 1.50% thereafter for the remaining portion of the Registration Default Period, which such period shall not extend past the Effectiveness Period. All accrued Special Interest shall be paid in cash by Holding on each Interest Payment Date (as defined in the Indenture). Following the cure any such Registration Default, the accrual of Special Interest related thereto shall cease. If a holder has exchanged some or all of its Notes into Underlying Common Stock, the holder will not be entitled to receive any Special Interest with respect to such Underlying Common Stock, cash paid in lieu of Underlying Common Stock or the principal amount of the Notes that have been so exchanged.

(c) The Company shall use its reasonable best efforts to take all actions necessary or advisable to be taken by it to ensure that the transactions contemplated herein are effected as so contemplated in Section 2(a) hereof.

(d) Any reference herein to a registration statement as of any time shall be deemed to include any document incorporated, or deemed to be incorporated, therein by reference as of such time and any reference herein to any post-effective amendment to a registration statement as of any time shall be deemed to include any document incorporated, or deemed to be incorporated, therein by reference as of such time.

(e) Notwithstanding anything to the contrary contained in this Agreement, the Company shall have the right to delay the effectiveness of the Shelf Registration Statement or to suspend the right of any holder to sell Registrable Securities under an effective Registration Statement, during two (2) periods aggregating to not more than sixty (60) days in any twelve-month period (a "**Blackout Period**") if the Company reasonably determines that the offering of any Registrable Securities by any holder of Registrable Securities would require disclosure of material information as to which disclosure at that time would not be in the best interest of the Company and its stockholders. Upon notice by the Company to the holders of Registrable Securities of such determination (a "**Blocking Notice**"), which notice shall contain no material non-public information, such holders agree to (a) keep the fact of any such notice, and any information contained in such notice, strictly confidential, (b) promptly halt any offer, sale, trading or transfer by such holders of any Registrable Securities for the duration of the Blackout Period set forth in such notice (or until earlier terminated by the Company in writing) and (c) promptly halt any use, publication, dissemination or distribution of any registration statement, each prospectus included therein, and any amendment or supplement thereto for the duration of the Blackout Period set forth in such notice (or until earlier terminated by the Company in writing). Delivery of a Blocking Notice and the related suspension of any Shelf Registration Statement or the occurrence of a Blackout Period in accordance with the terms of this Agreement and not in excess of the Blackout Period shall not constitute a default under this Agreement and shall not create any obligation to pay Special Interest pursuant hereto.

Section 3. Registration Procedures.

If the Company files a registration statement pursuant to Section 2(a), the following provisions shall apply:

(a) At or before the Effective Time of the Shelf Registration Statement,

the Company shall cause the Indenture to be qualified under the Trust Indenture Act.

(b) In the event that such qualification would require the appointment of a new trustee under the Indenture, the Company shall appoint a new trustee thereunder pursuant to the applicable provisions of the Indenture.

(c) In connection with the Company's obligations with respect to the Shelf Registration, the Company shall use its reasonable best efforts to, as soon as practicable (or as otherwise specified):

(i) prepare and file with the Commission within the time periods specified in Section 2(a), a Shelf Registration Statement on any form which may be utilized by the Company and which shall register all of the Registrable Securities for resale by the Electing Holders thereof in accordance with such method or methods of disposition as may be specified by such holders, from time to time, and use its reasonable best efforts to cause such Shelf Registration Statement to become or be declared effective within the time periods specified in Section 2(a);

(ii) take action to name each holder that is an Electing Holder as of the date that is ten Business Days prior to the effectiveness of the Shelf Registration Statement as a selling securityholder in the Shelf Registration Statement as of the Effective Time; *provided*, no holder shall be entitled to be named as a selling securityholder in the Shelf Registration Statement as of the Effective Time, and no holder shall be entitled to use the prospectus forming a part thereof for resales of Registrable Securities at any time, unless such holder has timely returned a completed and signed Notice and Questionnaire to the Company and is named as a selling securityholder in the Shelf Registration Statement;

(iii) upon the request of any holder of Registrable Securities that is not then an Electing Holder, promptly send a Notice and Questionnaire to such holder; *provided* that the Company shall not be required to take any action to name such holder as a selling securityholder in the Shelf Registration Statement or to enable such holder to use the prospectus forming a part thereof for resales of Registrable Securities until such holder has returned a completed and signed Notice and Questionnaire to the Company;

(iv) as soon as practicable, prepare and file with the Commission such amendments and supplements to such Shelf Registration Statement and the prospectus included therein as may be necessary to effect and maintain the effectiveness of such Shelf Registration Statement for the period specified in Section 2(a) hereof and as may be required by the applicable rules and regulations of the Commission and the instructions applicable to the form of such Shelf Registration Statement, and furnish to the Electing Holders copies of any such supplement or amendment prior to its being used or promptly following its filing with the Commission;

(v) comply with the provisions of the Securities Act with respect to the disposition of all of the Registrable Securities covered by such Shelf

Registration Statement in accordance with the intended methods of disposition by the Electing Holders provided for in such Shelf Registration Statement;

(vi) upon request, provide the Electing Holders a copy of such Shelf Registration Statement, each prospectus included therein or filed with the Commission and each amendment or supplement thereto;

(vii) within two (2) Business Days notify each of the Electing Holders (A) when such Shelf Registration Statement or the prospectus included therein or any prospectus amendment or supplement or post-effective amendment has been filed, and, with respect to such Shelf Registration Statement or any post-effective amendment, when the same has become effective, (B) of the issuance by the Commission of any stop order suspending the effectiveness of such Shelf Registration Statement or the initiation or, to the knowledge of the Company, threatening of any proceedings for that purpose, (C) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or, to the knowledge of the Company, threatening of any proceeding for such purpose, or (D) if at any time when a prospectus is required to be delivered under the Securities Act, that such Shelf Registration Statement, prospectus, prospectus amendment or supplement or post-effective amendment does not conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act;

(viii) use their reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of such Shelf Registration Statement or any post-effective amendment thereto as soon as practicable;

(ix) use their reasonable best efforts to (A) register or qualify the Registrable Securities to be included in such Shelf Registration Statement under such securities laws or blue sky laws of no more than five jurisdictions that the Electing Holders collectively shall reasonably request, and (B) keep such registrations or qualifications in effect and comply with such laws so as to permit the continuance of offers, sales and dealings therein in such jurisdictions during the period the Shelf Registration is required to remain effective under Section 2(a) above to enable any such Electing Holder to consummate the disposition in such jurisdictions of such Registrable Securities; *provided*, *however*, that the Company shall not be required for any such purpose to (1) qualify as a foreign corporation or limited liability company, as the case may be, in any jurisdiction wherein it would not otherwise be required to qualify but for the requirements of this Section 3(c)(ix), (2) consent to general service of process in any such jurisdiction or (3) make any changes to its certificate of incorporation or by-laws (or other organizational document) or any agreement between it and holders of its ownership interests;

(x) use its reasonable best efforts to obtain the consent or approval of each governmental agency or authority, whether federal, state or local, which may be required to effect the Shelf Registration or the offering or sale in connection therewith or to enable the selling holder or holders to offer, or to consummate the disposition of, their Registrable Securities;

(xi) unless any Registrable Securities shall be in book-entry only form, cooperate with the Electing Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold, which certificates, if so required by any securities exchange upon which any Registrable Securities are listed, shall be penned, lithographed or engraved, or produced by any combination of such methods, on steel engraved borders, and which certificates shall not bear any restrictive legends;

(xii) provide a CUSIP number for all Registrable Securities, not later than the applicable Effective Time; and

(xiii) notify in writing each holder of Registrable Securities of any proposal by the Company to amend or waive any provision of this Agreement pursuant to Section 8(g) hereof and of any amendment or waiver effected pursuant thereto, each of which notices shall contain the substance of the amendment or waiver proposed or effected, as the case may be.

(d) In the event that the Company would be required, pursuant to Section 3(c)(vii)(D) above, to notify the Electing Holders the Company shall, as promptly as practicable, but in any event within ten (10) Business Days, prepare and furnish to each of the Electing Holders, a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to purchasers of Registrable Securities, such prospectus conforms in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act, and shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing. Each Electing Holder agrees that upon receipt of any notice from the Company pursuant to Section 3(c)(vii)(D) hereof, such Electing Holder shall forthwith discontinue the disposition of Registrable Securities pursuant to the Shelf Registration Statement applicable to such Registrable Securities until such Electing Holder shall have received copies of such amended or supplemented prospectus, and if so directed by the Company, such Electing Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Electing Holder's possession of the prospectus covering such Registrable Securities at the time of receipt of such notice.

(e) In addition to the information required to be provided by each Electing Holder in its Notice and Questionnaire, the Company may require such Electing Holder to furnish to the Company such additional information regarding such Electing Holder and such Electing Holder's intended method of distribution of Registrable Securities as may be required in order to comply with the Securities Act. Each such Electing Holder agrees to notify the Company as promptly as practicable of any inaccuracy or change in information previously furnished by such Electing Holder to the Company or of the occurrence of any event in either case as a result of which any prospectus relating to such Shelf Registration contains or would contain an untrue statement of a material fact regarding such Electing Holder or such Electing Holder's intended method of disposition of such Registrable Securities or omits to state any material fact regarding such Electing Holder or such Electing Holder's intended method of disposition of such Registrable Securities required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, and promptly to furnish to the Company any

additional information required to correct and update any previously furnished information or required so that such prospectus shall not contain, with respect to such Electing Holder or the disposition of such Registrable Securities, an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

Section 4. Registration Expenses.

The Company agrees, subject to the last sentence of this Section 4, to bear and to pay or cause to be paid promptly all expenses incident to the Company's performance of or compliance with this Agreement, including (a) all Commission filing and review fees and expenses, (b) all reasonable fees and expenses in connection with the qualification of the Notes for offering and sale under the securities laws and blue sky laws referred to in Section 3(c)(ix) hereof, (c) all expenses relating to the preparation, printing, production, distribution and reproduction of each registration statement required to be filed hereunder, each prospectus included therein or prepared for distribution pursuant hereto and each amendment or supplement to the foregoing, (d) messenger, telephone and delivery expenses relating to the offering, sale or delivery of Registrable Securities and the preparation of documents referred in clause (c) above, (e) reasonable fees and expenses of the Trustee under the Indenture, any agent of the Trustee and any reasonable fees and expenses for counsel for the Trustee, of any collateral agent or custodian and of the registrar and transfer agent of the Common Stock, (f) internal expenses of the Company (including all salaries and expenses of the Company's officers and employees performing legal or accounting duties), and (g) fees, disbursements and expenses of counsel and independent certified public accountants of the Company in connection with the Company's obligations under this Agreement, (collectively, the "**Registration Expenses**"). To the extent that any Registration Expenses are incurred, assumed or paid by any holder of Registrable Securities, with the written consent of the Company, the Company shall reimburse such person for the full amount of the Registration Expenses so incurred, assumed or paid promptly after receipt of a request therefor. Notwithstanding the foregoing, the holders of the Registrable Securities being registered shall pay, and be solely responsible for, all agency fees and commissions and underwriting discounts and commissions attributable to the sale of such Registrable Securities and the fees and disbursements of any counsel or other advisors or experts retained by such holders (severally or jointly), other than the counsel and experts specifically referred to above.

Section 5. Representations, Warranties and Covenants.

The Company represents and warrants to, and agrees with, each Purchaser and each of the holders from time to time of Registrable Securities that:

(a) Each Shelf Registration Statement covering Registrable Securities, when it becomes effective with the Commission, will conform in all material respects to the requirements of the Securities Act and the Trust Indenture Act and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, other than from (i) such time as a notice has been given to holders of Registrable Securities pursuant to Section 3(c)(vii)(D) hereof until (ii) such time as the Company furnishes an amended or supplemented prospectus pursuant to Section 3(d) hereof; *provided*, *however*, that this covenant shall not apply to any statements or omissions made

in reliance upon and in conformity with information furnished in writing to the Company by a holder of Registrable Securities or Electing Holder expressly for use therein.

(b) Any documents incorporated by reference in any Shelf Registration Statement referred to in Section 5(a) hereof, when it becomes effective, will conform in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and none of such documents will contain an untrue statement of a material fact or will omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; *provided*, *however*, that this covenant shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by a holder of Registrable Securities or Electing Holder expressly for use therein.

(c) This Agreement has been duly authorized, executed and delivered by the Company and is enforceable against the Company in accordance with its terms.

Section 6. Indemnification.

(a) Indemnification by the Company. The Company (i) will indemnify and hold harmless each of the Electing Holders identified as a selling securityholder in a Shelf Registration Statement, and each person, if any, who controls any such Electing Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act and the respective officers, directors, partners, employees, representatives and agents of any such Electing Holder or such controlling person (collectively, the "**Electing Holder Parties**") against any losses, claims, damages or liabilities, joint or several, to which they may become subject, under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Shelf Registration Statement, as the case may be, or any amendment thereof or supplement thereto, or any preliminary, final or summary prospectus contained therein or furnished by the Company to any such Electing Holder, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and (ii) will reimburse such Electing Holder for any reasonable legal or other expenses incurred by them in connection with investigating or defending any such loss, claim, damage or liability as such expenses are incurred; *provided*, *however*, that the Company shall not be liable to any such Electing Holder Party in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, or preliminary, final or summary prospectus, or any amendment thereof or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by or on behalf of an Electing Holder Party expressly for use therein.

(b) Indemnification by the Purchasers and the Holders. Each Electing Holder of Registrable Securities included in a Shelf Registration Statement, severally and not jointly, (i) will indemnify and hold harmless Primus and each of its subsidiaries, each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act and the respective officers, directors, partners, employees, representatives and agents of the Company or such controlling person, and all other holders against any losses,

claims, damages or liabilities to which they may become subject, under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in such registration statement, or any amendment thereof or supplement thereto, or any preliminary, final or summary prospectus contained therein or furnished by the Company to any such Electing Holder, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Electing Holder expressly for use therein, and (ii) will reimburse the Company for any reasonable legal or other expenses incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that no such Electing Holder shall be required to undertake liability to any person under this Section 6(b) for any amounts in excess of the net proceeds to be received by such Electing Holder from the sale of such Electing Holder's Registrable Securities pursuant to such registration.

(c) Notices of Claims, Etc. Promptly after receipt by an indemnified party under subsection (a) or (b) above of written notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party pursuant to the indemnification provisions of or contemplated by this Section 6, notify such indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party except to the extent actually prejudiced thereby. In case any such action shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, such indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, such indemnifying party shall not be liable to such indemnified party for any legal expenses of other counsel or any other expenses. Notwithstanding the foregoing, the indemnified party or parties shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party or parties unless (i) the employment of such counsel shall have been authorized in writing by the indemnifying parties in connection with the defense of such action or (ii) the indemnifying parties shall not have employed counsel to take charge of the defense of such action within a reasonable time after notice of commencement of the action; provided, that the indemnifying parties shall only be liable for the legal expenses of one counsel for all indemnified parties in each jurisdiction in which any claim or action is brought. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by any indemnified party.

(d) Contribution. If for any reason the indemnification provisions contemplated by Section 6(a) or Section 6(b) are unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this Section 6(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 6(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages, or liabilities (or actions in respect thereof) referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party under Section 6(c)(i) and (ii). Notwithstanding the provisions of this Section 6(d), no holder shall be required to contribute any amount in excess of the net proceeds to be received by such holder from the sale of any Registrable Securities. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

Section 7. Rule 144.

The Company covenants to the holders of Registrable Securities that to the extent it shall be required to do so under the Exchange Act, it shall timely file the reports required to be filed by it under the Exchange Act or the Securities Act (including the reports under Section 13 and 15(d) of the Exchange Act referred to in subparagraph (c)(1) of Rule 144 adopted by the Commission under the Securities Act), and shall take such further action as any holder of Registrable Securities may reasonably request, all to the extent required from time to time to enable such holder to sell Registrable Securities without registration under the Securities Act within the limitations of the exemption provided by Rule 144 under the Securities Act, or any similar or successor rule or regulation hereafter adopted by the Commission. Upon the request of any holder of Registrable Securities in connection with that holder's sale pursuant to Rule 144, the Company shall deliver to such holder a written statement as to whether it has complied with such requirements.

Section 8. Miscellaneous.

(a) Specific Performance. The parties hereto acknowledge that there would be no adequate remedy at law if the Company fails to perform any of their obligations hereunder and that the Purchasers and the holders from time to time of the Registrable Securities may be irreparably harmed by any such failure, and accordingly agree that the Purchasers and such holders, in addition to any other remedy to which they may be entitled at law or in equity, shall be entitled to compel specific performance of the obligations of the Company under this Agreement in accordance with the terms and conditions of this Agreement.

(b) Notices. All notices, requests, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) when delivered by hand, if delivered personally or by courier, (ii) when sent by facsimile, or (iii) three days after being deposited in the mail (registered or certified mail, postage prepaid, return receipt requested) as follows: If to the Company, c/o Primus Telecommunications Group, Incorporated, 7901 Jones Branch Drive, Suite 900, McLean, VA 22102, Attention: Secretary, and if to a holder, to the address of such holder set forth in the security register or other records of the Company, or to such other address as the Company or any such holder may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

(c) Parties in Interest. All the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable, by the parties hereto and the holders from time to time of the Registrable Securities and the respective successors and assigns of the parties hereto and such holders, to the extent that any such successor, assign or transferee shall agree in writing to acquire and hold the Registrable Securities subject to all of the applicable terms hereof.

(d) Survival. The respective indemnities, agreements, representations, warranties and each other provision set forth in this Agreement or made pursuant hereto shall remain in full force and effect regardless of any investigation (or statement as to the results thereof) made by or on behalf of any holder of Registrable Securities, any director, officer or partner of such holder, or any controlling person of any of the foregoing, and shall survive delivery of and payment for the Registrable Securities pursuant to the Exchange Agreements and the Purchase Agreements and the transfer and registration of Registrable Securities by such holder.

(e) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(f) Headings. The descriptive headings of the several Sections and paragraphs of this Agreement are inserted for convenience only, do not constitute a part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement.

(g) Entire Agreement; Amendments. This Agreement and the other writings referred to herein (including the Indenture and the form of Notes) or delivered pursuant hereto which form a part hereof contain the entire understanding of the parties with respect to its subject matter. This Agreement supersedes all prior agreements and understandings between the parties with respect to its subject matter. This Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument duly executed by the Company and the holders of at least a majority in aggregate principal amount of the Registrable Securities at the time outstanding. Each holder of any Registrable Securities at the time or thereafter outstanding shall be bound by any amendment or waiver effected pursuant to this Section 8(g), whether or not any notice, writing or marking indicating such amendment or waiver appears on such Registrable Securities or is delivered to such holder.

(h) Inspection. For so long as this Agreement shall be in effect, this Agreement and a complete list of the names and addresses of all the holders of Registrable Securities shall be made available for inspection and copying, upon reasonable prior notice, on any Business Day during normal business hours by any holder of Registrable Securities for proper purposes only at the offices of the Primus at the address thereof set forth in Section 8(b) above and at the office of the Trustee under the Indenture.

(i) Counterparts. This agreement may be executed by the parties in counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

(j) Severability. In the event that any one of more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired or affected thereby, it being intended that all of the rights and privileges of the parties shall be enforceable to the fullest extent permitted by law.

(k) Multiple Purchasers. Each Purchaser understands, acknowledges and agrees that multiple Purchasers have executed and delivered this Agreement. Furthermore, each Purchaser acknowledges and agrees that if at any time any decision or action is required to be taken by the Purchasers in their capacities as holders of a requisite amount of Registrable Securities hereunder (including, without limitation, under Section 8(g)), the Company shall make the final and binding determination as to whether such decision or action has been properly taken by the requisite holders and shall inform each holder of the same.

(l) Submission to Jurisdiction. Each of the parties hereto (a) consents to submit itself to the exclusive jurisdiction of the courts of the State of New York, located in New York County and the United States District Court for the Southern District of New York in the event any dispute arises out of this Agreement or any of the transactions contemplated hereby, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (c) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated hereby in any court other than a federal or state court sitting in the State of New York.

[SIGNATURE PAGES FOLLOW]

If the foregoing is in accordance with your understanding, please sign and return to us counterparts hereof, and upon the acceptance hereof by you, this letter and such acceptance hereof shall constitute a binding agreement between you.

Very truly yours,

Primus Telecommunications Holding, Inc.,
a Delaware corporation, as Issuer

By: _____
Name: _____
Title: _____

Primus Telecommunications Group, Incorporated,
a Delaware corporation, as Guarantor

By: _____
Name: _____
Title: _____

PURCHASER SIGNATURE PAGE TO AGREEMENT

IN WITNESS WHEREOF, the undersigned Purchaser has duly executed and delivered this Agreement as of the first date written above.

PURCHASER

[PURCHASER NAME]

By: _____

Name: _____

Its: _____

Purchaser Name and Address:

Fax Number:

EXHIBIT A

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED

FORM OF SELLING SECURITY HOLDER ELECTION AND QUESTIONNAIRE

The undersigned beneficial holder of 5.00% Exchangeable Senior Notes due 2009 (the "New Notes") of Primus Telecommunications Holding, Inc. ("Holding") or Primus Telecommunications Group, Incorporated's ("Primus") common stock, par value $0.01 per share, issued upon conversion of the New Notes (the "Common Stock" and together with the New Notes, the "Registrable Securities"), understands that Primus has filed or intends to file with the Securities and Exchange Commission (the "SEC") one or more registration statements (collectively, the "Shelf Registration Statement") for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the "Securities Act"), of the Registrable Securities in accordance with the terms of the Registration Rights Agreement (the "Registration Rights Agreement"), dated as of June 28, 2006, among Primus, Holding and the initial purchasers named therein. A copy of the Registration Rights Agreement is available from Primus upon request at the address set forth below. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

Each beneficial owner of Registrable Securities is entitled to the benefits of the Registration Rights Agreement. In order to sell or otherwise dispose of any Registrable Securities pursuant to the Shelf Registration Statement, a beneficial owner of Registrable Securities generally will be required to be named as a selling security holder in the related prospectus, deliver a prospectus to purchasers of Registrable Securities and be bound by those provisions of the Registration Rights Agreement applicable to such beneficial owner (including certain indemnification provisions as described below). **To be included in the Shelf Registration Statement, this Election and Questionnaire must be completed, executed and delivered to Primus at the address set forth herein on or prior to the tenth business day before the effectiveness of the initial Shelf Registration Statement. We will give notice of the filing and effectiveness of the initial Shelf Registration Statement by issuing a press release.**

Beneficial owners that do not complete this Election and Questionnaire and deliver it to Primus as provided below will not be named as selling security holders in the prospectus and therefore will not be permitted to sell any Registrable Securities pursuant to the Shelf Registration Statement. Beneficial owners are encouraged to complete and deliver this Election and Questionnaire prior to the effectiveness of the initial Shelf Registration Statement so that such beneficial owners may be named as selling security holders in the related prospectus at the time of effectiveness. Upon receipt of a completed Election and Questionnaire from a beneficial owner following the effectiveness of the

initial Shelf Registration Statement, Primus will, within 15 business days (subject to certain exceptions), file such amendments to the initial Shelf Registration Statement or additional shelf registration statements or supplements to the related prospectus as are necessary to permit such holder to deliver such prospectus to purchasers of Registrable Securities. Primus has agreed to pay additional interest pursuant to the Registration Rights Agreement under certain circumstances as set forth therein.

Certain legal consequences arise from being named as selling security holders in the Shelf Registration Statement and the related prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling security holder in the Shelf Registration Statement and the related prospectus.

ELECTION

The undersigned beneficial owner (the "Selling Security Holder") of Registrable Securities hereby elects to include in the prospectus forming a part of the Shelf Registration Statement the Registrable Securities beneficially owned by it and listed below in Item 3 (unless otherwise specified under Item 3). The undersigned, by signing and returning this Election and Questionnaire, understands that it will be bound by the terms and conditions of this Election and Questionnaire and the Registration Rights Agreement.

Pursuant to the Registration Rights Agreement, the undersigned has agreed to indemnify and hold harmless Primus and its directors, officers and each person, if any, who controls Primus within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against certain losses arising in connection with statements concerning the undersigned made in the Shelf Registration Statement or the related prospectus in reliance upon the information provided in this Election and Questionnaire.

The undersigned hereby provides the following information to Primus and represents and warrants to Primus that such information is accurate and complete:

QUESTIONNAIRE

1. (a) Full Legal Name of Selling Security Holder:

_____

_____

(b) Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities listed in Item (3) below are held:

_____

_____

(c) Is the Selling Security Holder an SEC-reporting company? If the Selling Security Holder is not an SEC-reporting company, list below the individual or individuals who exercise dispositive powers with respect to the Notes and the voting and/or dispositive powers with respect to the common stock underlying the Notes:

_____

_____

_____

_____

(d) Are you a broker-dealer registered pursuant to Section 15 of the Exchange Act?

☐ Yes.

☐ No.

(e) If your response to Item l(d) above is "no," are you an "affiliate" of a broker-dealer registered pursuant to Section 15 of the Exchange Act?

☐ Yes.

☐ No.

For purposes of this Item l(e), an "affiliate" of a registered broker-dealer shall include any company that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such broker-dealer, and does not include any individuals employed by such broker-dealer or its affiliates.

(f) Full legal name of person through which you hold the Registrable Securities—(*i.e.* name of your broker or the DTC participant, if applicable, through which your Registrable Securities are held);

Name of Broker:

_____

_____

DTC No.:

_____

_____

Contract person:

_____

_____

Telephone No. (including area code):

_____

_____

Email address:

_____

_____

2. Address for Notes to Selling Security Holder:

_____

_____

_____

Telephone: _____

Fax: _____

E-mail address: _____

Contact Person: _____

3. Beneficial Ownership of Registrable Securities:

(a) Type of Registrable Securities beneficially owned, and principal amount of Notes or number of shares of Common Stock, as the case may be, beneficially owned:

_____

_____

_____

_____

(b) CUSIP No(s). of such Registrable Securities beneficially owned:

_____

_____

_____

_____

4. Beneficial Ownership of Primus Securities Owned by the Selling Security Holder:

Except as set forth below in this Item (4), the undersigned is not the beneficial or registered owner of any securities of Primus, other than the Registrable Securities listed above in Item **(3)**.

(a) Type and amount of other securities beneficially owned by the Selling Security Holder:

_____

_____

_____

_____

(b) CUSIP No(s). of such other securities beneficially owned:

_____

_____

_____

_____

5. Relationship with Primus

(a) Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (5% or more) has held any

position or office or has had any other material relationship with Primus (or its predecessors or affiliates) during the past three years.

State any exceptions here:

(b) If the Selling Security Holder is a registered broker-dealer or an "affiliate" of a registered broker-dealer (See Item l(c) and l(d)), except as set forth below, (i) neither the undersigned nor any of its affiliates has purchased the Registrable Securities other than in the ordinary course of business, and (ii) at the time of the purchase of the Registrable Securities to be registered, the undersigned had no agreement or understanding, written or otherwise, with any person to distribute, directly or indirectly, any such Registrable Securities.

State any exceptions here:

6. Plan of Distribution

Except as set forth below, the undersigned (including its donees or pledgees) intends to distribute the Registrable Securities listed above in Item (3) pursuant to the Shelf Registration Statement only as follows (if at all). Such Registrable Securities may be sold from time to time directly by the undersigned. Such Registrable Securities may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at varying prices determined at the time of sale, or at negotiated prices. Such sales may be effected in transactions (which may involve crosses or block transactions)

(i) *on any national securities exchange or quotation service on which the Registrable Securities may be listed or quoted at the time of sale;*

(ii) *in the over-the-counter market;*

(iii) *in transactions otherwise than on such exchanges or services or in the over-the-counter market; or*

(iv) through the writing of options.

In connection with sales of the Registrable Securities or otherwise, the undersigned may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the Registrable Securities and deliver Registrable Securities to close out such short positions, or loan or pledge Registrable Securities to broker-dealers that in turn may sell such securities.

State any exceptions here:

_____

_____

_____

_____

_____

_____

_____

Note: In no event may such method(s) of distribution take the form of an underwritten offering or the Registrable Securities without the prior written agreement of Primus.

ACKNOWLEDGEMENTS

The undersigned acknowledges that it understands its obligation to comply with the provisions of the Securities Exchange Act of 1934, as amended, and the rules thereunder relating to stock manipulation, particularly Regulation M thereunder (or any successor rules or regulations), in connection with any offering of Registrable Securities pursuant to the Registration Rights Agreement. The undersigned agrees that neither it nor any person acting on its behalf will engage in any transaction in violation of such provisions.

The Selling Security Holder hereby acknowledges its obligations under the Registration Rights Agreement to indemnify and hold harmless certain persons set forth therein. Pursuant to the Registration Rights Agreement, Primus has agreed under certain circumstances to indemnify the Selling Security Holders against certain liabilities.

In accordance with the undersigned's obligation under the Registration Rights Agreement to provide such information as may be required by law for inclusion in the Shelf Registration Statement, the undersigned agrees to promptly notify Primus of any inaccuracies changes in the information provided herein that may occur subsequent to the date hereof at any time while the Shelf Registration Statement remains effective. All notices hereunder and pursuant to the Registration Rights Agreement shall be made in writing at the address set forth below.

In the event that the undersigned transfers all or any portion of the Registrable Securities listed in Item 3 above alter the date on which such information is provided to Primus, the undersigned agrees to notify the transferee(s) at the time of transfer of its rights and obligations under this Election and Questionnaire and the Registration Rights Agreement.

By signing this Election and Questionnaire, the undersigned consents to the disclosure of the information contained herein in its answers to Items (1) through (6) above and the inclusion of such information in the Shelf Registration Statement and the related prospectus. The undersigned understands that such information will be relied upon by Primus in connection with the preparation or amendment of the Shelf Registration Statement and the related prospectus.

Once this Election and Questionnaire is executed by the Selling Security Holder and received by Primus, the terms of this Election and Questionnaire and the representations and warranties contained herein shall be binding on, shall insure to the benefit of and shall be enforceable by the respective successors, heirs, personal representatives and assigns of Primus and the Selling Security Holder with respect to the Registrable Securities beneficially owned by such Selling Security Holder and listed in Item 3 above.

This Election and Questionnaire shall be governed by, and construed in accordance with; the laws of the State of Delaware.

IN WITNESS WHEREOF, the undersigned, by authority duly given, has caused this Election and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Beneficial Owner

By: _____

Name:
Title:

Dated:

Please return the completed and executed Election and Questionnaire
to:

Primus Telecommunications Group, Incorporated
7901 Jones Branch Drive, Suite 900
McLean, VA 22102
Tel.: (703) 902-2800
Fax: (703) 902-2814
Attention: Mr. Thomas R. Kloster

EXHIBIT B

FORM OF NOTICE OF TRANSFER PURSUANT TO REGISTRATION STATEMENT

[Name of Trustee/Transfer Agent]
Primus Telecommunications Group, Incorporated
Primus Telecommunications Holding, Inc.
c/o [Name of Trustee/Transfer Agent]
_____
_____

Attention: Trust Officer

Re: Primus Telecommunications Group, Incorporated ("Parent") and Primus Telecommunications Holding, Inc. ("Holding") 5.00% Exchangeable Senior Notes due 2009

Dear Sirs:

Please be advised that _____ has transferred [$_____ aggregate principal amount of the above-referenced Notes] [_____ shares of Common Stock] pursuant to an effective Shelf Registration Statement.

We hereby certify that the prospectus delivery requirements, if any, of the Securities Act of 1933, as amended, have been satisfied and that the above-named beneficial owner of the [Notes][Common Stock] is named as a "Selling Securityholder" in the prospectus dated [date] or in supplements thereto, and that the [aggregate principal amount of the Notes transferred are the Notes] [number of shares of Common Stock transferred are the Common Stock] listed in such prospectus opposite such owner's name.

Very truly yours,

_____
(Name)

By: _____
(Authorized Signature)

Dated: _____

Exhibit 12.1

Computation of Ratio of Earnings to Fixed Charges
(in thousands)

	Year Ended December 31,					Three Months Ended March 31,	
	2005	2004	2003	2002	2001	2006	2005
Earnings:							
Income (loss) before provision for income taxes, equity in loss of unconsolidated affiliates and cumulative effect of change in accounting principle	$ (150,382)	$ (4,682)	$ 59,637	$ (27,228)	$ (301,176)	$ (14,416)	$ (32,155)
Add: Fixed charges	60,988	57,542	66,610	74,240	107,441	15,875	14,392
Less: Minority interest	(381)	(452)	(347)	(446)	(132)	(102)	(124)
Less: Equity investment	249	412	2,678	3,225	—	—	281
Total earnings before fixed charges	$ (89,262)	$ 52,900	$ 123,916	$ 44,233	$ (193,603)	$ 1,561	$ (17,920)
Fixed charges:							
Interest expense	53,440	50,526	60,733	68,303	100,700	14,071	12,442
Estimated interest component of rent expense	7,548	7,016	5,877	5,937	6,741	1,804	1,950
Total fixed charges	$ 60,988	$ 57,542	$ 66,610	$ 74,240	$ 107,441	$ 15,875	$ 14,392
Shortage	$ 150,250	$ 4,642	NA	$ 30,007	$ 301,044	$ 14,314	$ 32,312
Ratio of earnings to fixed charges(1)	<1	<1	1.86	<1	<1	<1	<1

(1) The ratio of earnings to fixed charges is computed by dividing the sum of pre-tax income from continuing operations (before adjustment for minority interests in consolidated subsidiaries and loss from equity investees) plus fixed charges, by fixed charges. Fixed charges consist of interest charges, whether expensed or capitalized, and that portion of rental expense we believe to be representative of interest.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated March 15, 2006, relating to the financial statements and financial statement schedule of Primus Telecommunications Group, Incorporated and subsidiaries (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the Company's ability to continue as a going concern), and our report dated March 15, 2006, relating to management's report on the effectiveness of internal control over financial reporting, appearing in the Annual Report on Form 10-K of Primus Telecommunications Group, Incorporated and subsidiaries for the year ended December 31, 2005, and to the reference to us under the heading "Experts" in the Prospectus, which is part of such Registration Statement.

DELOITTE & TOUCHE LLP

McLean, Virginia
July 17, 2006