

PRIMUS TELECOMMUNICATIONS GROUP INC  
Form DEF 14A  
April 30, 2013  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

# Primus Telecommunications Group, Incorporated

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

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1. Amount previously paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

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Dear Primus Telecommunications Group, Incorporated Stockholder:

It is my pleasure to invite you to attend the 2013 Annual Meeting of Stockholders of Primus Telecommunications Group, Incorporated. We will hold the 2013 Annual Meeting on Wednesday, June 12, 2013 at 10:00 a.m., Eastern Daylight Saving Time, at the Ritz-Carlton Tysons Corner, 1700 Tysons Boulevard, McLean, VA 22102.

Again this year, we are furnishing our proxy materials via the Internet. Providing our proxy materials to stockholders electronically allows us to be green by conserving natural resources and reducing our printing and mailing costs related to the distribution of the proxy materials. To ensure your representation at the 2013 Annual Meeting, we urge you to vote via the Internet at [www.proxyvote.com](http://www.proxyvote.com) or by telephone by following the instructions on the Notice of Internet Availability of Proxy Materials (the Notice) that you received in the mail and that is also provided on that website, or, if you have requested a paper copy of the proxy materials and the proxy card by mail, by signing, voting and returning your proxy card to Primus Telecommunications Group, Incorporated, Voting Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. For specific instructions on how to vote your shares, please review the instructions for each of these voting options that are detailed in the Notice and in this Proxy Statement. Whether or not you expect to attend the 2013 Annual Meeting, please vote your shares in order to ensure the presence of a quorum. If you attend the 2013 Annual Meeting, you may vote in person even if you have previously returned your proxy card or have voted via the Internet or by telephone.

In addition to their availability at [www.proxyvote.com](http://www.proxyvote.com), this Proxy Statement, the Notice and our Annual Report on Form 10-K for the year ended December 31, 2012 are available for viewing and printing under the Investor Relations Proxy Materials section of our website, [www.ptgi.com](http://www.ptgi.com).

Thank you for your continued support and interest in PTGi. We look forward to seeing you at the 2013 Annual Meeting on June 12, 2013.

Very truly yours,

Andrew Day

*President & Chief Executive Officer*

This Proxy Statement is dated April 30, 2013 and the Notice is being mailed to stockholders of PTGi entitled to vote at the 2013 Annual Meeting on or about May 2, 2013.

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**PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED**

**7901 Jones Branch Drive**

**Suite 900**

**McLean, VA 22102**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**June 12, 2013**

To our Stockholders:

Primus Telecommunications Group, Incorporated ( "PTGi" or the "Company" ) will hold its 2013 Annual Meeting of Stockholders (the "2013 Annual Meeting" ) on Wednesday, June 12, 2013, at 10:00 a.m., Eastern Daylight Saving Time, at the Ritz-Carlton Tysons Corner, 1700 Tysons Boulevard, McLean, VA 22102. At the 2013 Annual Meeting, holders of PTGi's outstanding common stock will be asked:

1. To elect four directors from the nominees identified in the accompanying Proxy Statement, each to hold office until the 2014 Annual Meeting of Stockholders and until his successor is duly elected and qualified;
2. To approve, by non-binding vote, the compensation of our named executive officers (also known as a "Say on Pay" vote);
3. To recommend, by non-binding vote, whether the Say on Pay vote should be held every one, two or three years; and
4. To consider and take action upon any other business that may properly come before the 2013 Annual Meeting or any postponements or adjournments thereof.

Only stockholders of record of PTGi's common stock at the close of business on April 15, 2013, which is the record date for the 2013 Annual Meeting, are entitled to notice of, and to vote at, the 2013 Annual Meeting and any adjournments or postponements of the 2013 Annual Meeting. A list of stockholders of record will be available at the 2013 Annual Meeting and for the 10 days prior to the 2013 Annual Meeting, during ordinary business hours, at the office of the Secretary at PTGi's address listed above.

All stockholders are cordially invited to attend the 2013 Annual Meeting. You must bring with you proof of stock ownership as of the April 15, 2013 record date and a valid personal photo identification card, such as a driver's license or passport, in order to be admitted to the 2013 Annual Meeting.

Your vote is important. We appreciate your taking the time to vote promptly. After reading the Proxy Statement, please vote at your earliest convenience to ensure the presence of a quorum by voting over the Internet, by telephone, or, if you have requested a paper copy of the proxy materials and the proxy card by mail, by completing, signing and returning the proxy card in the postage pre-paid envelope accompanying the proxy materials, as described in the Notice. Submitting the proxy before the 2013 Annual Meeting will not preclude you from voting in person at

the 2013 Annual Meeting if you decide to attend.

**The Board of Directors of PTGi recommends that stockholders vote FOR the election of the four nominees identified in the accompanying Proxy Statement as directors (Proposal 1), FOR the approval, by non-binding vote, of the compensation of our named executive officers (Proposal 2), and FOR the option of EVERY ONE YEAR as the frequency for the Say on Pay vote (Proposal 3).**

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By Order of the Board of Directors,

John D. Filipowicz, Esq.

*General Counsel, Corporate Secretary,*

*Chief Compliance Officer and Chief Administrative Officer*

McLean, Virginia

May 2, 2013

**YOUR VOTE IS VERY IMPORTANT. PLEASE VOTE AS PROMPTLY AS POSSIBLE BY USING THE INTERNET OR TELEPHONE OR, IF YOU HAVE REQUESTED A PAPER COPY OF THE PROXY MATERIALS AND THE PROXY CARD BY MAIL, BY COMPLETING, SIGNING AND RETURNING THE PROXY CARD IN THE ENVELOPE PROVIDED WITH YOUR PROXY MATERIALS, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. STOCKHOLDERS WHO DECIDE TO ATTEND THE 2013 ANNUAL MEETING MAY, IF SO DESIRED, REVOKE THE PROXY AND VOTE THEIR SHARES IN PERSON.**

**AS DESCRIBED IN THE NOTICE, COPIES OF THE PROXY STATEMENT AND OUR ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2012 ARE AVAILABLE AT [www.proxyvote.com](http://www.proxyvote.com).**

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**PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED**

**7901 Jones Branch Drive**

**Suite 900**

**McLean, VA 22102**

**Annual Meeting of Stockholders**

**June 12, 2013**

**PROXY STATEMENT**

**GENERAL INFORMATION ABOUT THE 2013 ANNUAL MEETING**

**Why Am I Receiving Proxy Materials?**

The Board of Directors (the **Board**) of Primus Telecommunications Group, Incorporated ( **PTGi** or the **Company** ) is soliciting your proxy to vote at the 2013 Annual Meeting of Stockholders (the **2013 Annual Meeting** ) to be held at the Ritz-Carlton Tysons Corner, 1700 Tysons Boulevard, McLean, VA 22102, on June 12, 2013, at 10:00 a.m., Eastern Daylight Saving Time, and any adjournments or postponements of the 2013 Annual Meeting. This Proxy Statement is dated April 30, 2013 and PTGi expects to mail the Notice of Internet Availability of Proxy Materials (the **Notice** ) to all stockholders entitled to vote at the 2013 Annual Meeting on or about May 2, 2013. The purpose of the 2013 Annual Meeting and the matters to be acted upon are set forth in this Proxy Statement, the Notice of Annual Meeting of Stockholders and the Notice.

**Why Did I Receive a One-page Notice of Internet Availability of Proxy Materials, or the Notice, this Year Instead of a Full Set of Proxy Materials?**

The rules and regulations of the Securities and Exchange Commission (the **SEC** ) allow us to furnish proxy materials, including this Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2012, by providing access to such documents on the Internet instead of mailing a printed copy of such proxy materials to each shareholder of record. The Notice provides instructions on how to access and review all of the proxy materials and how to submit your proxy on the Internet. As described in the Notice, any stockholder, at no cost to the stockholder, may request to receive proxy materials in printed form by mail or electronically by e-mail. If you would like to receive a printed or e-mail copy of the proxy materials, you should follow the instructions for requesting such materials in the Notice. Our Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2012 are available at [www.proxyvote.com](http://www.proxyvote.com) and under the **Investor Relations Proxy Materials** section of our website, [www.ptgi.com](http://www.ptgi.com).

**Who Can Vote?**

Only stockholders who owned our common stock at the close of business on April 15, 2013 are entitled to vote at the 2013 Annual Meeting. On this record date, there were 13,930,745 shares of our common stock outstanding and entitled to vote. Common stock is our only class of voting stock.

You do not need to attend the 2013 Annual Meeting to vote your shares. Shares represented by valid proxies, received in time for the 2013 Annual Meeting and not revoked prior to the 2013 Annual Meeting, will be voted at the 2013 Annual Meeting. For instructions on how to change or revoke your proxy, see **May I Change or Revoke My Proxy?** below.

**How Many Votes Do I Have?**

Each share of PTGi common stock entitles you to one vote, without cumulation, on each matter to be voted upon at the meeting.

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### **How Do I Vote?**

Whether or not you plan to attend the 2013 Annual Meeting, we urge you to vote by proxy. If you vote by proxy, the individuals named on the proxy card, or your proxies, will vote your shares in the manner you indicate. You may specify whether your shares should be voted (i) for the nominees for director or withheld from the nominees for director (or any one or more nominees), (ii) for, against or abstain with respect to the non-binding vote to approve the compensation of our named executive officers, and (iii) for every one year, every two years or every three years as the frequency of the Say on Pay vote, or whether you abstain with respect to the Say on Pay frequency vote. Unless a stockholder gives instructions to the contrary, shares of our common stock represented by proxies will be voted in accordance with the Board's recommendation. Voting by proxy will not affect your right to attend the 2013 Annual Meeting.

If your shares are registered directly in your name through our stock transfer agent, Broadridge Corporate Issuer Solutions, Inc., or you have stock certificates registered in your name, you may vote:

**By Internet or by telephone.** Follow the instructions included in the Notice to vote by Internet or telephone. Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day and will close at 11:59 p.m. Eastern Daylight Saving Time on June 11, 2013.

**By mail.** As described in the Notice, you may request printed proxy materials, in which case you may complete, sign and return the proxy card in the postage pre-paid envelope accompanying the proxy materials so that it is received prior to the 2013 Annual Meeting.

**In person at the 2013 Annual Meeting.** If you attend the 2013 Annual Meeting, you may deliver your completed proxy card in person, if you have requested printed proxy materials, or you may vote your shares in person by completing a ballot, which will be available at the 2013 Annual Meeting.

If your shares are held in street name (meaning the shares are held in the name of a bank, broker or other nominee who is the record holder), you must provide the bank, broker or other nominee with instructions on how to vote your shares and can do so as follows:

**By Internet or by telephone.** Follow the instructions you receive from the bank, broker or other nominee to vote by Internet or telephone.

**By mail.** You will receive instructions from the bank, broker or other nominee explaining how to vote your shares.

**In person at the 2013 Annual Meeting.** Contact the bank, broker or other nominee who holds your shares to obtain a broker's proxy card and bring it with you to the 2013 Annual Meeting. You will not be able to vote in person at the 2013 Annual Meeting unless you have a proxy card from your bank, broker or other nominee.

### **How Does the Board of Directors Recommend I Vote on the Proposals?**

The Board recommends that you vote as follows:

**FOR** the election of the four nominees for director;

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**FOR** the approval, by non-binding vote, of the compensation of our named executive officers (also known as a "Say on Pay" vote);  
and

**FOR EVERY ONE YEAR** as the frequency of future Say on Pay votes.

If any other matter is presented at the 2013 Annual Meeting, including a proposal to adjourn or postpone the 2013 Annual Meeting to permit the Company to solicit additional proxies in favor of any proposal, your proxy provides that your shares will be voted by the proxy holder listed on the proxy card in accordance with his or her discretion. At the time this Proxy Statement was printed, we knew of no matters that need to be acted on at the 2013 Annual Meeting, other than those described in this Proxy Statement.

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### **May I Change or Revoke My Proxy?**

If you give us your proxy, you may change or revoke it at any time before the 2013 Annual Meeting.

If you hold your shares as a record holder, you may change or revoke your proxy in any one of the following ways:

By re-voting at a subsequent time by Internet or by telephone as instructed above;

By signing a new proxy card with a date later than your previously delivered proxy and submitting it as instructed above;

By delivering a signed revocation letter to John D. Filipowicz, the Company's Corporate Secretary, at the address above before the 2013 Annual Meeting, which states that you have revoked your proxy; or

By attending the 2013 Annual Meeting and voting in person. Attending the 2013 Annual Meeting in person will not in and of itself revoke a previously submitted proxy. You must specifically request at the 2013 Annual Meeting that it be revoked.

Your latest dated proxy card, Internet or telephone vote is the one that is counted.

If your shares are held in the name of a bank, broker or other nominee, you may change your voting instructions by following the instructions of your bank, broker or other nominee.

### **What if I Receive More Than One Notice or Proxy Card?**

You may receive more than one Notice or, if you have requested printed proxy materials, more than one proxy card if you hold shares of our common stock in more than one account, which may be in registered form or held in street name. Please vote in the manner described under **How Do I Vote?** for each account to ensure that all of your shares are voted.

### **Will My Shares be Voted if I Do Not Vote or Instruct my Nominee as to How to Vote?**

If your shares are registered in your name, they will not be voted if you do not vote by Internet, by telephone, by completing, signing and returning your proxy card, if you have requested printed proxy materials, or in person at the 2013 Annual Meeting, as described above under **How Do I Vote?**

With respect to shares held in street name, your bank, broker or other nominee does not have the ability to vote your uninstructed shares in the election of directors, advisory vote to approve executive compensation or advisory vote on the frequency of Say on Pay votes. Therefore, if you hold your shares in street name, it is critical that you instruct your bank, broker or other nominee how to vote if you want your vote to be counted for Proposals 1, 2 and 3.

### **What is a Broker Non-Vote ?**

A broker non-vote will occur if your bank, broker or other nominee cannot vote your shares on a particular matter because it has not received instructions from you and does not have discretionary voting authority on that matter or because your bank, broker or other nominee chooses not to vote on a matter for which it does have discretionary voting authority. Banks, brokers or other nominees do not have discretionary authority to vote their customers' uninstructed shares in non-routine proposals, such as Proposals 1, 2 and 3.

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### **What Vote is Required to Approve Each Proposal and How are Votes Counted?**

**Proposal 1:** The four nominees for director who receive the most votes (also known as a plurality of the votes) will be elected. You may vote either FOR all of the nominees, WITHHOLD your vote from all of the nominees or WITHHOLD your vote from any one or more of the nominees. Votes that are withheld will not be included in the vote tally for the election of directors.

#### **Elect Directors**

Broker non-votes will have no effect on the outcome of this proposal.

**Proposal 2:** The favorable vote of a majority of the votes cast by shareholders will constitute the shareholders' non-binding approval of the compensation of our named executive officers.

#### **Approval, by non-binding vote, of the compensation of our named executive officers**

Abstentions and broker non-votes will have no effect on the outcome of this proposal.

**Proposal 3:** The favorable vote of a majority of the votes cast by shareholders will constitute the shareholders' non-binding approval of an advisory vote on executive compensation to occur once a year. The choice that receives the highest number of the affirmative votes of the shares of common stock represented in person or by proxy at the meeting, even if less than a majority, will be deemed to be the frequency preferred by the shareholders.

#### **Recommendation, by non-binding vote, of the frequency of Say on Pay votes**

Abstentions and broker non-votes will have no effect on the outcome of this proposal.

#### **Is Voting Confidential?**

We will keep all the proxies, ballots and voting tabulations private. We only let our inspector of election examine these documents.

### **What Are the Costs of Soliciting these Proxies?**

We will pay all of the costs of soliciting these proxies. Our directors and employees may solicit proxies in person or by e-mail or other electronic means or by telephone. We will pay these directors and employees no additional compensation for these services. We will ask banks, brokers and other nominees to forward these proxy materials to their principals and to obtain authority to execute proxies. We will then reimburse them for their reasonable, out-of-pocket expenses.

### **What Constitutes a Quorum for the Annual Meeting?**

The presence, in person or by proxy, of the holders of a majority of the shares of PTGi common stock issued and outstanding and entitled to vote at the 2013 Annual Meeting, is necessary to constitute a quorum at the 2013 Annual Meeting. Votes of stockholders of record who are present at the 2013 Annual Meeting in person or by proxy and abstentions will be counted for purposes of determining whether a quorum exists, but broker non-votes will not be counted for purposes of determining a quorum. A quorum is necessary before business may be transacted at the 2013 Annual Meeting except that, even if a quorum is not present, the chairman of the 2013 Annual Meeting or the holders of shares having a majority of the voting power present, in person or by proxy, shall have the power to adjourn the 2013 Annual Meeting from time to time until a quorum is present.

### **How do I Attend the 2013 Annual Meeting?**

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The 2013 Annual Meeting will be held on Wednesday, June 12, 2013 at 10:00 a.m., Eastern Daylight Saving Time, at the Ritz-Carlton Tysons Corner, 1700 Tysons Boulevard, McLean, VA 22102. When you arrive at the



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Ritz-Carlton Tysons Corner, signs will direct you to the appropriate meeting room. You need not attend the 2013 Annual Meeting in order to vote. You must bring with you proof of PTGi share ownership at the close of business on the record date, April 15, 2013, and a valid personal photo identification card, such as a driver's license or passport, in order to be admitted to the 2013 Annual Meeting. The purpose of this requirement is to assist us in verifying that you are a stockholder of PTGi.

**ELECTION OF DIRECTORS**

**(PROPOSAL 1)**

The size of our Board is determined by resolution of the Board, subject to the requirements of our Second Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") and Second Amended and Restated By-laws (the "By-laws"). On April 26, 2013, the Board approved the reduction of the number of directors serving on the Board from five to four members, effective May 1, 2013, in light of Peter D. Aquino's imminent resignation (discussed below) and the number of continuing directors and director nominees standing for re-election at the 2013 Annual Meeting. Our Board currently consists of the following four directors: Mark E. Holliday, Robert M. Pons, Steven D. Scheiwe, and Neil S. Subin. The Board will continue to evaluate the size of the Board and make adjustments as needed to meet the current and future needs of the Company.

At our 2012 Annual Meeting, each of Messrs. Holliday, Pons, Scheiwe and Subin was elected to serve until our 2013 Annual Meeting, as provided by our By-laws. Peter D. Aquino was also elected to serve as a director at our 2012 Annual Meeting. Effective April 30, 2013, Mr. Aquino resigned from his position as Executive Chairman and a director of the Company.

At the 2013 Annual Meeting, at the recommendation of our Nominating and Governance Committee, our Board has nominated each of Messrs. Holliday, Pons, Scheiwe and Subin for re-election as a director, to hold office until the Annual Meeting of Stockholders in 2014 and until his successor is duly elected and qualified.

The proxy holders intend to vote each proxy received from stockholders of record for the re-election of all of these nominees, unless otherwise instructed. Pursuant to SEC rules, proxies cannot be voted for a greater number of persons than the number of nominees named.

Each director nominee has consented to be named as a nominee in this Proxy Statement, and we expect each nominee to be able to serve if elected. If any nominee is not able to serve, proxies may be voted for a substitute nominee, or, in the discretion of the Board, the position may be left vacant.

The principal occupations and certain other information about the nominees (including the skills and qualifications that led to the conclusion that they should serve as directors) are set forth below.

**The Board unanimously recommends a vote FOR the re-election of Messrs. Holliday, Pons, Scheiwe and Subin as directors.**

**Table of Contents****BOARD OF DIRECTORS****Information Regarding Directors**

Set forth below is certain information with respect to our directors nominated for re-election. This information has been provided by each director at the request of the Company. None of the directors is related to each other or any executive officer of the Company. Pursuant to Proposal 1 of this Proxy Statement, each of our current directors has been nominated by our Board for re-election at the 2013 Annual Meeting, to hold office until the Annual Meeting of Stockholders in 2014 and until his successor is duly elected and qualified.

**Directors**

<b>Name</b>	<b>Age</b>	<b>Director Since</b>
Mark E. Holliday (1)(2)(3)	45	2011
Robert M. Pons (1)	56	2011
Steven D. Scheiwe (2)(3)(4)	52	2010
Neil S. Subin (1)(2)(3)(4)	48	2009

- (1) Member of the Compensation Committee. Mr. Subin is the Chairman of this Committee.
- (2) Member of the Audit Committee. Mr. Holliday is the Chairman of this Committee.
- (3) Member of the Nominating and Governance Committee. Mr. Scheiwe is the Chairman of this Committee.
- (4) Member of the Executive Committee.

*Mark E. Holliday*, 45, has served as a director of PTGi since May 2011. Mr. Holliday is President of Goshawk Capital Corp., an investment firm which he founded in January 2009, and was a partner at Camden Asset Management, LP ( Camden ), a hedge fund focused on convertible arbitrage, from 2003 to 2009. Prior to joining Camden, Mr. Holliday was a portfolio manager at Deephaven Capital Management, LLC from 2001 to 2002 and a principal at Heartland Capital Corp. from 1995 to 2000. Mr. Holliday has served as a director and audit committee chairman of FiberTower Corporation, a provider of backhaul transmission services to wireless carriers, since November 2008 and of YRC Worldwide, Inc., a provider of transportation and global logistics services, since May 2010. Mr. Holliday formerly served as a director and audit committee chairman of Movie Gallery, Inc., which was the second largest video rental company in the United States, from May 2008 to November 2010, and served as chairman of the board of directors from February 2010 to November 2010, and as a director of Clear Choice Health Plans from January 2009 to June 2010. Mr. Holliday also previously served as audit committee chairman for Assisted Living Concepts, Inc., which operated, owned and leased assisted living residences, from 2002 until its acquisition in 2005, and was chairman of the board and a member of the audit committee for Reptron Electronics, Inc. from 2004 until new equity ownership in 2005. Mr. Holliday also was an audit committee member for Teletrac, Inc. from 1999 to 2001. Mr. Holliday earned a B.A. in economics from Northwestern University.

*Robert M. Pons*, 56, has served as a director of PTGi since September 2011. Mr. Pons is Chairman of LiveWire Mobile, Inc., a comprehensive one-stop digital content solution for mobile carriers, handset manufacturers and media companies, a position he has held since February 2011. From January 2008 until February 2011, Mr. Pons was Senior Vice President of TMNG Global, a leading provider of professional services to the converging communications media and entertainment industries and the capital formation firms that support it. From January 2004 until April 2007, Mr. Pons served as President and Chief Executive Officer of Uphonia, Inc. (previously SmartServ Online, Inc.), a wireless applications service provider. From August 2003 until January 2004, Mr. Pons served as Interim Chief Executive Officer of SmartServ Online, Inc. on a consulting basis. From March 1999 to August 2003, he was President of FreedomPay, Inc., a wireless device payment processing company. During the period January 1994 to March 1999, Mr. Pons was President of Lifesafety Solutions, Inc., an enterprise software company. Mr. Pons has over 25 years of management experience with telecommunications companies including MCI, Inc., Sprint, Inc. and Geotek, Inc. Mr. Pons also currently serves on the board of directors of Concurrent Computer Corporation, a global leader in multi-screen video delivery,

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media data management and monetization, and Point-to-Multipoint 4G wireless network technologies for wireless Internet, video surveillance and backhaul applications and serves as the Vice-Chairman of MRV Communications. Within the past five years, he has also served on the boards of directors of Proxim Wireless Corporation, Network-1 Security Solutions, Inc. and Arbinet Corporation from April 2009 until its acquisition by PTGi in February 2011. Mr. Pons received a B.A. degree from Rowan University.

*Steven D. Scheiwe*, 52, has served as a director of PTGi since August 2010. Since 2001, Mr. Scheiwe has served as the President of Ontrac Advisors, Inc., a provider of analysis and business management services. Prior to founding Ontrac in 2001, Mr. Scheiwe served as Chief Executive Officer and founding management member of Teletrac, Inc. ( Teletrac ), where he led a major strategic and financial restructuring. Mr. Scheiwe began his tenure at Teletrac in 1995 as General Counsel and Secretary. From 1988 to 1995, he was a co-founder, General Counsel and Secretary of Premiere Page, Inc., a radio paging business, which completed an initial public offering in 1993 and merged with Arch Wireless in late 1994. Mr. Scheiwe also served as Senior Legal Counsel and Midwest Office Managing Director, Cable Operations at Hardesty, Puckett, Queen & Co., a national business brokerage operation specializing in cable television systems. Mr. Scheiwe currently serves as a member of the board of directors and member of the audit and compensation committees of FiberTower Corporation and serves as the chairman of the board of directors and chairman of the audit committee of Hancock Fabrics Inc., a specialty retailer of fabrics, home textiles and sewing products and on the board of directors of Myrexix, Inc., Xstelos Holdings, Inc. and WMI Holdings, Inc. In addition to these current public company directorships, within the past five years, Mr. Scheiwe has served on the boards of directors of General Chemical Industrial Products, Inc., Friedman s, Inc., American Restaurant Group, Inc., Zemex Minerals Group, Inc., Footstar, Inc., Inner City Media Corporation and Movie Gallery, Inc. He received a B.A. from the University of Colorado at Colorado Springs and a J.D. with Honors from the Washburn University School of Law.

*Neil S. Subin*, 48, has served as a director of PTGi since July 2009 and as our Chairman of the Board since May 1, 2013. Mr. Subin has been the Chairman of the Board of Broadbill Investment Partners, LP, a private investment fund, since 2011. Since its formation in 1991, Mr. Subin has served as managing director and president of Trendex Capital Management, a private investment fund focusing primarily on financially distressed companies. Mr. Subin has served as a director of Institutional Financial Markets, Inc. since 2011, Phospate Holdings, Inc. since November 2010, Hancock Fabrics, Inc. since August 2009, Movie Gallery, Inc. from May 2008 until 2010, and Federal-Mogul Corporation since December 2007. In addition, Mr. Subin served as a director of FiberTower Corporation from December 2001 to December 2009. Mr. Subin holds a B.A. in business administration from Brooklyn College.

## **Analysis of our Directors in Light of Our Business**

We are an integrated facilities-based communications services provider offering a portfolio of international and domestic voice, wireless, Internet, Voice over Internet Protocol ( VoIP ), data, colocation and data center services to customers located primarily in Canada and the United States. Our primary market is Canada, where we have deployed significant network infrastructure. We classify our services into three categories: Growth Services, Traditional Services and International Carrier Services. Our focus is on expanding our Growth Services, which includes our broadband, VoIP and data services, to fulfill the demand for high quality, competitively priced communications services.

Our Board has considered the experience, qualifications, attributes and skills of its members in light of our business and structure, and concluded that each of our current directors should serve on the Board. In particular, the Board considered:

Mr. Holliday s experience as a director, and in particular, an audit committee chairman, for multiple public companies during the past several years, as well as a career spent largely in capital restructuring, special situations and post-bankruptcy turnarounds, as these are valuable skills and experience that PTGi will leverage during this phase of the Company s life cycle.

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Mr. Pons's experience in various executive positions in the telecommunications industry and his knowledge regarding intellectual property matters, as well as his service on the board of directors of Arbinet Corporation from April 2009 until its acquisition by PTGi in February 2011, as these are valuable assets to PTGi and the Board.

Mr. Scheiwe's experience as the chief executive and a director of multiple telecommunications companies, which provides him with relevant industry experience, his ten years of consulting experience, which provides him with valuable insight into evaluating corporate risk, opportunity and strategic direction, plus his business management experience and experience serving on public company boards of directors and various audit and compensation committees, as all of these are valuable assets to our Board.

Mr. Subin's financial acumen, leadership skills and prior experience, as these enable him to understand the complex business and financial issues that PTGi may face and guide PTGi to respond effectively to such challenges.

### **Director Independence**

Our Board has assessed whether each of the directors serving on the Audit Committee, Compensation Committee and Nominating and Governance Committee is an independent director as defined by the listing standards of the New York Stock Exchange (the NYSE). We have also adopted director independence standards included in our Corporate Governance Guidelines, which our Board uses to determine if a particular director is independent. The Corporate Governance Guidelines are available under the Investor Relations Corporate Governance section of our website, [www.ptgi.com](http://www.ptgi.com). Our Board has affirmatively determined that each of Messrs. Holliday, Pons, Scheiwe and Subin is an independent director under NYSE listing standards.

### **Board Committees**

The Board maintains standing Audit, Compensation, Nominating and Governance and Executive Committees.

#### ***Audit Committee and Audit Committee Financial Expert***

During the year ended December 31, 2012, the Audit Committee held four meetings. The Audit Committee currently consists of Mark E. Holliday (Chairman), Steven D. Scheiwe and Neil S. Subin. The Audit Committee has the authority and responsibility to hire an independent registered public accounting firm to audit the Company's books, records and financial statements, to discuss with such independent registered public accounting firm the results of such audit and review, to conduct periodic independent reviews of the systems of accounting (including systems of internal control), and to make reports periodically to the Board with respect to its findings.

The Board has determined that each current Audit Committee member meets the independence requirements applicable to audit committee members under NYSE listing standards and that each Audit Committee member meets the independence requirements of the SEC under Rule 10A-3(b) of the Securities Exchange Act of 1934, as amended (the Exchange Act). Of the current committee members, our Board has determined that each of Messrs. Holliday and Scheiwe is an audit committee financial expert as such term is defined in Item 407(d)(5) of Regulation S-K promulgated by the SEC.

The Audit Committee is responsible, among its other duties, for engaging, overseeing, evaluating and replacing the Company's independent registered public accounting firm, pre-approving all audit and non-audit services by the independent registered public accounting firm, reviewing the scope of the audit plan and the results of each audit with management and the independent registered public accounting firm, reviewing the Company's internal audit function, reviewing the adequacy of the Company's system of internal accounting controls and disclosure controls and procedures, reviewing the financial statements and other financial

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information included in the Company's annual and quarterly reports filed with the SEC, and exercising oversight with respect to the Company's code of ethical conduct (the Code of Conduct) and other policies and procedures regarding adherence with legal requirements. The Audit Committee's duties are set forth in the Audit Committee Charter. A copy of the Audit Committee Charter is available under the Investor Relations Corporate Governance Committee Composition section of our website, [www.ptgi.com](http://www.ptgi.com).

The Board has considered the service of each of Messrs. Holliday and Scheiwe as members of other audit committees, and determined that their simultaneous service on the audit committees of more than two other public companies does not impair their ability to effectively serve on our Audit Committee. In reaching this determination, the Board considered each of Mr. Holliday's and Mr. Scheiwe's substantial experience and understanding of public company financial reporting, accounting principles and audit committee functions acquired throughout the course of his professional career, as well as his availability to devote time and attention to his service on the Audit Committee.

### ***Compensation Committee***

During the year ended December 31, 2012, the Compensation Committee held four meetings. The Compensation Committee currently consists of Neil S. Subin (Chairman), Mark E. Holliday and Robert M. Pons. The Compensation Committee is responsible for fixing the compensation of our Chief Executive Officer (our CEO) and the other executive officers, deciding other compensation matters such as those relating to the operation of the Primus Telecommunications Group, Incorporated Management Compensation Plan, as amended (the Management Compensation Plan), including the award of equity instruments under the Management Compensation Plan, and administering and approving the Company's annual cash incentive plan. The CEO recommends to the Compensation Committee the compensation for the other executive officers.

Each of Messrs. Subin, Holliday and Pons is an independent director under our Corporate Governance Guidelines and as that term is prescribed by the NYSE listing standards. Under these standards, as applicable, the recommendation and determination of the compensation of the CEO and the Company's other executive officers rests with the responsibility of those directors who meet the independence requirements prescribed by such standards. A copy of the Compensation Committee Charter is available under the Investor Relations Corporate Governance Committee Composition section of our website, [www.ptgi.com](http://www.ptgi.com).

### ***Nominating and Governance Committee***

During the year ended December 31, 2012, the Nominating and Governance Committee held four meetings. The Nominating and Governance Committee currently consists of Steven D. Scheiwe (Chairman), Mark E. Holliday, and Neil S. Subin. Each member of the Nominating and Governance Committee meets the independence requirements under our Corporate Governance Guidelines and as prescribed by the NYSE listing standards.

The Nominating and Governance Committee is responsible for (i) identifying, reviewing and evaluating candidates to serve as directors of the Company, (ii) serving as a focal point for communication between such candidates, non-committee directors and the Company's senior management, (iii) recommending such candidates to the Board, and (iv) making such other recommendations to the Board regarding the governance affairs relating to the directors of the Company (excluding director compensation, which is the responsibility of the Compensation Committee) and advising the Board with respect to Board composition, procedures and committees. The Nominating and Governance Committee's duties are set forth in the Nominating and Governance Committee Charter. A copy of the Nominating and Governance Committee Charter is available under the Investor Relations Corporate Governance Committee Composition section of our website, [www.ptgi.com](http://www.ptgi.com).

### ***Executive Committee***

During the year ended December 31, 2012, the Executive Committee did not hold any meetings. The Executive Committee currently consists of Neil S. Subin and Steven D. Scheiwe.

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The purpose of the Executive Committee is to function when the Board is not in session. The Executive Committee may exercise the powers of the Board to act on any matters which, in the opinion of the Executive Committee, should not be postponed until the next previously scheduled meeting of the Board, subject to applicable law. The Executive Committee's duties are set forth in the Executive Committee Charter. A copy of the Executive Committee Charter is available under the Investor Relations Corporate Governance Committee Composition section of our website, [www.ptgi.com](http://www.ptgi.com).

### **Corporate Governance Guidelines**

The Board has approved, following recommendation by the Nominating and Governance Committee, Corporate Governance Guidelines (the Guidelines), which address director qualifications and independence standards, responsibilities of the Board, access to management and independent advisors, compensation, review of related-party transactions, orientation and continuing education, Board committees, succession planning, and the Code of Conduct. A copy of the Guidelines is available under the Investor Relations Corporate Governance section of our website, [www.ptgi.com](http://www.ptgi.com).

### **Director Nomination Process; Departure Policies**

The Nominating and Governance Committee has the primary responsibility for identifying, evaluating, reviewing and recommending qualified candidates to serve on the Board. The Nominating and Governance Committee considers the following factors set forth in the Nominating and Governance Committee Charter in selecting candidates for Board service: experience, skills, expertise, diversity ( Diversity Considerations), personal and professional integrity, character, business judgment, sufficient time to devote to Board matters, conflicts of interest and other relevant factors deemed appropriate in the context of the needs of the Board. In evaluating Diversity Considerations, the Nominating and Governance Committee utilizes an expansive definition of diversity that includes differences of experience, education and talents, among other things. While the Nominating and Governance Committee does not have a formal diversity policy, it seeks to achieve a range of talents, skills and expertise on the Board and evaluates each nominee with regard to the extent to which he or she contributes to this overall mix.

The Nominating and Governance Committee may use multiple sources for identifying director candidates, including its own contacts and referrals from other directors, members of management, th