

Primus Telecommunications Group, Incorporated

**CHARTER OF THE
AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS**

Purpose:

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Primus Telecommunications Group, Incorporated, a Delaware corporation (the “Company”), shall be to provide and open venue of communication between the independent auditor, management, and the Board of Directors and discharge the responsibilities presented below.

Composition:

The Audit Committee shall be comprised of three or more Directors as determined by the Board, each of whom shall be independent directors (as defined by applicable rules and regulations), and free from any relationship (including disallowed compensatory arrangements) that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee shall have a working familiarity with basic finance and accounting practices. The Board shall determine whether at least one member of the Committee qualifies as an “Audit Committee financial expert” in compliance with the criteria established by the SEC. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.

Responsibilities:

The operation of the Committee shall be subject to the Bylaws of the Company, as in effect from time to time, and Section 141 of the Delaware General Corporation Law. The Committee shall have the full power and authority to carry out the following responsibilities:

General Continuous Activities:

1. Appoint, compensate, and oversee the work performed by the independent auditor for the purpose of preparing or issuing an audit report or related work. Review and report to the Board regarding the performance of the independent auditors and remove the independent auditors if circumstances warrant. The independent auditors shall report directly to the audit committee and the audit committee shall oversee the resolution of disagreements between management and the independent auditors in the event that they arise.
2. Confirm and assure the independence of the independent auditor and the objectivity of management.

3. Review and assure the coordination of the audit efforts, and the effective use of audit resources.
4. Inquire of management and the independent auditor about significant risks or exposures and assess the steps management has taken to minimize such risk.
5. Consider and review with the independent auditor and management:
 - The adequacy of the Company's internal controls including computerized information system controls and security.
 - Related findings and recommendations of the independent auditor together with management's responses.
6. Consider and review with management, and the independent auditor:
 - Significant findings during the year, including the status of previous audit recommendations.
 - Any difficulties encountered in the course of audit work including any restrictions on the scope of activities or access to require information and management's response.
7. Meet periodically with the independent auditor and management in separate executive sessions to discuss any matters the Committee or these groups believe should be discussed privately with the Audit Committee.
8. Review and discuss with management the Company's annual financial statements, quarterly financial statements, and all internal controls reports (or summaries thereof). Review other relevant reports or financial information submitted by the Company to any governmental body, or the public, including management certifications as required by the Sarbanes-Oxley Act of 2002 (Sections 302 and 906) and relevant reports rendered by the independent auditors (or summaries thereof). Discuss with management the independent auditors assessment of the quality of the Company's accounting principals, the reasonableness of significant judgments and estimates (including material changes in estimates), any material audit adjustments proposed by the independent auditors and immaterial adjustments not recorded, the adequacy of the disclosures in the financial statements and any other matters required to be communicated by the independent auditors under generally accepted auditing standards.
9. Review the regular internal reports (or summaries thereof) to management prepared by the internal auditing department and management's response.
10. Obtain advice and assistance from outside legal, accounting, or other advisors as deemed appropriate to perform its duties and responsibilities.
11. Analyze and ensure annually that the Company provides proper authority and funding of the audit committee function in accordance with applicable requirements and regulations (including NASD Rule 4350(d)(5), including the provision and authorization of appropriate funding, as determined by the Audit Committee, for compensation to the independent auditor and to any advisors that the Audit Committee chooses to engage.
12. Report periodically to the Board of Directors on significant results of the foregoing activities
13. Instruct the independent auditor that the Board of Directors, as the members' representative, is the auditor's client.
14. Review and approve requests for any non-audit services proposed to be performed by the Company's independent auditor prior to engagement and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter.

15. Consider, recommend and evaluate independent auditor engagement annually.

SPECIFIC CONTINUOUS ACTIVITIES:

1. Advise financial management and the independent auditor that they are expected to provide a timely analysis of the significant financial reporting issues and practices.
2. Provide that financial management and the independent auditor discuss with the audit committee their qualitative judgments about appropriateness, not just the acceptability, of accounting principals and financial disclosure practices used or proposed to be adopted by the American Institute of Certified Public Accountants (“Institute”) and, particularly, about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates.
3. Inquire as to the auditor’s independent qualitative judgments about appropriateness, not just the acceptability, of the accounting principles and the clarity of the financial disclosure practices used or proposed to be adopted by the Institute.
4. Inquire as to the auditor’s views about whether management’s choices of accounting principles are conservative, moderate, or aggressive, and whether those principles are common practice or are minority practices.
5. Determine, as regards to new transactions or events, the auditor’s reasoning for the appropriateness of the accounting principles and disclosure practices.
6. Assure that the auditor’s reasoning is described in determining the appropriateness of changes in accounting principles and disclosure practices.
7. Establish and maintain procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting, or auditing matters.
8. Establish and maintain procedures for the confidential, anonymous submission by Company employees regarding questionable accounting or auditing matters.
9. Establish, review and update periodically a Code of Ethical Conduct and ensure that management has established a system to enforce this Code. Ensure that the code is in compliance with all applicable rules and regulations.
10. Review management’s monitoring of the Company’s compliance with the organization’s Ethical Code, and ensure that management has the proper review system in place to ensure that the Company’s financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements.
11. Review, with the organization’s counsel, legal compliance matters including corporate securities trading policies.
12. Review, with the organization’s counsel, any legal matter that could have a significant impact on the organization’s financial statements.

SCHEDULED ACTIVITIES:

1. Consider, in consultation with the independent auditor and management, the audit scope and plan of the independent auditor.
2. Review with management and the independent auditor the results of annual audits and related comments including:
 - The independent auditor's audit of the Company's annual financial statements, accompanying footnotes and its report thereon.
 - Any significant changes required in the independent auditor's audit plans.
 - Any difficulties or disputes with management encountered during the course of the audit.
 - Other matters related to the conduct of the audit which are to be communicated to the Audit Committee under Generally Accepted Auditing Standards.
3. Describe in Company's Annual Proxy Statement the Committee's composition and responsibilities, and how they were discharged.
4. Assure that the auditor's reasoning is described in accepting or questioning significant estimates by management.
5. Review and update the Committee's Charter Annually.

"WHEN NECESSARY" ACTIVITIES:

1. Review periodically with general counsel legal and regulatory matters that may have a material impact on the Company's financial statements, compliance policies and programs.
2. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committees shall be empowered to retain independent counsel and other professionals to assist in the conduct of any investigations.
3. Review with the independent auditors, the internal auditing department and management to the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented.
4. Perform any other activities consistent with this Charter, the Company's bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

INTERNAL AUDIT

1. Review and advise on the selection and removal of the internal audit director.
2. Review activities, organizational structure, and qualifications of the internal audit function.
3. Annually, review and recommend changes (if any) to the internal audit charter.
4. Periodically review with the internal audit director any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the function's work.
5. Periodically review the independent auditor, the budget, staffing, and responsibilities of the internal audit function.

Meetings:

The Committee shall meet four times per year or more frequently as circumstances require. The Committee may ask the members of management or others to attend meetings and provide information as necessary.

Minutes:

Minutes of each meeting of the Committee shall be kept and distributed to each member of the Committee, members of the Board who are not members of the Committee and the Secretary of the Company.