

ARBINET Corp  
Form 425  
January 11, 2011

1

Investor Presentation

January 2011

Filed by Primus Telecommunications Group, Incorporated

Pursuant to Rule 425 under the Securities Act of 1933

Subject

Company:

Arbinet

Corporation

Registration No.: 333-171293

2

Safe Harbor

In connection with the proposed acquisition, Arbinet Corporation ( Arbinet ) and Primus Telecommunications Group, Incorporated ( Primus ) have filed a joint proxy statement/prospectus with the Securities and Exchange Commission (the SEC ). INVESTORS AND SECURITY HOLDERS SHOULD CAREFULLY READ THE JOINT PROXY STATEMENT/PROSPECTUS, BECAUSE IT CONTAINS IMPORTANT INFORMATION. A copy of the joint proxy statement/prospectus will be sent to security holders of both Arbinet and Primus seeking their approval with respect to the proposed acquisition. Security holders may obtain a free copy of the joint proxy statement/prospectus and other documents filed by Arbinet and Primus with the SEC by visiting the SEC website at [www.sec.gov](http://www.sec.gov). Copies of the joint proxy statement/prospectus and Primus' SEC filings that were incorporated by reference into the joint proxy statement/prospectus may also be obtained for free by directing a request to: (i) Primus 703-748-8050, or (ii) Arbinet (Andrea Rose/Jed Repko/Joel

355-4449).

**Participants**

Arbinet, Primus, and their respective directors, executive officers and other members of their management and employees may solicit proxies from their respective security holders in respect of the proposed acquisition. INFORMATION ABOUT EACH COMPANY'S 2009 ANNUAL REPORT ON FORM 10-K AND SUBSEQUENT STATEMENTS OF CHANGES IN FILE WITH THE SEC. THESE DOCUMENTS CAN BE OBTAINED FREE OF CHARGE FROM THE SOURCES LISTED INFORMATION ABOUT THE INTERESTS OF SUCH PERSONS IN THE SOLICITATION OF PROXIES IN RESPECT OF WILL BE INCLUDED IN THE JOINT PROXY STATEMENT/PROSPECTUS TO BE FILED WITH THE SEC.

This document includes forward-looking statements as defined by the SEC. All statements, other than statements of historic events or developments that Arbinet or Primus expects, believes or anticipates will or may occur in the future, including anticipated proposed acquisition, are forward-looking statements. These forward-looking statements are subject to risks and uncertainties that materially. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of their date and Primus intends to update or revise its forward-looking statements, whether as a result of new information, future events or

Important  
Information  
and  
Where  
to  
Find  
It  
in  
the  
Solicitation  
Forward-Looking  
Statements

Primus Today

U.S. headquartered international business with operations in Canada, Australia, the U.S., and Brazil

Provider of voice and data communication services to residential, business and carrier customers

Growth services: broadband, IP-based voice, on-net local, data and data center services

Traditional businesses: domestic and international long-distance, off-network local, prepaid cards and dial-up internet services

Wholesale services: Inter-continental IP and TDM wholesale access and transport  
Global reach provided by extensive IP-based network assets  
Revenue well distributed by geography, product and customer type  
Leading global provider of advanced facilities-based communication solutions

Extensive IP-Based Network Assets  
Wholesale  
Terminate 5 billion minutes annually  
to over 240 countries  
Direct/transit connections to over 100  
countries  
Connects  
Primus

network  
with  
Tier  
1  
and 2 fixed and mobile network  
operators worldwide  
IP soft Switches  
TDM Switches  
Fiber Capacity  
United States  
IP-based softswitch network supporting  
wholesale and international traffic  
Leased domestic fiber and leased / owned  
oceanic fiber to Europe and Australia  
Interconnected  
with  
PRIMUS  
global  
network  
Europe  
IP-based  
softswitch  
in  
London  
Interconnected  
with  
PRIMUS  
global  
network  
Owned trans-Atlantic fiber capacity  
Canada  
6 IP-based softswitches  
26 PoPs  
70 ILEC colocations with ADSL 2+ capabilities  
7 data centers in 5 cities; 30,000 sq. ft. built and  
118,000 sq. ft. of capacity  
National fiber network with 100% IP-based  
capabilities  
Fiber ownership to U.S on East and West coasts  
Australia  
Owned national IP and TDM network  
Fiber network passing ~1,000 buildings in  
Sydney and Melbourne  
66 PoPs providing national coverage  
3 data centers in two cities; 22,000 sq. ft. of  
built capacity  
281 owned DSLAMs with local and ADSL2+  
capabilities  
Switch facilities in Sydney, Brisbane,  
Adelaide, Melbourne and Perth

Owned trans-Pacific fiber capacity

Brazil

Data center facility in Sao Paolo

IP-voice provider to businesses and carriers

Interconnected

with

PRIMUS

global

network



Primus Investment Highlights

Drive profitable growth in areas of long-term sustainable advantage

Scale Canada, Australia, and Global Wholesale

Feed growth businesses: IP-

and data-

based services for enterprises, consumers

Harvest cash flows in traditional businesses

Executing asset portfolio strategy through strategic alternatives

Arbinet

doubles wholesale business and creates unique product set, significant synergies

Exiting unproductive, non-scalable businesses

Evaluating other M&A opportunities

Generating free cash flow, growing cash balance

Focused on balanced sheet transformation through cash generation, proceeds of any divestitures

Management team with extensive telco, cable, and data center experience

The Primus Portfolio  
Sum of the Parts  
Adjusted  
Adjusted  
EBITDA  
(US\$ 000s)  
Revenue  
EBITDA  
(1)

Capex  
less Capex

Canada

\$172.4

\$34.9

\$7.3

\$27.6

Australia

205.7

29.8

7.6

22.2

Global Wholesale

137.6

3.2

0.1

3.1

Sub-Total

\$515.7

\$67.9

\$15.0

\$52.9

US Retail

\$38.8

\$4.1

\$0.8

\$3.3

Brazil

21.3

1.3

0.8

0.4

Corporate / India

-

(7.6)

-

(7.6)

\$575.8

\$65.7

\$16.7

\$49.0

Discontinued Operations

36.4

(0.4)

0.3

(0.8)

Severance

-

(6.1)

-

(6.1)

Total

\$612.2

\$59.2

\$17.1

\$42.2

YTD Q310

Total before

Discontinued Operations

Canada

30%

Australia

35%

Wholesale

24%

US

7%

Brazil

4%

6

Canada

48%

Australia

41%

Wholesale

4%

US

5%

Brazil

2%

Notes:

1. A non-GAAP financial measure. Definitions and reconciliations between non-GAAP measures and relevant GAAP measure

Primus Canada Highlights

7

Headquartered in Toronto,  
Ontario

C\$240M revenue in annualized  
revenue

800 employees

Data centers and sales offices in  
BC, Alberta, and Ontario

450K customers across the  
country

70 DSLAMs  
(primarily in  
Ontario & Quebec)

Provide on-net equal access to  
~90% of population

Call centers in Ontario (Ottawa)  
and New Brunswick



Primus Australia Highlights

8

Headquartered in Melbourne

A\$305 million in annualized  
revenue

575 employees

3 Data Centers in Melbourne  
and Sydney

Offices in Melbourne, Sydney,  
Adelaide, Brisbane and Perth

250K customers located in all  
territories

5 carrier-grade voice switches  
and 66 points of interconnect

281 DSLAMs  
primarily in major  
cities and surrounding suburbs

Central business district metro  
fiber in Sydney and Melbourne

Global Wholesale Services  
Key  
Combination  
Considerations:

Increased scale in carrier services market

Benefits  
of

thexchange™

Arbinet's  
world-class  
telecommunications  
trading  
platform

Added products and services and enhanced access to certain international routes

Complementary market presence

Synergy potential of \$3 million to \$7 million (when fully integrated)

Consolidation benefits for network and facilities

9

Combined

PRIMUS

Before

(all figures in millions and annualized, except customers)

Carrier

Arbinet

Synergies

Revenue

(1)

\$183.4

\$330.0

\$513.4

Gross Margin

(1)

\$10.8

\$25.0

\$35.8

Gross Margin %

5.9%

7.6%

7.0%

Customers

262

1,237

Minutes of Use

4,340

12,667

(1) Revenue and Gross Margin are presented net of Bad Debt allowance.

YTD Q310 Annualized

Q3 and YTD 2010 Highlights

10

All results of operations exclude Discontinued Operations and severance unless otherwise specified.

1. EBITDA excludes impact of severance expenses, \$4.2 million in Q310 and \$1.8 million in Q110 and is a non-GAAP financial measure and relevant GAAP measures are available in the Appendix and in the Company's periodic SEC filings.

2. Free Cash Flow is defined as Cash Flow from Operating Activities less Capital Expenditures.

(US\$ 000s)

Q309

Q310

Change  
 Q309  
 Q310  
 Change  
 Revenue  
 \$194.9  
 \$188.2  
 (\$6.7)  
 \$560.2  
 \$575.8  
 \$15.6  
 Gross Margin  
 68.1  
 67.3  
 (0.8)  
 196.4  
 209.0  
 12.6  
 Gross Margin %  
 34.9%  
 35.8%  
 0.9%  
 35.1%  
 36.3%  
 1.2%  
 Adjusted EBITDA  
 (1)  
 \$21.2  
 \$20.0  
 (\$1.2)  
 \$60.7  
 \$65.7  
 \$5.1  
 EBITDA %  
 10.9%  
 10.6%  
 -0.3%  
 10.8%  
 11.4%  
 0.6%  
 Capex  
 3.9  
 6.4  
 2.5  
 9.5  
 16.7  
 7.2  
 Free Cash Flow  
 (2)  
 9.1

14.5  
5.4  
30.3  
20.3  
(10.0)  
Cash Balance  
\$41.9  
\$49.6  
\$7.7  
\$41.9  
\$49.6  
\$7.7  
Quarter ended  
YTD  
Notes:

Financial Summary  
Revenue  
Adjusted EBITDA  
(1) (2)  
Capital Expenditures  
Free Cash Flow  
(1)  
(\$ Millions)  
11



\$195  
\$203  
\$193  
\$195  
\$188  
\$0  
\$50  
\$100  
\$150  
\$200  
\$250  
Q309  
Q409  
Q110  
Q210  
Q310  
-3.3%  
% Sequential  
Change  
5.9 %  
4.0%  
-4.7%  
0.8%  
3.4%  
% of  
Revenue  
2.0%  
2.7%  
2.5%  
3.0%  
10.6%  
% of  
Revenue  
10.7%  
10.8%  
11.8%  
11.7%  
\$14  
(\$7)  
\$13  
\$6  
\$9  
-\$10  
-\$5  
\$0  
\$5  
\$10  
\$15  
\$20  
Q309

Q409

Q110

Q210

Q310

\$21

\$22

\$23

\$23

\$20

\$0

\$5

\$10

\$15

\$20

\$25

Q309

Q409

Q110

Q210

Q310

\$6

\$6

\$5

\$6

\$4

\$0

\$2

\$4

\$6

\$8

\$10

Q309

Q409

Q110

Q210

Q310

7.4%

% of

Revenue

4.7%

3.0%

6.7%

(3.6)%

Note:

All results of operations exclude Discontinued Operations unless otherwise specified.

(1)

A non-GAAP financial measure. Definitions and reconciliations between non-GAAP measures and relevant GAAP measures

(2)

Adjusted EBITDA excludes impact of severance charges in Q109 (\$1.8 million) and Q310 (\$4.2 million).

12  
Canada Overview  
Net Revenue  
Adjusted EBITDA  
(1)  
(0.8)%  
59.1  
(CAD\$)  
\$63.1

\$62.1

\$59.8

\$59.6

Sequential Change

(2.0)%

(1.6)%

(3.6)%

(0.4)%

20.0%

(3.3)%

\$11.8

(CAD\$)

\$12.8

\$11.8

\$12.1

\$12.2

Sequential Change

(7.9)%

(7.8)%

2.5%

0.8%

% of Revenue

20.3%

19.1%

20.2%

20.5%

(\$Millions)

(\$Millions)

Most profitable business unit  
in the portfolio

Stable EBITDA averaging  
20% of net revenue despite  
declining revenues

40% and 7% growth year-  
over-year in Hosted IP/PBX  
and data center revenues,  
respectively

Effective cost controls helped  
offset the impact of declining  
revenues on EBITDA and free  
cash flow

(1)

A non-GAAP financial measure. Definitions and reconciliations between non-GAAP measures and relevant GAAP measures

13  
Australia Overview  
Net Revenue  
Adjusted EBITDA  
(1)  
(0.8)%  
\$75.8  
(AUS\$)  
\$76.5

\$75.9

\$77.3

\$76.4

Sequential Change

(0.9)%

(0.8)%

1.9%

(1.2)%

(1)

A

non-GAAP

financial

measure.

Definitions

and

reconciliations

between

non-GAAP

measures

and

relevant

GAAP

measures

are

available

in

the

Appendix

and

in

the

Company's

periodic

SEC

filings.

13.2%

(2.9)%

\$10.0

(AUS\$)

\$9.8

\$9.7

\$12.9

\$10.3

Sequential Change

(10.1)%

(1.0)%

33.0%

(20.2)%

% of Revenue

12.9%

12.8%

16.6%

13.5%

(\$Millions)

(\$Millions)

Stable revenue stream

Declining residential revenue

replaced by higher margin

business revenue

46% growth year-over-year in

data center revenues and 6%

growth for business revenues in

aggregate

Adjusted EBITDA of 13.2% of

net revenue in Q310 versus

12.9% in Q309

\$68.4

\$69.9

\$63.7

\$69.0

\$67.5

\$60

\$64

\$68

\$72

Q309

Q409

Q110

Q210

Q310

\$9.0

\$9.1

\$11.6

\$8.8

\$8.2

\$0

\$2

\$4

\$6

\$8

\$10

\$12

\$14

Q309

Q409

Q110

Q210

Q310

Global Wholesale Overview

Net Revenue

Gross Margin %

(1)

\$53.6

\$54.9

\$46.5

\$49.2

\$41.9



\$0  
 \$20  
 \$40  
 \$60  
 \$80  
 Q309  
 Q409  
 Q110  
 Q210  
 Q310  
 4.1%  
 3.9%  
 3.7%  
 4.9%  
 5.2%  
 0.0%  
 1.0%  
 2.0%  
 3.0%  
 4.0%  
 5.0%  
 6.0%  
 Q309  
 Q409  
 Q110  
 Q210  
 Q310

(1) A non-GAAP financial measure. Gross Margin % is defined as Net Revenue less costs of revenue divided by Net Revenue

(14.9)%

Sequential Change

6.5%

2.5%

(15.3)%

5.8%

(\$Millions)

(\$Millions)

Gross margins, as a percentage of net revenue, improved 110 basis points to 5.2% in Q310 versus Q309 as we focused on higher margin US domestic terminations

Summer seasonality in Europe had expected effect on quarterly traffic

Focus on profitability vs. Revenue drove decision to prune less profitable traffic

14

Primus  
Other Businesses  
United States:  
Net  
Revenue  
for  
the  
quarter  
decreased

\$4.1  
million  
year  
over  
year  
to  
\$12.1  
million  
Adjusted  
EBITDA  
for  
the  
quarter  
decreased

\$1.6  
million  
year  
over  
year  
to

\$0.9  
million

Brazil:

Net Revenue for the quarter increased BRR 8.2 million year over year to BRR 15.9 million

Adjusted EBITDA for the quarter remained flat year over year as the significant increase in revenue was derived from low-margin reseller voice services

Europe Retail:

All  
European  
retail  
operations  
classified  
as

Discontinued  
Operations  
in  
the  
financial statements

\$6.2  
million  
(non-cash)  
impairment  
charge  
for  
goodwill  
and  
long-lived  
assets,

primarily intangibles established as part of fresh start accounting  
Adjusted EBITDA of ( 2K) and ( 71K) for the third quarters 2010 and 2009,  
respectively

16

Foreign Currency Effects

More than 80% of revenue generated outside US

Natural in-country currency hedge

Revenue and costs are largely denominated in each country's local currency

Impact of currency fluctuations driven by US dollar

remittances from foreign units to service debt

.5688

0.9617

0.9023

Q310

0.5536

0.9602

0.9036

Q110

0.5559

0.9731

0.8835

Q210

0.5800

0.9900

0.9900

As of

11/15/10

Q309

Q409

AUD \$

0.8323

0.9087

CAN \$

0.9097

0.9460

BRR

0.5335

0.5728

Average Exchange Rate to US\$

17  
Balance Sheet  
(\$US Millions)  
(1)  
A  
non-GAAP  
financial  
measure.  
Definitions

and  
reconciliations  
between  
non-GAAP  
measures  
and  
relevant  
GAAP  
measures  
are  
available  
in  
the  
Appendix  
and  
in  
the  
Company's  
periodic  
SEC  
filings.

Q309

Q409

Q110

Q210

Q310

Total Debt / LTM Adjusted EBITDA

3.30x

3.15x

2.99x

2.79x

2.81x

Net Debt / LTM Adjusted EBITDA

2.76x

2.63x

2.38x

2.40x

2.24x

Interest Coverage Ratio

2.50x

1.77x

2.45x

2.69x

2.31x

Note:

All results of operations exclude Discontinued Operations and severance unless otherwise specified.

Cash balance of \$49.6 million at September 30, 2010

Principal amount of total debt at 9/30/10 was \$245.9

million compared to \$246.3 million at 6/30/10

Improving leverage ratios



Primus Investment Highlights

Drive profitable growth in areas of long-term sustainable advantage

Scale Canada, Australia, and Global Wholesale

Feed growth businesses: IP-

and data-

based services for enterprises, consumers

Harvest cash flows in traditional businesses

Executing asset portfolio strategy through strategic alternatives

Arbinet

doubles wholesale business and creates unique product set, significant synergies

Exiting unproductive, non-scalable businesses

Evaluating other M&A opportunities

Generating free cash flow, growing cash balance

Focused on balanced sheet transformation through cash generation, proceeds of any divestitures

Competitive Landscape

Alog, Diveo, UOL, Locaweb, Transit,  
GVT, Datora

Telstra, Optus, AAPT, iiNet, TPG  
Bell Canada, Telus, MTS Allstream,  
Rogers, COGECO, Shaw, Globalive,  
Videotron

Wholesale units of major global  
carriers

TaTa, Begacom, iBasis

KPN

Vonage, *Cbeyond*, *XO*, *Paetec*, *Verizon*,

AT&T

Quality

Value

Strong

brand

identity

Extensive

sales

staff

Quality of service

Value

Customer care

Strong

brand

identity

Value

Quality of service

Strong managed services team

Largest geographical internet data

center coverage

Direct global interconnects

Quality of service

Pricing

Quality of IP-PBX Platform

Value

Geography

Primary Services

Primary Competitors

PRIMUS

Advantages

Data-hosting

VoIP services

Broadband access

International Voice

Residential

Voice, VOIP

Business

Voice, IP-PBX services

Brazil

Australia

Canada

Wholesale

U.S.

Residential *Value Provider*

Voice, Broadband, IP, wireless, local

Business *Full Solution Provider*

Voice, broadband, IP, hosting, data, wireless

MVNO

Residential *Value Provider*

Voice, broadband, local, wireless MVNO

Business *Full Solution Provider with*

SME Focus

Voice, broadband, IP, local, wireless,  
hosting services

20

Adjusted EBITDA

Adjusted EBITDA, as defined by us, consists of net income (loss) before reorganization items, net, share-based compensation expense, depreciation and amortization, asset impairment expense, gain (loss) on sale or disposal of assets, interest expense, amortization or accretion on debt discount or premium, gain (loss) on early extinguishment or restructuring of debt, interest income and other income (expense), gain (loss) from contingent value rights valuation, foreign currency transaction gain (loss), income tax benefit (expense), income (expense) attributable to

the non-controlling interest, income (loss) from discontinued operations, net of tax, and income (loss) from sale of discontinued operations, net of tax. Our definition of Adjusted EBITDA may not be similar to Adjusted EBITDA measures presented by other companies, is not a measurement under generally accepted accounting principles in the United States, and should be considered in addition to, but not as a substitute for, the information contained in our statements of operations.

We believe Adjusted EBITDA is an important performance measurement for our investors because it gives them a metric to analyze our results exclusive of certain non-cash items and items which do not directly correlate to our business of selling and provisioning telecommunications services. We believe Adjusted EBITDA provides further insight into our current performance and period to period performance on a qualitative basis and is a measure that we use to evaluate our results and performance of our management team.

#### Free Cash Flow

Free Cash Flow, as defined by us, consists of net cash provided by (used in) operating activities before reorganization items less net cash used in the purchase of property and equipment. Free Cash Flow, as defined above, may not be similar to Free Cash Flow measures presented by other companies, is not a measurement under generally accepted accounting principles in the United States, and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statements of cash flows.

We believe Free Cash Flow provides a measure of our ability, after purchases of capital and other investments in our infrastructure, to meet scheduled debt principal payments. We use Free Cash Flow to monitor the impact of our operations on our cash reserves and our ability to generate sufficient cash flow to fund our scheduled debt maturities and other financing activities, including discretionary refinancings and retirements of debt. Because Free Cash Flow represents the amount of cash generated or used in operating activities less amounts used in the purchase of property and equipment before deductions for scheduled debt maturities and other fixed obligations (such as capital leases, vendor financing and other long-term obligations), you should not use it as a measure of the amount of cash available for discretionary expenditures.

#### Non-GAAP Measures

Note:

All results of operations excluded Discontinued Operations unless otherwise specified.

Three Months

Three Months

Three Months

Ended

Ended

Ended

September 30,

June 30,

September 30,

2010

2010

2009

NET INCOME (LOSS) ATTRIBUTABLE TO

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED

5,080

\$

(13,038)  
 \$  
 2,165  
 \$  
 Reorganization items, net  
 -  
 -  
 307  
 Share-based compensation expense  
 (12)  
 117  
 307  
 Depreciation and amortization  
 13,641  
 18,194  
 18,740  
 (Gain) loss on sale or disposal of assets  
 -  
 (189)  
 36  
 Interest expense  
 8,602  
 8,733  
 8,747  
 Accretion (amortization) on debt premium/discount, net  
 46  
 45  
 -  
 (Gain) loss on early extinguishment of debt  
 -  
 (164)  
 -  
 Interest and other (income) expense  
 (254)  
 (153)  
 (160)  
 (Gain) loss from Contingent Value Rights valuation  
 (33)  
 382  
 4,229  
 Foreign currency transaction (gain) loss  
 (14,006)  
 9,623  
 (13,448)  
 Income tax (benefit) expense  
 (3,238)  
 (1,883)  
 (2,121)  
 Income (expense) attributable to the non-controlling interest  
 74



(106)  
210  
(Income) loss from discontinued operations,  
net of tax  
5,464  
1,528  
2,110  
(Gain) loss from sale of discontinued operations,  
net of tax  
389  
(193)  
110  
ADJUSTED EBITDA  
15,753  
\$  
22,896  
\$  
21,232  
\$  
NET CASH PROVIDED BY (USED IN)  
OPERATING ACTIVITIES BEFORE REORGANIZATION ITEMS  
20,865  
\$  
(1,140)  
\$  
12,992  
\$  
Net cash used in purchase of property  
and equipment  
(6,410)  
(5,824)  
(3,886)  
FREE CASH FLOW  
14,455  
\$  
(6,964)  
\$  
9,106  
\$