



## COMPANY PROFILE

Vonage (NYSE: VG) is a leading provider of broadband telephone services with more than 2.6 million subscriber lines as of September 30, 2008. Our award-winning technology enables anyone to make and receive phone calls using standard touch tone telephones almost anywhere a broadband Internet connection is available. We offer feature-rich and cost-effective communication services that deliver an experience similar to traditional telephone services. Vonage markets its services directly and through national retailers including Best Buy, Circuit City, WalMart and Target and is available to customers in the U.S., Canada and the United Kingdom. Our U.S. offerings include the Residential Premium Unlimited and Small Business Unlimited calling plans, which offer customers unlimited local and long distance calling, and popular features like call waiting, caller ID and voicemail - for one low, flat monthly rate.



## Third Quarter 2008

### WHY VONAGE?

Substantial Opportunity	<ul style="list-style-type: none"> <li>A leading US provider of VoIP phone service</li> <li>Growth potential</li> <li>Compelling customer value proposition</li> </ul>
Strong Execution	<ul style="list-style-type: none"> <li>Innovative and scalable platform</li> <li>Robust sales and marketing capabilities</li> </ul>
Compelling Economics	<ul style="list-style-type: none"> <li>Direct margins of 66%</li> <li>Pre-marketing operating income<sup>1</sup> positive and growing</li> <li>Positive adjusted operating income<sup>1</sup></li> <li>Narrowing net loss</li> </ul>

### RECENT INVESTOR NEWS

November 6, 2008

Vonage Holdings Corp. Reports Third Quarter 2008 Results

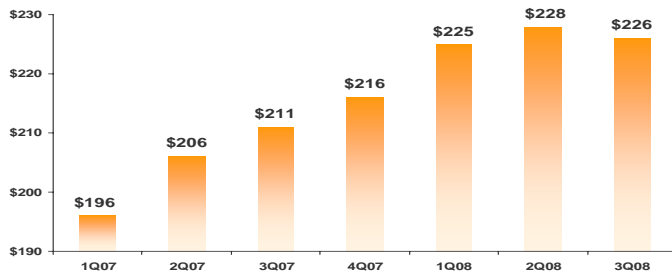
November 3, 2008

Vonage Holdings Corp. Announces Completion of Refinancing of Existing Convertible Debt

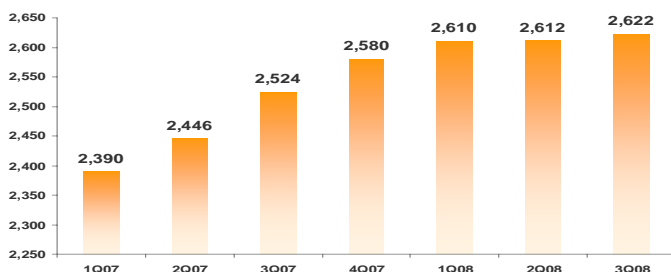
October 30, 2008

Company Receives Continued Listing Standards Notice from the NYSE

### REVENUE (in millions)



### SUBSCRIBER LINES (in thousands)



<sup>1</sup>This is a non-GAAP financial measure. For a reconciliation to GAAP loss from operations, refer to Table 3 in our third quarter 2008 earnings release.

### MARKET FACTS (as of November 18, 2008)

Closing Stock Price (NYSE: VG)	\$0.91
52-Week Range	\$0.57 - \$2.43
Shares Outstanding	156.3M
Fiscal Year End	December 31



### STRATEGIC HIGHLIGHTS

Leading VoIP Provider	<ul style="list-style-type: none"> <li>More than 2.6M lines in service as of September 30, 2008</li> </ul>
Large and Growing Market	<ul style="list-style-type: none"> <li>More than 251M global broadband users today, 497M expected by 2011*</li> <li>67M broadband users in the US alone, 78M expected by 2011**</li> </ul>
Drive Innovation and Quality	<ul style="list-style-type: none"> <li>Feature-rich and portable service</li> <li>PC Magazine awards Vonage its Editors' Choice Award in 2007</li> </ul>

\*Source: eMarketer and Telecom Industry Association (TIA), April 2007

\*\*Source: IDC Market Analysis, September 2007

### FINANCIAL OVERVIEW

#### Revenue

- Third quarter 2008 revenue of \$226 million, a 7% year-over-year increase and down slightly from second quarter 2008

#### Efficient Cost Structure

- Direct margin<sup>1</sup> remained flat year-over-year at 66%

#### Strong Operating Income and Margins

- Fourth consecutive quarter of positive adjusted operating income<sup>2</sup>
- Increased pre-marketing operating income<sup>2</sup> to \$91 million from \$71 million excluding charges a year ago.

#### Narrowing Net Losses

- Net loss narrowed to \$8 million from \$12 million excluding certain charges<sup>3</sup> in Q307

<sup>1</sup>Direct margin is defined as operating revenues less direct costs of telephony services and direct cost of goods sold

<sup>2</sup>This is a non-GAAP financial measure. For a reconciliation to GAAP, please refer to our third quarter 2008 earnings release.



## OUR STRENGTHS

**VoIP Market Position and Brand.** We believe our strong brand recognition has enhanced our ability to sell our services through direct and retail distribution channels, allowing us to capitalize on growing market demand for broadband and VoIP.

**Attractive Value Proposition.** We offer our customers an attractive value proposition: quality communications services with standard and enhanced features at prices considerably lower than those of traditional telephone services.

**Innovative, Low-Cost Technology Platform.** We believe that our scalable and innovative technology platform not only provides us with a competitive advantage over many other VoIP service providers, but also allows us to maintain a low-cost structure relative to traditional telephone and cable companies providing telephony services.

**Strong Distribution.** We have developed both a strong direct sales channel, represented by our websites and toll free numbers, and an extensive retail distribution channel. We support both our direct and retail distribution channels through integrated advertising campaigns.

## KEY FINANCIAL AND OPERATING DATA

	Three months Ended Sept 30, <b>2008</b>	Three months Ended Sept 30, <b>2007</b>
Operating revenues (in thousands)	\$225,770	\$210,534
Net loss (in thousands)	\$(7,817)	\$(12,397)
Average monthly revenue per line	\$28.75	\$28.24
Average monthly telephony services revenue per line	\$27.52	\$27.32
Average monthly direct cost of telephony services per line	\$7.20	\$7.30
Marketing cost per gross subscriber line addition	\$272	\$206
Subscriber lines (at end of period)	2,621,900	2,524,211
Average monthly customer churn	3.0%	3.0%

## QUARTERLY HIGHLIGHTS – 3rd QUARTER 2008

- Continued growth in operating cash flow
- Strong pre-marketing operating income
- Declining selling, general and administrative expenses as a percent of revenue
- Churn remained flat at 3.0% from prior quarter
- Net subscriber line additions were 9,500 in Q308, up from 2,000 in Q208
- Completed refinancing of convertible debt in November 2008
- 4 primary areas of operational focus:
  - Improve on-boarding process for new customers
  - Increase the level of quality and reliability of our network
  - Improve distribution and marketing effectiveness
  - Optimize cost structure

## MANAGEMENT

**Marc Lefar** -

Chief Executive Officer

**John S. Rego** -

Executive Vice President, Chief Financial Officer and Treasurer

**Louis A. Mamakos** -

Executive Vice President and Chief Technology Officer

**Jamie Haenggi** -

Chief Marketing Officer

**Russ Dauer** -

Senior Vice President of Product Development

**Mike Sears** -

Senior Vice President of Customer Care

## CONTACT US

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### Caution Concerning Forward-Looking Statements

Statements on this sheet that are not historical information may be forward looking statements. Any forward-looking statements represent our views only as of today and should not be relied upon as representing our views as of any subsequent date. We specifically disclaim any obligation to update this information, even if our views change. Therefore, you should not rely on these forward-looking statements as representing our views as of any date subsequent to today. Actual results may differ materially from those indicated by these forward-looking statements as a result of risks and uncertainties detailed in the Company's filings with the Securities and Exchange Commission, including factors set forth in the "Risk Factors" section of Vonage's Annual Report on Form 10-K for the year ended December 31, 2007, as well as in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Last updated November 2008