



Vonage Holdings Corp. Announces Investor Partnership Distribution

HOLMDEL, N.J., March 14, 2011 /PRNewswire/ -- Vonage Holdings Corp. (NYSE: VG), a leading provider of low-cost communications services connecting individuals through broadband devices worldwide, today announced that New Enterprise Associates ("NEA"), the original venture capital investor in Vonage, has distributed 9.3 million shares of Vonage common stock to the limited partners of its funds. NEA remains a major Vonage shareholder and following the distribution retains two-thirds of its original holdings, representing 8 percent of Vonage's outstanding stock.

Commenting on the announcement, Vonage's CEO, Marc Lefar said, "Stock distributions are a standard mechanism to distribute gains to limited partners. NEA has been a loyal, long-term investor over the past eight years and we value their continued support. We are pleased that NEA remains a substantial shareholder while providing its limited partners liquidity as provided for under the terms of its partnership agreements. With this distribution, Vonage's common stock will have greater public float, providing additional access to institutional investors."

Vonage recently reported record high financial results for the full year 2010 including adjusted EBITDA of \$156 million and income from operations of \$95 million, up 31 percent and 66 percent over the prior year, respectively. In addition, the Company completed a comprehensive refinancing of its balance sheet which will reduce annual interest expense by \$23 million, or nearly 50 percent from \$49 million to \$26 million (assuming constant LIBOR), resulting in significant earnings accretion in 2011. Vonage stated that neither this distribution nor any future distribution of shares by NEA will have any effect upon the total number of shares outstanding.

Adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA") is a non-GAAP financial measure. A reconciliation of adjusted EBITDA to income from operations can be found on the Vonage Investor Relations website at <http://ir.vonage.com/results.cfm>.

Safe Harbor Statement

This press release contains forward-looking statements regarding adjusted EBITDA and debt repayment. In addition, other statements in this press release that are not historical facts or information may be forward-looking statements. The forward-looking statements in this release are based on information available at the time the statements are made and/or management's belief as of that time with respect to future events and involve risks and uncertainties that could cause actual results and outcomes to be materially different. Important factors that could cause such differences include but are not limited to: the competition the Company faces; the Company's ability to adapt to rapid changes in the market for voice and messaging services; the Company's ability to retain customers and attract new customers; results of pending litigation and intellectual property and other litigation that may be brought against the Company; failure to protect the Company's trademarks and internally developed software; the Company's ability to obtain or maintain relevant intellectual property licenses; the Company's dependence on third party facilities, equipment, systems, and services; system disruptions or flaws in the Company's technology; fraudulent use of the Company's name or services; the Company's ability to maintain data security; results of regulatory inquiries into the Company's business practices; the Company's ability to obtain additional financing if required; restrictions in the Company's debt agreements that may limit the Company's operating flexibility; any reinstatement of holdbacks by the Company's vendors; the Company's dependence on the Company's customers' existing broadband connections; uncertainties relating to regulation of VoIP services; increased governmental regulation, currency restrictions, and other restraints and burdensome taxes and risks incident to foreign operations; differences between the Company's service and traditional phone services, including the Company's 911 service; the Company's dependence upon key personnel; the Company's history of net losses and ability to achieve consistent profitability in the future; and other factors that are set forth in the "Risk Factors" section and other sections of Vonage's Annual Report on Form 10-K for the year ended December 31, 2010, as well as in the Company's Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. While the Company may elect to update forward-looking statements at some point in the future, it specifically disclaims any obligation to do so, and therefore, you should not rely on these forward-looking statements as representing the Company's views as of any date subsequent to today.

About Vonage

Vonage (NYSE: VG) is a leading provider of low-cost communications services connecting individuals through broadband devices worldwide. Our technology serves approximately 2.4 million subscribers. We provide feature-rich, affordable communication solutions that offer flexibility, portability and ease-of-use.

Our Vonage World plan offers unlimited calling to more than 60 countries with popular features like call waiting, call forwarding

and voicemail — for one low, flat monthly rate.

Vonage's service is sold on the web and through regional and national retailers including Wal-Mart Stores Inc. and is available to customers in the U.S., Canada and the United Kingdom. For more information about Vonage's products and services, please visit <http://www.vonage.com>.

Vonage Holdings Corp. is headquartered in Holmdel, New Jersey. Vonage® is a registered trademark of Vonage Marketing Inc., a subsidiary of Vonage Holdings Corp.

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