



## **Vonage Applauds The U.S. Treasury Department for Abolishing the Federal Excise Tax on Long-Distance Phone Calls**

### **Treasury Department Disconnects FET and VOIP**

Vonage America Inc., a leading provider of broadband telephone services, today applauded the Treasury Department for ending the decades-old Federal Excise Tax (FET) on long distance phone service.

The company's interpretation of the ruling is that it also applies to voice over IP services such as Vonage's and in accordance with the ruling, the company intends to stop collecting the 3% fee and aid customers in applying for their refunds.

"This ruling is good news for everyone who believes in open and low-cost communications," said President of Vonage America Inc., Michael Tribolet. "FET was originally imposed as a luxury tax to fund the Spanish-American War over 100 years ago. In the era of flat-rate service packages and bundles, Vonage customers shouldn't be subject to this tax and we commend the Treasury Department for freeing our customers from it."

Vonage plans to stop collecting FET tax from its customers on August 1, 2006, in accordance with the timing for elimination of the tax for VoIP service set forth by the Treasury. The Treasury Department says customers who have paid FET on phone service are entitled to refunds, including interest, on their 2006 income tax returns filed in 2007. To this end, Vonage will also provide its customers with information 90 days after the excise tax is eliminated to help them apply for their refunds.

#### **About Vonage**

Vonage (NYSE: VG) is a pioneer in the Internet telephony industry. The award winning Vonage<sup>®</sup> service is sold on the web and through national retailers. For more information about Vonage's products and services please visit <http://www.vonage.com>. Vonage Holdings Corp. is headquartered in Holmdel, New Jersey.

Statements in this press release that are not historical facts or information may be forward-looking statements. These forward-looking statements 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, our history of net operating losses and our need for cash to finance our growth; the competition we face; our dependence on our customers' existing broadband connections; differences between our service and traditional phone services, including our 911 service; uncertainties relating to regulation of VoIP services; system disruptions or flaws in our technology; our ability to manage our rapid growth; the risk that VoIP does not gain broader acceptance; and other factors described in our registration statement on Form S-1, as amended, and in our subsequent periodic reports filed with the SEC.

#### **SOURCE Vonage**

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