



New USF Tax Results In Minimal Cost Increase for VoIP Customers

HOLMDEL, N.J., June 21, 2006 /PRNewswire-FirstCall via COMTEX News Network/ -- Today the FCC voted to include all Voice over Internet Protocol (VoIP) services under its new interim Universal Service rules. VoIP customers regardless of provider will soon be obligated to pay the Universal Service Fund (USF) tax directly. However, due to the elimination of Federal Excise Tax (FET) from VoIP services the new USF tax will result in a net slightly higher customer bill. Vonage is assessing which method of contribution will be most beneficial for its customers.

"Vonage fully supports its obligations to government programs. Last month the Treasury advised us to cease collecting FET, to the benefit of customers, and now we must begin to collect USF tax, balancing the scales," said Mike Snyder, CEO, Vonage Holdings Corp. "Now that VoIP customers will be contributing directly to the fund, we hope as a result of this interim rule, VoIP companies will now be able to utilize universal service funds enabling Vonage and the industry as a whole to bring new technologies like ours to rural America."

About Vonage

Vonage (NYSE: VG) is a pioneer in the Internet telephony industry. The award winning Vonage(R) 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.

vg-l

SOURCE Vonage

Chris Murray of Vonage, +1-202-295-8783, or Chris.Murray@vonage.com

<http://www.prnewswire.com>

Copyright (C) 2006 PR Newswire. All rights reserved.

News Provided by COMTEX