Fourth Quarter and Full Year 2015 Earnings
February 11, 2016

Safe Harbor

Caution Concerning Forward-Looking Statements

Various remarks that the Company makes contain forward-looking statements regarding acquisitions, acquisition integration, growth, growth priorities or plans, new products and related investment, revenues, adjusted EBITDA, churn, seats, lines or accounts, average revenue per user, cost of telephony services, the Company's share repurchase plan, capital expenditures, and other statements that are not historical facts or information constitute forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. The 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: the competition we face; the expansion of competition in the consumer and unified communications markets; our ability to adapt to rapid changes in the market for voice and messaging services; our ability to retain customers and attract new customers; security breaches and other compromises of information security; the risk associated with developing and maintaining effective internal sales teams; the risk associated with developing and maintaining effective distribution channels; risks associated with sales of our UCaaS services to medium-sized and enterprise customers; risks related to the acquisition or integration of future businesses; our dependence on third party facilities, equipment, systems and services; system disruptions or flaws in our technology and systems; our ability to scale our business and grow efficiently; our reliance on third party hardware and software; our dependence on third party vendors; the impact of fluctuations in economic conditions, particularly on our small and medium business customers; our ability to obtain or maintain relevant intellectual property licenses; intellectual property and other litigation that have been and may be brought against us; failure to protect our trademarks and internally developed software; obligations and restrictions associated with data privacy; uncertainties relating to regulation of VoIP services; results of regulatory inquiries into our business practices; fraudulent use of our name or services; our ability to establish and expand strategic alliances; risks associated with operating abroad; liability under anti-corruption laws; governmental regulation and taxes in our international operations; our dependence upon key personnel; our dependence on our customers' existing broadband connections; restrictions in our debt agreements that may limit our operating flexibility; our ability to obtain additional financing if required; any reinstatement of holdbacks by our vendors; our 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, 2014, 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, the Company 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.

Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures (including adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA"), adjusted EBITDA less capex, adjusted net income, net debt (cash) and free cash flow), as defined in Regulation G adopted by the SEC. The Company provides a reconciliation of these non-GAAP financial measures to the most directly comparable financial measure at the end of the presentation and in the Company's quarterly earnings releases, which can be found on the Vonage Investor Relations website at http://ir.vonage.com.

Fourth Quarter 2015 and Full Year Business Highlights

Fourth Quarter

- Reported consolidated revenues of $230 million, a $15 million year-over-year increase
- Grew Vonage Business revenues by 149% year-over-year on a GAAP basis
- Delivered Adjusted EBITDA[1] of $34 million, a $1 million year-over-year decrease

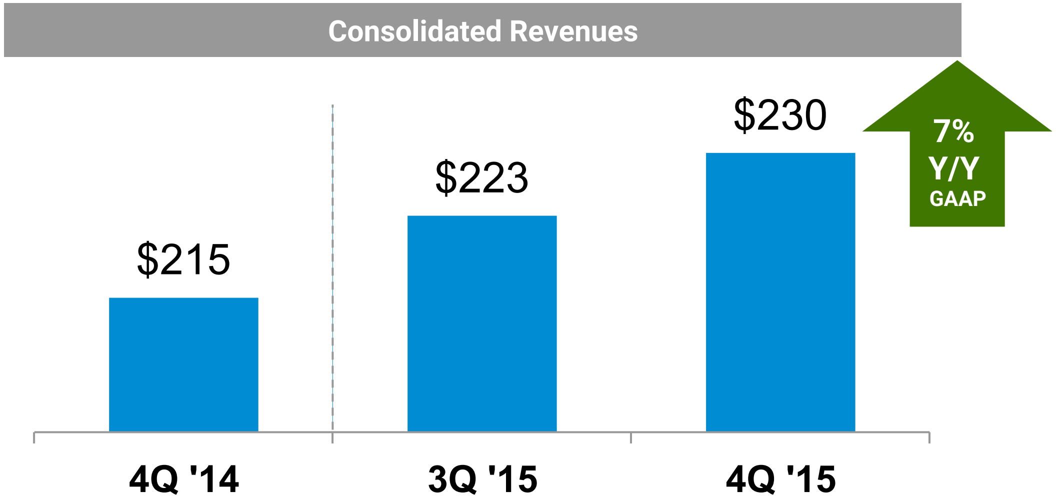
Full Year

- Grew consolidated GAAP revenues to $895 million, a 3% increase
- Delivered Vonage Business GAAP revenues growth of 132%
- Completed acquisitions of SimpleSignal, gUnify and iCore, solidifying leadership position in UCaaS

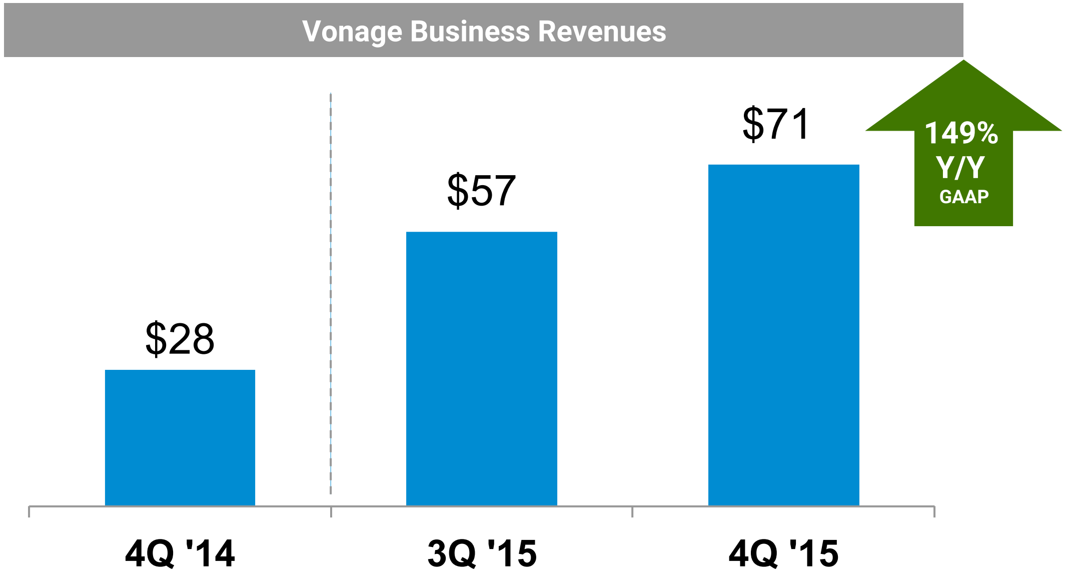
1) This is a non-GAAP financial measure. Please refer to the end of the presentation for a reconciliation to GAAP income from operations.

Fourth Quarter Revenues

($ in millions)



- Consolidated revenues up 7% from the prior year as Business revenues offset expected decline in Consumer

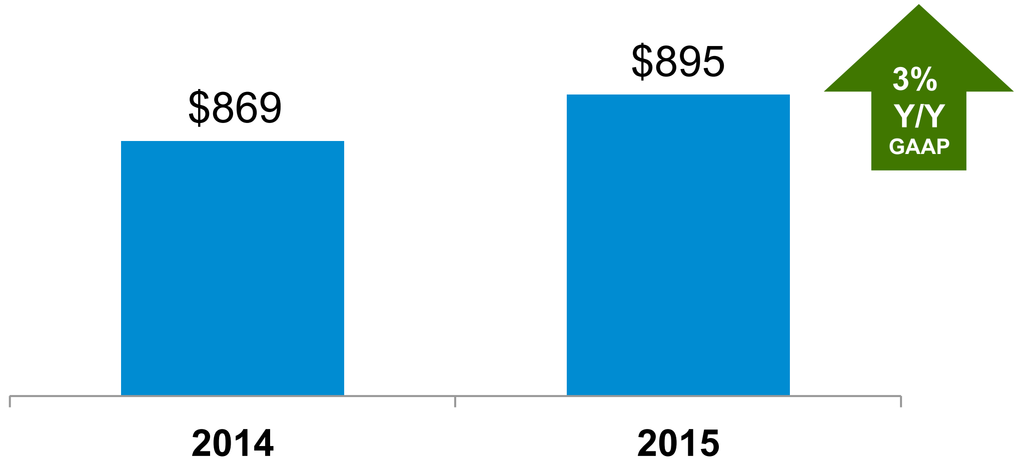


- Strong business growth reflects continued execution of Vonage Business organic growth and acquisition strategy

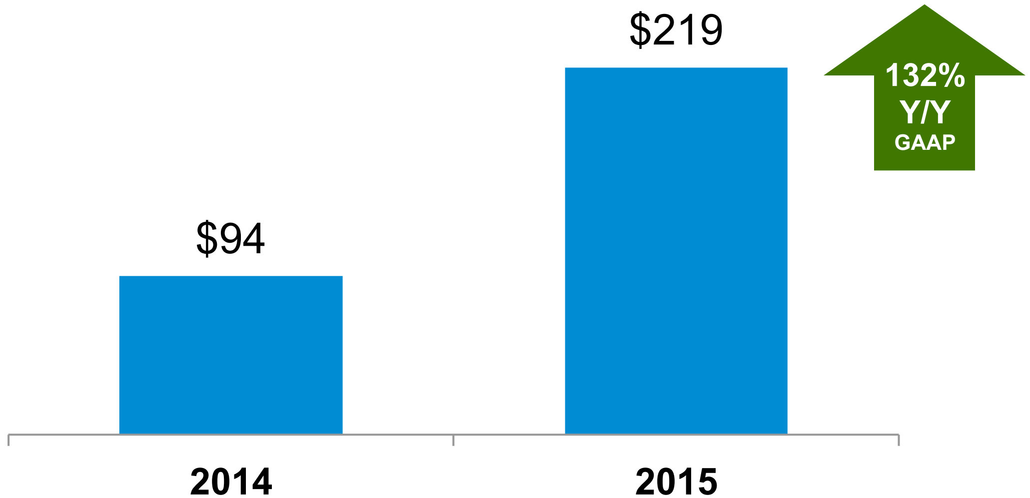
Full Year Revenues

($ in millions)

Consolidated Revenues

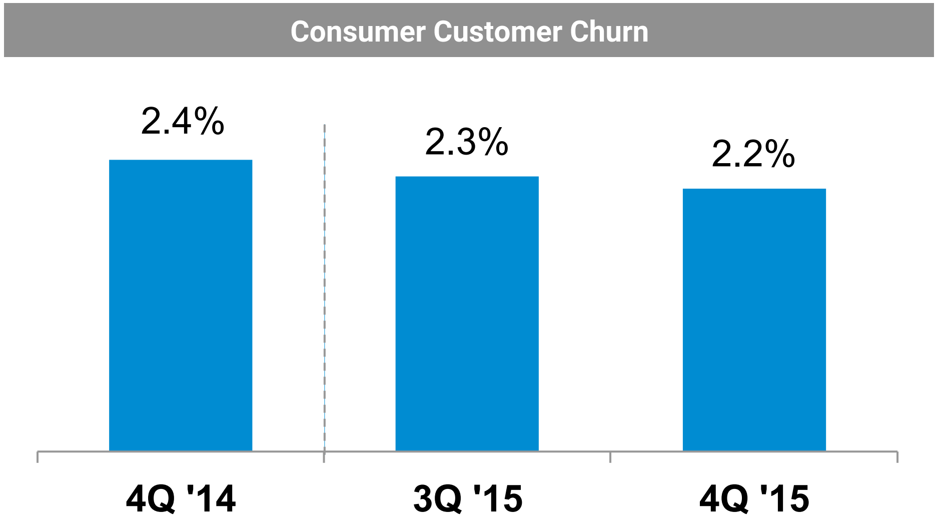


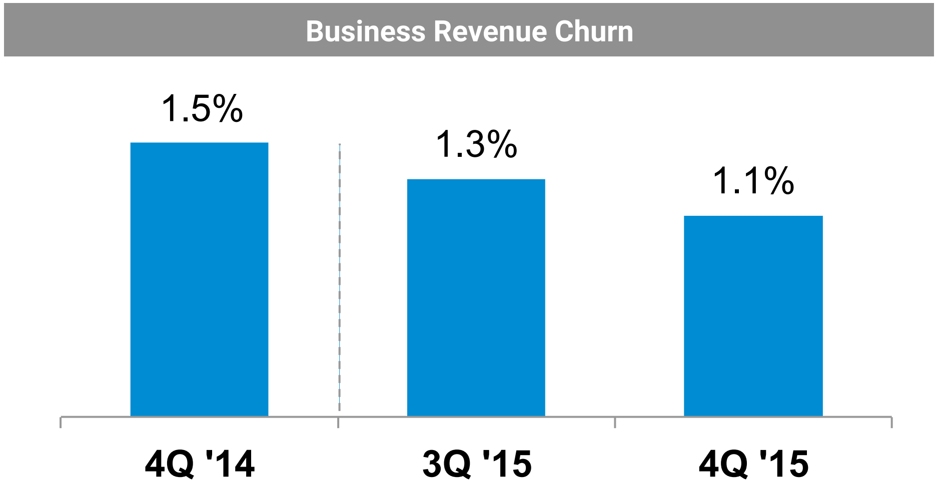
Vonage Business Revenues



- Consolidated revenues up due to the acceleration of Vonage Business, offset by expected Consumer reductions
- Vonage Business growth reflects strong organic growth and continued execution of acquisition strategy

Churn

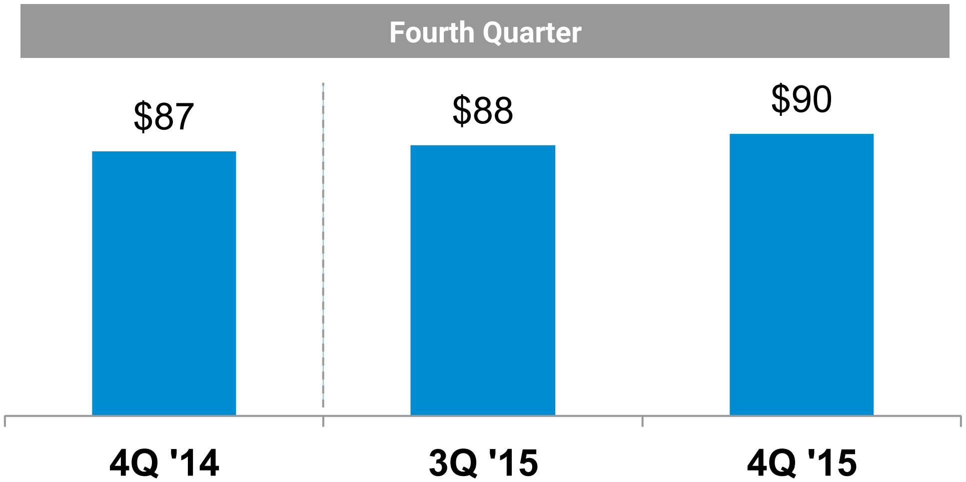


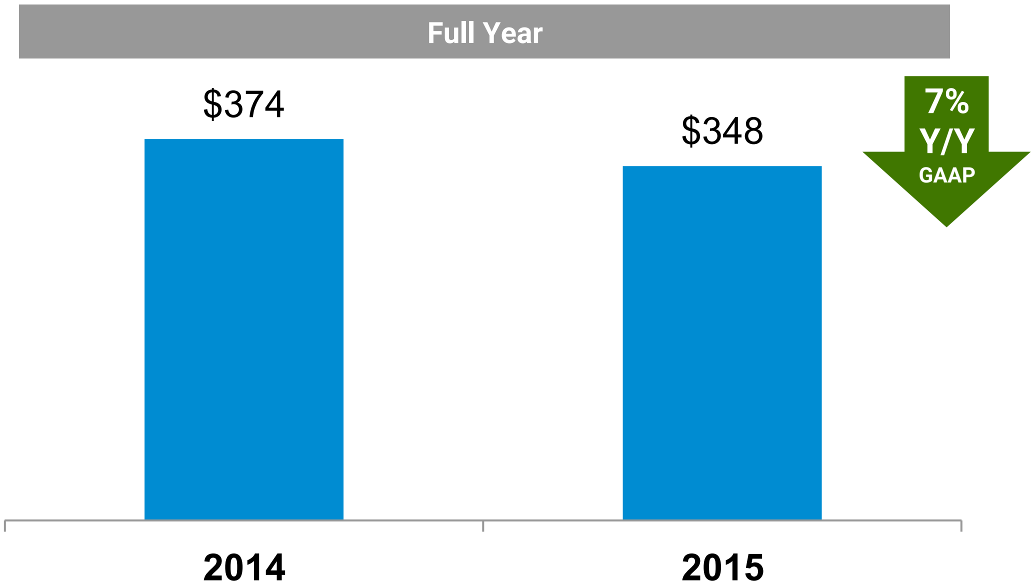


- Consumer customer churn lower due to continued focus on acquiring high-value customers and stability of tenured base
- Vonage Business revenue churn improvement due to strong customer retention gains in Essentials and Premier and the addition of iCore

Sales and Marketing

($ in millions)

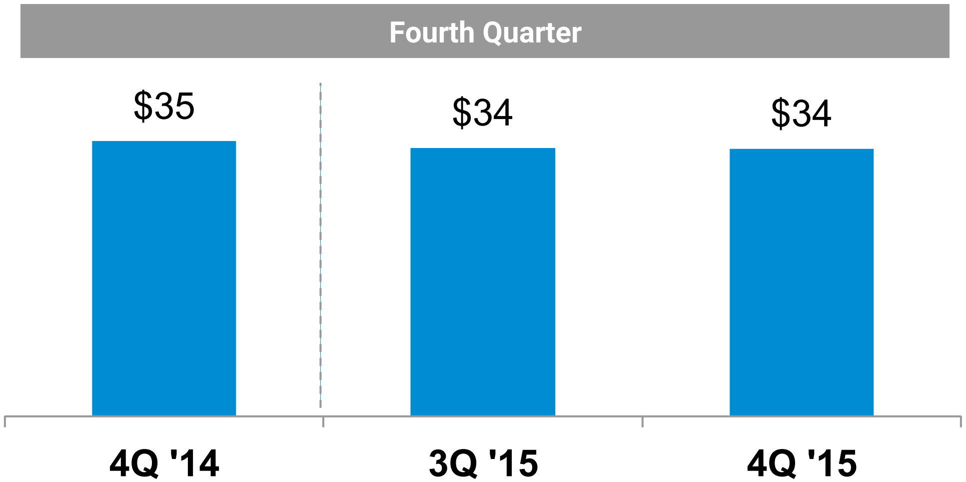


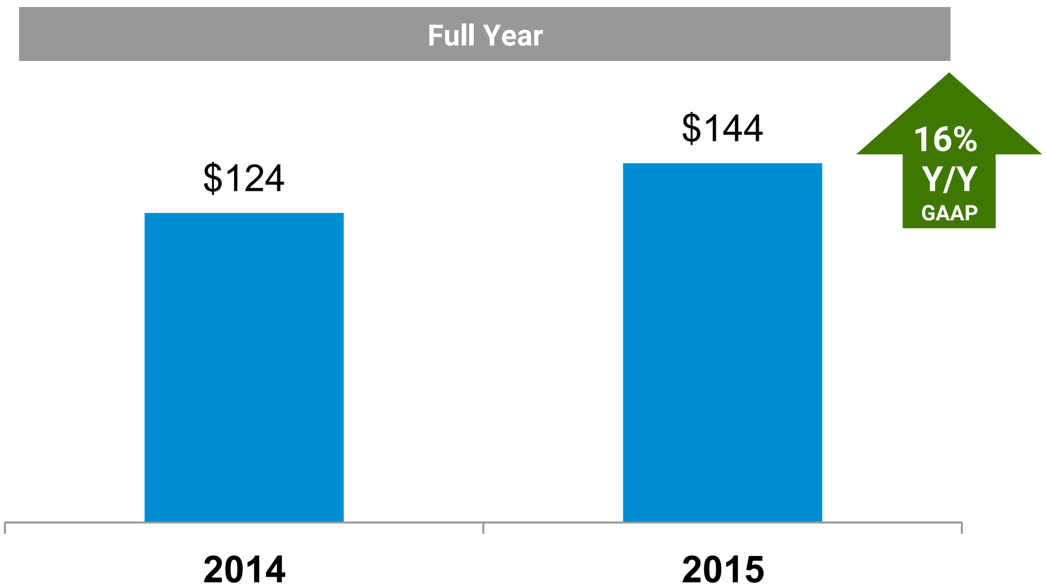


- Fourth quarter increase reflects continued investments in Vonage Business organic Sales and Marketing
- 2015 Sales and Marketing decline reflects more efficient Consumer customer acquisition spend partially offset by ramp in Vonage Business Sales and Marketing

Adjusted EBITDA[1]

($ in millions)





- Adjusted EBITDA down slightly year-over-year, due to planned investment in brand and sales force to build-out in Business, and flat sequentially
- Adjusted EBITDA up 16% from the prior year, reflecting strong cash flow generation of Consumer Business

1) This is a non-GAAP financial measure. Please refer to the end of the presentation for a reconciliation to GAAP income from operations.

Balance Sheet, Cash Flow and Buyback

Cash Flow ($ in millions)	Q4 2015
Cash from operations	$46
Capital expenditures and software	($14)
Free cash flow[2]	$32

- Cash[1]: $70 million
- Total debt: $219 million
- Net debt[2]: $152 million (Gross Debt less Unrestricted Cash and Marketable Securities)

  Net debt/Adjusted EBITDA = 1.1x

Stock Repurchase Program

- Repurchased 3 million shares for $15 million in 2015
- Repurchased 48 million shares for $148 million since August 2012
- Repurchased 525 thousand shares for $2.6 million in Q1 2016

Significant strategic and financial flexibility

1) Includes $3 million of restricted cash and $10 million of Marketable Securities
2) This is a non-GAAP measure. Please refer to the end of the presentation for a reconciliation to GAAP.

2016 Guidance

($ in $mm)	2016 Guidance
Consolidated Revenue	$905 - $920 million
Vonage Business revenue Growth	~50% GAAP growth
Adjusted EBITDA	At least $150 million
CAPEX	~$38 million

Non-GAAP Reconciliation

VONAGE HOLDINGS CORP.
TABLE 3. RECONCILIATION OF GAAP INCOME FROM OPERATIONS TO ADJUSTED EBITDA AND TO ADJUSTED EBITDA MINUS CAPEX
(Dollars in thousands)
(unaudited)

	Three Months Ended			For the Years Ended	
	December 31, 2015	September 30, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Income from operations	$ 8,298	$ 8,797	$ 18,349	$ 52,992	$ 58,071
Depreciation and amortization	17,979	15,446	12,468	61,833	49,514
Share-based expense	7,460	7,889	4,171	27,541	21,070
Acquisition related costs	71	1,854	2,446	2,610	2,566
Loss from discontinued operation, excluding income tax	—	—	(4,512)	(1,615)	(10,259)
Depreciation from discontinued operation	—	—	1,789	132	1,878
Net loss attributable to noncontrolling interest	—	—	110	59	819
Adjusted EBITDA	$ 33,808	$ 33,986	$ 34,821	$ 143,552	$ 123,659
Less:					
Capital expenditures	$ (7,745)	$ (4,618)	$ (5,200)	$ (17,323)	$ (12,436)
Intangible assets	$ —	$ (2,500)	$ —	$ (2,500)	$ —
Acquisition and development of software assets	$ (6,251)	$ (2,390)	$ (1,850)	$ (14,183)	$ (11,819)
Adjusted EBITDA Minus Capex	$ 19,812	$ 24,478	$ 27,771	$ 109,546	$ 99,404

Non-GAAP Reconciliation

VONAGE HOLDINGS CORP.
TABLE 4. RECONCILIATION OF GAAP NET INCOME ATTRIBUTABLE TO VONAGE TO NET INCOME ATTRIBUTABLE TO VONAGE EXCLUDING ADJUSTMENTS
(Dollars in thousands, except per share amounts)
(unaudited)

	Three Months Ended			For the Years Ended	
	December 31, 2015	September 30, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Net income attributable to Vonage	$ 3,406	$ 3,433	$ 5,604	$ 22,655	$ 20,266
Amortization of acquisition - related intangibles	7,880	6,023	3,748	24,592	15,036
Acquisition related costs	71	1,854	2,446	2,610	2,566
Income tax expense	2,128	3,116	6,749	18,418	21,759
Net income attributable to Vonage excluding adjustments	$ 13,485	$ 14,426	$ 18,547	$ 68,275	$ 59,627
Net income attributable to Vonage per common share:					
Basic	$ 0.02	$ 0.02	$ 0.03	$ 0.11	$ 0.10
Diluted	$ 0.01	$ 0.02	$ 0.03	$ 0.10	$ 0.09
Weighted-average common shares outstanding:					
Basic	213,864	213,291	207,176	213,147	209,822
Diluted	227,751	225,182	214,349	224,110	219,419
Net income attributable to Vonage excluding adjustments per common share, excluding adjustments:					
Basic	$ 0.06	$ 0.07	$ 0.09	$ 0.32	$ 0.28
Diluted	$ 0.06	$ 0.06	$ 0.09	$ 0.30	$ 0.27
Weighted-average common shares outstanding:					
Basic	213,864	213,291	207,176	213,147	209,822
Diluted	227,751	225,182	214,349	224,110	219,419

Non-GAAP Reconciliation

VONAGE HOLDINGS CORP.
TABLE 5. FREE CASH FLOW
(Dollars in thousands)
(unaudited)

	Three Months Ended			For the Years Ended	
	December 31, 2015	**September 30, 2015**	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
Net cash provided by operating activities	$ 46,105	$ 37,665	$ 31,309	$ 129,731	$ 92,542
Less:					
Capital expenditures	(7,745)	(4,618)	(5,200)	(17,323)	(12,436)
Intangible assets	—	(2,500)	—	(2,500)	—
Acquisition and development of software assets	(6,251)	(2,390)	(1,850)	(14,183)	(11,819)
Free cash flow	$ 32,109	$ 28,157	$ 24,259	$ 95,725	$ 68,287

Non-GAAP Reconciliation

VONAGE HOLDINGS CORP.
TABLE 6. RECONCILIATION OF NOTES PAYABLE, INDEBTEDNESS UNDER REVOLVING CREDIT FACILITY, AND CAPITAL LEASES TO NET DEBT
(Dollars in thousands)
(unaudited)

	For the years ended December 31,	
	2015	**2014**
Current maturities of capital lease obligations	$ 4,398	$ 3,365
Current portion of notes payable	15,000	20,000
Notes payable and indebtedness under revolving credit facility, net of current maturities and debt related costs	195,392	137,000
Unamortized debt related costs	1,108	—
Capital lease obligations, net of current maturities	3,363	6,836
Gross debt	219,261	167,201
Less:		
Unrestricted cash	67,634	47,959
Net debt	$ 151,627	$ 119,242