First Quarter 2013 Earnings

May 1, 2013

Safe Harbor

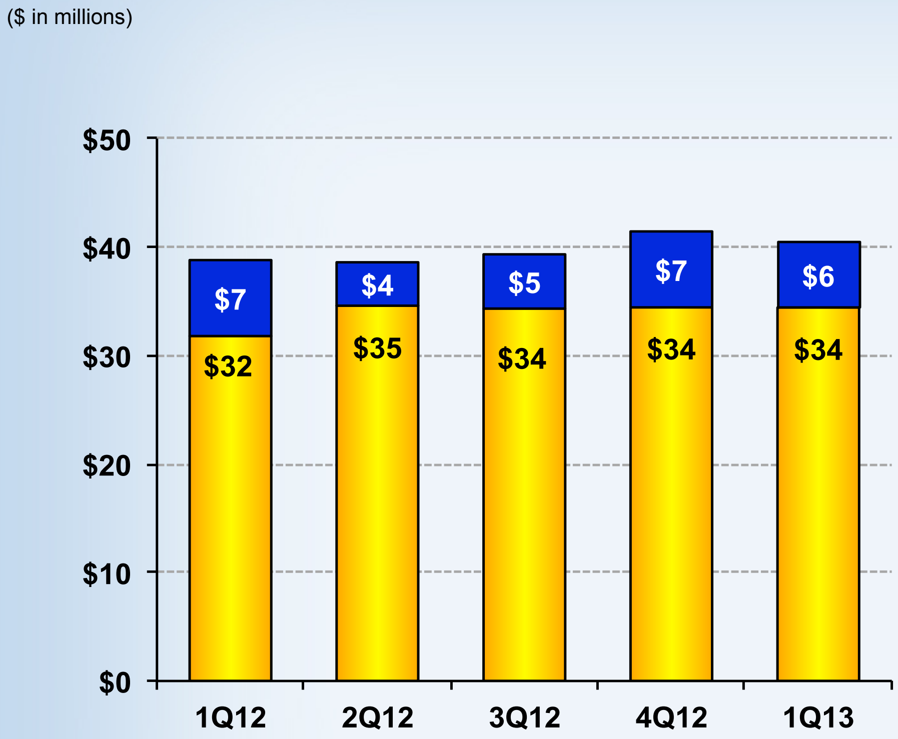
Caution Concerning Forward-Looking Statements

Various remarks that the Company make about Vonage Holdings Corp. future expectations, plans and prospects, including concerning growth priorities, including new products and related investment and sales channels, revenues, churn, net lines, cost of telephony services, the Company’s repurchase plan, capital expenditures, and average revenue per user, 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 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; the Company's ability to establish and expand strategic alliances; governmental regulation and related actions and taxes in the Company's international operations; increased market and competitive risks, including currency restrictions, in the Company's international operations; risks related to the acquisition or integration of future businesses or joint ventures; the Company's ability to obtain or maintain relevant intellectual property licenses; intellectual property and other litigation that have been and may be brought against the Company; failure to protect the Company's trademarks and internally developed software; security breaches and other compromises of information security; the Company's dependence on third party facilities, equipment, systems and services; system disruptions or flaws in the Company's technology and systems; uncertainties relating to regulation of VoIP services; liability under anti-corruption laws; results of regulatory inquiries into the Company's business practices; fraudulent use of the Company's name or services; the Company's ability to maintain data security; the Company's dependence upon key personnel; the Company's dependence on the Company's customers' existing broadband connections; differences between the Company's service and traditional phone services, including the Company's 911 service; restrictions in the Company's debt agreements that may limit the Company's operating flexibility; the Company's ability to obtain additional financing if required; any reinstatement of holdbacks by the Company's vendors; the Company's history of net losses and ability to achieve consistent profitability in the future; the Company's available capital resources and other financial and operational performance which may cause the Company not to make common stock repurchases as currently anticipated or to commence or suspend such repurchases from time to time without prior notice; 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, 2012, 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”), net income excluding adjustments, 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.

Adjusted EBITDA[1]

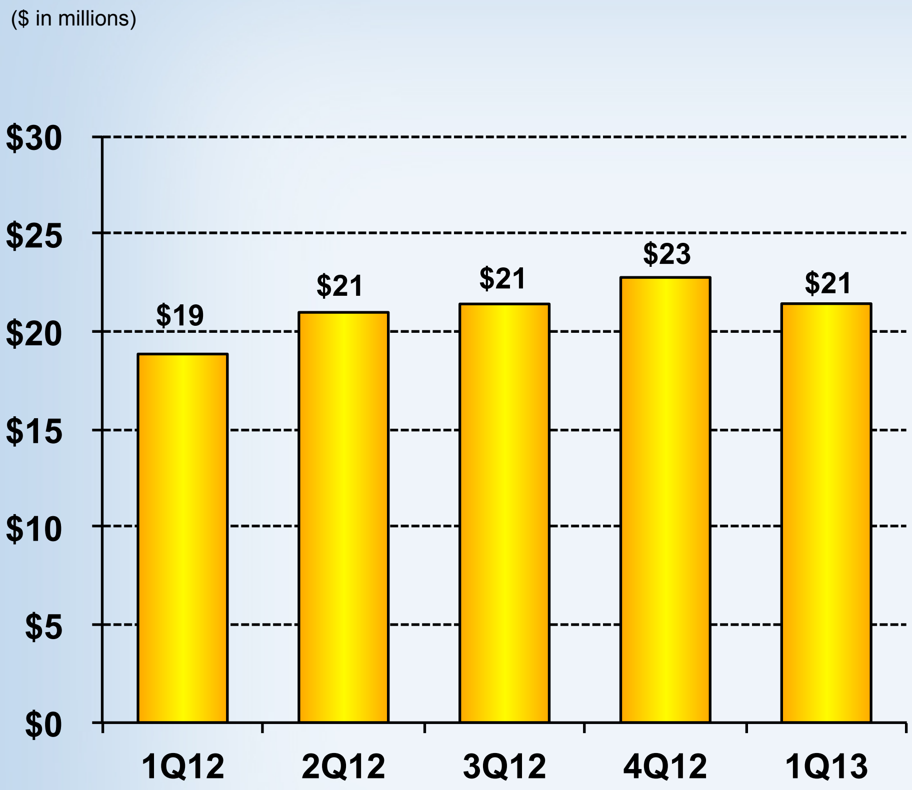


- Adjusted EBITDA of $34 million up $2 million from the prior year
- Financially stable core business generating cash flow to fund growth priorities
- Includes investment of $6 million in growth priorities including international expansion, mobile and BasicTalk

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

Vonage

Net Income, Excluding Adjustments[1]



- Net income, excluding adjustments, up $2 million from the prior year's period to $21 million, or $0.10 per share
- GAAP net income was $13 million, down from $14 million in the year ago quarter due higher income tax expense

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

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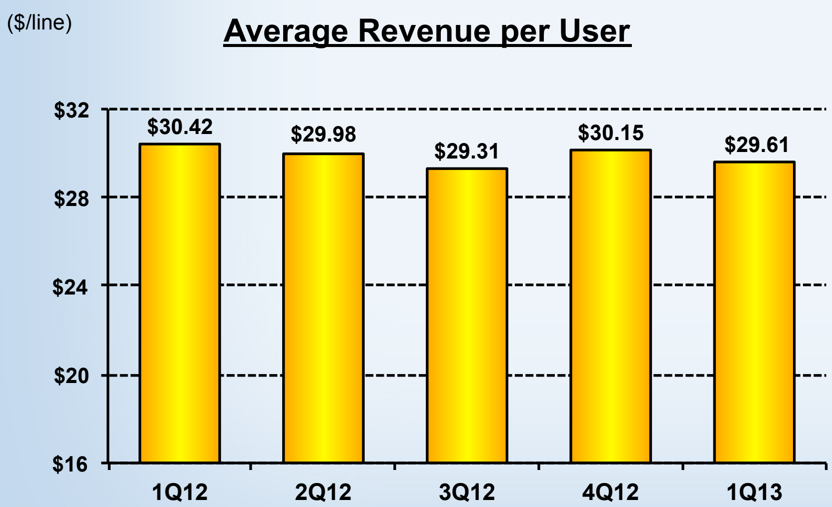
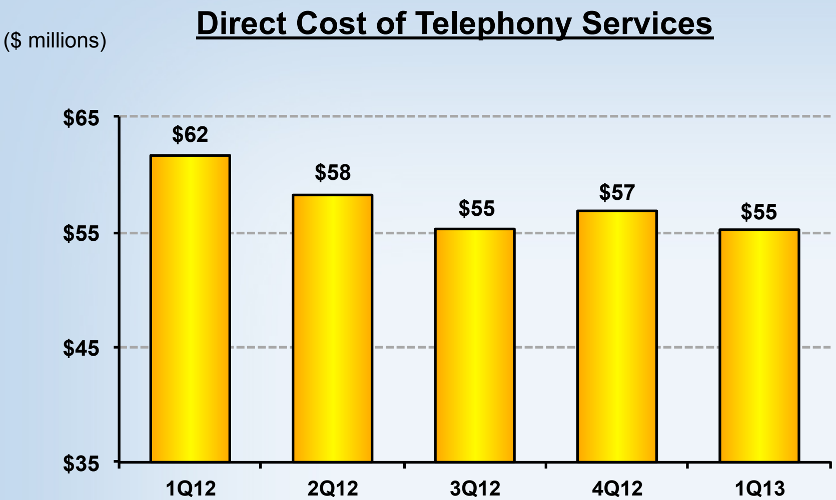
Revenue and Average Revenue Per User (ARPU)

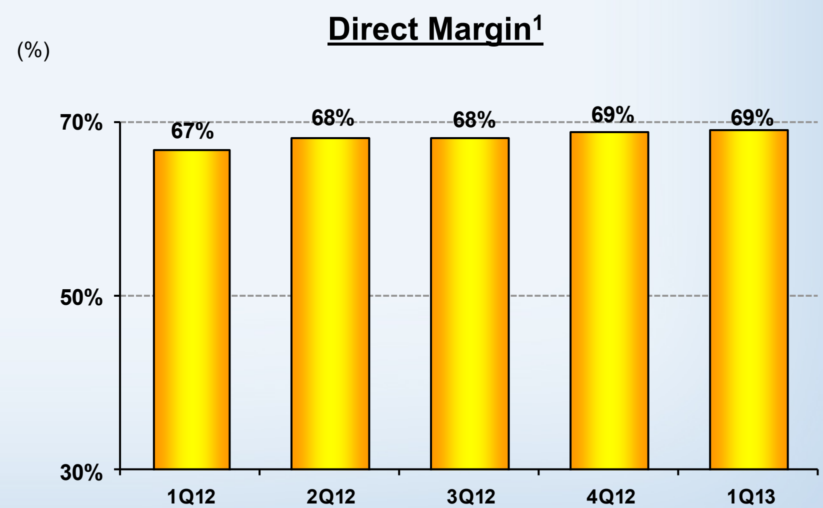


- Revenue declined from the prior year and sequentially due to non-operational impact of lower Universal Service Fund ("USF") fees and the expansion of lower priced offerings to meet customer needs
- ARPU declined to $29.61 from $30.42 in the prior year, primarily due to lower USF fees and the expansion of lower priced calling plans. Similarly, ARPU was down from $30.15 sequentially

Direct Cost of Telephony Services (COTS)



- Sequential improvements from lower USF
- Year-over-year COTS improvement driven by lower termination and network costs, and lower USF
- Stable Direct Margin



1) Direct margin is defined as operating revenues less direct cost of telephony services and direct cost of goods sold as a percentage of operating revenues.

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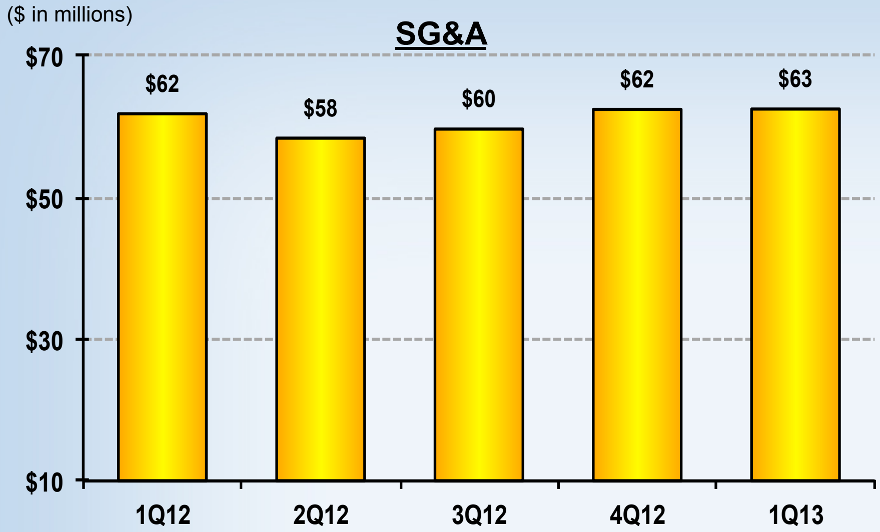
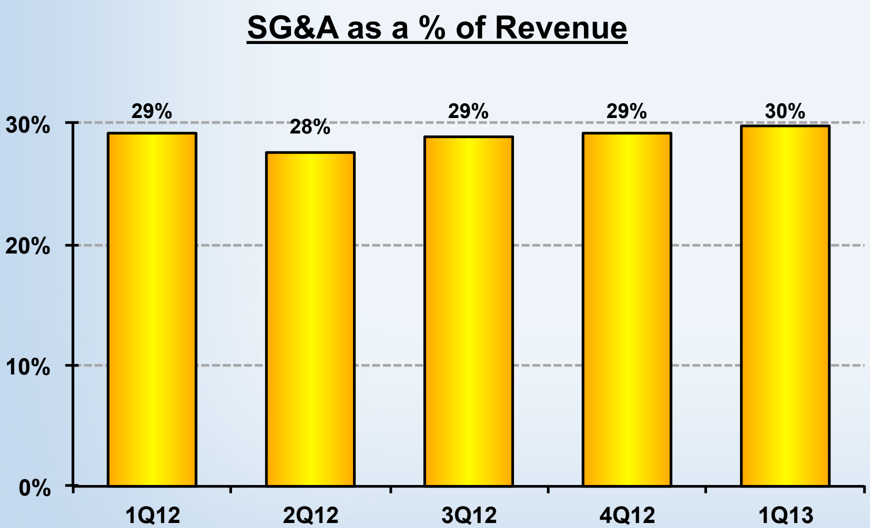
Selling, General & Administrative (SG&A)





- SG&A up $1 million from the year-ago quarter and sequentially due in part to assisted in-store selling in retail channel, and expansion of community sales teams
- Record low customer care costs per line driven by improvements in average contact rate, first call resolution and call handle time

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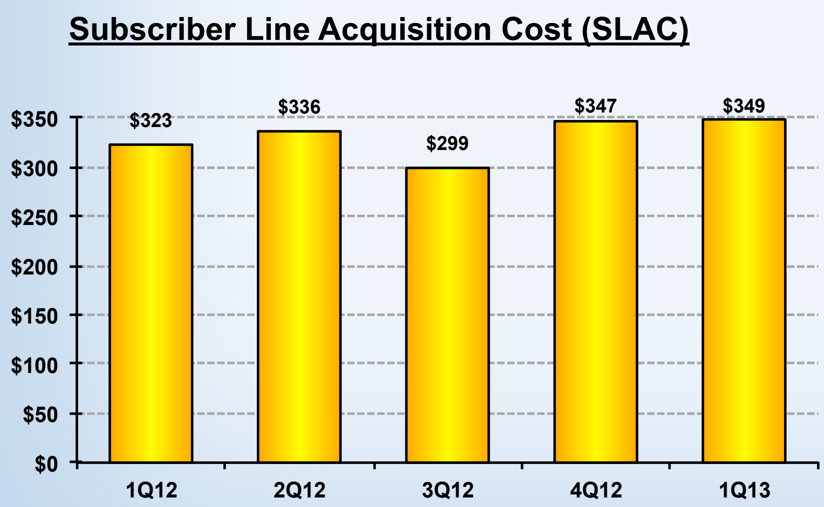
Marketing and Subscriber Line Acquisition Costs (SLAC)

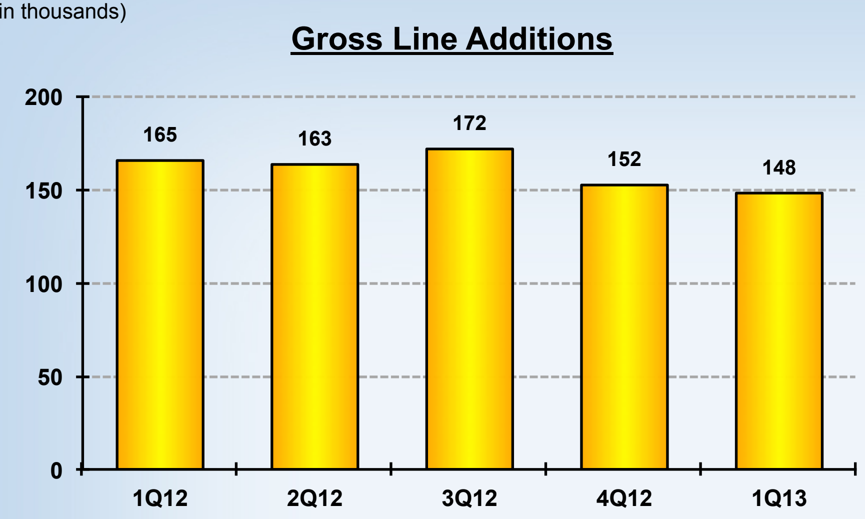
($ in millions)



- Marketing expense down from a year ago and sequentially aided by increased customer acquisitions through lower cost retail channel
- SLAC increased sequentially due to lower gross line additions

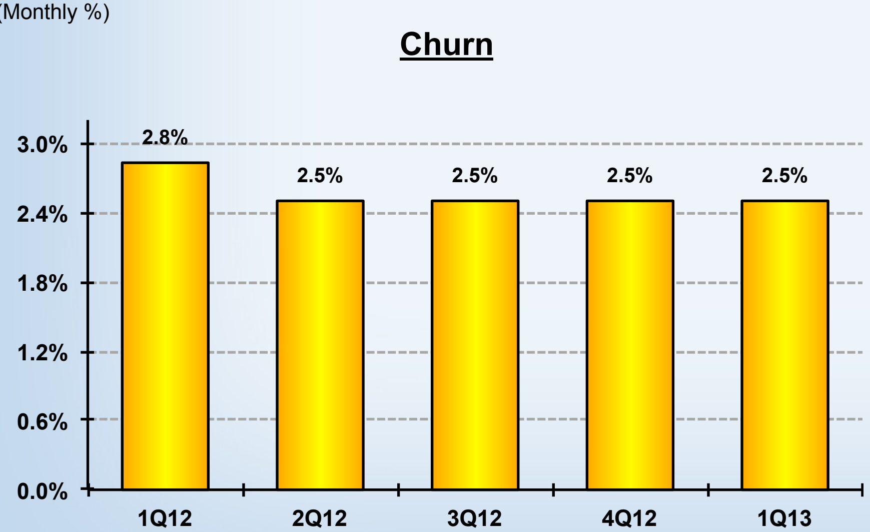
Subscriber Metrics

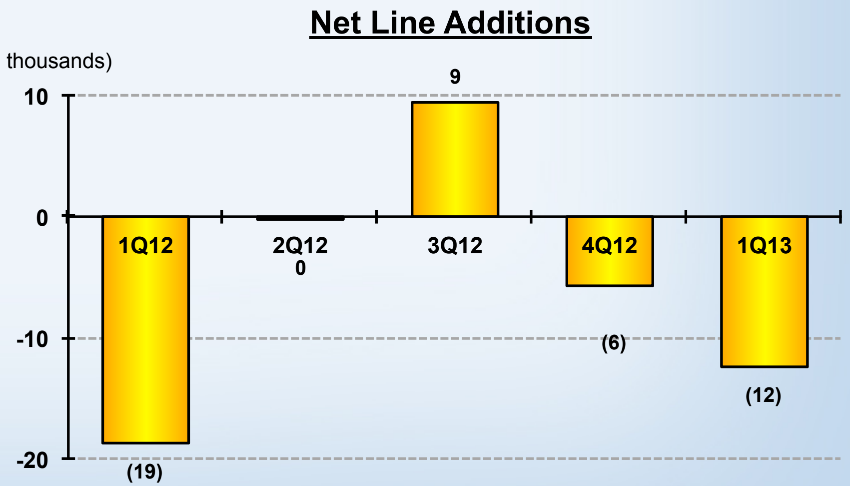
(in thousands)



- Lower sequential gross line additions largely due to device replenishment issues
- Year-over-year churn benefits from improvements in the overall customer experience

(Monthly %)





Balance Sheet, Cash Flow and Buyback

Cash Flow

($ in millions)	Q1 2013
Cash from operations	$9.8
Capital expenditures and software	($4.4)
Free cash flow	$5.4

- Low leverage: Total debt to Adjusted EBITDA of 0.6 times
- Cash position: $110 million; includes $4 million of Restricted Cash
- Net cash[1]: $27 million (Gross Debt less Unrestricted Cash)

Stock Repurchase Program

- In Q1 2013, repurchased 6 million shares for $16 million ($11 million under the new $100 million plan)

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

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Non-GAAP Reconciliation

VONAGE HOLDINGS CORP.
RECONCILIATION OF GAAP INCOME (LOSS) FROM OPERATIONS TO ADJUSTED EBITDA
(Dollars in thousands)
(unaudited)

	Mar 31, 2012	Jun 30, 2012	Sep 30, 2012	Dec 31, 2012	Mar 31, 2013
Income (loss) from operations	$ 20,533	$ (2,686)	$ 22,748	$ 24,015	$ 22,474
Depreciation and amortization	8,644	8,518	8,110	8,052	7,975
Loss from abandonment of software assets	-	25,262	-	-	-
Share-based expense	2,623	3,505	3,473	2,374	3,982
Adjusted EBITDA	31,800	34,599	34,331	34,441	34,431

Non-GAAP Reconciliation

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

	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012	March 31, 2013
Net income (loss)........	13,921	(3,340)	13,213	12,833	13,047
Loss from abandonment of software assets........	-	25,262	-	-	-
Income tax expense (benefit)	4,923	(947)	8,191	9,928	7,968
Net income excluding adjustments........	18,844	20,975	21,404	22,761	21,015
Net income (loss) per common share:					
Basic........	0.06	(0.01)	0.06	0.06	0.06
Diluted........	0.06	(0.01)	0.06	0.06	0.06
Weighted-average common shares outstanding:					
Basic........	225,732	226,429	225,555	219,379	214,639
Diluted........	236,036	226,429	233,708	228,107	223,202
Net income per common share, excluding adjustments:					
Basic........	0.08	0.09	0.09	0.10	0.10
Diluted........	0.08	0.09	0.09	0.10	0.09
Weighted-average common shares outstandings:					
Basic........	225,732	226,429	225,555	219,379	214,639
Diluted........	236,036	232,441	233,708	228,107	223,202

Non-GAAP Reconciliation

VONAGE HOLDINGS CORP.
RECONCILIATION OF NOTES PAYABLE AND CAPITAL LEASES TO NET DEBT (CASH)
(Dollars in thousands)
(unaudited)

	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012	March 31, 2013
Current maturities of capital lease obligations	$ 2,192	$ 2,282	$ 2,375	$ 2,471	$ 2,571
Current portion of notes payable	28,333	28,333	28,333	28,333	23,333
Notes payable, net of discount and current maturities	35,417	28,333	21,250	14,167	40,833
Capital lease obligations, net of current maturities	14,978	14,377	13,750	13,090	12,408
Gross debt	80,920	73,325	65,708	58,061	79,145
Less:					
Unrestricted cash	55,243	72,382	74,708	97,110	105,894
Net debt (cash)	$ 25,677	$ 943	$ (9,000)	$ (39,049)	$ (26,749)