



Vonage Holdings Corp. Announces Pricing of Private Offering of \$300 Million of 1.75% Convertible Senior Notes

June 11, 2019

HOLMDEL, N.J., June 11, 2019 /PRNewswire/ -- Vonage Holdings Corp. (NYSE: VG) ("Vonage") announced today the pricing of its previously announced private offering of \$300 million aggregate principal amount of 1.75% Convertible Senior Notes due 2024 (the "notes"). The notes were offered only to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). Vonage has granted to the initial purchasers of the notes a 30-day option to purchase up to an additional \$45 million aggregate principal amount of notes. The offering of the notes is expected to close on June 14, 2019, subject to customary closing conditions.

The notes will be Vonage's senior unsecured obligations. The notes will bear interest at a rate of 1.75% per year, payable semiannually in arrears on June 1 and December 1 of each year, beginning on December 1, 2019. The notes will mature on June 1, 2024, unless earlier redeemed, repurchased or converted. Vonage may not redeem the notes prior to June 5, 2022. On or after June 5, 2022, Vonage may redeem for cash all or a portion of the notes if the last reported sale price of Vonage's common stock has been at least 130% of the conversion price then in effect on (i) each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date Vonage provides notice of redemption and (ii) the trading day immediately preceding the date Vonage provides such notice. The initial conversion rate for the notes is approximately 59.8256 shares of Vonage's common stock per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$16.72 per share of Vonage's common stock), which represents an approximately 42.5% conversion premium over the last reported sale price of \$11.73 per share of Vonage's common stock on the New York Stock Exchange on June 11, 2019.

Prior to December 1, 2023, the notes will be convertible only upon satisfaction of certain conditions and during certain periods, and thereafter, at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. Vonage will satisfy any conversion election by paying or delivering, as the case may be, cash, shares of common stock or a combination of cash and shares of common stock.

Vonage estimates that the net proceeds from this offering will be approximately \$291.5 million (or \$335.4 million if the initial purchasers exercise in full their option to purchase additional notes), after deducting fees and estimated offering expenses payable by Vonage. Vonage intends to use the net proceeds from the offering to (i) pay the approximately \$24.6 million cost of the capped call transactions described below (ii) repurchase approximately \$10.0 million in shares of its common stock from purchasers of notes in privately negotiated transactions effected through one of the initial purchasers or an affiliate thereof concurrently with the pricing of the notes and (iii) repay a portion of the outstanding principal balance under its credit facility. If the initial purchasers exercise their option to purchase additional notes, Vonage expects to use a portion of the related net proceeds to enter into additional capped call transactions and any remainder to repay additional amounts outstanding under the revolving portion of its credit facility.

The purchase price per share of Vonage's common stock in such repurchases conducted concurrently with the pricing of the notes is equal to the last reported sale price per share of its common stock on the New York Stock Exchange on the date of the pricing of the notes. Such repurchases could increase (or reduce the size of any decrease in) the market price of Vonage's common stock prior to, concurrently with or shortly after the pricing of the notes, and could result in a higher effective conversion price for the notes.

In connection with the pricing of the notes, Vonage entered into privately negotiated capped call transactions with one or more of the initial purchasers and/or their affiliates and/or other financial institutions (the "option counterparties"). The capped call transactions are expected generally to reduce potential dilution to Vonage's common stock upon any conversion of notes and/or offset any cash payments Vonage is required to make in excess of the aggregate principal amount of converted notes, as the case may be, with such reduction and/or offset subject to a cap. The cap price of the capped call transactions will initially be \$23.46, which represents a premium of 100% over the last reported sale price of Vonage's common stock of \$11.73 per share on June 11, 2019. If the initial purchasers exercise their option to purchase additional notes, Vonage expects to enter into additional capped call transactions with the option counterparties.

In connection with establishing their initial hedges of the capped call transactions, the option counterparties or their respective affiliates expect to purchase shares of Vonage's common stock and/or enter into various derivative transactions with respect to Vonage's common stock concurrently with or shortly after the pricing of the notes. This activity could increase (or reduce the size of any decrease in) the market price of Vonage's common stock or the notes at that time. In addition, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to Vonage's common stock and/or purchasing or selling Vonage's common stock or other securities issued by Vonage in secondary market transactions following the pricing of the notes and prior to the maturity of the notes (and are likely to do so during any observation period related to a conversion of notes). This activity could also cause or avoid an increase or a decrease in the market price of Vonage's common stock or the notes, which could affect a noteholder's ability to convert the notes and, to the extent the activity occurs during any observation period related to a conversion of notes, it could affect the number of shares and value of the consideration that a noteholder will receive upon conversion of the notes.

In addition, if any such capped call transaction fails to become effective, whether or not this offering of notes is completed, the option counterparty party thereto may unwind its hedge positions with respect to Vonage's common stock, which could adversely affect the value of Vonage's common stock and, if the notes have been issued, the value of the notes.

The notes and shares of Vonage common stock issuable upon conversion, if any, have not been registered under the Securities Act, or under any U.S. state securities laws or other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

This press release is neither an offer to sell nor a solicitation of an offer to buy any of these securities nor shall there be any sale of these securities in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such state or jurisdiction. The offering of the notes is being made only to qualified institutional buyers by means of a private offering memorandum in accordance with Rule 144A under the Securities Act.

About Vonage

Vonage is redefining business communications, helping enterprises use fully-integrated unified communications, contact center, and programmable communications solutions via Nexmo, the Vonage API Platform, to improve how business gets done. True to its roots as a technology disruptor, Vonage has embraced technology to transform how companies connect, collaborate and communicate to create better business outcomes. Vonage's fully-integrated cloud communications platform built on a microservices-based architecture enables businesses to collaborate more productively and engage *their* customers more effectively across all channels, including messaging, chat, social media, video and voice.

Vonage Holdings Corp. is headquartered in Holmdel, New Jersey, with offices throughout the United States, Europe, the Middle East and Asia. Vonage® is a registered trademark of Vonage Marketing LLC, owned by Vonage America Inc.

Cautions regarding Forward-Looking Statements

Certain statements in this press release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the proposed offering of the notes, the proposed terms of the notes, the size of the notes offering, including the option to the initial purchasers to purchase additional notes, the expected use of the proceeds from the sale of the notes and potential impact of share repurchases and the capped call. Forward-looking statements are often characterized by the use of words such as "believes," "estimates," "expects," "projects," "may," "will," "intends," "plans," "should," or "anticipates," and similar expressions. All forward-looking statements in this press release are made based on Vonage's current expectations, forecasts, estimates and assumptions, and involve risks, uncertainties and other factors that could cause results or events to differ materially from those expressed in the forward-looking statements. Among these factors are economic conditions and markets (including current financial conditions), exchange rate fluctuations, risks associated with decisions to expend cash reserves for various uses in accordance with Vonage's capital allocation policy such as debt prepayment, stock repurchases or acquisitions rather than to retain such cash for future needs, risks associated with Vonage's substantial leverage and restrictive covenants in Vonage's debt agreements that may be in place from time to time, and risks involving governmental regulation. Additional factors that could cause results to differ materially from those projected in the forward-looking statements are contained in Vonage's 2018 Annual Report on Form 10-K, Current Reports on Form 8-K and other of Vonage's filings with the SEC. Vonage assumes no obligation to update such information, except as may be required by law.

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