

VONAGE HOLDINGS CORP
Form PRE 14A
April 05, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

(Rule 14a-101)

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12

VONAGE HOLDINGS CORP.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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No fee required.

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(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(3) Filing Party:

(4) Date Filed:

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VONAGE HOLDINGS CORP.
23 MAIN STREET
HOLMDEL, NJ 07733

April 25, 2019

Dear Stockholders,

We are pleased to invite you to attend the annual meeting of stockholders of Vonage Holdings Corp. to be held on Wednesday, June 6, 2019 at 10:00 a.m., local time via a live webcast at www.virtualshareholdermeeting.com/VG2019. You will be able to attend our annual meeting, vote your shares and submit questions during the annual meeting via this live webcast. Details regarding access to the meeting and the business to be conducted are provided in the accompanying Notice of 2019 Annual Meeting of Stockholders and Proxy Statement. Included with the Proxy Statement is a copy of our 2018 annual report, including our Form 10-K for the year ended December 31, 2018 (without exhibits). We encourage you to read our 2018 annual report, which includes our audited financial statements and information about our operations, markets, and products.

Your vote is important. Whether or not you plan to attend the annual meeting, we hope you will vote as soon as possible. You may vote over the Internet, as well as by telephone or by mailing a proxy or voting instruction card. Voting over the Internet, by telephone or by mailing a proxy card or by providing voting instructions to your broker, trustee or nominee will ensure your representation at the annual meeting regardless of whether you attend. Please review the instructions on the Notice you received in the mail and the proxy or voting instruction card regarding each of these voting options.

Also, if you plan to attend our annual meeting via the webcast please see the instructions set forth in the Notice of 2019 Annual Meeting of Stockholders.

Thank you for your ongoing support of Vonage. We look forward to your participation in our annual meeting.

Sincerely,

Alan Masarek

Chief Executive Officer

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VONAGE HOLDINGS CORP.

23 MAIN STREET

HOLMDEL, NJ 07733

NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS

Time and Date 10:00 a.m., local time, on Thursday, June 6, 2019

Place via live webcast at www.virtualshareholdermeeting.com/VG2019

Items

of At the meeting, we will ask you and our other stockholders to:

Business

(1) elect three Class I directors for a term to expire at the 2020 annual meeting of stockholders;

(2) ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019;

(3) approve our named executive officers' compensation in an advisory vote;

(4) approve the company's Amended and Restated 2015 Equity Incentive Plan; and

(5) ratify the extension of the Tax Benefits Preservation Plan.

The stockholders will also act on any other business as may properly come before the meeting or any postponement or adjournment of the meeting. The board of directors has no knowledge of any other business to be transacted at the annual meeting.

You may vote if you were a stockholder of record at the close of business on April 9, 2019. A list of these stockholders will be open for examination by any stockholder for any purpose germane to the 2019 annual meeting for a period of 10 days prior to the meeting at our principal executive offices at 23 Main Street, Holmdel, NJ 07733, and electronically during the 2019 annual meeting at www.virtualshareholdermeeting.com/VG2019 when you enter your 12-Digit Control Number.

Record Date
It is important that your shares be represented and voted at the meeting. Whether or not you plan to attend the meeting, we encourage you to read this proxy statement and submit your proxy or voting instructions as soon as possible. For specific instructions on how to vote your shares, please refer to the instructions on the Notice of Internet Availability of Proxy Materials (Notice) you received in the mail, the section titled "Questions and Answers about the Proxy Materials and the Annual Meeting" beginning on page 1 of this Proxy Statement or, if you requested to receive printed proxy materials, your enclosed proxy card.

Proxy Voting
You are entitled to attend the annual meeting only if you were a Vonage stockholder at the close of business on April 9, 2019, or you hold a valid proxy for the annual meeting. Instructions on how to attend the Meeting and participate in the 2019 annual meeting live via the Internet, including how to demonstrate proof of stock ownership, are posted at www.virtualshareholdermeeting.com/VG2019.

By order of the Board of Directors,
Randy K. Rutherford, Chief Legal Officer and Corporate Secretary
Holmdel, NJ
April 25, 2019

Important Notice Regarding the Availability of Proxy Materials for Our

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Annual Meeting of Stockholders to Be Held on June 6, 2019

The accompanying proxy statement and our 2018 annual report to stockholders are available at <http://ir.vonage.com/>

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VONAGE HOLDINGS CORP.

23 MAIN STREET

HOLMDEL, NJ 07733

PROXY STATEMENT

GENERAL INFORMATION

For Our Annual Meeting of Stockholders to be held on June 6, 2019

Vonage Holdings Corp. (referred to as “we,” “us,” “our,” “the company,” or “Vonage” in this document) has made these materials available to you on the Internet, or, upon your request, has delivered the printed proxy materials to you because our board of directors is soliciting your proxy to vote at our 2019 Annual Meeting of Stockholders. The annual meeting will be held on Wednesday, June 6, 2019, at 10:00 a.m., local time, via live webcast at www.virtualshareholdermeeting.com/VG2019. If the annual meeting is adjourned or postponed for any reason, the proxies may be used at any adjournments or postponements of the annual meeting. A replay of the webcast will be available on the Investor Relations section of our website through at least July 5, 2019.

This proxy statement summarizes information about the proposals to be considered at the annual meeting and other information you may find useful in determining how to vote. We have mailed a Notice of Internet Availability of Proxy Materials to stockholders and are posting our proxy statement at <http://ir.vonage.com/> or have mailed a printed copy of proxy materials on or about April 25, 2019. Included with the proxy statement is a copy of our 2018 annual report, including our Form 10-K for the year ended December 31, 2018 (without exhibits). We sometimes refer to the year ended December 31, 2018 as “fiscal year 2018” in this proxy statement.

OTHER INFORMATION

Our Form 10-K for fiscal year 2018, as filed with the Securities and Exchange Commission, or SEC, which includes our audited financial statements, is available free of charge on the Investor Relations section of our website at <http://ir.vonage.com/> or through the SEC's electronic data system at www.sec.gov. To request a printed copy of our Form 10-K (without exhibits), which we will provide to you free of charge, you may write to Vonage's Investor Relations Department at Vonage Holdings Corp., 23 Main Street, Holmdel, NJ 07733 or call us at 732.365.1328 or send an email through the Vonage Investor Relations website at <http://ir.vonage.com/>.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

Q: Why am I receiving these proxy materials?

A: Our board of directors has made these materials available to you on the Internet, or, upon your request, has delivered printed proxy materials to you, in connection with the solicitation of proxies for use at the annual meeting of stockholders of Vonage Holdings Corp. to be held on Thursday, June 6, 2019 at 10:00 a.m., local time.

Q: What is included in the proxy materials?

A: The proxy materials include:

• Our proxy statement for our Annual Meeting; and

• Our 2018 Annual Report to Stockholders (“Annual Report”) which includes our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

If you received printed versions of these materials by mail, these materials also include the proxy card or a voting instruction form for the Annual Meeting.

Q: What information is contained in this proxy statement?

A: The information in this proxy statement relates to the proposals to be voted on at the annual meeting, the voting process, the compensation of our directors and most highly paid executive officers in 2018, and certain other required information.

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Q: Why did I receive a notice in the mail regarding Internet availability of proxy materials instead of a full set of printed proxy materials?

A: In accordance with rules adopted by the U.S. Securities and Exchange Commission (“SEC”), we may furnish proxy materials, including this proxy statement and our Annual Report, to our stockholders by providing access to such documents on the Internet instead of mailing printed copies. Most stockholders will not receive printed copies of the proxy materials unless they request them. Instead the Notice of Internet Availability of Proxy Materials (“Notice”), which we mailed to most of our stockholders, will instruct you as to how you may access and review all of the proxy materials on the Internet. The Notice also instructs you as to how you may submit your proxy on the Internet. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials on the Notice.

Q: Why a Virtual Meeting?

A: We are excited to embrace technology for our annual meeting that will provide expanded access, improved communications and cost savings for our stockholders and the company. Hosting a virtual meeting will also enable increased stockholder attendance and participation since stockholders can participate from any location around the world. We believe that the virtual meeting is aligned with our vision and values as a leading provider of cloud communications services for businesses and consumers.

You will be able to attend the annual meeting online and submit your questions during the meeting by visiting www.virtualshareholdermeeting.com/VG2019. We have designed the virtual meeting to provide the same rights to participate as you would have at an in-person meeting, including providing opportunities to make statements and ask questions.

Q: How can I access the proxy materials over the Internet?

A: The Notice will contain instructions on how to:

- View our proxy materials for the Annual Meeting on the Internet and vote your shares; and
- Request a printed copy of the proxy materials.

Our proxy materials are also available on our Investor Relations website at <http://ir.vonage.com/>.

Choosing to take advantage of the availability of proxy materials on the Internet or by email will save us the cost of printing and mailing documents to you, and will reduce the impact of printing and mailing these materials on the environment.

Q: What shares can I vote?

A: Each share of Vonage common stock issued and outstanding as of the close of business on April 9, 2019, which we refer to as the Record Date, is entitled to vote on all items being voted on at the annual meeting. You may vote all shares owned by you as of the Record Date, including (1) shares held directly in your name as the stockholder of record and (2) shares held for you as the beneficial owner in street name through a broker, trustee or other nominee such as a bank. On the Record Date, we had XXX,XXX,XXX shares of common stock issued and outstanding.

Q: How many votes am I entitled to per share?

A: Each holder of shares of common stock is entitled to one vote for each share of common stock held as of the Record Date.

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: Most Vonage stockholders hold their shares through a broker, trustee or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

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Stockholder of Record

If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, you are considered, with respect to those shares, the stockholder of record, and the Notice was sent directly to you by Vonage. As the stockholder of record, you have the right to grant your voting proxy directly to Vonage or to vote in person at the annual meeting. If you requested to receive printed proxy materials, we have enclosed or sent a proxy card for you to use. You may also vote on the Internet or by telephone, as described in the Notice and in the question, “How can I vote my shares without attending the annual meeting?” below.

Beneficial Owner

If your shares are held in a brokerage account or by a trustee or other nominee, you are considered the beneficial owner of shares held in street name, and the Notice or printed copies of proxy materials was forwarded to you by your broker, trustee or nominee, as the case may be. As the beneficial owner, you have the right to direct your broker, trustee or nominee how to vote, and you are also invited to attend the annual meeting.

Since a beneficial owner is not the stockholder of record, you may not vote your shares in person at the annual meeting unless you obtain a “legal proxy” from the broker, trustee or nominee that holds your shares giving you the right to vote the shares at the meeting. Your broker, trustee or other nominee can provide you information on how to obtain a “legal proxy.” Your broker, trustee or nominee has enclosed or provided voting instructions for you to use in directing the broker, trustee or other nominee how to vote your shares.

Q: How can I attend and vote at the annual meeting?

A: You are entitled to attend the annual meeting only if you were a Vonage stockholder or joint holder as of the Record Date, the close of business on April 9, 2019, or you hold a valid legal proxy for the annual meeting. We will be hosting the 2019 annual meeting live via webcast. A summary of the information you need to attend the annual meeting online is provided below:

Any stockholder can attend the 2019 annual meeting live via the Internet at www.virtualshareholdermeeting.com/VG2019

Webcast starts at 10:00 a.m. local time on Thursday, June 6, 2019

- Stockholders may vote and submit questions while attending the annual meeting on the Internet

Please have your 12-Digit Control Number to enter the annual meeting

Instructions on how to attend and participate via the Internet, including how to demonstrate proof of stock ownership, are posted at www.virtualshareholdermeeting.com/VG2019

Assistance with questions regarding how to attend and participate via the Internet will be provided at www.virtualshareholdermeeting.com/VG2019 on the day of the annual meeting

Webcast replay of the annual meeting will be available at least until July 5, 2019

Even if you plan to attend the annual meeting, we encourage you to vote your shares in advance of the meeting.

Q: How can I vote my shares without attending the annual meeting if I am a stockholder of record?

A: If you are a stockholder of record, you may direct how your shares are voted without attending the annual meeting.

By Internet— If you are a stockholder of record and received a Notice, you may vote by proxy at <http://ir.vonage.com/> by following the instructions in the Notice. Stockholders of record of Vonage common stock that received printed proxy materials with Internet access may submit proxies by following the “VOTE BY INTERNET” instructions on their proxy cards until 11:59 p.m., Eastern Time, on June 5, 2019.

By Telephone— Stockholders of record of Vonage common stock that received printed proxy materials who live in the United States or Canada may submit proxies by following the “VOTE BY TELEPHONE” instructions on their proxy cards until 11:59 p.m., Eastern Time, on June 5, 2019.

By Mail— Stockholders of record of Vonage common stock that received printed proxy materials may submit proxies by completing, signing and dating their proxy cards and mailing them in the accompanying pre-addressed envelopes. Proxy cards submitted by mail must be received by the time of the meeting in order for your shares to be voted.

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Q: How can I vote my shares without attending the annual meeting if I am a beneficial owner of shares held in street name?

A: As the beneficial owner of shares held in street name, you have the right to direct your broker, bank or other holder of record how to vote your shares, and it is required to vote your shares in accordance with your instructions. We recommend that you follow the voting instructions in the materials you receive from your broker, bank or other holder of record to vote via the Internet, by telephone or by mail.

Q: Can I change my vote?

A: You may change your vote at any time prior to the vote at the annual meeting. If you are the stockholder of record, you may change your vote by granting a new proxy bearing a later date (which automatically revokes the earlier proxy) using any of the methods described above (and until the applicable deadline for each method), by providing a written notice of revocation to Vonage's Corporate Secretary at Vonage Holdings Corp., 23 Main Street, Holmdel, NJ 07733 prior to your shares being voted, or by attending the annual meeting on the Internet and voting. Attendance at the meeting on the Internet will not cause your previously granted proxy to be revoked unless you specifically so request prior to the vote at the annual meeting. For shares you hold beneficially in street name, you may change your vote by submitting new voting instructions to your broker, trustee or nominee following the instruction it has provided, or, if you have obtained a legal proxy from your broker or nominee giving you the right to vote your shares, by attending the meeting and voting while attending the annual meeting on the Internet.

Q: How many shares must be present or represented to conduct business at the annual meeting?

A: The quorum requirement for holding the annual meeting and transacting business is that holders of a majority of the voting power of the issued and outstanding common stock of Vonage must be present in person or represented by proxy. Broker non-votes (described below) are counted for the purpose of determining the presence of a quorum.

Q: What is the voting requirement to approve each of the proposals?

A: Directors in an uncontested election are elected by the vote of the majority of the votes cast with respect to such director. This means that the number of shares voted "FOR" a Class I candidate for election as director must exceed the number of votes cast "AGAINST" that director. Votes withheld and broker non-votes are not considered votes cast on this proposal and will not have any effect on the election of directors.

We have also implemented a Director Resignation policy, applicable if an incumbent director nominee receives less than a majority of votes cast in an uncontested election. For more information see "Proposal No. 1 - Election of Directors" below. Our board of directors recommends a vote "FOR" all nominees.

The proposal to ratify the appointment of Deloitte and Touche, LLP as our independent registered public accounting firm requires the affirmative "FOR" vote of a majority of those shares present in person or represented by proxy and voting on the proposal at the annual meeting. Abstentions and broker non-votes are not considered votes cast on this proposal and will have no effect on the voting results. Our board of directors recommends that the stockholders vote FOR the ratification of the appointment of Deloitte and Touche, LLP to serve as Vonage's independent registered public accounting firm for the year ending December 31, 2019.

The advisory vote to approve executive compensation is not binding. We will consider stockholders to have approved the proposal if there are more votes cast "FOR" the proposal than "AGAINST". Abstentions and broker non-votes are not considered votes cast on this proposal and will have no effect on the voting results. Our board of directors recommends that the stockholders vote FOR the approval of the compensation of our named executive officers, as disclosed in this proxy statement.

The proposal to approve our Amended and Restated 2015 Equity Incentive Plan requires the affirmative "FOR" vote of a majority of those shares present in person or represented by proxy and voting on the proposal at the annual meeting. Abstentions and broker non-votes are not considered votes cast on this proposal and will have no effect on the voting results. Our board of directors recommends a vote "FOR" the approval of our Amended and Restated 2015 Equity Incentive Plan.

The proposal to ratify the extension of our Tax Benefits Preservation Plan requires the affirmative "FOR" vote of a majority of those shares present in person or represented by proxy and voting on the proposal at the annual meeting. Abstentions and broker non-votes are not considered votes cast on this proposal and will have no effect on the voting

results. our board of directors recommends a vote "FOR" to ratify the extension of our Tax Benefits Preservation Plan.

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Q: What is the effect of not casting a vote or not providing voting instructions?

A: If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute “broker non-votes.” Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. Under New York Stock Exchange rules, brokers would have discretionary voting power with respect to ratification of the appointment of Deloitte and Touche, LLP, but not for the election of directors, the advisory vote to approve executive compensation, the approval of our Amended and Restated 2015 Equity Incentive Plan, or to ratify the extension of our Tax Benefits Preservation Plan. We encourage you to provide instructions to your broker, trustee or other nominee regarding the voting of your shares.

If you are a stockholder of record and do not vote by submitting a proxy, no votes will be cast on your behalf on any of the items of business at the annual meeting. If you are a stockholder of record and return your signed proxy card but it does not indicate any voting instructions, such proxy will be voted with the recommendations of the board of directors. The board of directors' recommendations are indicated under question "What is the voting requirement to approve each of the proposals?" above, as well as with the description of each proposal in this proxy statement.

Q: What happens if additional matters are presented at the annual meeting?

A: Other than the items of business described in this proxy statement, we are not aware of any other business to be acted upon at the annual meeting. If you grant a proxy, the persons named as proxy holders will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any reason any of our nominees is not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by our board of directors.

Q: Who will serve as inspector of elections?

A: The inspector of elections will be a representative from Broadridge Investor Communications Services.

Q: What should I do if I receive more than one set of voting materials?

A: You may receive more than one Notice or proxy materials. For example, if you hold your shares in more than one brokerage account, you may receive a separate Notice or voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you will receive more than Notice or proxy materials. Please review the instructions and vote your shares on each Notice, proxy card and voting instruction card that you receive.

Q: What is “householding” and how do I revoke my consent to the householding program?

A: Vonage has adopted a procedure called “householding,” which the SEC has approved. Under this procedure we deliver a single copy of the Notice and, if applicable, the proxy materials to multiple stockholders who share the same address unless we received contrary instructions from one or more of the stockholders. Vonage adopted the householding method to reduce the amount of duplicative material that its stockholders receive and to lower printing and mailing costs. Householding is in effect for the 2019 Annual Meeting of Stockholders and will remain in effect for all future annual meetings.

Upon request, we will deliver promptly a separate copy of the copy of the Notice and, if applicable, the proxy materials to any stockholder at a shared address to which we delivered a single copy of any of these documents. You may request separate copies by notifying us in writing or verbally that you wish to opt out of the householding program at:

Vonage Investor Relations
23 Main Street
Holmdel, NJ 07733
732.365.1328

You may opt out of householding at any time 30 days prior to the mailing of proxy materials. If you own our common stock in street name (such as through a broker), please notify your broker if you wish to continue to receive multiple copies of the Notice and, if applicable, the proxy materials.

Stockholders who share an address and receive multiple copies of the Notice and, if applicable, the proxy materials, can request to receive a single copy of these materials by following the instructions above. Stockholders can also revoke their consent and receive separate copies of these documents in the future by following the instructions above.

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Q: How may I obtain a copy of our 2018 annual report and proxy materials?

A: Any stockholder may request copies of our annual report, including our Form 10-K (without exhibits), and proxy materials by sending an e-mail through the Vonage Investor Relations website at <http://ir.vonage.com/>, calling 732.365.1328 or writing to:

Vonage Investor Relations
23 Main Street
Holmdel, NJ 07733

We will promptly deliver the requested copies. Current and prospective investors can access or order free copies of our annual report, including our Form 10-K (without exhibits) and proxy statement by following these same instructions.

Q: Who will bear the cost of soliciting votes for the annual meeting?

A: Vonage is making this solicitation and will pay the entire cost of preparing, assembling, printing, mailing, and distributing the Notices and proxy materials and soliciting votes. If you choose to access the proxy materials or vote over the Internet, you are responsible for Internet access charges you may incur. If you choose to vote by telephone, you are responsible for telephone charges you may incur. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communication by our directors, officers, and employees, who will not receive any additional compensation for such solicitation activities. We have retained Broadridge Inc. at an estimated cost of \$XXXX, plus expenses, to assist in the solicitation of proxies.

Q: What is the deadline to propose actions for consideration at the 2020 annual meeting of stockholders or to nominate individuals to serve as directors?

A: You may submit proposals, including director nominations, for consideration at future stockholder meetings.

Stockholder Proposals: Any stockholder proposals (other than proposals to nominate directors) intended to be presented at an annual meeting of stockholders called for a date between May 6, 2020 and July 7, 2020 and to be considered for inclusion in our proxy materials must be received by December 27, 2019 and must comply with the procedures of Rule 14a-8 under the Securities Exchange Act of 1934. Stockholder proposals failing to comply with the procedures of Rule 14a-8 will be excluded from our proxy materials. Proposals should be addressed to:

Vonage Holdings Corp.
Attn: Corporate Secretary
23 Main Street
Holmdel, NJ 07733

For a stockholder proposal (other than proposals to nominate directors) intended to be presented at an annual meeting of stockholders that is not intended to be included in Vonage's proxy statement under Rule 14a-8, the stockholder must (1) provide the information required by Section 1.11 of our bylaws and (2) give timely notice to the Corporate Secretary of Vonage in accordance with our bylaws, which, in general, require that the notice be received by the Corporate Secretary of Vonage:

not earlier than February 7, 2020, and

not later than March 8, 2020.

Nomination of Director Candidates: You may propose director candidates for consideration by the board of directors' nominating and governance committee. Any such recommendations should include the nominee's name and qualifications for board of directors membership and should be directed to the Corporate Secretary of Vonage at the address of our principal executive offices set forth above. For additional information regarding stockholder recommendations for director candidates, see "Corporate Governance—Director Nomination Process" below in this proxy statement.

In addition, our bylaws permit stockholders to nominate directors for election at an annual stockholder meeting. To nominate a director, the stockholder must provide the information required by Section 1.10 of our bylaws. In addition,

the stockholder must give timely notice to our Corporate Secretary in accordance with our bylaws, which, in general, require that the notice be received by our Corporate Secretary within the time period described above under “Stockholder Proposals” for stockholder proposals that are not intended to be included in our proxy statement under Rule 14a-8.

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Copy of Bylaw Provisions: You may contact our Corporate Secretary at Vonage Holdings Corp., Attn: Corporate Secretary, 23 Main Street, Holmdel, NJ 07733 for a copy of the relevant bylaw provisions regarding the requirements for making stockholder proposals and nominating director candidates.

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PROXY SUMMARY

This summary highlights certain information from our Proxy Statement for the 2019 Annual Meeting. You should read the entire Proxy Statement carefully before voting.

Performance Highlights

Our compensation program measures success against our strategic plan. In 2018 our management team continued to execute on this plan through the optimization of our consumer services business and the successful pivot to the cloud-communications-for-business market. Driven by the momentum of previous years as well as the strategic acquisitions of TokBox and NewVoiceMedia, we grew Vonage Business revenues by 22% to \$608 million. This compares to \$499 million in 2017, and \$8 million when we entered the business market at the end of 2013.

Vonage Business Revenue (in millions)

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These gains have been achieved while maintaining profitability over the same 2013-2018 period.

Vonage GAAP Income from Operations Consolidated Adj OIBDA*

*Adjusted OIBDA is a non-GAAP financial measure. We define adjusted OIBDA as GAAP income from operations excluding depreciation and amortization, share-based expense, acquisition-related transaction and integration costs, acquisition related consideration accounted for as compensation, change in contingent consideration, costs associated with organizational transformation, loss on sublease, loss from discontinued operation excluding income tax, depreciation from discontinued operation, and net loss attributable to non-controlling interest. Please refer to Appendix C for reconciliations of adjusted OIBDA to GAAP income from operations.

Shareholder Outreach Program

In 2018, we continued our stockholder outreach efforts, which are intended to ensure that management, the Board and our Compensation Committee understand the views of our stockholders on our executive compensation program and corporate governance practices.

Executive Compensation Program

At our 2018 annual meeting, stockholders approved our Say-on-Pay vote with 85.9% support. We believe that this support for the named executive officer compensation resulted from our direct engagement with our stockholders and the changes we have made to our executive compensation program over the past several years.

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Management has conducted both in- and off-season discussions with our stockholders, at which we identified issues important to our stockholders with respect to our executive compensation and equity programs. The feedback received from our stockholders is considered by Management and the Compensation Committee, and while we have not made material changes to our programs for 2019, we believe our executive compensation programs reflect a number of important features, detailed below:

Performance-Based RSUs	We award a significant portion of our long-term incentive compensation in the form of performance-based restricted stock units. The number of units actually earned will be determined at the end of the three-year performance period based on the achievement of relative stockholder return goals.
No Stock Options in Long-Term Incentive Program	We do not provide annual long-term incentive compensation in the form of stock options. Stock options are available for purposes of promotion, special, or new hire grants.
Incentive Compensation Recovery Policy	Our Incentive Compensation Recovery Policy permits the company to recoup excess compensation and to recover improper gains in the event of a material restatement of the company's financial results caused by the misconduct of a covered officer (including our NEOs).
Anti-Hedging Policy	Our securities trading compliance policy prohibits any director, officer or employee from engaging in any strategy or using any product to hedge against potential changes in the value of Vonage securities.
Anti-Pledging Policy	Our securities trading compliance policy prohibits any director, officer or employee, except in limited circumstances, from directly or indirectly pledging a significant amount of Vonage securities.
Limits on Incentive Compensation Plan Awards	Our incentive compensation plan includes several other provisions that are protective of our stockholders, including annual award limitations and minimum vesting and exercise price provisions.

Corporate Governance

In addition, in connection with our outreach program, we also discuss matters of corporate governance with our stockholders. In connection with the board's own regular review of our corporate governance practices, and input from stockholders, we have taken the following actions that we believe enhance our corporate governance to the benefit of our stockholders:

Declassification of the Board of Directors. We have revised our Restated Certificate of Incorporation and Amended and Restated By-laws to provide for a phased elimination of the classified structure of the Board.

Board Refreshment and Diversity. Understanding the importance of board composition and refreshment, the Board has welcomed five new directors since 2014. Our Board's commitment to refreshment has resulted in a median director tenure of 6 years.

Adoption of Majority Voting - Our board amended our by-laws to require majority voting in connection with uncontested director elections and also approved amendments to our governance principles to implement a director resignation policy. See "Majority Voting and Director Resignation Policy" for additional information.

Stock Ownership Guidelines - Our board of directors adopted revised stock ownership guidelines that increased the level of ownership required to be held by our named executive officers, and certain other covered executives. Our revised stock ownership guidelines require that our CEO maintain a stock ownership level equal to 5.0x base salary and that our other named executive officers (NEOs) maintain a vested stock ownership level equal to 3.0x base salary. Our board also eliminated unvested restricted stock units from the stock ownership calculations.

Code of Conduct - We implemented a comprehensive new code of conduct applicable to all our directors, officers, and employees. The new code reflects our corporate values, which support our ongoing strategic transformation.

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In all, we believe these changes reflect our commitment to the continuous evaluation and improvement of our compensation and governance practices.

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CORPORATE GOVERNANCE

Our board of directors believes that good corporate governance is important to ensure that Vonage is managed for the long-term benefit of stockholders. This section describes key corporate governance principles and practices that our board has adopted. Complete copies of our governance principles, committee charters, code of conduct, and finance code of ethics are available on the Corporate Governance section of our website at

www.vonage.com/corporate/corp_index.php. Alternatively, you may request a copy of any of these documents by writing to Vonage Holdings Corp., Attn: Corporate Secretary, 23 Main Street, Holmdel, NJ 07733.

We are committed to good corporate governance practices. Our nominating and governance committee and board of directors review our corporate governance practices and market trends on an ongoing basis in order to ensure proper functioning of the board and management.

During 2018, our board of directors recommended, and our stockholders approved, amendments to our Restated Certificate of Incorporation and Amended and Restated By-laws to provide for a phased elimination of our classified board structure (the "Amendments").

The Amendments eliminate the classification of the Board over a three-year period and provide for the annual election of all directors beginning at the 2021 Annual Meeting. Board declassification will begin at the 2019 Annual Meeting of Stockholders at and after which, directors will be elected to one-year terms as the incumbents' three-year terms expire. To avoid ambiguity, the Amendments specify that directors elected before 2019 (including those elected at the 2018 Annual Meeting) serve out their three-year terms.

Accordingly, the three-year term for the Class I directors elected at the 2016 Annual Meeting will expire as originally scheduled at the 2019 annual meeting, the three-year term for the Class II directors elected at the 2017 Annual Meeting will expire as originally scheduled at the 2020 Annual Meeting of stockholders, and the three-year term for the Class III directors elected at 2018 Annual Meeting will expire at the 2021 Annual Meeting.

The implementation of the declassification of the Board pursuant to the proposed amendments will commence at the 2019 Annual Meeting. Director nominees standing for election at the 2019 Annual Meeting and each annual meeting of stockholders thereafter will be elected to serve a one-year term. Beginning with the 2021 Annual Meeting, all directors will stand for annual elections. The table below summarizes the proposed implementation of the declassification under this approach:

Annual Meeting Year	Length of Term for Directors Elected	Year Term Will Expire	Portion of the Board Elected at the Annual Meeting
2019	1 Year	2020	4 of 9
2020	1 Year	2021	6 of 9
2021 and thereafter	Annual Election	One Year Later	9 of 9

Under a classified board structure, directors may only be removed with cause. Section 141(k) of the Delaware General Corporation Law requires that directors serving on a non-classified board may be removed by stockholders either with or without cause. Therefore our Restated Certificate of Incorporation provides that once the board of directors ceases to be classified in 2021, directors may be removed with or without cause.

Governance Principles

Our board of directors has adopted governance principles to assist in the exercise of its duties and responsibilities and to serve the best interests of Vonage and our stockholders. These principles, which provide a framework for the conduct of the board's business, provide that:

- the board's principal responsibility is to oversee the management of Vonage to assure that the best interests of the company and its stockholders are being served;
- a majority of the members of our board shall be independent directors;
- the non-management directors meet regularly in executive session;
- directors have full and free access to management and, as necessary and appropriate, independent advisors;

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new directors participate in an orientation program and all directors are encouraged to participate in continuing director education on an ongoing basis; and annually our board and its committees will conduct a self-evaluation to assess whether they are functioning effectively and efficiently.

Board Leadership Structure

The following section describes our board leadership structure, the reasons why the structure is in place at this time, the roles of various positions, and related key governance practices.

Our board of directors is currently composed of eight independent directors, and Mr. Masarek, our Chief Executive Officer. Our board of directors has established audit, compensation and nominating and governance committees. Each of the board committees is composed solely of independent directors, each with a different independent director serving as committee chair.

As permitted by our governance principles, our board of directors has designated one of the independent directors as Lead Independent Director. Our Lead Independent Director (i) has the responsibility to schedule and prepare agendas for and to chair meetings of non-management or independent directors, (ii) presides at all meetings of the board at which our Chairman of the Board is not present, (iii) coordinates with our Chairman of the Board and our Chief Executive Officer, and other directors, to determine the frequency and length of board meetings, and coordinates with our Chairman of the Board and our Chief Executive Officer to set the agenda for each board meeting, (iv) facilitates communication between our Chairman of the Board and our Chief Executive Officer and the other directors (however, directors are free to, and do routinely, communicate directly with our Chairman of the Board and our Chief Executive Officer), (v) causes the dissemination of information to the other members of our board, (vi) raises issues on behalf of the non-management or independent directors when appropriate, (vii) has the authority to call meetings of non-management or independent directors, (viii) speaks on behalf of the independent directors when necessary, (ix) discusses board and committee evaluations with the nominating and governance committee, (x) conducts evaluations of our Chief Executive Officer and other executive officers in coordination with the compensation committee, and (xi) coordinates with our Chairman of the Board and our Chief Executive Officer to monitor communications from stockholders and other interested parties. John Roberts, a director since 2004, was appointed as our Lead Independent Director in February 2015.

Our governance principles provide that our board of directors may fill the roles of Chairman of the Board and Chief Executive Officer based upon what is in the best interests of Vonage and its stockholders at any point in time. Our board of directors has determined that the positions of Chairman of the Board and Chief Executive Officer should be held by different persons, and has elected to continue the separation in order to retain the benefit of Mr. Citron's institutional knowledge as Chairman while retaining our Lead Independent Director to maintain an appropriate level of checks and balances in our governance and allowing our board of directors to function effectively. Our governance principles provide the flexibility for our board of directors to modify our leadership structure in the future as appropriate.

The board has implemented a director peer review process in order to ensure that we have the right mix of skills and experience on the board, and to ensure the appropriate level of performance.

Annual Board and Committee Evaluations

Our nominating and governance committee oversees annually a self-evaluation by our board of directors of its performance during the prior year. As part of this process our nominating and governance committee will generally conduct an evaluation to review the progress and effectiveness of our board of directors and its committees, and submits comments to the Lead Independent Director. Following discussion with the Lead Independent Director, our nominating and governance committee reports back to our board of directors, and the full board of directors will consider and discuss the committee's report, including assessing whether the current leadership structure continues to be appropriate for Vonage and its stockholders.

During 2018, the nominating and governance committee appointed a third party to conduct independent board and committee evaluations, the results of which were reported to our board of directors and to each committee of the board of directors.

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Risk Management and Role of the Board in Risk Oversight

Our Chief Executive Officer reports directly to our board of directors and is responsible for the day-to-day management of our company, including how the company addresses risk. Our Chief Financial Officer is responsible for day-to-day financial risk management under the direction of our Chief Executive Officer. Management has implemented an enterprise risk management process to identify, assess, and manage the most significant risks facing us and conducts risk assessments of our business periodically. The risk assessment process is global in nature and has been developed to identify and assess our risks, including the nature of the risk, as well as to identify steps to mitigate and manage each risk. Our senior leadership team, functional heads, and other managers are surveyed and/or interviewed to develop this information. The enterprise risk management process is led by our Chief Legal Officer, who reports to our Chief Executive Officer, and our Vice President, Internal Audit, who reports directly to our audit committee. In 2018, our Chief Legal Officer and Vice President, Internal Audit, provided status updates on our enterprise risk management process and related activities to our audit committee.

In support of the overall enterprise risk management process, our Chief Information Security Officer conducts further risk analysis from an information security and cybersecurity risk perspective and throughout 2018 provided status updates on related activities to our board of directors.

Our board of directors is involved in oversight of Vonage's risk assessment and monitoring processes, which it achieves primarily through the work of committees of the board. Management reviews significant risks with our board of directors throughout the year, as necessary and/or appropriate, and conducts a formal review of its assessment and management of the most significant risks with our board of directors on a periodic basis. Our audit committee has oversight responsibility to review management's risk assessment and risk management policies, including the policies and guidelines used by management to identify, monitor and manage our exposure to risk. Our audit committee reviews and discusses with our management, our outside auditor and our internal auditors the material risks facing Vonage and our management's plans to manage the risks identified as a result of the enterprise risk management process and reports on its review to the full board of directors. Our compensation committee reviews risks arising from our compensation policies and practices and reports on its review to the full board of directors.

Board Determination of Independence

Under applicable New York Stock Exchange rules, a director will only qualify as "independent" if our board affirmatively determines that he or she has no material relationship with Vonage (either directly or as a partner, stockholder or officer of an organization that has a relationship with us). Our board has established guidelines to assist it in determining whether a director has such a material relationship. The guidelines are included in our governance principles, which are available on our website as discussed above. Under these guidelines, a director is not considered to have a material relationship with Vonage if he or she is independent under Section 303A.02(b) of the New York Stock Exchange Listed Company Manual and provided he or she:

is not an executive officer of another company which is indebted to Vonage, or to which Vonage is indebted, where the total amount of either company's indebtedness to the other is more than 1% of the total consolidated assets of the company for which he or she serves as an executive officer; and

does not serve as an officer, director or trustee of a tax exempt organization, where Vonage's discretionary contributions to such organization are more than the greater of \$1 million or 2% of that organization's consolidated gross revenues. Vonage's automatic matching of employee charitable contributions will not be included in the amount of Vonage's contributions for this purpose.

In addition, ownership of a significant amount of our stock, by itself, does not constitute a material relationship.

For relationships not covered by the guidelines set forth above, the determination of whether a material relationship exists is made by the other independent members of our board.

Our board has determined that Jeffrey Citron, Hamid Akhavan, Naveen Chopra, Stephen Fisher, Carolyn Katz, Michael McConnell, John J. Roberts, and Gary Steele meet the categorical standards described above, that none of these directors has a material relationship with Vonage and that each of these directors is "independent" as determined under Section 303A.02(b) of the New York Stock Exchange Listed Company Manual. None of the directors determined to be independent engaged in any related person transactions with the company. In making its determination that Mr. Citron is "independent", our board considered the fact that the company provided health

insurance and medical care payments to Mr. Citron in the amount of \$25,836, \$27,827 and \$29,457 in 2016, 2017, and 2018 respectively. The Board also considered Mr. McConnell's

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appointment to our Board through a Cooperation Agreement with Legion Partners Asset Management, LLC, as described under "Cooperation Agreement with Legion Partners," below.

In addition, in the case of all members of the compensation committee, our board has considered the independence criteria set forth in the rules of the New York Stock Exchange that are specifically applicable to compensation committee members and determined that each of the members of our compensation committee is independent.

Board Meetings and Attendance

During 2018, our board of directors met 9 times, our audit committee met 5 times, our compensation committee met 6 times, and our nominating and governance committee met 4 times. During 2018, each current director attended at least 75% of the aggregate of the number of board meetings and the number of meetings held by all committees on which he or she then served.

Director Attendance at Annual Meeting of Stockholders

Our governance principles provide that directors are encouraged to attend the annual meeting of stockholders. All of our directors then serving on our board attended the 2018 annual meeting of stockholders.

Director Retirement Age

Our governance principles do not establish an age limit for serving as a director. However, the governance principles provide that upon reaching the age of 72 years, a director must submit to our board of directors a letter of resignation to be effective at the next meeting of stockholders held for the election of directors. In each instance, our board of directors will accept the letter of resignation unless our nominating and governance committee determines otherwise. In making such determination, our nominating and governance committee balances the benefits of a director's contributions and continuity against the benefits of having a fresh viewpoint from a new director and such other factors as our board of directors or the nominating and governance committee may consider appropriate.

Directors Changing Their Present Job Responsibilities

Our governance principles require directors who substantially change their present job responsibilities to tender their resignation to the Chairman of the Board, who must refer it to our nominating and governance committee for review. Our board of directors, upon the recommendation of the nominating and governance committee, determines whether to accept the resignation. In cases in which a director is uncertain as to whether he or she ought to tender his or her resignation, our board of directors expects such director to consult with the chairman of the nominating and governance committee. The nominating and governance committee shall consider a director's other job responsibilities in its deliberations concerning directors' standing for re-election.

During 2018, all directors were compliant with the board's resignation policy.

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Transactions with Related Persons

Policies and Procedures for Related Person Transactions

Our board has adopted written policies and procedures for the review of any transaction, arrangement or relationship in which Vonage is or will be a participant, the amount involved exceeds \$120,000, and one of our executive officers, directors, director nominees, or 5% stockholders (or their immediate family members), each of whom we refer to as a “related person,” has a direct or indirect material interest.

If a related person proposes to enter into such a transaction, arrangement or relationship, which we refer to as a “related person transaction,” the related person must report the proposed related person transaction to our chief legal officer.

The policy calls for the proposed related person transaction to be reviewed and, if deemed appropriate, approved or ratified by the board's audit committee. Whenever practicable, the reporting, review, and approval will occur prior to entry into the transaction. If advance review and approval is not practicable, the audit committee will review, and, in its discretion after considering the factors set forth below, as appropriate, may ratify the related person transaction.

The policy also permits the chairman of the audit committee to review and, if deemed appropriate, approve proposed related person transactions that arise between committee meetings, subject to ratification by the audit committee at its next meeting. Any related person transactions that are ongoing in nature will be reviewed annually.

A related person transaction reviewed under the policy will be considered approved or ratified if it is authorized by the audit committee after full disclosure of the material terms of the transaction and the related person's interest in the transaction. As appropriate for the circumstances, the audit committee will review and consider:

- the related person's interest in the related person transaction;
- the approximate dollar value of the amount involved in the related person transaction;
- the approximate dollar value of the amount of the related person's interest in the transaction without regard to the amount of any profit or loss;
- whether the transaction was undertaken in the ordinary course of our business;
- whether the terms of the transaction are no less favorable to us than terms that could have been reached with an unrelated third party;
- the purpose of, and the potential benefits to us of, the transaction; and
- any other information regarding the related person transaction or the related person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

The audit committee may approve or ratify the transaction only if the audit committee determines that, under all of the circumstances, the transaction is in, or is not inconsistent with, our best interests. The audit committee may impose any conditions on the related person transaction it deems appropriate.

In addition to the transactions that are excluded by the instructions to the SEC's related person transaction disclosure rule, the board has determined that the following transactions do not create a material direct or indirect interest on behalf of related persons and, therefore, are not related person transactions requiring approval or ratification for purposes of this policy:

- interests arising solely from the related person's position as an executive officer of another entity (whether or not the person is also a director of such entity) that is a participant in the transaction, where (a) the related person and all other related persons own in the aggregate less than a 10% equity interest in such entity, (b) the related person and his or her immediate family members are not involved in the negotiation of the terms of the transaction and do not receive any special benefits as a result of the transaction, (c) the amount involved in the transaction equals less than the greater of \$1 million dollars or 2% of the annual gross revenues of the other entity that is a party to the transaction, and (d) the amount involved in the transaction equals less than 2% of Vonage's annual gross revenues; and
- a transaction that is specifically contemplated by provisions of Vonage's certificate of incorporation or bylaws.

The policy provides that transactions involving compensation of executive officers shall be reviewed and approved by the compensation committee in the manner specified in its charter.

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Related Person Transaction During 2018

The company did not participate in any related persons transactions during 2018.

Board Committees

Our board has established audit, compensation, and nominating and governance committees, each of which operates under a charter that has been approved by our board. Current copies of each committee's charter are posted on the Corporate Governance section of our website at <http://ir.vonage.com/>.

Our board has determined that all of the members of each of these committees are independent as defined under the rules of the New York Stock Exchange, including, in the case of all members of the audit committee, the independence requirements contemplated by Rule 10A-3(b)(1) under the Securities Exchange Act of 1934.

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The following table shows the Directors who are currently members or chairperson of each of the standing Board Committees and the number of meetings each committee held in 2018

Director	Audit Committee	Compensation Committee	Nominating and Governance Committee
Hamid Akhavan	I		þ
Naveen Chopra	I þ	þ	
Jeffrey Citron	* I		
Stephen Fisher	I	þ	þ
Carolyn Katz	I þ	þ C	
Alan Masarek			
Michael McConnell	I		
John Roberts	LD I þ C		
Gary Steele	I		þ C
Number of Meetings in 2018	5	6	4

* - Chairman of the Board

LD - Lead Independent Director

I - Independent

C - Chairperson

þ - Member

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Audit Committee

The audit committee's responsibilities include:

- appointing, approving the compensation of, and assessing the independence of our independent registered public accounting firm;
- overseeing the work and evaluating the performance of our independent registered public accounting firm, including through the receipt and consideration of reports from such firm;
- reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly financial statements and related disclosures;
- monitoring our internal controls over financial reporting and disclosure controls and procedures;
- overseeing our internal audit function;
- reviewing management's risk assessment and risk management policies;
- establishing policies regarding hiring employees from our independent registered public accounting firm;
- establishing procedures for the receipt, retention, confidential treatment, and investigation of accounting or auditing related complaints and concerns;
- meeting independently with our internal auditing staff, independent registered public accounting firm and management;
- overseeing compliance by the company with applicable laws and regulations;
- reviewing and approving or ratifying any related person transactions; and
- preparing the audit committee report required by SEC rules, which is included below in this proxy statement.

The members of our audit committee are Mr. Roberts (Chair), Ms. Katz, and Mr. Chopra. Each member of our audit committee meets the standards for financial literacy for companies listed on the New York Stock Exchange. In addition, our board of directors has determined that Mr. Roberts, Ms. Katz and Mr. Chopra, each of whom is independent under applicable rules governing independence of audit committee members, are each also an “Audit Committee Financial Expert” as defined by applicable SEC rules. No member of our audit committee currently serves on the audit committees of more than three public companies, except for Mr. Roberts, who serves on three audit committees in addition to ours. Our board of directors has determined that Mr. Roberts' service on those other committees does not impair his ability to effectively serve on our audit committee.

Compensation Committee

The compensation committee's responsibilities include:

- annually reviewing and approving corporate goals and objectives relevant to the compensation of our chief executive officer and other executives;
- determining, along with our other independent directors, compensation for our chief executive officer;
- reviewing and approving the compensation of our other executive officers;
- reviewing risks arising from our compensation policies and practices;
- overseeing and administering our cash and equity incentive plans;
- appointing, approving the compensation of, assessing the independence of, and overseeing the work of any compensation consultant, independent legal counsel or other advisor retained by the compensation committee;
- monitoring compliance of executive officers with our stock ownership policy;
- reviewing and discussing annually with management our “Compensation Discussion and Analysis,” which is included below in this proxy statement and considering the results of the most recent stockholder advisory vote on executive compensation; and

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preparing the compensation committee report required by SEC rules, which is included below in this proxy statement.
Independent Compensation Advisor

The compensation committee has the authority to engage its own independent advisors to assist in carrying out its responsibilities under its charter. The compensation committee has engaged and utilizes the services of an independent compensation consultant, Meridian Compensation Partners, LLC, to advise the committee in connection with its oversight of our compensation program. The compensation consultant attends meetings of the compensation committee as requested and also communicates with the compensation committee outside of meetings. The compensation consultant reports to the compensation committee rather than to management, although the compensation consultant may meet with management from time to time for purposes of gathering information on proposals that management may make to the compensation committee, at the request of the compensation committee. The compensation committee is free to replace the compensation consultant or hire additional consultants at any time. The compensation consultant does not provide services to management. In selecting its compensation consultant, the compensation committee considered factors relevant to the consultant's independence, including the factors set forth in applicable rules of the New York Stock Exchange, and determined that the services provided by Meridian in 2018 did not raise any conflicts of interest. The processes and procedures followed by our compensation committee in considering and determining executive compensation are described below under the heading "Compensation Discussion and Analysis."

Our management, aided by our human resources and finance departments, and eConsultingNetwork, a compensation consultant retained by management, provided statistical data and survey information to the compensation committee to assist it in determining 2018 compensation levels. The compensation committee considered various factors, including the factors set forth in SEC rules, and determined that the services provided by eConsultingNetwork in 2018 did not raise any conflicts of interest. While the compensation committee utilized this information and valued management's observations with regard to compensation, the ultimate decisions regarding executive compensation were made by the compensation committee in consultation with the committee's own compensation consultant. Willis Towers Watson, a compensation consultant retained by management, provided assistance in defining an appropriate peer group for executive compensation purposes for review and consideration by the compensation committee. The compensation committee considered various factors, including the factors set forth in SEC rules, and determined that the services provided by WillisTowersWatson in 2018 did not raise any conflicts of interest. While the compensation committee utilized this information and valued management's observations with regard to the peer group, the ultimate decisions regarding peer groups were made by the compensation committee in consultation with the committee's own compensation consultant.

Compensation committee meetings typically have included, for all or a portion of each meeting, not only the committee members but also other board members, our chief executive officer, chief financial officer, chief legal officer, and our chief human resources officer. The members of our compensation committee are Ms. Katz (Chair), Mr. Chopra, and Mr. Fisher.

Nominating and Governance Committee

The nominating and governance committee's responsibilities include:

- identifying individuals qualified to become board members;
- recommending to our board the persons to be nominated for election as directors and to each of the board's committees;
- making recommendations to our board on the size of and criteria for membership on the board and board committees;
- reviewing and making recommendations to the board with respect to the compensation of non-executive directors;
- developing and recommending governance principles to the board;
- reviewing our disclosures regarding the specific experience, qualifications, attributes or skills that led to the conclusion that each director and nominee should serve as a director;

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reviewing the board's leadership structure in light of our specific characteristics and circumstances and recommending change, if any, to the board for approval, and reviewing our disclosure regarding board leadership structure; and overseeing an annual self-evaluation of the board and its committees.

An independent compensation consultant, Meridian Compensation Partners, LLC, advised the committee in connection with reviewing the compensation of non-executive directors during 2018. The processes and procedures followed by the nominating and governance committee in identifying and evaluating director candidates are described below under the heading "Director Nomination Process."

The members of our nominating and governance committee are Mr. Steele (Chair), Mr. Akhavan, and Mr. Fisher.

Director Nomination Process

In recruiting and selecting director candidates, our nominating and governance committee considers various factors, including the experience and expertise of existing board members and the alignment of candidates' abilities and qualifications with the long-term strategic direction of the company and the qualities described under the heading "Board Composition and Nominees." To identify director candidates, our nominating and governance committee makes requests to board members and others for recommendations and uses the services of third-party search firms. The committee meets from time to time to evaluate biographical information and background material relating to potential candidates and sets up interviews of selected candidates by members of the committee and the board.

Stockholders may recommend individuals to our nominating and governance committee for consideration as potential director candidates by submitting their names, together with appropriate biographical information and background materials and a statement as to whether the stockholder or group of stockholders making the recommendation has beneficially owned more than 5% of our common stock for at least a year as of the date such recommendation is made, to our nominating and governance committee, Vonage Holdings Corp., Attn: Corporate Secretary, 23 Main Street, Holmdel, NJ 07733. Assuming that appropriate biographical and background material has been provided on a timely basis, the committee will evaluate stockholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others. If the board determines to nominate a stockholder-recommended candidate and recommends his or her election, then his or her name will be included in our proxy card for the annual meeting at which it is proposed that the candidate be elected to the board.

Stockholders also have the right under our bylaws to directly nominate director candidates, without any action or recommendation on the part of the committee or the board, by following the procedures set forth under "Questions And Answers About The Proxy Materials And The Annual Meeting—What is the deadline to propose actions for consideration at the 2020 annual meeting of stockholders or to nominate individuals to serve as directors?" Candidates nominated by stockholders in accordance with the procedures set forth in the bylaws will not be included in our proxy card for the next annual meeting.

Cooperation Agreement with Legion Partners

On March 15, 2019, we entered into an agreement (the "Cooperation Agreement") with Legion Partners Asset Management, LLC and certain related investors (collectively, "Legion Partners"). Pursuant to the Cooperation Agreement, the company's board of directors increased the size of the board from eight (8) to nine (9) directors and appointed Michael J. McConnell to fill the newly created directorship. Mr. McConnell will serve an initial term expiring at the Company's 2019 Annual Meeting of stockholders and will be included in the Board's slate of director nominees for election for a one-year term at the 2019 Annual Meeting.

At the 2019 Annual Meeting and at any special meeting of the company's stockholders held prior to the date of termination of the Standstill Period (defined below), the Cooperation Agreement also requires Legion Partners to vote all of its shares of company common stock in favor of the election of directors nominated by the board and on other matters in accordance with the board's recommendation, subject to certain exceptions.

The Cooperation Agreement includes certain restrictions, applicable from March 15, 2019 until the date that is 15 calendar days prior to the last day of the advance notice period for the submission by stockholders of director nominations for the 2020 Annual Meeting of stockholders, as set forth in the advance notice provisions of our Amended and Restated By-laws

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(the “Standstill Period”), which is subject to earlier termination under certain circumstances. During the Standstill Period, Legion Partners is restricted from, among other things, proposing certain extraordinary transactions, engaging in any solicitation of proxies or written consents relating to the company, or acquiring any Vonage securities or derivatives that would result in Legion Partners having beneficial ownership of more than 4.9% of the company’s outstanding common stock while the company’s tax benefits preservation plan is in effect, or more than 9.9% otherwise.

Majority Voting and Director Resignation Policy

In 2015 our board approved amendments to our by-laws to implement a majority voting standard. Our by-laws previously had provided for a plurality vote standard in director elections. Beginning with our 2016 annual meeting, directors have been elected by a majority of the votes cast in elections for which the number of nominees for election does not exceed the number of directors to be elected. A plurality vote standard will continue to apply to contested elections where the number of nominees exceeds the number of directors to be elected.

In connection with the adoption of majority voting, the board also approved amendments to the company’s governance principles to implement a director resignation policy. Under the policy, any incumbent director who does not receive a majority of the votes cast in an uncontested election is required to tender his or her resignation within 10 days of the certification of the relevant election results. The nominating and governance committee will make a recommendation to the board whether to accept or reject the resignation, or whether other action should be taken; the board will act on the nominating and governance committee’s recommendation and will disclose the action it has taken and its rationale within 90 days of the certification of the relevant election results.

Communicating with the Board of Directors or our Independent Directors

Our board will give appropriate attention to written communications that are submitted by stockholders and other interested parties, and will respond if and as appropriate. Communications are forwarded to all directors if they relate to important substantive matters or include suggestions or comments that the Lead Independent Director considers to be important for the directors to know. In general, communications relating to corporate governance and corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances, and matters as to which we receive repetitive or duplicative communications.

Stockholders and other interested parties who wish to send communications to our Lead Independent Director or the independent directors as a group or the board should address such communications to such directors or the board of directors, Vonage Holdings Corp., Attn: Corporate Secretary, 23 Main Street, Holmdel, NJ 07733.

Codes of Conduct

We have a comprehensive code of conduct applicable to all our directors, officers, and employees and have a finance code of ethics applicable to our chief financial officer and employees in our finance organization. The code of conduct and the finance code of ethics are posted in the Corporate Governance section of our website, <http://www.vonage.com/corporate/corporate-governance/code-of-conduct>. We will provide you with printed copies of our codes free of charge on written request to Vonage Holdings Corp., Attn: Corporate Secretary, 23 Main Street, Holmdel, NJ 07733. We intend to disclose any waivers from provisions of our codes that apply to our principal executive officer, principal financial officer, principal accounting officer or controller, or any person performing similar functions, as well as amendments to our code(s) that are required to be disclosed under SEC rules, on the Corporate Governance section of our website promptly following the date of such amendment or waiver.

Compensation Committee Interlocks and Insider Participation

During 2018, the members of our compensation committee were Ms. Katz (Chair), Mr. Chopra, and Mr. Fisher. None of the members of our compensation committee was at any time in 2018, or formerly, an officer or employee of Vonage, and none of the members of our compensation committee had any relationship with Vonage requiring disclosure as a related person transaction under Item 404 of Regulation S-K. See “Transactions with Related Persons.” During 2018, none of our executive officers served as a member of the compensation committee or board of directors of any entity that had one or more executive officers that served on our compensation committee or board of directors.

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Impact of Compensation Policies on Risk Management

Our compensation committee, with the assistance of its independent compensation consultant, reviewed our compensation policies and practices for our employees, including executive officers, and determined that our compensation policies and practices are not reasonably likely to have a material adverse effect on us. Our compensation committee noted several aspects of the design of our compensation program that reduce the likelihood of excessive risk-taking:

• The program provides a balanced mix of cash and equity, and annual and longer-term incentives.

We set varied performance goals that we believe are reasonable in light of corporate strategy, past performance, future projections, market conditions, analyst expectations, and our debt covenants. These performance goals encourage a balanced emphasis on growth, profitability, and operational performance. If management overemphasized any single metric, possibly increasing risk to our long-term performance, it would likely be at the expense of other metrics resulting in reduced compensation. This balanced approach helps mitigate risk and drive long-term performance.

• Performance goals are primarily team oriented rather than individually focused, and tied to measurable factors that are both transparent to stockholders and drivers of their returns.

• Assuming we achieve at least a minimum level of performance, payouts under our incentive plans result in some compensation at levels below full target achievement, rather than an “all-or-nothing” approach.

• Maximum payout levels for bonuses based upon performance are capped (on each measure and overall).

• Our compensation committee has discretion to adjust bonus payouts, including making downward adjustments.

We use a mix of performance-based and time-based restricted stock units. We use restricted stock units for equity awards in part because they retain value even in a depressed market so that executives are less likely to take unreasonable risks to get, or keep, options “in-the-money.” Performance-based restricted stock units also act to better align the interests of our NEOs with those of our stockholders.

Under our Incentive Compensation Recovery Policy, the compensation committee may recoup incentive compensation, including improper gains from the sale or disposition of vested equity awards, in the event of a material restatement of the company's financial results (other than as a result of a change in accounting rules, principles or interpretations) caused or substantially caused by the misconduct of a covered officer (including our NEOs).

• Multi-year overlapping vesting periods for equity awards limits employee ability to benefit from short-term risky behavior and encourages long-term decision making and value creation.

• Under our stock ownership guidelines, each named executive officer is required to own a number of shares of company common stock having a value equal to a multiple of his or her base salary.

Our securities trading compliance policy prohibits all directors and employees from engaging in any strategy or using any product to hedge against potential changes in the value of Vonage securities, including short selling techniques, “sales against the box”, puts, calls and other derivative securities, prepaid variable forwards, equity swaps, collars, exchange funds and forward sale contracts.

Our securities trading compliance policy prohibits all directors and employees from, directly or indirectly, pledging a significant amount of Vonage securities, including the intentional creation of any form of pledge, security interest, deposit, or lien, including the holding of shares in a margin account, that entitles a third-party to foreclose against, or otherwise sell, any shares, whether with or without notice, consent, or default, except in limited circumstances.

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COMPENSATION COMMITTEE REPORT

The compensation committee has reviewed and discussed with management the Compensation Discussion and Analysis set forth below. Based on the foregoing review and discussion, the compensation committee has recommended to our board of directors that the Compensation Discussion and Analysis be included in this proxy statement for filing with the SEC.

By the Compensation Committee of the Board of Directors of Vonage Holdings Corp.

Carolyn Katz, Chair

Naveen Chopra

Stephen Fisher

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PROPOSAL NO. 1

ELECTION OF DIRECTORS

General

We have a nine-member board of directors, each of whom, other than our CEO, is independent within the meaning of the New York Stock Exchange listing standards. As a group, our directors have a wide range of backgrounds, experience, and expertise relevant to our company. The median tenure of our directors is approximately 6 years, with five having joined since 2014. Together, the members of our board combine deep knowledge of the company with a diversity of perspectives.

Our board of directors is currently divided into three classes. As noted under "Corporate Governance, Corporate Governance Actions," above, we have amended our governing documents to eliminate the classification of the Board over a three-year period and provide for the annual election of all directors beginning at the 2021 Annual Meeting. The three-year term for the Class I directors elected at the 2016 Annual Meeting will expire as originally scheduled at the 2019 Annual Meeting, the three-year term for the Class II directors elected at the 2017 Annual Meeting will expire as originally scheduled at the 2020 Annual Meeting of stockholders, and the three-year term for the Class III directors elected at 2018 Annual Meeting will expire at the 2021 Annual Meeting.

No director, director nominee, or associate of any director or director nominee, is a party adverse to us or any of our subsidiaries in any material proceeding or has any material interest adverse to us or any of our subsidiaries. No director, director nominee or executive officer is related by blood, marriage or adoption to any other director or executive officer.

Board Composition and Nominees

We believe that each member of our board of directors should possess certain qualities, including ethical character, sound judgment, and demonstrated business acumen. In addition, board members should be familiar with our business and industry, be able to work harmoniously, be free of conflicts of interest, be willing to devote sufficient time to satisfy obligations as a director, and be willing to act in the long-term interests of all stockholders. While we do not have a formal diversity policy, we seek to have directors representing a range of experiences, qualifications, skills, and backgrounds relevant to our activities. Our nominating and governance committee has made board diversity a priority in its evaluation of director candidates.

The persons named in the enclosed proxy card will vote to elect each of the following nominees as a director, unless the proxy is marked otherwise. Each nominee has indicated a willingness to serve as a director, if elected. If any nominee becomes unable or unwilling to serve, the proxies may be voted for substitute nominees selected by our board of directors.

Nominees for Terms Expiring in 2019 (Class I Directors)

Alan Masarek, age 58, has been our Chief Executive Officer and a director since November 2014. Mr. Masarek joined Vonage from Google, Inc., where he was Director, Chrome & Apps. Prior to joining Google in 2012, Mr. Masarek was the Co-Founder of Quickoffice, Inc. and served as Chief Executive Officer from July 2007 until June 2012, when Quickoffice was acquired by Google. Mr. Masarek also served as Co-Founder, Chairman and Chief Executive Officer of AdOutlet, Inc. from April 1999 to September 2001. Previously, he held senior leadership roles, including President, at Advanced Health Corp. from September 1995 to March 1999. Mr. Masarek is a graduate of the University of Georgia and Harvard Business School.

Mr. Masarek brings to our board of directors extensive business leadership, with more than 20 years of C-level experience at technology-centric companies that span corporate, venture and entrepreneurial settings. He brings to the board strong leadership qualities, corporate development experience, deep experience in technological innovation, and a proven ability to develop breakthrough products and services that drive profitable growth.

Hamid Akhavan, age 57, joined Vonage's board in December, 2016. Mr. Akhavan is currently a Partner at Twin Point Capital, a growth-oriented private equity firm based in New York, NY and Palo Alto, CA. Prior to that he was a Partner at Long Arc Capital, a private equity firm specializing in disruptive technology investments. Prior to that, Mr. Akhavan was a Principal at Telecom Ventures LLC, an investment firm specializing in telecommunications and related information, from July 2014 to December 2015. Prior to that, Mr. Akhavan served as Chief Executive Officer

of Unify Inc. (formerly Siemens Enterprise), a global supplier of telecommunication products, software and services, from February 2010 to January 2014. Prior to that he served as Chief Operating Officer of Deutsche Telecom and Chief Executive Officer of T-Mobile International. He began his career at Jet Propulsion Laboratory (NASA) and Bell Communications Research. He holds a BS

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degree in Electrical Engineering and Computer Science from California Institute of Technology (Caltech) and a MS degree in the same fields from Massachusetts Institute of Technology (MIT).

Mr. Akhavan has extensive leadership experience at organizations spanning from large public corporations, to private-equity funded companies, to startups, with vast expertise in the wireless, software and services markets, as well as in enterprise cloud communications. Mr. Akhavan brings deep international and versatile technology, enterprise and communications experience, and adds significant strategic insight to our board.

Michael J. McConnell, age 53, joined Vonage's board in March 2019 pursuant to a Cooperation Agreement with Legion Asset Management Partners, LLC. Mr. McConnell is a private investor and also serves as a director of Adacel Technologies (ASX: ADA), a developer of air traffic management systems, since May 2017 and SPS Commerce (Nasdaq: SPSC), a leader in cloud-based supply chain management solutions, since March 2018. From April 2016 until the company was sold in September 2017, Mr. McConnell served as a director of Guidance Software Inc., a provider of forensic security and risk management applications. Previously he served as a director of Spark Networks, Inc., a global, on-line dating company, from July 2014 until the company was sold in November 2017, as Chairman of its board from January 2015 until June 2017 and as Interim Executive Chairman and Chief Executive Officer from August 2014 through December 2014. From 2009 to 2012, Mr. McConnell served as the Chief Executive Officer of Collectors Universe, Inc., a provider of third-party authentication and grading of high value collectibles, and served as a director from 2007 to 2013. From 1994 to 2007, Mr. McConnell served as a Managing Director of Shamrock Capital Advisors, an investment manager of domestic and international alternative asset funds, where he was a member of the firm's Executive Committee. Over the course of his career, Mr. McConnell has served on numerous other public and private company boards in the United States, Australia, New Zealand and Ireland. During the past five years, Mr. McConnell served on the following boards in addition to those listed above: Redflex Holdings Limited, Vitacost.com and Best International Limited.

Mr. McConnell brings extensive experience as a board member of many public companies and his experience as a chief executive officer.

Gary Steele, age 56, joined Vonage's board in July 2016. Mr. Steele is Chairman and CEO of Proofpoint, a publicly-traded global Security as a Service vendor. Before joining Proofpoint in 2002, Mr. Steele served as the CEO of Portera, an applications company delivering solutions for the professional services industry. Prior to Portera, Mr. Steele served as the Vice President and General Manager of the Middleware and Data Warehousing Product Group at Sybase, Inc. where he initiated and spearheaded many early internet projects. Before joining Sybase, Mr. Steele served in business development, marketing, and engineering roles at Sun Microsystems and Hewlett-Packard. He holds a B.S. degree in computer science from Washington State University. Mr. Steele also serves on the board of directors of Upwork Inc (Nasdaq: UPWK).

Mr. Steele brings a broad range of enterprise Software as a Service (SaaS) experience to Vonage, as well as deep knowledge of enterprise sales operations and distribution. Mr Steele adds understanding of the evolving enterprise SaaS market and his strategic experience with global B2B service and subscription businesses.

Directors Whose Terms Expire in 2020 (Class II Directors)

Carolyn Katz, age 57, joined our board of directors in January 2014. Ms. Katz is the executive chair of Author & Company, a digital publisher, a role in which she has served since 2012. Previously, from May 2000 to October 2001, Ms. Katz served as a principal of Providence Equity Partners Inc., a private investment firm specializing in equity investments in telecommunications and media companies. From June 1984 to April 2000, Ms. Katz was employed by Goldman, Sachs & Co., most recently as a managing director and co-head of Emerging Communications.

Ms. Katz brings more than 20 years of experience in technology and telecommunications to the Vonage Board, including deep experience helping communications companies with corporate development, international expansion and emerging technologies. In addition, Ms. Katz has been determined to be an "Audit Committee Financial Expert" under the SEC's rules and regulations, and provides guidance and perspective on financial and strategic matters.

John J Roberts, age 74, joined our board of directors in August 2004 and has served as our Lead Independent Director since February 2015. Mr. Roberts served as Global Managing Partner for PricewaterhouseCoopers LLP, a provider of assurance, tax, and advisory services, from 1998 until his retirement in June 2002. From 1994 to 1998, Mr. Roberts served as Chief Operating Officer of Coopers & Lybrand, which merged with Price Waterhouse in 1998. He currently

serves on the boards of directors and audit committees of Armstrong World Industries, Inc. (NYSE: AWI) and Safeguard Scientifics, Inc. (NYSE: SFE) and the board of trustees and audit committee of the Pennsylvania Real Estate Investment Trust (NYSE: PEI). He is a Member of the American Institute of Certified Public Accountants.

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As a result of his roles at PricewaterhouseCoopers LLP and its predecessors, Mr. Roberts, chairman of our audit committee, has experience in public company accounting, risk management, disclosure, and financial system management and has been determined to be an "Audit Committee Financial Expert" under the SEC's rules and regulations. He also has extensive public company board experience (including specific experience on audit committees). Mr. Roberts brings this experience to his role as our Lead Independent Director.

Directors Whose Terms Expire in 2021 (Class III Directors)

Jeffrey A. Citron, age 48, has been the Chairman of our board of directors since January 2001. Mr. Citron was also our Chief Executive Officer from January 2001 through February 2006. He served as our Chief Strategist from February 2006 to July 2008 and assumed the additional role of Interim Chief Executive Officer from April 2007, upon the resignation of Vonage's prior Chief Executive Officer, until July 2008. In 1995, Mr. Citron founded The Island ECN, a computerized trading system designed to automate the order execution process. Mr. Citron became the Chairman and CEO of Datek Online Holdings Corp., an online trading firm, in February 1998 and departed The Island ECN and Datek Online Holdings Corp. in October 1999.

As a Founder and former Chief Executive Officer and Chief Strategist of Vonage, Mr. Citron brings deep institutional knowledge and perspective regarding our strengths, challenges, opportunities, and operations to his role as Chairman of our board of directors. Having successfully founded and grown several businesses, Mr. Citron brings entrepreneurial and business-building skills and experience to Vonage. He also brings the perspective of a stockholder with significant stock ownership in us. In addition, Mr. Citron possesses an extensive understanding of telecommunications technologies, including VoIP technology.

Naveen Chopra, age 45, joined our board of directors in July 2014. Mr. Chopra served as Chief Financial Officer of Pandora Media, Inc., a leading music discovery platform from February 2017 to February 2019 and was Interim CEO between June 2017 and September 2017. At Pandora, Mr. Chopra was responsible for responsible for overseeing accounting and financial reporting, financial planning and analysis, investor relations, tax, treasury, corporate development, corporate strategy, real estate, and content licensing. Previously, Mr. Chopra served as Interim Chief Executive Officer of TiVo Inc., a leading provider of direct to consumer and B2B software, services and technology for distribution and consumption of video content, from January 2016 until TiVo was acquired by Rovi Corporation in September 2016. Mr. Chopra also served as Chief Financial Officer and Senior Vice President, Corporate Development and Strategy of TiVo from December 2012 through the company's sale. Mr. Chopra joined TiVo in 2003 as Director, Business Development, where he later served as Vice President, Business Development, before being promoted to Senior Vice President, Corporate Development and Strategy.

With experience as a C-level executive of a public company, Mr. Chopra brings deep financial and accounting experience in technology companies, as well as seasoned corporate strategy and development, risk management, and compensation experience to the board. In addition, Mr. Chopra has been determined to be an "Audit Committee Financial Expert" under the SEC's rules and regulations.

Stephen Fisher, age 54, joined our board of directors in January 2013. Currently, Mr. Fisher serves as Senior Vice President and Chief Technology Officer at eBay, Inc. Previously, Mr. Fisher served as Executive Vice President of Technology at Salesforce.com, an enterprise cloud computing company. He joined Salesforce.com in 2004 and held several leadership positions including Senior Vice President of Platform Product Management and Vice President, Engineering. Prior to that, Mr. Fisher served as Architect at AT&T Labs, Inc. from 2001 through 2004. Before joining AT&T Labs, he was Founder, President and Chief Executive Officer of NotifyMe Networks, Inc. Mr. Fisher also previously served on the Board of Safeguard Scientifics, Inc. (NYSE: SFE) from May 2015 to June 2018. In addition, he served as Department Manager, Internet Products Group at Apple Computer, Inc. and was a Lecturer at Stanford University.

Mr. Fisher brings deep technology experience to our board of directors, including expertise in cloud computing, systems architecture, software development, and information, data, and cybersecurity. He is an inventor on 14 U.S. patents and has worked with both start-ups and established technology companies. Mr. Fisher also brings senior leadership and compensation experience to the board.

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Board Composition & Skills Matrix

	Akhavan	Chopra	Citron	Fisher	Katz	Masarek	McConnell	Roberts	Steele
Term Expiration	2019	2021	2021	2021	2020	2019	2019	2020	2019
Vonage Committee Membership	N	A, C		C, N	A, C			A	N
C-Level Public Company Experience	X	X	X	X		X	X		X
Corporate Governance / Legal / Compensation	X	X	X	X	X	X	X	X	X
Finance and Capital Markets	X	X	X		X	X	X	X	
Financial Literacy	X	X	X		X	X	X	X	
International	X				X		X	X	
Investment Experience	X		X		X		X		
M&A/Corporate Development & Strategy	X	X	X		X	X	X	X	
Operational (sales and marketing, network, IT, information security, service delivery etc.)	X		X	X		X		X	X
Product Development/Technology	X		X	X		X		X	X
Public Company Board Membership	X			X	X		X	X	X
Risk Management	X	X		X	X		X	X	X
Tenure (Years)	2	4	18	6	5	4	<1	14	2

Recommendation of our Board of Directors

Our board of directors recommends that the stockholders vote FOR the election to our board of directors of Messrs. Masarek, Akhavan, McConnell, and Steele as Class I directors.

AUDIT COMMITTEE REPORT

In the performance of its oversight responsibilities, the audit committee has reviewed our audited financial statements for the fiscal year ended December 31, 2018 and the evaluation of our internal control over financial reporting as of that date, and has discussed them with our management and our independent registered public accounting firm. The audit committee has also received from, and discussed with, our independent registered public accounting firm various matters that are required to be discussed under Public Company Accounting Oversight Board standards. The audit committee has received the written disclosures and the letter from our independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the audit committee concerning independence, and has discussed with our independent registered public accounting firm its independence. The audit committee has concluded that

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the provision of audit and non-audit services by Deloitte & Touche, LLP during the fiscal year ended December 31, 2018 was compatible with Deloitte & Touche, LLP's independence.

Based on the review and discussions referred to above, the audit committee recommended to our board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2018 for filing with the SEC.

As discussed under Proposal No. 2, following this process the audit committee selected Deloitte and Touche, LLP to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2019.

By the Audit Committee of the Board of Directors of Vonage Holdings Corp.

John J. Roberts, Chairman

Naveen Chopra

Carolyn Katz

PROPOSAL NO. 2

RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General

We are asking stockholders to ratify the audit committee's appointment of Deloitte and Touche, LLP ("Deloitte and Touche") as Vonage's independent registered public accounting firm for the year ending December 31, 2019. Deloitte and Touche was appointed as Vonage's independent registered public accounting firm beginning with fiscal year 2017. Although stockholder approval of the audit committee's appointment of Deloitte and Touche is not required by law or our certificate of incorporation or bylaws, our board of directors and the audit committee believe that it is advisable to give stockholders an opportunity to ratify the appointment. In the event the stockholders fail to ratify the appointment, the audit committee will reconsider this appointment. Even if the appointment is ratified, the audit committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the audit committee determines that such a change would be in Vonage's and its stockholders' best interests.

Representatives of Deloitte and Touche are expected to be present at the meeting and will have the opportunity to make a statement if they desire to do so. It is also expected that those representatives will be available to respond to appropriate questions.

Auditors' Fees

The following table summarizes the fees Deloitte & Touche billed to us for fiscal 2018.

Fee Category	Fiscal Year 2018	Fiscal Year 2017
Audit Fees ⁽¹⁾	\$ 1,847,700	\$ 1,331,750
Tax Fees ⁽²⁾	450,320	335,816
Audit Related Fees ⁽³⁾	701,000	—
Total Fees	\$ 2,999,020	\$ 1,667,566

Audit fees consist of amounts billed for the audit of our annual financial statements included in our annual report on Form 10-K, the review of the interim financial statements included in our quarterly reports on Form 10-Q, the audit of internal control over financial reporting and other professional services provided in connection with statutory filings.

Tax fees consist of amounts billed for advisory services regarding tax compliance issues and the completion of corporate tax returns. None of our tax fees billed in fiscal year 2017 were provided under the de minimis exception to the audit committee pre-approval requirements.

Audit related fees represent fees for due diligence services incurred in connection with the acquisitions of TokBox, Inc. and NewVoiceMedia Ltd and professional services performed in connection with regulatory filings.

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Pre-Approval Policies and Procedures

Our audit committee has adopted policies and procedures relating to the approval of all audit and non-audit services that are to be performed by our independent registered public accounting firm. This policy generally provides that we will not engage our independent registered public accounting firm to render audit or non-audit services unless the service is specifically approved in advance by the audit committee or the engagement is entered into pursuant to one of the pre-approval procedures described below.

From time to time, our audit committee may pre-approve specified types of services that are expected to be provided to us by our independent registered public accounting firm during the next 12 months. Any such pre-approval is detailed as to the particular service or type of services to be provided and is also generally subject to a maximum dollar amount.

Our audit committee has also delegated to the chairman of the audit committee the authority to approve any audit or non-audit services to be provided to us by our independent registered public accounting firm. Any approval of services by the chairman of the audit committee pursuant to this delegated authority is reported on at the next meeting of the audit committee.

The audit committee pre-approved all of the fees billed to us by Deloitte & Touche for 2018.

Recommendation of our Board of Directors

Our board of directors recommends that the stockholders vote FOR the ratification of the appointment of Deloitte and Touche, LLP to serve as Vonage's independent registered public accounting firm for the year ending December 31, 2019.

PROPOSAL NO. 3

ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

Background

In accordance with Section 14A of the Securities Exchange Act of 1934, our stockholders are being provided the opportunity to vote to approve, on a nonbinding advisory basis, the compensation of our named executive officers (NEOs) as disclosed in this proxy statement (a "Say-on-Pay" vote).

As described in detail under the heading "Compensation Discussion and Analysis," we seek to closely align the interests of our NEOs with the interests of our stockholders. Our compensation programs are designed to reward our NEOs for the achievement of short-term and long-term strategic and operational goals and the achievement of increased total stockholder return, while at the same time avoiding the encouragement of unnecessary or excessive risk-taking. Our board of directors believes that the compensation of our NEOs, developed in consultation with a leading compensation consultant, is designed to facilitate long-term stockholder value creation, and is important in attracting, motivating and retaining the high caliber of executive talent necessary to drive our business. We believe the program delivers pay which is strongly linked to company performance over time.

This vote on Proposal 3 is not intended to address any specific element of compensation. Rather, the vote relates to the overall compensation of our NEOs and the policies and practices described in this proxy statement in accordance with the compensation disclosure rules of the Securities and Exchange Commission. The Say-on-Pay vote is advisory, which means that the vote is not binding on the Company, our board of directors or the compensation committee. To the extent there is any significant vote against our NEO compensation as disclosed in this proxy statement, the compensation committee will evaluate whether any actions are necessary to address the concerns of stockholders. We currently conduct annual Say-on-Pay votes. Stockholders have an opportunity to cast an advisory vote on the frequency of say-on-pay votes at least every six years. The next advisory vote on the frequency of the Say-on-Pay vote is scheduled to occur at the 2023 Annual Meeting of Stockholders.

The affirmative vote of a majority of the shares present or represented and entitled to vote either in person or by proxy will be viewed as approval of this Proposal 3. Abstentions and broker non-votes have no impact on the results of the

vote.

Accordingly, we ask our stockholders to vote on the following resolution at the Annual Meeting:

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“RESOLVED, that the compensation paid to the company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.”

Recommendation of our Board of Directors

Our board of directors recommends that the stockholders vote FOR the approval of the compensation of our named executive officers, as disclosed in this proxy statement.

PROPOSAL NO. 4

APPROVE THE COMPANY'S AMENDED AND RESTATED 2015 EQUITY INCENTIVE PLAN

At the 2019 Annual Meeting, stockholders are being asked to approve the Amended and Restated 2015 Equity Incentive Plan (the "2015 Plan"). Our board of directors unanimously approved the adoption of the Plan, as amended, on April 3, 2019, subject to stockholder approval of the 2015 Plan.

Background

The Plan was originally adopted by our board of directors on April 2, 2015 and was approved by our stockholders at our 2015 annual meeting. We are seeking stockholder approval to amend and restate the Plan to increase the number of shares of common stock reserved for issuance under the Plan by an additional 21 million shares. The proposed amendments further take into account the effects of the Tax Cuts and Jobs Act on Section 162(m) of the Internal Revenue Code (as amended), and also reduce our award limitations for non-employee directors.

Increasing the Number of Shares Reserved for Issuance under the 2015 Plan

Shares Available for Future Awards. As of April 9, 2019, approximately XX shares remained available for grant under the 2015 Plan. The initial Share reserve under the 2015 Plan, including shares incorporated from prior equity plans, was 21.2 million shares. The board of directors believes that additional shares are necessary to meet the company's anticipated equity compensation needs. Following the proposed share increase, we expect that the share reserve under the 2015 Plan will last approximately three to four years. This estimate is based on a forecast that takes into account our anticipated hiring needs and estimated range of our stock price over time.

Reasons for Voting For the Proposal

Long-term Equity is a Key Component of our Compensation Objective. We believe that our continuing ability to offer equity incentive awards under the Plan is critical to further align the interests of our officers, employees, non-employee directors, and consultants with those of our stockholders by providing long-term incentive compensation opportunities tied to the performance of the company and our common stock. The Plan is also intended to advance the company's interests and increase stockholder value by helping to attract, retain and motivate key personnel upon whose judgment, initiative and effort the successful conduct of the company's business is largely dependent.

We Manage Our Equity Incentive Plan Thoughtfully. We manage our long-term stockholder dilution by closely managing the number of equity awards granted annually. We grant what we believe is an appropriate amount of equity necessary to attract, reward, and retain employees. Our three-year average burn rate, which we define as the number of shares subject to equity awards granted under the 2015 Plan in a fiscal year divided by the weighted average shares outstanding for that fiscal year, was 3.18% for fiscal years 2016-2018.

As of April 9, 2019, XX shares remained available for issuance under our 2015 Plan of the 21.2 million shares reserved under the 2015 Plan. The following table sets forth certain information about the 2015 Plan as of April 9, 2019:

Number of shares of common stock relating to outstanding stock options	XX
Number of shares of common stock relating to outstanding restricted stock, RSUs and PRSUs	XX
Weighted average remaining term of outstanding options	XX
Weighted average exercise price of outstanding options	XX
Shares available for issuance	XX

Historically, we grant approximately 6 to 7 million shares per year, making the existing share pool insufficient for grants beyond 2019.

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The 2015 Plan, as Amended, Incorporates Good Compensation and Governance Practices

The 2015 Plan and our other related governance practices and policies have a number of features that are designed to protect stockholder interests, several of which we have implemented taking into account feedback from our stockholders. Some of these features are described in more detail in this proxy statement:

• **Administration.** The 2015 Plan will be administered by our compensation committee, which is comprised entirely of independent directors.

• **No “Evergreen” Provision.** The 2015 Plan does not contain an “evergreen” provision. The number of shares available is capped and there is no formula providing for any automatic increase in the number of shares of available.

• **No Liberal Recycling Provisions.** The 2015 Plan provides that only shares of common stock retained by or returned to the Company with respect to grants awarded under the 2015 Plan that are canceled, expired, forfeited, surrendered, settled by delivery of fewer shares than the number underlying the award or otherwise terminated without delivery of the shares to the participant will be available for future awards under the 2015 Plan. Shares that are (i) withheld from an award in payment of the exercise or purchase price or taxes relating to such an award or (ii) not issued or delivered as a result of the net settlement of an outstanding stock option or stock appreciation right will be deemed to constitute delivered shares and will not be available for future awards under the 2015 Plan.

• **Exercise Price and Base Price.** The exercise price of stock options and base price of stock appreciation rights must be greater than or equal to 100% of the fair market value of a share of our common stock on the grant date.

• **No Repricing.** Awards may not be repriced without stockholder approval.

• **Minimum Vesting.** No portion of any award, other than cash performance awards and awards that have vested in whole or in part upon a “change of control” (as defined in the 2015 Plan), upon a termination of a participant’s service as a result of death or disability, upon a termination of a participant’s service by the Company without cause and/or by the participant for good reason, may vest prior to one (1) year after the date of grant, provided, however, that these vesting restrictions are not applicable to awards not in excess of ten percent (10%) of the share reserve. Awards that vest based on the attainment of performance goal(s) will have a minimum vesting period of one (1) year.

• **Annual Limits on Awards.** The maximum number of shares of common stock that may be subject to stock options, stock appreciation rights, restricted stock awards, restricted stock units, and stock awards granted to any participant other than a non-employee director during any calendar year will be limited to 10,000,000 shares of common stock for each such award type individually. The maximum number of shares of common stock that may be subject to stock options, stock appreciation rights, restricted stock awards, RSUs and stock awards granted to any non-employee director during any calendar year will be limited to 10,000,000 shares of common stock for all such award types in the aggregate, provided that the aggregate grant date fair value of all awards granted to any non-employee director together with any amounts paid to such non-employee director by the Company does not exceed \$700,000.

• **Clawback and Other Compensation Recovery Policies.** Awards under the 2015 Plan that are granted to executive officers will be subject to our clawback and other compensation recovery policies. For more information, see “Right of Recapture” and “Incentive Compensation Recovery Policy” below.

• **Hedging and Pledging Policies.** Our securities trading compliance policy prohibits any director, officer or employee from engaging in any strategy or using any product to hedge against potential changes in the value of Vonage securities, including short selling techniques, “sales against the box,” puts, calls and other derivative securities, prepaid variable forwards, equity swaps, collars, exchange funds and forward sale contracts. In addition, except in limited circumstances, no director or officer or employee may, directly or indirectly, pledge a significant amount of Vonage securities.

• **No Single Trigger Automatic Accelerated Vesting Upon Change of Control.** Upon a “change of control” (as defined in the 2015 Plan), the vesting of awards will not accelerate automatically. The compensation committee has discretion whether to accelerate vesting upon a change of control.

• **No Excise Tax Gross-ups Upon Change of Control.** The 2015 Plan does not provide for the payment of excise tax gross-ups upon a change of control.

• **Stock Ownership Guidelines.** Our stock ownership guidelines require each covered executive and non-employee director to retain 50% of net stock options exercised or stock delivered from vested restricted stock units until the

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guidelines are met.

Summary of the 2015 Plan

The following summary of certain features of the 2015 Plan (as amended) is not a complete description of all of the provisions of the 2015 Plan (as amended), and is qualified in its entirety by reference to the full text of the 2015 Plan, which is attached hereto as Appendix A to this proxy statement.

Reservation of Shares

Under the 2015 Plan, 16,000,000 shares are authorized for issuance, and the 2015 Plan also included 5,196,667 shares of common stock available for issuance under our 2006 Incentive Plan . We are asking our stockholders to approve an additional 21,000,000 shares to be available for issuance under the 2015 Plan, which will increase the aggregate authorized number of Shares authorized under the 2015 Plan, as amended, to 37,000,000. As of April 9, 2019, we had approximately XX shares available for issuance under the 2015 Plan. The closing price of a share of common stock on the New York Stock Exchange on April 9, 2019 was \$XX per share.

In the event of any recapitalization, reclassification, stock dividend, extraordinary dividend, stock split, reverse stock split, or other distribution with respect to our common stock, or any merger, reorganization, consolidation, combination, spin-off or other similar corporate change, or any other change affecting common stock, appropriate and equitable adjustments will be made to the number and kind of shares of our common stock available for grant, as well as to other maximum limitations under the 2015 Plan, and the number and kind of shares of common stock or other terms of the awards that are affected by the event.

Share Counting

Awards that are required to be paid in cash pursuant to their terms will not reduce the share reserve. To the extent that an award granted under the 2015 Plan is canceled, expired, forfeited, surrendered, settled by delivery of fewer shares than the number underlying the award or otherwise terminated without delivery of the shares to the participant, the shares of common stock retained by or returned to the company will not be deemed to have been delivered under the 2015 Plan, and will be available for future awards under the 2015 Plan. Notwithstanding the foregoing, shares that are (i) withheld from an award in payment of the exercise or purchase price or taxes relating to such an award or (ii) not issued or delivered as a result of the net settlement of an outstanding stock option or stock appreciation right will be deemed to constitute delivered shares and will not be available for future awards under the 2015 Plan.

Administration

The 2015 Plan is administered by the Committee (as defined in the 2015 Plan). The Committee will, to the extent deemed necessary by the board, be constituted so each committee member will satisfy the requirements for (i) an “independent director” under rules adopted by the New York Stock Exchange and (ii) a “non-employee director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, the Committee has the authority to, among other things, determine the persons to whom awards are to be granted, prescribe the restrictions, terms and conditions of all awards, interpret the 2015 Plan and terms of awards, adopt rules for the administration, interpretation and application of the 2015 Plan, and delegate authority to officers of the company to grant and determine the terms and conditions of certain awards.

Minimum Vesting Requirements

No portion of any award, other than cash performance awards and awards that have vested in whole or in part upon a "change of control" (as defined in the 2015 Plan), upon a termination of a Participant's service as a result of death or disability, a termination of a Participant's service by the company without cause and/or by the Participant for good reason, may vest prior to one (1) year after the date of grant, provided, however, that these vesting restrictions will not be applicable to awards not in excess of ten percent (10%) of the share reserve. Awards that vest based on the attainment of performance goal(s) will have a minimum vesting period of one (1) year.

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Eligibility

Awards under the 2015 Plan may be granted to any employees, directors, consultants or other personal service providers of the company or any of its subsidiaries. As of April 9, 2019, there were approximately XX employees, XX non-employee directors and XX consultants or other personal service providers eligible to participate in the 2015 Plan.

Stock Options

Stock options granted under the 2015 Plan may be issued as either incentive stock options, within the meaning of Section 422 of the Code, or as nonqualified stock options. The exercise price of an option will be not less than 100% of the fair market value of a share of common stock on the date of the grant of the option, or such higher amount as determined by the Committee. The Committee will determine the vesting and/or exercisability requirements and the term of exercise of each option, including the effect of termination of service of a participant or a change of control. The vesting requirements may be based on the continued employment or service of the participant for a specified time period or on the attainment of specified business performance goals established by the Committee. The maximum term of an option will be ten years from the date of grant.

To exercise an option, the participant must pay the exercise price, subject to specified conditions, (i) in cash, or (ii) to the extent permitted by the Committee, (A) in shares of common stock, (B) through an open-market broker-assisted transaction, (C) by reducing the number of shares of common stock otherwise deliverable upon the exercise of the stock option, (D) by combination of any of the above methods, or (E) by such other method approved by the Committee, and must pay any required tax withholding amounts. All options are nontransferable except upon death or, in the case of nonqualified options, to a participant's "family member" (as defined for purposes of the Form S-8 registration statement under the Securities Act of 1933), or as otherwise permitted by the Committee, in each case as may be approved by the Committee in its discretion at the time of the proposed transfer. Without the prior approval of the company's stockholders, the 2015 Plan prohibits the cancellation of underwater stock options in exchange for cash or another award (other than in connection with a change of control of the company) or the "repricing" of stock options. Dividends will not be paid with respect to stock options. Dividend equivalent rights will be granted with respect to the shares of common stock subject to stock options to the extent permitted by the Committee and set forth in the award agreement.

Stock Appreciation Rights

A stock appreciation right may be granted either in tandem with an option or without a related option. A stock appreciation right entitles the participant, upon settlement or exercise, to receive a payment based on the excess of the fair market value of a share of common stock on the date of settlement or exercise over the base price per share of the right, multiplied by the number of shares of common stock as to which the right is being settled or exercised. Stock appreciation rights may be granted on a basis that allows for the exercise of the right by the participant or that provides for the automatic payment of the right upon a specified date or event. The base price of a stock appreciation right may not be less than the fair market value of a share of common stock on the date of grant. The Committee will determine the vesting requirements and the term of exercise of each stock appreciation right, including the effect of termination of service of a participant or a change of control. The vesting requirements may be based on the continued employment or service of the participant for a specified time period or on the attainment of specified business performance goals established by the Committee. The maximum term of a stock appreciation right will be ten years from the date of grant. Stock appreciation rights may be payable in cash or in shares of common stock or in a combination of both. Without the prior approval of the company's stockholders, the 2015 Plan prohibits the cancellation of underwater stock appreciation rights in exchange for cash or another award (other than in connection with a change of control of the company) or the "repricing" of stock appreciation rights. Dividends will not be paid with respect to stock appreciation rights. Dividend equivalent rights shall be granted with respect to the shares of common stock subject to stock appreciation rights to the extent permitted by the Committee and set forth in the award

agreement.

Restricted Stock Awards

A restricted stock award represents shares of common stock that are issued subject to restrictions on transfer and vesting requirements. The vesting requirements may be based on the continued service of the participant for a specified time period or on the attainment of specified business performance goals established by the Committee and/or on such other terms and conditions as approved by the Committee in its discretion. Unless otherwise set forth in an award agreement, restricted stock award holders will have all of the rights of a stockholder of the company, including the right to vote the shares and the right to receive dividends, during the restricted period.

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Restricted Stock Units

An award of a restricted stock unit or “RSU” provides the participant the right to receive a payment based on the value of a share of common stock. Restricted stock units may be subject to vesting requirements, restrictions and conditions to payment. Such requirements may be based on the continued service of the participant for a specified time period or on the attainment of specified business performance goals established by the Committee and/or on such other terms and conditions as approved by the Committee in its discretion. In addition, a restricted stock unit may be designated as a “performance stock unit” or “PRSU”, the vesting requirements of which may be based, in whole or in part, on the attainment of pre-established business performance goal(s) over a specified performance period, or otherwise, as approved by the Committee in its discretion. An RSU award will become payable to a participant at the time or times determined by the Committee and set forth in the award agreement, which may be upon or following the vesting of the award. Restricted stock unit awards are payable in cash or in shares of common stock or in a combination of both. Restricted stock units may be granted together with a dividend equivalent right with respect to the shares of common stock subject to the award. Dividend equivalent rights may be subject to conditions that apply to the underlying RSUs.

Cash Performance Awards

A cash performance award is denominated in a cash amount (rather than in shares) and is payable based on the attainment of pre-established business performance goals. The requirements for vesting may be also based upon the continued service of the participant during the performance period.

Stock Awards

A stock award represents shares of common stock that are issued free of restrictions on transfer and free of forfeiture conditions and to which the participant is entitled all incidents of ownership. A stock award may be granted for past services, in lieu of bonus or other cash compensation, directors’ fees or for any other valid purpose as determined by the Committee. The Committee will determine the terms and conditions of stock awards, and such stock awards may be made without vesting requirements, subject to certain conditions. Upon the issuance of shares of common stock under a stock award, the participant will have all rights of a stockholder with respect to such shares of common stock, including the right to vote the shares and receive all dividends and other distributions on the shares.

Performance Criteria

For purposes of any award granted under the 2015 Plan that is subject to the achievement of performance goals, the Committee shall determine the performance criteria applicable to such awards, which may be one or any combination of the following, for the company or any identified subsidiary or business unit, as determined by the Committee at the time of the award: (a) net earnings, net income, or adjusted operating profit or loss (each before or after taxes); (b) earnings per share; (c) book value per share; (d) costs, including, without limitation, customer acquisition costs (“CAC”); (e) net sales or revenue growth; (f) net operating profit; (g) return measures (including, but not limited to, return on assets, investment, capital, equity, sales) and/or revenue measures (including, but not limited to, monthly recurring revenue, telephony services revenue, and/or adjusted average monthly revenue per line and/or per customer); (h) cash flow (including, but not limited to, operating cash flow, free cash flow, cash flow return on equity, cash flow return on investment, and pre-marketing operating income per line and/or per customer); (i) adjusted earnings before or after taxes, interest, depreciation, and/or amortization; (j) gross or operating margins; (k) productivity ratios (including, without limitation, customer lifetime value to CAC, CAC to pre-marketing operating income, CAC to annual contract value, and/or other CAC revenue ratios); (l) profitability of an identifiable business unit or product; (m) share price (including, but not limited to, growth measures and total stockholder return); (n) expense targets (including, but not limited to, subscriber line acquisition cost and average monthly direct costs of telephony services per line and/or per customer); (o) margins; (p) operating efficiency (including, without limitation, improvements in

capital structure); (q) market share; (r) customer satisfaction (including, but not limited to, new subscriptions, lost subscriptions, and relations between the two); (s) net subscriber line additions, revenue churn, bookings, average seats per customer, gross seat additions, or net seat additions; (t) working capital targets; (u) cash value added; (v) economic value added; (w) market penetration; (x) product introductions; (y) platform availability; (z) staff training; (aa) corporate social responsibility policy implementation, (bb) any other performance metric determined by the Committee, and (cc) any combination of or a specified increase in any of the foregoing. The performance goals may be described in terms of objectives that are related to the individual participant or objectives that are company-wide or related to a subsidiary, division, department, region, function or business unit and may be measured on an absolute or cumulative basis or on the basis of percentage of improvement over time, and may be measured in terms of company performance (or performance of

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the applicable Subsidiary, division, department, region, function or business unit) or measured relative to selected peer companies or a market or other index.

At the time that an award is granted, the Committee may provide that performance will be measured in such objective manner as it deems appropriate, including, without limitation, adjustments to reflect charges for restructurings, non-operating income, the impact of corporate transactions or discontinued operations, extraordinary and other unusual or non-recurring items, and the cumulative effects of accounting or tax law changes. In addition, with respect to a participant hired or promoted following the beginning of a performance period, the Committee may determine to prorate the amount of any payment in respect of such participant's cash performance awards or PRSUs for the partial performance period.

Award Limitations

The maximum number of shares of common stock that may be subject to stock options, stock appreciation rights, restricted stock awards, restricted stock units, and stock awards granted to any participant other than a non-employee director during any calendar year will be limited to 10,000,000 shares of common stock for each such award type individually.

Further, the maximum number of shares of common stock that may be subject to stock options, stock appreciation rights, restricted stock awards, RSUs and stock awards granted to any non-employee director during any calendar year will be limited to 10,000,000 shares of common stock for all such award types in the aggregate, provided that the aggregate grant date fair value of all awards granted to any non-employee director together with any amounts paid to such non-employee director by the company does not exceed \$700,000.

Effect of Change of Control

Upon the occurrence of a change of control, unless otherwise provided in the applicable award agreement, the Committee is authorized (but not obligated) to make adjustments in the terms and conditions of outstanding awards, including without limitation the following (or any combination thereof): (i) continuation or assumption of such outstanding awards by the company (if it is the surviving company or corporation) or by the surviving company or corporation or its parent; (ii) substitution by the surviving company or corporation or its parent of awards with substantially the same terms as such outstanding awards (with appropriate adjustments to the type of consideration payable upon settlement of the awards); (iii) acceleration of exercisability, vesting and/or payment; and (iv) if all or substantially all of the company's outstanding shares of common stock are transferred in exchange for cash consideration in connection with such change of control: (A) upon written notice, provide that any outstanding stock options and stock appreciation rights are exercisable during a reasonable period of time immediately prior to the scheduled consummation of the event or such other reasonable period as determined by the Committee (contingent upon the consummation of the event), and at the end of such period, such stock options and stock appreciation rights will terminate to the extent not so exercised within the relevant period; and (B) cancel all or any portion of outstanding awards for fair value, as determined in the sole discretion of the Committee.

Substitute Awards in Corporate Transactions

The Committee may grant awards under the 2015 Plan to employees or directors of entities that are acquired by the company in substitution of awards previously granted by such entities to such persons. Any such substitute awards shall not reduce the share reserve; provided, however, that such treatment is permitted by applicable law and the listing requirements of the New York Stock Exchange or other exchange or securities market on which the common stock is listed.

Forfeiture

The Committee may specify in an award agreement that an award will be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, including, but not limited to, termination of service for “cause” (as defined in the 2015 Plan), violation of material company policies, breach of noncompetition, nonsolicitation, confidentiality or other restrictive covenants that may apply to the participant, or other conduct by the participant that is detrimental to the business or reputation of the company. Unless otherwise provided by the Committee and set forth in an award agreement, if (i) a participant’s service is terminated for “cause” or (ii) after termination of service for any other reason, the Committee determines in its discretion either that, (A) during the participant’s period of service, the participant engaged in an act which would have warranted termination of service for “cause” or (B) after termination, the participant engaged in conduct that violated any continuing obligation or duty of the participant in respect of the company or any of its subsidiaries, such participant’s rights, payments and benefits with respect to such award will be subject to cancellation,

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forfeiture and/or recoupment.

Right of Recapture

The Committee may determine in its discretion either that, (A) during the participant's period of service, the participant engaged in an act or omission which would have warranted termination of service for "cause" and a forfeiture event (as defined in the 2015 Plan) has occurred with respect to the participant or (B) after termination, the participant has engaged in conduct that materially violated any continuing obligation or duty of the participant in respect of the company or any of its subsidiaries. If such a determination is made within one year (or such longer time specified in an award agreement or other agreement or policy applicable to a participant) after a gain is realized by a participant in connection with an award (e.g. exercise of a stock option), and either (i) a participant is terminated for cause and a forfeiture event has occurred with respect to the participant, (ii) the Committee determines in its discretion that the participant is subject to any recoupment of benefits pursuant to the company's compensation recovery, "clawback" or similar policy, as may be in effect from time to time, or (iii) after a participant is terminated for any other reason, then any gain realized by the participant from the exercise, vesting, payment or other realization of income by the participant in connection with an award, will be paid by the participant to the company upon notice from the company, subject to applicable state law.

Further, if a participant receives compensation pursuant to an award based on financial statements that are subsequently required to be restated in a way that would decrease the value of such compensation, the participant will, to the extent not otherwise prohibited by law, upon the written request of the company, forfeit and repay to the company the difference between what the participant received and what the participant should have received based on the accounting restatement, in accordance with (i) the company's compensation recovery, "clawback" or similar policy, as may be in effect from time to time and (ii) any compensation recovery, "clawback" or similar policy made applicable by law including the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Awards to Non-U.S. Participants.

To comply with the laws in countries other than the United States in which the company or any of its subsidiaries or affiliates operates or has employees, non-employee directors or consultants, the Committee, in its sole discretion, has the power and authority to (i) modify the terms and conditions of any award granted to participants outside the United States to comply with applicable foreign laws, (ii) take any action, before or after an award is made, that it deems advisable to obtain approval or comply with any necessary local government regulatory exemptions or approvals and (iii) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable.

Term, Amendment and Termination

The term of the 2015 Plan is ten years from the date it is approved by our stockholders. The board may amend, modify, suspend or terminate the 2015 Plan at any time, provided, however, that no termination or amendment of the 2015 Plan will materially and adversely affect any award previously granted without the consent of the participant or the permitted transferee of the award. The board may seek the approval of any amendment by the company's stockholders to the extent it deems necessary for purposes of compliance with Section 422 of the Code, the listing requirements of the New York Stock Exchange, or for any other purpose. Notwithstanding the foregoing, the board shall have broad authority to amend the plan or any award without the consent of a participant to the extent it deems necessary or desirable in its discretion to comply with, take into account changes in, or interpretations of, applicable tax laws, securities laws, employment laws, accounting rules and other applicable laws, rules and regulations.

Federal Income Tax Information

The following is a summary of certain of the federal income tax consequences of awards under our 2015 Incentive Plan. The following is not to be considered as tax advice to any person who may be a participant, and any such persons are advised to consult their own tax counsel.

Nonqualified Stock Options and Stock Appreciation Rights. A participant does not recognize taxable income upon the grant of a nonqualified stock option or a stock appreciation right. Upon exercise, the participant recognizes ordinary compensation income equal to the amount the fair market value of the shares on the exercise date exceeds the exercise or grant price. Upon subsequent sale of the acquired shares, any additional gain or loss is capital gain or loss, long-term if the shares have been held for more than one year.

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Incentive Stock Options. A participant does not recognize ordinary taxable income when an incentive stock option is granted or exercised. However, the excess of the fair market value of the covered shares over the exercise price on the date of exercise is an item of tax preference for alternative minimum tax purposes. If the participant exercises the option and holds the acquired shares for more than two years following the date of option grant and more than one year after the date of exercise, the difference between the sale price and exercise price is taxed as long-term capital gain or loss. If the participant sells the acquired shares before the end of the two-year and one-year holding periods, the participant generally recognizes ordinary compensation income at the time of sale equal to the fair market value of the shares on the exercise date (or the sale price, if less) minus the exercise price of the option. Any additional gain is capital gain, long-term if the shares have been held for more than one year.

Restricted Stock, Restricted Stock Units, Performance Stock, Performance Units. A participant does not recognize taxable income upon the grant of restricted stock, restricted stock units, performance stock, or performance stock units. Instead, the participant recognizes ordinary compensation income at the time of vesting of restricted stock or at the time of settlement of performance stock or restricted stock units or performance units in an amount equal to the fair market value of the shares (or cash) received minus any amounts the participant paid. Any subsequent gain or loss is capital gain or loss, long-term if the shares have been held for more than one year. For restricted stock only, the participant may instead elect to be taxed at the time of grant. If the participant makes such an election, the one year long-term capital gains holding period begins on the date of grant.

Cash Performance Awards and Stock Awards. A participant who has been awarded a cash performance award does not recognize taxable income at the time of the grant, but will recognize ordinary compensation income at the time the award is paid equal to the amount of cash that is paid to the participant. A participant who has been awarded a stock award of shares of common stock that are not restricted as to transferability and also not subject to a substantial risk of forfeiture will recognize ordinary compensation income at the time the award is paid equal to the fair market value of shares of common stock delivered minus any amounts the participant paid, if any.

Tax Effect for our Company. We generally receive a deduction for any ordinary compensation income recognized by a participant with respect to an award. However, special rules limit the deductibility of compensation paid to named executive officers. Under Section 162(m) of the Code, the annual compensation paid to named executive officers may not be deductible to the extent it exceeds \$1,000,000.

New Plan Benefits

Except for the automatic grants of restricted stock to non-employee directors, which will continue as described under “Director Compensation-Equity-Based Grants to Board Members and Stock Ownership Guidelines for our Directors,” no determination has been made with respect to future recipients of awards under the 2015 Incentive Plan and it is not possible to specify the names or positions of the individuals to whom awards may be granted in the future or the number of shares of our common stock to which such awards will relate.

Recommendation of our Board of Directors

Our board of directors recommends that stockholders vote FOR amending and restating our 2015 Equity Incentive Plan.

PROPOSAL NO. 5

RATIFICATION OF THE EXTENSION OF OUR TAX BENEFITS PRESERVATION PLAN

We are asking stockholders to ratify the extension, through June 30, 2021, of our Tax Benefits Preservation Plan (the “Tax Benefits Preservation Plan” or the “Plan”) with American Stock Transfer & Trust Company, LLC, as rights agent.

The Plan, which is attached to this proxy statement as Appendix B, is designed to protect our U.S. federal net operating loss carryforwards and certain other tax benefits (collectively, the “Tax Benefits”) from limitations pursuant to Section 382 under the Code.

Background

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We believe that our Tax Benefits are valuable assets. Although the actual realization of the Tax Benefits is difficult to predict and depends on future events, we estimate that, as of December 31, 2018, the company had approximately \$579 million of U.S. federal net operating losses carryforwards (expiring in varying amounts from through 2037). Under the Code and applicable Treasury Regulations, we generally may “carry forward” these losses to offset future earnings and thereby reduce our federal income tax liability, subject to certain requirements and restrictions. Our ability to use our Tax Benefits would be substantially delayed, and a significant portion of such Tax Benefits may expire unused, if we experience an “ownership change” as determined under Section 382 of the Code and applicable Treasury Regulations (“Section 382”). If an ownership change occurs, our ability to use our net Tax Benefits would be subject to an annual limitation. This could significantly impair the amount of our net deferred tax asset. Under Section 382, an “ownership change” generally occurs if one or more stockholders (including, in certain cases, a group of stockholders) owning at least 5% of our common stock increase their aggregate ownership by more than 50% over their lowest ownership percentage within a rolling three-year period. For this purpose, the less-than-5% stockholders of the corporation are aggregated and treated as single separate stockholders and, under certain circumstances, may be divided into further groupings with each treated as a single separate stockholder. The rules for determining whether an ownership change occurs are complex. Nevertheless, based on our continued monitoring of public filings over time and other information within our knowledge, we do not believe that an ownership change has occurred to date that would impair the availability of our Tax Benefits.

Our board of directors carefully considered how to preserve the benefits of our Tax Benefits for long-term stockholder value. After consulting with our tax, financial and legal advisors, our board of directors adopted the Tax Benefits Preservation Plan in furtherance of this objective. Pursuant to the Plan, on June 7, 2012, we declared a dividend of one preferred share purchase right (a “Right”) for each outstanding share of common stock. The Rights were distributed to stockholders of record as of June 18, 2012 and will continue to be distributed to holders of our common stock issued after that date unless and until the Distribution Date (defined below) occurs. The Rights have terms that are designed to deter acquisitions of our common stock that could result in an ownership change, as described below.

Although stockholder approval of the Tax Benefits Preservation Plan is not required by applicable law or by our organizational documents, our board of directors determined, as a matter of good corporate governance, that if it were to elect to extend the term of the Plan beyond June 7, 2013, such extension would be submitted to stockholders at the Annual Meeting for ratification. At our 2013 Annual Meeting, stockholders ratified the extension of the Plan through June 7, 2015. On April 2, 2015, after further consultation with our advisors, our board of directors determined to extend the Tax Benefits Preservation Plan through June 30, 2017, subject to ratification of the extension by stockholders at the Annual Meeting. At our 2015 Annual Meeting, stockholders ratified the extension of the Plan through June 30, 2017. On April 5, 2017, after further consideration with our advisors, our board of directors determined to extend the Tax Benefits Preservation Plan through June 30, 2019, subject to ratification of the extension by stockholders at the Annual Meeting. At our 2017 Annual Meeting, stockholders ratified the extension of the Plan through June 30, 2019.

On April 3, 2018, after further consideration with our advisors, our board of directors determined to extend the Tax Benefits Preservation Plan through June 30, 2021. Our board believes that the Plan will continue to serve as a tool to help prevent an ownership change that could substantially reduce the significant long-term potential benefits of the Tax Benefits and, thus, preserve stockholder value. Accordingly, our board of directors recommends that stockholders ratify the further extension of the Plan.

It is important to note the Tax Benefits Preservation Plan may deter, but ultimately cannot block, acquisitions of our common stock that might result in an ownership change. The limitations of these measures are described in more detail below. Our board urges stockholders to carefully read the proposal, the items discussed below under the heading “Certain Considerations Related to the Tax Benefits Preservation Plan”, and the full terms of the Plan.

Summary of the Tax Benefits Preservation Plan

The following is a summary of the terms of the Plan. It is qualified in its entirety by the full text of the Plan (which includes as Exhibit A the form of Certificate of Designation of the Series A Participating Preferred Stock of Vonage and as Exhibit B the forms of Rights Certificate and Election to Exercise), which is attached as Appendix B hereto and

incorporated by reference herein. A copy of the Plan is also available free of charge from us.

Purpose. The Tax Benefits Preservation Plan is intended to preserve the company's ability to fully utilize the Tax Benefits, in the interests of the company and its stockholders, by avoiding an "ownership change." Specifically, the Plan seeks to deter any person, subject to certain exceptions, from (together with all affiliates and associates of such person) acquiring beneficial ownership of 4.9% or more of our outstanding shares of common stock (an "Acquiring Person"), other

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than with the approval of our board of directors. See "Exceptions to the Definition of Acquiring Person" below for a discussion of persons who are automatically excluded from the definition of Acquiring Person and a recent request for an exemption from the definition of Acquiring Person.

Exercise. The Rights are not currently exercisable. After the "Distribution Date," each Right is exercisable to purchase, for \$10.00 (the "Purchase Price"), one one-thousandth of a share of Series A Participating Preferred Stock, \$0.001 par value per share, of Vonage ("Preferred Stock"), subject to adjustment in accordance with the terms of the Plan.

Distribution Date. Prior to the Distribution Date, the Rights are attached to our common stock, are not represented by separate certificates and any transfer of our common stock shall also constitute a transfer of the Rights associated with such common stock. On or after the Distribution Date, subject to certain exceptions specified in the Plan, the Rights will separate from the common stock. The Distribution Date will occur upon the earlier of (i) ten (10) business days following the date of a public announcement that a person or group of affiliated or associated persons has become an "Acquiring Person" or such earlier date on which a majority of our board of directors becomes aware of the existence of an Acquiring Person (such date being the "Stock Acquisition Date") or (ii) ten (10) business days (or such later time as our board of directors may determine) following the commencement of a tender offer or exchange offer that would result in a person becoming an Acquiring Person.

Exceptions to the Definition of Acquiring Person. An Acquiring Person would not include, among others: (i) Vonage or any of its subsidiaries; (ii) employee benefit plans of Vonage or its subsidiaries and persons holding shares of common stock on behalf of such plans; (iii) 4.9% stockholders existing at the time the Plan was first adopted (unless they increase their percentage stock ownership with certain exceptions); (iv) persons or groups who, in the board's view, have inadvertently become 4.9% stockholders, unless and until such person or group shall have failed to divest, as soon as practicable, sufficient shares of common stock such that it would no longer be a 4.9% stockholder (upon terms or conditions satisfactory to the board); (v) an "investment advisor" to mutual funds or trustees of certain qualified trusts if immediately after any increase in beneficial ownership of the common stock by such person (A) no single mutual fund or qualified trust advised by such investment advisor or such trustee, respectively, actually owns or beneficially owns 4.9% or more of the shares of common stock then outstanding and (B) such investment advisor or trustee beneficially owns (other than with respect to such mutual funds or such trusts, as applicable) less than 4.9% of the shares of common stock then outstanding; and (vi) new 4.9% stockholders whose acquisitions, as determined by our board of directors in its sole discretion, would not be inconsistent with the purpose of the Plan.

From time to time, we have received requests from stockholders to permit the requesting stockholder to increase its beneficial ownership of our outstanding common stock above 4.9% without becoming an "Acquiring Person." When we receive such requests, our board of directors considers the Section 382 "ownership change" impact of the requested increases in ownership on a case-by-case basis, taking into account other potential changes in our stock ownership, including the impact of our announced stock buyback program and the potential impact of certain transactions that are outside our control. Based on these considerations, our board determines whether the increased risk of an "ownership change" that would be created by granting a request would be inconsistent with the purpose of the Plan, which is the preservation of our Tax Benefits for the long-term benefit of all stockholders. In 2014 we granted one request for an exemption under the Plan.

"Flip-In". In the event that any person becomes an Acquiring Person, each holder of a Right will thereafter have the right to receive upon exercise, in lieu of a number of one-thousandth of a share of Preferred Stock, common stock (or, in certain circumstances, cash, property or other securities of Vonage), having a value equal to two times the exercise price of the Right. The exercise price is the Purchase Price times the number of units associated with each Right (initially, one). Notwithstanding any of the foregoing, following the occurrence of an Acquiring Person becoming such, all Rights that are, or (under certain circumstances specified in the Rights Agreement) were, beneficially owned by any Acquiring Person or its affiliates and associates and certain transferees thereof will be null and void.

Exchange. At any time after the Stock Acquisition Date but before the time the Acquiring Person becomes the beneficial owner of 50% or more of the outstanding shares of common stock, our board may exchange the Rights (other than Rights beneficially owned by an Acquiring Person or any other Rights that shall be deemed void under the terms of the Rights Agreement), in whole or in part, at an exchange ratio equal to one share of common stock per Right (subject to adjustment).

Redemption. At any time until the close of business on the tenth day following the Stock Acquisition Date, Vonage may redeem the Rights in whole, but not in part, at a price of \$0.001 per Right. Immediately upon the action of our board ordering redemption of the Rights (or at the effective time of such redemption designated by the board), the Rights will terminate and the only right of the holders of Rights will be to receive the \$0.001 redemption price.

Expiration. The Rights expire on the earliest of (i) the time at which the Rights are redeemed pursuant to the Plan, (ii) the time at which the Rights (other than Rights owned by an Acquiring Person) are exchanged pursuant to the Rights

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Agreement, (iii) the repeal of Section 382 or any successor statute if our board determines that the Plan is no longer necessary or desirable for the preservation of the Tax Benefits, (iv) the close of business on the first day of a taxable year of Vonage to which our board determines that no Tax Benefits may be carried forward, (v) the close of business on June 30, 2018, provided that, prior to such date, our board may determine to extend the Rights Agreement to a date not later than the close of business on the fifth anniversary of the date of the Plan (which, as indicated above, the board has determined to do) as long as such extension is submitted to our stockholders for ratification at the 2018 Annual Meeting of Stockholders, or (vi) the first business day after the date on which the Inspectors of Election for our 2018 Annual Meeting of Stockholders certify that the Plan has not been ratified by stockholders at that meeting. Amendments. Any of the provisions of the Plan may be amended by our board for so long as the Rights are redeemable (other than changes to the redemption price, which may not be amended). After the Rights are no longer redeemable, the provisions of the Plan may be amended by our board provided that no such amendment may (i) adversely affect the interests of the holders of the Rights, (ii) cause the Rights Agreement to again become amendable or (iii) cause the Rights to again become redeemable.

Stockholder Rights. Until a Right is exercised, the holder thereof, as such, will have no rights with respect thereto as a Vonage stockholder, including, without limitation, the right to vote or to receive dividends. While the distribution of the Rights will not be taxable to stockholders or to Vonage, stockholders may, depending upon the circumstances, recognize taxable income in the event that the Rights become exercisable for common stock (or other consideration) as set forth above or in the event the Rights are redeemed.

Anti-Dilution Provisions. The Purchase Price payable, and the number of units of Preferred Stock or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Preferred Stock, (ii) if holders of the Preferred Stock are granted certain rights or warrants to subscribe for Preferred Stock or convertible securities at less than the current market price of the Preferred Stock, or (iii) upon the distribution to holders of the Preferred Stock of evidences of indebtedness or assets (excluding regular quarterly cash dividends) or of subscription rights or warrants (other than those referred to above).

Certain Considerations Related to the Tax Benefits Preservation Plan

After careful consideration, our board of directors believes that the continued effectiveness of the Tax Benefits Preservation Plan remains in the best interest of the company and its stockholders to protect our Tax Benefits from limitations pursuant to Section 382. However, we cannot eliminate the possibility that an ownership change will occur even if the Plan is ratified. Please consider the items discussed below in voting on this Proposal.

Continued Risk of Ownership Change. The Plan may not be effective in deterring all acquisitions that could result in an ownership change. For example, persons could decide to purchase our shares and become a “5-percent stockholder” notwithstanding the Plan, either because the purchaser is unaware of the Plan or makes a conscious decision to discount the potential consequences under the Plan of obtaining such status. In addition, the Plan does not preclude dispositions by current 5-percent stockholders, which would also have the effect of increasing our cumulative change in ownership.

Potential Effects on Liquidity. The Plan is intended to deter persons or groups of persons from acquiring beneficial ownership of shares of our common stock in excess of the specified limitations. The Plan may reduce the number of persons willing to acquire our common stock or the amount they are willing to acquire, potentially impacting a stockholder's ability to dispose of our common stock.

Potential Impact on Market Value. Because the Plan may restrict a stockholder's ability to acquire common stock, the market value of the common stock may be affected. The Plan could discourage or prevent accumulations of substantial blocks of shares in which stockholders might receive a substantial premium above market value. However, we believe these disadvantages are outweighed by the importance of maintaining the availability of the Tax Benefits. Our board did not adopt the Plan to discourage stockholders from accumulating common stock; the purpose of the Plan is to reduce the risk that we may be unable to fully utilize our Tax Benefits. We have retained the ability under the Plan for our board to redeem the Rights or cause the Plan to expire if our board determines that the Rights are no longer in the best interests of Vonage or of its stockholders.

Potential Anti-Takeover Effect. The Plan is designed to preserve the long-term value of our Tax Benefits and is not intended to prevent a takeover of Vonage. However, it could be deemed to have an “anti-takeover” effect because, among other things, an Acquiring Person may be diluted upon the occurrence of a triggering event. Accordingly, the overall effects of the Tax Benefits Preservation Plan may be to render more difficult, or discourage, a merger, tender offer, or assumption of

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control by a substantial holder of our securities. The Plan, however, should not interfere with any merger or other business combination approved by our board of directors.

Potential IRS Challenge to the Tax Benefits. The IRS has not audited or otherwise validated the amount of our Tax Benefits. The IRS could challenge the amount of the Tax Benefits, which could result in an increase in our liability in the future for income taxes. The complexity of the Section 382 provisions and the limitations on the timely knowledge that any publicly traded company can have about the ownership of, and transactions in, its securities contribute to significant uncertainty in determining whether an ownership change has occurred. Therefore, we cannot assure you that the IRS or other taxing authority will not claim that we experienced an ownership change and attempt to reduce or eliminate our utilization of Tax Benefits, even if the Plan is in place.

Recommendation of our Board of Directors

Our board of directors recommends that the stockholders vote FOR the ratification of the extension of our Tax Benefits Preservation Plan through June 30, 2021.

COMPENSATION

Compensation Discussion and Analysis

In this Compensation Discussion and Analysis, we address the compensation provided to our named executive officers (NEOs). We also discuss the goals for our executive compensation program and other important factors underlying our compensation practices and policies.

Stockholder Outreach

In 2018, we continued our outreach to stockholders regarding compensation and governance related matters. During such discussions, we seek feedback regarding our compensation programs and corporate governance matters. The company and its compensation committee take stockholder feedback seriously, and incorporate that feedback in its review of our compensation programs. In recent years, stockholder input has influenced our revised compensation programs, further aligning the interests of our NEOs with our stockholders, and also significantly influenced the terms of our arrangement with our new Chief Executive Officer. We also implemented corporate governance changes in response to discussions with stockholders and the review and recommendation of our nominating and governance committee and our Board of Directors. See "Corporate Governance, Corporate Governance Actions" for additional information.

We encourage you to read this Compensation Discussion and Analysis for a detailed discussion and analysis of our executive compensation program, including information about the fiscal 2018 compensation of our NEOs.

2018 Performance

Our fiscal 2018 financial performance, along with the individual performance of our NEOs, served as key factors in determining compensation for 2018. Our 2018 compensation program measures results against our strategic plan and rewards exceptional individual performance. In 2018 our management team continued to successfully pivot to the cloud communications for business market and drove business revenues to record levels. The team accomplished these results while also optimizing the profitability of our consumer services business. Building on the momentum of previous years, Vonage delivered strong financial and operational results in 2018, as follows:

• Delivered total revenues of \$1,049 million, an increase from \$1,002 million in the prior year, and our fourth consecutive year of consolidated revenue growth.

• Grew Vonage Business revenue 22% to \$608 million, up from \$499 million in 2017.

• Generated GAAP Net Income of \$36 million or \$0.14 Per Share on a diluted basis, and Net Income, excluding adjustments*, of \$81 million or \$0.14 Per Share on a diluted basis.

• Achieved Adjusted OIBDA* of \$178 million, down 1% from the prior year.

• Produced net cash provided by operating activities of \$123 million, and Free Cash Flow* of \$96 million, our eighth consecutive year of positive Free Cash Flow.

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*Adjusted OIBDA, net income excluding adjustments and free cash flow are non-GAAP financial measures. We define adjusted OIBDA as GAAP income from operations excluding depreciation and amortization, share-based expense, acquisition related transaction and integration costs, acquisition related consideration accounted for as compensation, change in contingent consideration, costs associated with organizational transformation, loss on sublease, loss from discontinued operation excluding income tax, depreciation from discontinued operation, and net loss attributable to non-controlling interest. We define adjusted net income, as GAAP net income excluding amortization of acquisition - related intangibles, acquisition related costs, acquisition related consideration accounted for as compensation, change in contingent consideration, organizational transformation, loss on sublease, and tax effect on adjusting items. We define free cash flow as net cash provided by operating activities minus capital expenditures, intangible assets, and acquisition and development of software assets. Please refer to Appendix C for reconciliations of: (1) adjusted OIBDA to GAAP income from operations, (2) net income excluding certain adjustments to GAAP net income, and (3) free cash flow to GAAP cash provided by operating activities. The chart below shows the percentage change in the daily closing price of Vonage common stock on the NYSE from January 1, 2018 through December 31, 2018, at which time our stock price was \$8.73.

Named Executive Officers

Our “Named Executive Officers” are the executive officers who are included in the Summary Compensation Table. They include the following current officers:

- Alan Masarek, Chief Executive Officer, who became chief executive officer of the company in November 2014;
- David T. Pearson, Chief Financial Officer, who joined the company in May 2013;
- Dennis Fois, President, Applications Group, who joined the company in October 2018 upon our acquisition of NewVoiceMedia Limited;
- Kenneth D. Wyatt, Chief Revenue Officer, who joined the company in February 2017; and
- Omar Javaid, President, API Platform Group and Chief Product Officer, who joined the company in August 2015. Effective March 15, 2019, Mr. Wyatt left the company. For information regarding termination payments, see "Potential Payments Upon Termination of Employment or Change-in-Control," below.

Compensation Objectives

The 2018 compensation for our executive officers was designed to meet the following objectives:

- Provide competitive compensation in order to attract, retain, and motivate highly-skilled executives. We refer to this objective as “competitive compensation.”

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• Reinforce the importance of meeting and exceeding identifiable and measurable goals, while not encouraging our management to take unreasonable risks. We refer to this objective as “performance incentives.”

• Provide opportunities for our executive officers to acquire meaningful equity ownership that will encourage the creation of stockholder value. We refer to this objective as “alignment with stockholder interests.”

• Provide an incentive for long-term continued employment with us. We refer to this objective as “retention incentives.”

The principal components of 2018 compensation were as follows:

Type of Compensation	Objectives Addressed
Salary	Competitive Compensation
Annual Cash Bonus	Performance Incentives Competitive Compensation
Long-Term Incentives	Retention Incentives Alignment with Stockholder Interests Performance Incentives Competitive Compensation

When reviewing the compensation program, our compensation committee, with the assistance of an independent compensation consultant, considers the impact of the compensation program on Vonage's risk profile. Our compensation committee believes that our compensation program has been structured to provide strong incentives for executives to appropriately balance risk and reward. See also “Impact of Compensation Policies on Risk Management” above.

Compensation and Governance Matters

Our compensation committee reviews our compensation programs, competitor company data and best practices in the executive compensation area annually to determine whether changes should be made to address the objectives described above. For example, we award a significant portion of our long-term incentive compensation in the form of performance-based restricted stock units, which are earned after three years based on relative total stockholder return performance. We continue to believe that this structure helps to align executive and stockholder interests while providing performance and retention incentives in a competitive compensation package.

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We have adopted compensation practices and policies that our board believes advance our compensation objectives, including:

Things We Do	Summary
ü Emphasize Pay for Performance	We link our named executive officers' incentive compensation to our financial performance and the attainment of specified goals that drive stockholder value.
ü Retain an Independent Compensation Consultant	Our compensation committee uses an independent compensation consultant to advise the committee on its oversight of our compensation program. The compensation consultant does not provide services to management.
ü Grant Performance-Based Equity	We award a significant portion of our long-term incentive compensation in the form of performance-based restricted stock units. The number of units actually earned is determined at the end of the three year period based on relative stockholder return performance.
ü Maintain Robust Stock Ownership Guidelines	Our stock ownership guidelines require that our CEO maintain a stock ownership level equal to 5x base salary and that our other NEOs maintain a stock ownership level equal to 3x base salary.
ü Maintain Incentive Compensation Recovery Policy	Our Incentive Compensation Recovery Policy permits the company to recoup excess compensation and to recover improper gains in the event of a material restatement of the company's financial results caused by the misconduct of a covered officer (including our NEOs).
ü Incentive Compensation Plan	Our 2015 Equity Plan includes several provisions that are protective of our stockholders, including annual award limitations, and minimum vesting and exercise price provisions.
ü Have "double-trigger" vesting of equity awards upon a change-in-control	Our 2015 Equity Plan includes several provisions that are protective of our stockholders, including "double trigger" vesting upon a change-in-control. Our compensation committee has discretion whether to accelerate vesting upon a change of control.
Things We Don't Do	Summary
x Use Stock Options in our Long-Term Incentive Program	We do not provide annual long-term incentive compensation in the form of stock options. Stock options are available for purposes of promotion, special, or new hire grants.
x Allow the repricing of options or "evergreen" share counting under our 2015 Equity Plan	Our 2015 Equity Plan contains prohibitions on evergreen provisions, and a prohibition on the repricing of options.
x Permit Hedging of Company Stock	Our securities trading compliance policy prohibits any director, officer or employee from engaging in any strategy or using any product to hedge against potential changes in the value of Vonage securities.
x Permit Pledging of Company Stock	Our securities trading compliance policy prohibits any director, officer or employee, except in limited circumstances, from directly or indirectly pledging a significant amount of Vonage securities.
x Pay Excise Tax Gross-ups Upon Change of Control.	Our 2015 Equity Plan does not allow for the payment of excise tax gross-ups upon a change of control.
x Provide Material Perquisites to our NEOs.	We only provide minimal perquisites deemed necessary to support greater efficiency in how our executives work for us.

Engagement of Compensation Consultant

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The compensation committee has the authority to engage its own independent consultants, counsel and other advisors to assist in carrying out its responsibilities under its charter. The compensation committee retained Meridian Compensation Partners, LLC, an independent compensation consultant, as described in further detail under “Compensation Committee” above, to advise the committee in connection with its oversight of our compensation program for 2018.

Determination of Competitive Compensation

As part of our annual process for assessing the competitiveness of executive compensation, we compare the compensation of our executives to survey data. For 2018 pay decisions, we used the following data sources:

- 2017 Radford Global Technology Survey - Communications/Internet/Software (revenue \$0.5B - \$2.5B).
- 2017 Equilar Top 25 Survey - Internet Services, Software, Technology, Telecom Services, Telecom Technologies (revenue \$0.5B - \$2.5B).

Because the compensation committee was seeking survey data covering a broad range of companies meeting the revenue and industry criteria set forth above, the compensation committee did not focus on the individual companies included in the survey data. We refer to the data sources described above as the “market sample.”

We placed equal weight on each survey source. We believe that telecommunications, communications, software, internet companies, and technology companies in general with comparable revenues represent an appropriate comparison group for our executives because they are the companies against which we are most likely to compete for executive talent.

A significant portion of our compensation is performance-based. Therefore, actual incentive compensation paid to our named executive officers may vary from targeted levels based on achievement of performance targets. Moreover, the comparative analysis described above provides only guidelines, and we do not follow them rigidly.

Employment Arrangements with our Named Executive Officers

Our NEOs' 2018 compensation was governed in part by the terms of employment arrangements described in detail below under “Potential Post-Employment Payments - Employment and Related Agreements” and incorporated herein by reference.

Salaries

In 2018, Mr. Wyatt and Mr. Javaid received a salary increase of 8% and 6%, respectively. Mr. Masarek and Mr. Pearson did not receive a salary increase in 2018. The salaries of our named executive officers for 2018 were as follows:

Name	2017 Salary	2018 Salary
Alan Masarek	\$875,000	\$ 875,000
David T. Pearson	\$529,500	\$ 529,500
Dennis Fois ⁽¹⁾	\$—	\$ 425,000
Kenneth D. Wyatt	\$340,576	\$ 415,800
Omar Javaid	\$400,000	\$ 425,000

(1) Mr. Fois joined the company in October 2018 in connection with our acquisition of NewVoiceMedia Limited. Accordingly, Mr. Fois received salary payments from Vonage beginning in November 2018 following the NewVoiceMedia acquisition.

Annual Cash Bonuses

When determining the annual cash bonuses of our executive officers, the compensation committee reviews achievement of objective performance criteria. The compensation committee will also consider discretionary factors relating to the executive's individual performance. For 2018, the target bonus opportunity percentages for the participating named executive officers were as follows:

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Name	Target Percentage of Base Salary	
Alan Masarek	125	%
David T. Pearson	100	%
Dennis Fois ⁽¹⁾	—	%
Kenneth D. Wyatt	75	%
Omar Javaid	75	%

(1) Mr. Fois joined the company in October 2018 in connection with our acquisition of NewVoiceMedia Limited. Accordingly, Mr. Fois did not receive an annual cash bonus for 2018 under the Vonage cash bonus plan. There were four base metrics applicable to all participants in the 2018 bonus program: UCaaS Service Revenue, UCaaS Customer Satisfaction metrics ("CSAT"), CPaaS Revenue, and Consolidated OIBDA. These metrics determined 90% of the bonus opportunity for our named executive officers in 2018, with the remaining 10% determined by individual objectives, or MBOs, approved by the compensation committee. The weighting of these metrics within the 90% were as follows:

Base Metrics

Corporate Metrics	Weighting
UCaaS Service Revenues	27.5% of target bonus
CSAT	7.5% of target bonus
CPaaS Revenue	35% of target bonus
Consolidated OIBDA	30% of target bonus

- UCaaS Service Revenues includes revenues from Vonage Business Cloud and Vonage Enterprise product lines.
- CSAT measures the satisfaction of our customers.
- CPaaS Revenues include revenues from Nexmo, the Vonage API Platform product line and TokBox Inc, which was acquired on August 1, 2018.
- Consolidated OIBDA is a non-GAAP measure and is calculated as GAAP income (loss) from operations excluding certain items including depreciation and amortization and share-based expense. See Appendix C for a reconciliation of Adjusted Consolidated OIBDA to GAAP income from operations.

Each metric has a minimum, target, and maximum performance level that would result in certain payments of the weighted target bonus for the metric. No payment is made for performance below the minimum performance level. For our senior executives, including named executive officers, 90% of the 2018 bonus was determined based upon the Base Metrics defined above and 10% of the 2018 bonus was determined based upon individual performance metrics, or MBOs, approved by the compensation committee. The individual MBO payouts were determined based upon performance levels upon which minimum, target, and maximum bonuses could be paid.

The following table shows the performance levels upon which minimum, target, and maximum bonuses would have been paid, the payout percentages associated with those performance levels, and the actual 2018 performance for the Base Metrics.

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Performance Measure	2018		Minimum (50%)	Target (100%)	Maximum (192.5%)	Actual Performance	Weighted Attainment	Adjusted Performance (1)	Adjusted Attainment
	Weighting								
UCaaS Revenue	27.5 %		\$317,000	\$321,000	\$332,000	\$307,000	— %	\$307,000	— %
CSAT	7.5 %	38 %	40 %	40 %	43 %	40 %	7.5 %	40 %	7.5 %
CPaaS Revenue	35.0 %		\$183,000	\$193,000	\$208,000	\$205,000	62.5 %	\$205,000	62.5 %
Consolidated OIBDA ⁽¹⁾	30.0 %		\$195,000	\$200,000	\$210,000	\$188,000	— %	\$192,500	7.5 %
Total Bonus Payout	100.0 %						70 %		77.5 %

* Revenue and Consolidated OIBDA amounts in thousands.

(1) See "2018 Bonus Program Discretionary Adjustment," below.

Rationale and Method for Setting Performance Targets

2018 performance targets reflect the Company's continued pivot towards the cloud communications for business markets. For 2018:

- UCaaS Revenue and CPaaS Revenue, which represent total business revenue, represent 62.5% of overall performance weighting, which reflect the company's desire to increase focus on business revenue to align with the company's overall strategy;
- Revenue metrics related to business (versus our residential business) represented 100% of the performance metrics, reflecting our shifting priorities and continued focus on growth of the business segment;
- The profitability metric (Adjusted Consolidated OIBDA) was also increased over the prior year reflecting the company's overall desire to increase profitability on a consolidated basis despite declining consumer revenue; and
- The addition of the CSAT metric, which measures customer satisfaction within our business segment based on a satisfaction score that is weighted by revenue.

These changes reflect the continuing decline in home phone markets and expected revenue from these markets, offset by our continued execution of our growth strategies in business markets.

2018 Bonus Program Discretionary Adjustment

As noted above, the company did not achieve its Consolidated OIBDA target metric. Accordingly, the total bonus payout would have been 70% based on the metrics previously approved by the compensation committee. The compensation committee exercised a discretionary increase from the formulaic 70% payout to 77.5%, with the incremental discretionary bonus reflecting the following achievements during 2018 that were not captured in the formulaic calculation:

- Delivery of a budgeted Adjusted OIBDA minus capital expenditures;
- Securing of two highly strategic acquisitions of NewVoiceMedia Limited and TokBox; and
- Advancement of product initiatives and improved service reliability.

Rationale and Method for Setting MBOs

2018 individual MBOs reflect the Company's continued focus on cloud communications for business markets. For 2018:

- For Mr. Masarek, targets included the optimization of UCaaS revenue growth, meeting CPaaS performance plans, achieving consolidated revenue growth, and executing on long-term positioning strategies;
- For Mr. Pearson, targets included performance against functional budget targets, long-term financial planning, execution of strategy including mergers & acquisitions and investor relations, and maximization of the cash profile of our consumer segment;
- For Mr. Wyatt, targets included driving profitable service revenue growth and increasing customer satisfaction;
- For Mr. Javid, targets included optimization of Vonage business products and driving the vision of the One Vonage platform; and

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•Mr. Fois did not have specific targets established in 2018 since he joined the company late in the year. These objectives create additional focus on our continued pivot towards the cloud communications for business markets.

Calculation of Annual Cash Bonus Awards

The annual cash bonus awards are calculated by multiplying the total bonus achievement percentages by the executive's target bonus. As shown above, the annual cash bonus payout to our NEOs with respect to the Base Metrics was 77.5%, as adjusted. Our Named Executive Officers performed well against individual MBO requirements, but did not achieve 100% of their objectives, leading to results ranging from 65% achievement to 90% achievement resulting in the following annual bonus payments:

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Annual Cash Bonus Payouts 2018

Name	Non-Equity Incentive Plan Compensation (1)	OIBDA Attainment Adjustment (2)	Total 2018 Bonus Award	Base Metric Achievement Percentage (90%), as adjusted	Individual MBO Achievement Percentage (10%)	Total 2018 Award as Percentage of Target Bonus
Alan Masarek	\$ 776,563	\$ 73,828	\$850,391	77.5 %	80.0 %	77.8 %
David T. Pearson	\$ 381,240	\$ 35,741	\$416,981	77.5 %	90.0 %	78.8 %
Dennis Fois	\$ 23,375	\$ —	\$23,375	— %	— %	— %
Kenneth D. Wyatt	\$ 215,185	\$ 19,213	\$234,398	77.5 %	65.0 %	76.3 %
Omar Javaid	\$ 172,800	\$ 16,200	\$189,000	77.5 %	90.0 %	78.8 %

(1) Reflects annual cash bonus payment prior to adjustment made to the base metric achievement percentage for OIBDA to 25% of target.

(2) Reflects discretionary bonus payment approved by the Company's Compensation Committee to reflect adjustment of the base metric achievement percentage for OIBDA to 25% achievement of the target. The Committee determined to make these awards to reflect management's focus on profitable revenues evidenced by the refusal to accept unprofitable business, leading to the shortfall to target.

These payments are reflected in the "Non-Equity Incentive Plan Compensation" and "Bonus" columns of the Summary Compensation Table.

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Long-Term Incentives

2018 LTI Program

We award a significant portion of our long-term incentive compensation in the form of performance-based restricted stock units. The number of units actually earned will be determined at the end of the three-year performance period based on relative total stockholder return performance. By linking a significant portion of our long-term incentives to three-year performance goals, we more closely align our NEOs' incentives with the long-term interests of stockholders.

2018 LTI Program

Award Type	% of Award	Vesting
Performance-based RSUs	50% (60% for CEO)	3 year cliff
Time-based RSUs	50% (40% for CEO)	Equal 3 year increments

Performance RSUs are granted subject to the following terms:

• The number of performance RSUs granted is based on a target value determined by the compensation committee. The number of performance RSUs actually earned will be based on Vonage's relative performance measured against a defined performance group consisting of telecom and technology companies we consider to be similar to Vonage, as discussed below.

The performance metric used in our program is "Total Stockholder Return" (TSR). TSR is the percentage growth in stock price over the performance period, plus dividends and adjusted for events such as stock splits. Vonage's TSR performance will be ranked against the other companies in the performance group.

• TSR is measured over a three-year performance period.

• The actual number of shares received at the end of the performance period can range from 0-200% of the target number of shares, based on the company's TSR performance during the performance period, as follows.

Payout Schedule

Percentile Ranking	% of Target Earned	
Greater than 80%	80%	200%
50	50%	100%
30	30%	50%
Less than 30%	0%	0%

Payouts are based on ranking results with linear adjustment between percentile ranks in the chart above. For example, achievement of the 65th percentile would result in 150% of the target number of shares being issued at the end of the performance period and achievement of the 40th percentile would result in 75% of the target number of shares being issued at the end of the performance period.

• Payouts are capped at 100% (target) if the company's TSR performance is negative at the end of the performance cycle, even if the company's relative TSR performance would have produced a higher payout.

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Our performance group for 2018 awards was based on companies included in our prior period performance group, with modifications approved by our compensation committee to improve relevance to our business. These modifications included (1) the removal of companies with cell tower-based business models and (2) the addition of companies in the communications or software-as-a-service sectors. Our performance group for 2018 was set as follows:

8x8, Inc.	IDT Corporation
Altice USA	Iridium Communications Inc.
AT&T Inc.	j2 Global, Inc.
ATN International, Inc.	LogMeIn, Inc.
Avaya Holdings Corp.	magicJack VocalTec Ltd.
Bandwidth Inc.	Mitel Networks Corporation
CenturyLink, Inc.	NICE Systems, Inc. Ltd.
Charter Communications	Ooma, Inc.
Cisco Systems	RingCentral, Inc.
Cogent Communications Holdings, Inc.	Shenandoah Telecommunications Company
Comcast Corporation	Spok Holdings, Inc.
Consolidated Communications Holdings, Inc.	Telephone and Data Systems, Inc.
Five9, Inc.	Twilio Inc.
Fusion Telecommunications International, Inc.	Verizon Communications Inc.
GTT Communications, Inc.	Windstream Holdings, Inc.

We believe that our long-term compensation program elevates the link between pay and performance for our NEOs and closely aligns the interests of management and our stockholders.

This list of companies differs from the group we used for 2017 grants. For 2018, in order to better align our performance group with relevant competitors, we (i) added Altice, Avaya, Bandwidth, Cisco Systems, LogMeIn, Inc., and NICE Systems, Inc. Ltd. and (ii) removed Broadsoft, Inc., Cincinnati Bell, Inc., Frontier Communications Corporation, General Communication, Inc., Lumos Networks Corp., ShoreTel, Inc., and West Corporation as they are less relevant to our direct business competition or are no longer comparable public companies.

We annually evaluate our performance group to ensure its rigor, as reflected by the inclusion of high performing technology and software-as-a-service peers.

Vesting of Prior LTI Awards

In 2018, awards made to our executives under the Company's 2015 LTI Program vested based upon company TSR performance against our peer group over the three-year period from 2016-2018. Our TSR performance for the 2016-2018 performance period was 135.90%, ranking at the 80th percentile, and equating to a 200% payout under the terms of the 2016 LTI Program. Our Named Executive Officers received the following shares pursuant to the vesting of PRSUs in connection with this performance:

Name	Shares Issued Upon Vesting of 2016 LTI Awards
Alan Masarek	946,842
David T. Pearson	375,952
Dennis Fois ⁽¹⁾	—
Kenneth D. Wyatt ⁽²⁾	—
Omar Javaid	129,958

(1) Mr. Fois joined the company in October 2018 in connection with the acquisition of NewVoiceMedia and did not receive a grant of PRSUs for the 2016-2018 performance period.

(2) Mr. Wyatt joined the company in February 2017 and did not receive a grant of PRSUs for the 2016-2018 performance period.

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2018 Annual Equity Grants: In 2018, the compensation committee approved performance and time-based restricted stock unit grants to our executive officers based on corporate performance, competitive data for the market sample, the level of the individual's responsibility, and individual contributions to Vonage. The compensation committee also considered the recommendations of our Chief Executive Officer for the other executive officers then employed by us. The number of time-based RSUs and performance-based RSUs were based on a target value determined by the compensation committee, divided by the 20-day average price of our common stock leading up to the date of grant.

Following our acquisition of NewVoiceMedia Limited, Vonage issued retention awards to certain NewVoiceMedia employees. In order to retain Mr. Fois' expertise and leadership, Mr. Fois was granted a one-time retention award of time-based restricted stock units equal to \$2 million (the "Retention Grant"). This Retention Grant vests equally on the second and third anniversaries of the NewVoiceMedia Limited acquisition closing date. In connection with Mr. Fois' employment agreement, he received \$750,000 of time-based restricted stock units, which included \$250,000 as a sign-on award (the "Employment Grant"). Subject to Mr. Fois' continued employment on each vesting date, the Employment Grant vests and become exercisable on the first, second, and third anniversaries of the date of the award. The named executive officers received the following equity awards in 2018:

Name	Number of Time-based Restricted Stock Units	Number of Performance-based Restricted Stock Units
Alan Masarek	225,352	338,028
David Pearson	93,896	93,896
Dennis Fois	253,455	—
Kenneth D. Wyatt	56,338	56,338
Omar Javaid	46,948	46,948

Stock Ownership Guidelines for Executives

Our compensation committee and board of directors have adopted stock ownership guidelines setting forth the level of ownership required to be held by our named executive officers, and certain other covered executives. Our compensation committee and board of directors believes that these requirements help to ensure the alignment of executive interests with stockholder interests and promote a focus on long-term growth. The following table reflects the stock ownership levels required for our named executive officers, which are measured on a quarterly basis:

Name	Stock Ownership Level
Alan Masarek	5.0x base salary
David Pearson	3.0x base salary
Dennis Fois	3.0x base salary
Kenneth Wyatt	3.0x base salary
Omar Javaid	3.0x base salary

Shares counted in assessing compliance with the guidelines include shares owned outright and the in-the-money value of vested stock options. Each covered executive must retain 50% of net stock options exercised or stock delivered from vested restricted stock units until the guidelines are met. Executives may be exempted from the guidelines and/or the retention requirement due to financial hardship as determined by the compensation committee in its discretion. There is no specific time period required to achieve the guidelines. Messrs. Javaid, Masarek and Pearson currently satisfy these guidelines and Mr. Fois complies with the hold requirement. During his employment at the company, Mr. Wyatt was in compliance with the hold requirement.

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Benefits and Perquisites

For 2018, Mr. Masarek received a monthly housing and commuting allowance. We have also taken steps to ensure executives' continued health and ability to render services to the Company through an annual physical program. Our incremental costs for the perquisites described above are shown in note 6 to the Summary Compensation Table. We also maintain a 401(k) savings plan, which is a tax-qualified defined contribution plan available to all of our employees. Messrs. Masarek, Pearson, Wyatt, and Javaid participated in the plan in 2018. Under the plan, an employee was permitted to contribute, subject to Internal Revenue Code limitations, up to a maximum of \$18,500 of his or her annual compensation to the plan in 2018. In 2018, we provided a matching contribution equal to 50% of each dollar contributed by a participant, up to a maximum contribution of \$6,000. The matching contributions vest after one year following the date of employment. Employee and matching contributions are based on compensation up to annual limits established under the Internal Revenue Code (the eligible compensation limit was \$275,000 in 2018). Our matching contributions for the participating named executive officers are shown in note 5 to the Summary Compensation Table. We do not provide any supplemental retirement benefits.

The Board of Directors has adopted a travel policy whereby Mr. Masarek is permitted for business travel to fly private or charter aircraft. The policy also permits Mr. Masarek to make personal use of this private air travel where incidental to business travel. To the extent Mr. Masarek makes personal use of this private air travel, this usage is considered a perquisite, and any incremental cost to the company is disclosed in our Summary Compensation Table. To the extent practicable, other employees of the company traveled with Mr. Masarek, including Messrs. Pearson, Javaid and Wyatt, during 2018.

Equity Grant Practices

The compensation committee approves all equity grants to executive officers and to other officers reporting directly to our Chief Executive Officer or our audit committee. The compensation committee delegated to our Chief Executive Officer and the ability to make equity grants aggregating up to 400,000 shares of common stock in any calendar year for new hires and promotions, and to employees at the Director level or below. These awards may not exceed 50,000 shares in any calendar year to any individual employee. For new hire and promotion equity grants made under this authority, the compensation committee has established equity award value guidelines to which our Chief Executive Officer must adhere.

In February of each year, the compensation committee considers annual equity grants. The compensation committee's practice is to approve equity grants effective on the first trading day on or after March 15.

For special grants, equity is granted on the first trading day of the month immediately following the month in which the equity grant is approved. For newly hired or promoted employees, restricted stock units are granted on the first trading day of the month immediately following the month in which the employee commences employment with us or the promotion is effective. In addition, we do not time equity grants to coincide with the release of material non-public information about Vonage.

Post-Employment Compensation

We have benefit plans, employment and letter agreements, and other arrangements for our named executive officers that provide special benefits upon certain types of termination events. The employment agreements and letter agreements provide financial security in the event the executive officer's employment is terminated without cause or his or her responsibilities are significantly diminished. The agreements also provide clear statements of the rights of the executive officers and protect them against an unfavorable change in employment terms. Absent these provisions, there is an increased risk that executive officers may be encouraged to seek other employment opportunities if they became concerned about their employment security as a result of changes to our company or in the event of a change in control. None of our current executives is entitled to an excise tax gross up upon a change in control. In addition, all equity grants made to current executives require a "double trigger" (both a change in control and termination) for payout or vesting to occur.

We believe that our change in control benefits provide appropriate incentives for the executive officers to cooperate in negotiating any change in control of Vonage without regard to the potential effect on their positions. See "Potential Post-Employment Payments" for further information regarding change in control and termination benefits under the arrangements.

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Clawback, Hedging and Pledging Policies

Incentive Compensation Recovery Policy

The company has put in place an Incentive Compensation Recovery Policy for incentive awards paid to executive officers. The policy is triggered in the event of a material restatement of the company's financial results (other than as a result of a change in accounting rules, principles or interpretations) caused or substantially caused by the misconduct of a covered officer (including our NEOs). If triggered, the compensation committee may seek to recoup the portion of cash and equity based incentive awards paid or awarded to our executive officers in excess of the awards that would have been paid or awarded based on the restated financial results to the extent permitted by applicable law. In the case of equity awards that vested based on the achievement of financial results that were subsequently modified, the compensation committee and Board may also seek to recover improper gains from the sale or disposition of vested equity awards.

Hedging and Pledging

The company's securities trading compliance policy contains prohibitions against certain types of stock-related transactions. The policy prohibits any director, officer or employee from engaging in any strategy or using any product to hedge against potential changes in the value of Vonage securities, including short selling techniques, "sales against the box", puts, calls and other derivative securities, prepaid variable forwards, equity swaps, collars, exchange funds and forward sale contracts.

In addition, except in limited circumstances, no director or officer or employee may, directly or indirectly, pledge a significant amount of Vonage securities. The restrictions include the intentional creation of any form of pledge, security interest, deposit, or lien, including the holding of shares in a margin account, that entitles a third-party to foreclose against, or otherwise sell, any shares, whether with or without notice, consent, or default.

Consideration of Say-on-Pay Voting Results

At our 2018 annual meeting, stockholders approved our Say-on-Pay vote with 85.9% support. We value the input of our stockholders on compensation and governance practices. Therefore, we have continued our stockholder outreach efforts, which are intended to ensure that management, the board, and our compensation committee understand the views of our stockholders regarding our compensation practices. The feedback received from our stockholders is considered by Management and the Compensation Committee, and while we have not made material changes to our programs for 2018, we believe our executive compensation programs contain, and do not contain, a number of important features, detailed above. To the extent action is taken with respect to our compensation policies in response to those results, we will continue to report those actions in future proxy statements.

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Section 162(m) and Other Tax Considerations

Section 162(m) of the Code limits to \$1 million the deductibility for federal income tax purposes of annual compensation paid by a publicly held company to its chief executive officer and other specified executives, unless certain conditions are met. While we may take actions to preserve deductibility of certain elements of compensation, we retain the flexibility to authorize compensation that may not be deductible if the compensation committee believes doing so is in the best interests of our company and stockholders.

The Tax Cuts and Jobs Act, enacted on December 22, 2017, substantially modifies Section 162(m) of the Internal Revenue Code and, among other things, eliminates the "qualified performance-based compensation" exception to the \$1 million deduction limit effective as of January 1, 2018. As a result, beginning in 2018, compensation paid to certain executive officers in excess of \$1 million will generally be nondeductible, whether or not it is performance-based. In addition, beginning in 2018, the executive officers subject to Section 162(m) (the "Covered Employees") will include any individual who served as the CEO or CFO at any time during the taxable year and the three other most highly compensated officers (other than the CEO and CFO) for the taxable year, and once an individual becomes a Covered Employee for any taxable year beginning after December 31, 2016, that individual will remain a Covered Employee for all future years, including following any termination of employment.

The Tax Cuts and Jobs Act includes a transition rule under which the changes to Section 162(m) described above will not apply to compensation payable pursuant to a written binding contract that was in effect on November 2, 2017 and is not materially modified after that date. To the extent applicable to our existing contracts and awards, the compensation committee may avail itself of this transition rule.

* * * * *

Summary Compensation Table

Name and Principal Position	Year	Salary (1)	Bonus (2)	Stock Awards (3)	Option Awards (4)	Non-Equity Incentive Plan Compensation (5)	All Other Compensation (5)	Total (6)
Alan Masarek Chief Executive Officer	2018	\$875,000	\$73,828	\$7,304,785		\$776,563	\$68,205	\$9,098,381
	2017	\$875,000	\$44,844	\$5,599,466		\$631,094	\$66,514	\$7,216,918
	2016	\$857,692		\$4,761,659		\$1,122,505	\$72,701	\$6,814,557
David T. Pearson Chief Financial Officer and Treasurer	2018	\$529,500	\$35,741	\$2,365,240		\$381,240	\$16,000	\$3,327,721
	2017	\$529,500	\$21,179	\$3,163,366	\$3,034,267	\$312,405	\$9,000	\$7,069,717
	2016	\$520,499		\$1,890,660		\$544,963	\$16,000	\$2,972,122
Dennis Fois President, Applications Group	2018	\$58,333	\$—	\$2,749,987		\$23,375	\$219	\$2,869,265
Kenneth D. Wyatt Chief Revenue Officer	2018	\$409,877	\$19,213	\$1,419,154		\$215,185	\$7,400	\$2,070,829
	2017	\$340,576	\$10,472	\$1,788,948		\$147,385	\$16,000	\$2,303,381
Omar Javaid President, API Platform Group	2018	\$400,000	\$16,200	\$1,182,620		\$172,800	\$17,400	\$1,789,020
	2017	\$400,000	\$9,840	\$878,345		\$138,480	\$36,054	\$1,462,719
	2016	\$400,000		\$653,557		\$251,280	\$32,654	\$1,337,491

(1) Includes salary payments to Mr. Fois for the last two months of 2018 following the acquisition of NewVoiceMedia Limited.

The bonus amounts in 2018 represent amounts awarded to reflect 25% attainment of the OIBDA target for the year (2) ended December 31, 2018, as approved by our Compensation Committee and discussed in more detail in our Compensation Discussion & Analysis.

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Stock awards consist of performance-based, time-based, and the acquisition related restricted stock units. The dollar amounts for the awards represent the grant-date fair value calculated in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718 (“FASB ASC 718”) by multiplying the number of shares of restricted stock awarded by the closing price of our common stock on the date of grant and based upon, where applicable, the probable outcome of performance conditions. Refer to “Compensation Discussion and Analysis—Long-Term Incentives” for additional information. The grant-date fair value of the stock-based awards will likely vary from the actual amount the named executive officer receives. Actual (3) gains, if any, on shares acquired upon vesting of units are dependent on other factors, including the unit holders' continued employment with us through the vesting period, the achievement of any applicable operating and financial performance conditions, the future performance of our common stock, and overall stock market conditions. There can be no assurance that the values reflected in this table will be achieved. Performance-based restricted stock unit values are based upon achievement of target performance levels. If maximum performance were achieved under 2018 performance-based restricted stock awards, the total value of 2018 stock awards for participating executives would be as follows: Mr. Masarek \$9,769,009, Mr. Pearson \$2,713,594, Mr. Wyatt \$1,628,168, and Mr. Javaid \$1,356,797.

For Mr. Fois, the value reflected in the Stock Awards column reflects the combination of Mr. Fois' Retention Award and Employment Award. See "2018 Annual Equity Grants," above.

The dollar amounts for the stock option awards to Mr. Pearson in 2017 represent the grant-date fair value calculated in accordance with FASB ASC 718. The assumptions used to calculate the value of stock options are set forth under Note 10 of the Notes to the Consolidated Financial Statements included in our Annual Report on Form (4) 10-K for the year ended December 31, 2017 filed with the SEC on February 27, 2018. The grant-date fair value of the stock option awards will likely vary from the actual value the named executive officer receives. Actual gains, if any, on shares acquired on option exercises are dependent on other factors, including the option holder's continued employment with us through the option exercise period, the future performance of our common stock, and overall stock market conditions. There can be no assurance that the values reflected in this table will be achieved.

The amounts in this column represent total performance-based bonuses earned for services rendered during 2016, 2017, and 2018. These bonuses were based on our operating and financial performance. The bonuses earned in (5) 2016, 2017, and 2018, as applicable, were paid in the first quarter of the subsequent year. Please see the section titled “Annual Cash Bonuses” in the Compensation Discussion and Analysis for more information regarding our annual cash bonus for 2018.

Also includes incentive plan payments made to Mr. Fois for the fourth quarter of 2018 pursuant NewVoiceMedia's bonus plan, which was paid to Mr. Fois in the first quarter of 2019.

(6) The amounts in this column consist of the following:

Name	Year	401(k) Match	Executive Physical Program and HSA Employer Contributions	Housing/ Relocation Expense/ Reimbursement	Travel Expense/Reimbursement	Total
Alan Masarek	2018	\$6,000	\$ 10,000	\$ 38,932	\$ 13,273	\$68,205
David T. Pearson	2018	\$6,000	\$ 10,000			\$16,000
Dennis Fois	2018	\$219				\$219
Kenneth D. Wyatt	2018	\$6,000	\$ 1,400			\$7,400
Omar Javaid	2018	\$6,000	\$ 11,400	\$ —		\$17,400

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Grants of Plan-Based Awards—2018

Name	Grant Date	Date of Corporate Action	Estimated Potential Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares of Stock or Units (3)	Grant Date Fair Value of Stock and Awards (4)
			Threshold	Target	Maximum	Threshold	Target	Maximum		
	3/15/2018	2/15/2018						225,352	\$2,420,280	
Alan Masarek	3/15/2018	2/15/2018				169,014	338,028	676,056	\$4,884,505	
		2/15/2018	\$546,875	\$1,093,750	\$2,105,469					
David T. Pearson	3/15/2018	2/15/2018				46,948	93,896	187,792	\$1,008,443	
		2/15/2018	\$264,750	\$529,500	\$1,019,288				\$1,356,797	
Dennis Fois	12/3/2018	12/3/2018						253,455	\$2,749,987	
Kenneth D. Wyatt	3/15/2018	2/15/2018				28,169	56,338	112,676	\$605,070	
		2/15/2018	\$155,925	\$311,850	\$600,311				\$814,084	
Omar Javaid	3/15/2018	2/15/2018						46,948	\$504,221	
		2/15/2018	\$159,375	\$318,750	\$613,594	23,474	46,948	93,896	\$678,399	

(1)As discussed in the Compensation Discussion and Analysis, the annual cash bonus awards are attributable to operating, financial, and individual performance measures. The amount shown in the “Target” column represents a payout at the target bonus percentage for each named executive officer's base salary. The amount shown in the “Threshold” column represents the amount payable if only the minimum level of company performance was attained for each metric applicable to the executive, which is 50% of the target amount shown above. If performance did not meet the minimum level of performance for any metric, then no bonus would have been paid. The amount shown in the “Maximum” column represents the amount payable if the maximum level of company performance was attained for all metrics applicable to the executive, which is 200% of the corporate metrics, and 125% of the individual MBO metrics of the target amount shown.

Please see the section titled “Annual Cash Bonuses” in the Compensation Discussion and Analysis for additional information including the minimum threshold, target, and maximum level of performance for each performance measure, the calculation of the award payable based upon actual performance in 2018, the amount of the award and award as a percentage of the target award opportunity, and adjustments.

The annual cash bonus payments to our NEOs under our bonus plan for 2018 are reflected in the “Non-Equity Incentive Plan Compensation” column of the Summary Compensation Table.

(2)Amounts in this column represent performance-based restricted stock units granted under our 2015 Plan. The performance restricted stock units vest on a three-year cliff basis. The number of units actually earned will be determined after the end of the three-year performance period and can range from 0-200% of the target number of shares, based on the company's TSR performance during the three-year performance period. Please see the section titled “Long-Term Incentives” in the Compensation Discussion and Analysis for additional information.

(3)Amounts in this column represent restricted stock units granted under our 2015 Plan. Generally, the restricted stock units granted under the 2015 Plan vest in equal annual installments on the first through third anniversaries. Please see the section titled “Potential Post-Employment Payments—Employment and Related Agreements” for a discussion of the acceleration of vesting of our restricted stock units in certain circumstances, including upon a change in control. For Mr. Fois, Amounts in this column represent 184,332 shares consisting of his Retention Award and 69,123 shares representing his Employment Award. See “2018 Annual Equity Grants,” above for additional information.

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(4)The value of a stock award or option award represents the grant-date fair value calculated in accordance with FASB ASC 718. Stock awards consist only of restricted stock units. Actual gains, if any, on shares acquired upon vesting of restricted stock units or option exercises are dependent on other factors, including the holder's continued employment with us through the vesting period or option exercise period, the outcome of any performance conditions, the future performance of our common stock, and overall market conditions. There can be no assurance that the values reflected in this table will be achieved.

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Outstanding Equity Awards at Fiscal Year-End—2018

Name	Option Awards				Stock Awards		Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights that Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights that Have Not Vested
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (1)	Market Value of Shares or Units of Stock that Have Not Vested (2)		
Alan Masarek	2,700,000		\$ 3.51	11/7/2024	167,323 (4)	\$1,460,730	356,643 (10)	\$3,113,493
					279,146 (5)	\$2,436,945	338,028 (11)	\$2,950,984
					225,352 (6)	\$1,967,323		
David T. Pearson	250,000	750,000	(3)\$ 6.45	5/19/2027	66,437 (4)	\$579,995	139,860 (10)	\$1,220,978
					109,469 (5)	\$955,664	150,000 (12)	\$1,309,500
					93,896 (6)	\$819,712	93,896 (11)	\$819,712
Dennis Fois					184,332 (7)	\$2,212,662		
					69,123 (8)			
Kenneth D. Wyatt					66,668 (9)	\$582,012		
					56,338 (6)	\$491,831		