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OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER, VT
05609-1001

November 16, 2009

Claire Mee, Clerk of Court
Washington Superior Court
65 State Street
Montpelier, VT 05602 Hand-delivered

Re: *In the Matter of VONAGE Holdings Corp.*
877-11-09 Wncv

Dear Ms. Mee:

Enclosed for filing with the Court please find the executed Assurance of Voluntary Compliance in the above matter. I would appreciate your returning the date stamped copy of the Assurance with the docket number noted on it.

Thank you.

Sincerely,

Sarah E. B. London
Assistant Attorney General

cc: Ky E. Kirby, Esq.
Bingham McCutchen LLP
2020 K Street, N.W.
Washington D.C. 20006

ASSURANCE OF VOLUNTARY COMPLIANCE

VONAGE HOLDINGS CORP. ("VONAGE") hereby voluntarily agrees and assures the Attorneys General of the states of Alabama, Arizona, Arkansas, Connecticut,[1] Florida, Hawaii,[2] Idaho, Illinois, Indiana, Kansas, Louisiana, Maine, Michigan, Missouri, Montana, New Hampshire, New Jersey[3], New Mexico, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee,[4] Texas, Vermont, Washington, West Virginia, and Wisconsin, and the Commonwealth of Kentucky (hereinafter "the Participating States") that, from the Effective Date of this Assurance of Voluntary Compliance ("Assurance")[5] (or from the dates otherwise specified herein), VONAGE, its affiliates, subsidiaries, predecessors, successors, and assigns, as well as any other person authorized to act on behalf of VONAGE with respect to the matters herein, shall abide by the following terms and conditions:

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[1] With regard to Connecticut, Connecticut is represented by the Commissioner of the Connecticut Department of Consumer Protection, and enters into this Assurance of Voluntary Compliance pursuant to the Connecticut Unfair Trade Practices Act, Conn. Gen. Stat. Sec. 42-110j, acting by and through his counsel, Richard Blumenthal, Attorney General for the State of Connecticut.

[2] With regard to Hawaii, Hawaii is represented by its Office of Consumer Protection, an agency which is not part of the state Attorney General's Office, but which is statutorily authorized to represent the State of Hawaii in consumer protection actions.

[3] The Assurance of Voluntary Compliance executed between New Jersey and VONAGE on June 23, 2006, and subsequently amended on November 9, 2007 ("New Jersey AVC"), remains in effect except that the business practices required under Section 2 of the New Jersey AVC are hereby superceded by the Terms of Agreement set forth in Section IV herein. Additionally, New Jersey and VONAGE hereby agree to resolve Eligible Complaints identified in Section 5.2 herein by the procedure set forth in Section H herein.

[4] Tennessee is represented by the Attorney General, but the Tennessee Attorney General's Office enters into this Assurance of Voluntary Compliance in conjunction with the Tennessee Division of Consumer Affairs.

[5] This Assurance of Voluntary Compliance shall also be considered, for all necessary purposes, an Assurance of Discontinuance.

I. INTRODUCTION

A. BACKGROUND

1.1 VONAGE is a Delaware corporation which is headquartered at 23 Main Street, Holmdel, New Jersey.

1.2 Since 2002, VONAGE has provided Voice over Internet Protocol, or VoIP service, which is a voice transmission over a high-speed Internet connection.

1.3 VONAGE currently has approximately 2.5 million subscriber lines.

1.4 Consumers can enroll and accept services from VONAGE by signing up online at www.vonage.com or by contacting VONAGE by telephone.

1.5 In order to use significant aspects of the VONAGE telephone service, consumers must have a high-speed Internet connection, a billing and shipping address, a softphone or a VONAGE phone adapter and a touch-tone telephone, and an email address.

1.6 In order to use significant aspects of the VONAGE telephone service, consumers must either have a softphone or must first receive a VONAGE phone adapter ("device") either directly from VONAGE or from a third-party vendor.

1.7 VONAGE advertises its service through the Internet, telemarketing, direct mail, newspaper, and television.

1.8 VONAGE has offered its service through "free trial" or "risk free" offers that requires consumers to cancel the service prior to the end of the free trial period to avoid certain charges and fees.

1.9 VONAGE residential service plans have ranged in price depending on whether the plan has unlimited or limited minutes, or includes additional features.

1.10 VONAGE has offered a "Money Back Guarantee" which provides that consumers who meet certain requirements will receive a refund of specified fees and charges if they cancel the service within thirty days from their subscription date.

1.11 VONAGE has represented that when consumers sign up for their service they may be able to port or transfer their current telephone number to VONAGE.

1.12 VONAGE has required that consumers who want to cancel service must do so by telephone and must first obtain a return authorization number before returning the device.

1.13 Consumers who contact VONAGE by telephone to cancel their service are directed to a VONAGE employee who is trained to assess whether the consumer has an issue that can be resolved short of cancellation. A consumer who subsequently decides not to cancel the service after speaking with a customer service representative is considered "saved" by VONAGE. Historically, VONAGE has provided compensation incentives to employees for "saving" subscribers.

1.14 The States have received numerous complaints from consumers who have claimed difficulty in attempting to cancel their VONAGE services. For example, some consumers state that they have had to wait for a long period of time in order to talk to a customer service representative. Other consumers state that they have contacted VONAGE by phone and cancelled their service, and yet subsequently received a monthly bill from VONAGE or had funds deducted from their bank accounts. Still other consumers state that difficulty in attempting to cancel VONAGE service resulted in their cancellation not being effected within a "free trial" or "Money Back Guarantee" period.

B. PARTICIPATING STATES' POSITION

1.15 The States allege that VONAGE has engaged in business practices that violate their respective consumer protection and trade practice statutes[6] (the "Consumer Statutes") by, among other things, the following acts or practices:

a. Failing to clearly and conspicuously disclose in advertisements for the offer and sale of goods and services all material terms and conditions including, without limitation:

(i) That consumers may be required to purchase other equipment in order to utilize "free" service;

(ii) That consumers may be required to agree to certain terms and conditions in order to receive "free" service;

(iii) That consumers who cancel the service within a free trial period must pay the cost of shipping the equipment back to VONAGE;

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[6] Alabama Deceptive Trade Practices Act, Alabama Code Section 8-19-1, *et seq.*; Arizona Revised Statutes Section 44-1521, *et seq.*; Arkansas Code Ann, 4-88-101 *et seq.*; Connecticut General Statutes § 42-110b, *et seq.*; Florida Deceptive and Unfair Trade Practices Act, Florida Statutes, § 501.201 *et seq.*, Hawaii Revised Statutes section 480-2(a),section 487-12; Idaho Code Sec. 48-601 *et seq.*; Illinois Consumer fraud and Deceptive Business Practices Act, 815 ILCS 505/1, *et seq.*; Indiana Deceptive Consumer Sales Act, Indiana Code 24-5-0.5-1 *et. seq.;* Kansas Consumer Protection Act, K.S.A. 50-623 *et seq.*; Kentucky Consumer Protection Act, K.R.S. 367.110 *et seq.*; Louisiana R.S. 51:1401 *et seq.;* Maine Unfair Trade Practices Act, 5 M.R.S. § 205-A *et seq.*; Michigan Consumer Protection Act, MCL 445.901 *et seq.*; Missouri Merchandising Practices Act, §§ 407.010 *et seq.* (1994); Montana Mont. Code Ann. § 30-14-101 *et seq.*; New Hampshire Rev. Stat. Ann. 358-A; New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 *et seq.*; New Mexico NMSA 1978, S 57-12-1 *et seq.* (1965); North Carolina Unfair and Deceptive Trade Practices Act, N.C.G.S. 75-1.1 *et seq.*; N.D.C.C. § 51-15-01 *et seq.*; North Dakota Century Code (NDCC) §§ 51-15-01 *et seq.*; Ohio Consumer Sales Practices Act, R.C. 1345.01 *et seq.*; Oregon Unlawful Trade Practices Act, ORS 646.605 *et seq.*; Pennsylvania Unfair Trade Practices and Consumer Protection Law, 73 P.S. § 201-1, *et seq.;* South Carolina Unfair Trade Practices Act, 39-5-10 *et seq.* (1976, as amended); South Dakota Deceptive Trade Practices Act, SDCL Ch. 37-24-6; Tennessee Consumer Protection Act, Tenn. Code Ann. § 47-18-101 *et seq.*; Tex. Bus. & Com. Code Ann. § 17.41 *et seq.;* Vermont Consumer Fraud Act, 9 V.S.A. §§ 2451-2466; Revised Code of Washington RCW 19.86.020; West Virginia Consumer Credit and Protection Act, W. Va. Code 46A-1-101 *et seq.*; Wisconsin Stat. §§ 100.18 and 100.20.

(iv) That consumers may be unable to immediately use the service with their old phone number within a free trial period because porting of the consumer's telephone number to VONAGE may take up to ten (10) days or longer;

(v) That consumers may be unable to immediately use significant aspects of the service within a trial period because consumers must wait for the device to be mailed to them which can take up to eight (8) days to receive;

(vi) That there are limitations on the time period and minutes that consumers may use during the "Money Back Guarantee;"

(vii) That there are certain fees and charges that will not be refunded upon cancellation within the "Money Back Guarantee" period;

(viii) That consumers will be charged a rebate recovery fee or a fee representing the regular price of any discounted goods or services if they cancel prior to the expiration of their service term; and

(ix) That consumers must have high speed internet to utilize VONAGE service.

b. Representing to consumers that it will take seven (7) to ten (10) business days to port their telephone number to VONAGE when, in truth and in fact, it will sometimes take well over the seven (7) to ten (10) business days as represented by VONAGE.

c. Representing to consumers that they have the option to cancel their service with VONAGE but failing to timely accept or effect the cancellation requests, resulting in consumers having difficulty in cancelling their VONAGE service.

d. Failing to properly ensure that all requests for consumer cancellations have been honored, which resulted in consumers who believed that they canceled service discovering that they were considered "saved" by VONAGE after they continued to receive a monthly bill or had funds deducted from their bank accounts.

C. RESPONDENT'S POSITION

1.16 VONAGE believes that it is, and at all times has been, in compliance with the Consumer Statutes. VONAGE further believes that its advertising materials always have been accurate and complete and always have disclosed all necessary material information, including all material information regarding the potential length of time to port telephone numbers, the use of VONAGE's service before device receipt and/or porting-in of telephone numbers, the requirement for special equipment, all requirements, limitations and exclusions relating to free use, a free trial, risk free use or the Money Back Guarantee and all material rate and fee information, clearly and conspicuously. VONAGE also believes that it has promptly and properly handled valid customer cancellation requests and properly discontinued billing after receipt of valid cancellation requests. As a matter of corporate policy, VONAGE believes it always has adhered, and continues to adhere, to pro-individual consumer and pro-business consumer business practices.

1.17 VONAGE believes it has cooperated fully with the Participating Attorneys General throughout their inquiry. Although VONAGE denies it has engaged in unlawful or otherwise inappropriate business practices, VONAGE agrees to this Assurance so that this matter may be resolved amicably, without further cost or inconvenience to the Participating States, their citizens or VONAGE, and to avoid the cost and inconvenience to VONAGE that will result if the Participating States subject VONAGE to different advertising and business requirements in each Participating State.

II. STIPULATIONS

The parties, through their respective attorneys, make the following stipulations:

2.1 VONAGE enters into this settlement without an admission that it has violated the law and for purposes of resolution of this matter only, and the Attorneys General being in agreement, accept this Assurance in termination of their investigation.

2.2 The Attorneys General have alleged certain claims under their States' consumer protection statutes.

2.3 VONAGE denies the allegations of the Participating States, and the parties agree and stipulate that neither this Assurance nor the payment of money by VONAGE to any person or entity pursuant to this Assurance constitutes an admission by VONAGE of any violation of the Participating States' consumer protection statutes, or otherwise.

2.4 The parties agree that this Assurance is being entered into for the sole purpose of compromising disputed claims without the necessity for protracted and expensive litigation and that it does not constitute an admission of any violation of any law by VONAGE, and that, in accordance with the terms of this Assurance, the parties

have agreed to settle this matter.

2.5 The Attorneys General and VONAGE agree to and do not contest the entry of this Assurance.

2.6 The corporate signatory hereto is an officer of VONAGE, is authorized to enter into this Assurance on behalf of VONAGE, has read the Assurance, and agrees to the entry of same.

2.7 This Assurance does not constitute an admission by VONAGE of jurisdiction over it by any of the Participating States, or of the propriety of venue, other than with respect to this Assurance.

III. DEFINITIONS

The following definitions are to be used for the purposes of this Assurance.

3.1 "Advertisement" shall mean any attempt, whether a written, oral or electronic statement or illustration, directly or indirectly, to induce the purchase of goods or services, whether the statement appears in a brochure, newspaper, magazine, free standing insert, circular, mailer, package insert, package label, product instructions, electronic mail, website, homepage, television, cable television, program length commercial or infomercial or any other medium. This definition applies to other forms of the word "Advertisement" including, but not limited to, "advertise" and "advertising."

3.2 "Point of Sale" shall refer to any location or transaction where VONAGE's service or products are sold.

3.3 "Clearly and Conspicuously" means that the required disclosure is in such size, color, contrast, location, duration, and audibility that it is readily noticeable, readable, and understandable. A statement may not contradict or be inconsistent with any

other information with which it is presented. If a statement modifies, explains, or clarifies other information with which it is presented, it must be presented in close proximity to the information it modifies, in a manner that is readily noticeable, readable, and understandable, and it must not be obscured in any manner.

Further:

a. For print communications, the message shall be in a type size and location sufficiently noticeable for a customer to read and comprehend it, and in print that contrasts with the background against which it appears;

b. In communications disseminated orally, the message shall be delivered in a volume and cadence and in language sufficient for a customer to comprehend; and

c. In communications made through an electronic medium (such as television, video, radio, and interactive media such as the Internet, online services, and software) in which both audio and visual means of communications are utilized for any portion of the message, the message shall be presented in either the audio or visual portions of the communication. Any audio message shall be delivered in a volume and cadence sufficient for a customer to comprehend. Any visual message shall be of a size and shade, with a degree of contrast to the background against which it appears, and shall appear on the screen for a duration and in a location sufficiently noticeable for a customer to read and

comprehend it. The message shall be in understandable language and syntax. Nothing contrary to, inconsistent with, or in mitigation of the message shall be used in any communication.

3.4 "Porting" shall mean the transferring of a telephone number from one voice communication service provider to another.

3.5 "Save" means the process, or the result of a process, employed by VONAGE to retain a customer who contacts VONAGE to cancel his or her account, but instead expressly agrees to remain a customer.

3.6 "Customer" shall mean (i) any enduser individual residing in a Participating State who has purchased VONAGE equipment or service or (ii) any business or entity formed or primarily doing business in a Participating State who has purchased generally advertised, and publicly available VONAGE equipment or service, on publicly available terms solely as an enduser. For purposes of this AVC, retailers and resellers of VONAGE equipment and services are not "customers."

3.7 "VONAGE" shall mean VONAGE HOLDINGS CORP., and its affiliates, subsidiaries, predecessors, successors, assigns, as well as any other person authorized to act on behalf of VONAGE.

3.8 "Participating States" or "Participating State" shall mean the states of Alabama, Arizona, Arkansas, Connecticut, Florida, Hawaii, Idaho, Illinois, Indiana, Kansas, Louisiana, Maine, Michigan, Missouri, Montana, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania,

South Carolina, South Dakota, Tennessee, Texas, Vermont, Washington, West Virginia, Wisconsin, and the Commonwealth of Kentucky, or any one of them.

3.9 "Effective Date" of this Assurance shall be the 16th day of November, 2009.

IV. TERMS OF AGREEMENT

A. GENERAL CONSUMER PROTECTION PROVISIONS

4.1 VONAGE shall comply with such State and/or Federal laws, rules and regulations as now constituted or as may hereafter be amended, which are applicable to all future sales and marketing of VONAGE equipment and service by or on behalf of VONAGE including, but not limited to, those state statutes identified in paragraph 1.15, footnote 6.

B. ADVERTISING

4.2 In advertising material, VONAGE shall not misrepresent, expressly or by implication, any term or condition of an offer for any of its services or products.

4.3 In addition to complying with all other provisions of any state and federal law or regulation regarding the use of the word "free,"[7] VONAGE shall, when advertising "free" service, equipment, or any other offer that utilizes the term "free," at a minimum, Clearly and Conspicuously disclose, in close proximity to the word "free," all material limitations of the term "free" including, but not limited to, a disclosure of the following, if applicable:

a. The existence of any fees or charges that must be paid to receive the "free" service, equipment or other offer;

[7] The term "free" means costing nothing or gratuitous, and includes words of similar meaning.

b. The existence of a limitation on minutes a customer may use, to the extent said limitation is distinct from the limitation on minutes in VONAGE's monthly service plans;

c. Any commitment to VONAGE service required to receive or utilize the "free" service, equipment or other offer that utilizes the term "free;" and

d. Any requirement that the customer purchase VONAGE service or equipment in order to receive or utilize the "free" service, equipment or other offer that utilizes the term "free."

4.4 When advertising a discounted service plan or discounted equipment, VONAGE shall Clearly and Conspicuously disclose, in close proximity to the offer of the discounted service plan or discounted equipment, all material limitations including, but not limited to, a Clear and Conspicuous disclosure of the following, if applicable:

a. The existence of any fees or charges solely applicable to the discounted service or equipment offer that must be paid to receive the discounted service or equipment;

b. The existence of a limitation on minutes a customer may use, to the extent said limitation is distinct from the limitation on minutes in VONAGE's monthly service plans;

c. Any commitment to VONAGE service required to receive or utilize the discounted service or equipment;

d. The time period of any discounted service plan; and

e. Any requirement that the customer purchase VONAGE service or equipment in order to receive or utilize the discounted service or equipment.

4.5 When advertising instant rebates or other rebates for VONAGE equipment, VONAGE shall Clearly and Conspicuously disclose, in close proximity to the rebate offer, all material limitations on such rebate, including any commitment to VONAGE service that is required to receive the rebate, or that is required to avoid any rebate recovery fee, for example: "Instant Rebate with 1 year of service."

4.6 When advertising "Money Back Guarantee" ("MBG"), or words of similar meaning, VONAGE shall Clearly and Conspicuously disclose:

a. The time period of the MBG;

b. The existence of a limitation on minutes a customer may use, to the extent that there is a limitation and it is distinct from the limitations in VONAGE's monthly service; and

c. A separate and distinct webpage where the customer may view all details relating to the MBG (*e.g.*, "see VONAGE.com for guarantee details").

For purposes of this Assurance, VONAGE's present MBG program is not considered a "free" offer or trial period, or discounted offer or trial period.

4.7 In advertising material, VONAGE shall not make representations such as "award winning service" or words of similar meaning, unless VONAGE received a bona fide genuine award from an independent third-party within the preceding one year period, or unless VONAGE includes the year of the award in any such advertisement.

4.8 VONAGE shall not represent that customers are entitled to "unlimited" calling, or words of similar meaning, if, in fact, there are limits on the number of minutes that a customer is permitted to use, provided however, that in investigating whether use that is inconsistent with a customer's monthly plan or that is not permitted under VONAGE's Terms of Service is occurring, VONAGE shall be able to consider the customer's number of minutes as one factor in determining whether an inconsistent or impermissible use has occurred.

4.9 If any advertising of "free" or discounted service or equipment, of rebates or of VONAGE's "Money Back Guarantee," (the "advertised offer") does not disclose all terms and conditions associated with the advertised offer, then VONAGE shall Clearly and Conspicuously disclose on such advertising a website address that the consumer may visit to view all terms and conditions associated with the advertised offer. For purposes of this Assurance, all abbreviated non-point of sale advertising including, but not limited to, online banner, sky-scraper, interstitial, floating, unicast, pop-up, pop-down, rich media, widget and search advertising, need not display the website address where material terms may be obtained, but rather may contain click-throughs or links to another page - *e.g.*, a landing page - that either provides the website address or that is the website.

4.10 With respect to advertising or marketing described in Paragraphs 4.3 through 4.9 which has been purchased, submitted or used prior to the Effective Date of this Assurance, VONAGE shall not be liable for its non-compliance with Paragraphs 4.3 through 4.9 so long as it has made reasonable efforts to locate, withdraw, or amend such advertising or marketing to comply with the foregoing requirements. VONAGE shall not be liable for failing to prevent the republication of pre-existing advertising or marketing

that does not comply with Paragraphs 4.3 through 4.9 by independent third-parties or parties who are not subject to VONAGE's control so long as VONAGE makes reasonable efforts to prevent such republication, including, but not limited to, exercising any available contractual rights, and, where no contractual relationship exists, requesting in writing that the third-party terminate the republication of such advertising or marketing.

C. POINT OF SALE DISCLOSURES OF MATERIAL TERMS

4.11 During the sale of VONAGE services and/or equipment, VONAGE shall Clearly and Conspicuously disclose all material terms and conditions of the services and equipment being purchased or to be purchased. As part of this process, VONAGE shall confirm with the customer and/or prospective customer the VONAGE service selected, its price, the need to purchase equipment in order to utilize the service, if true, and other material terms and conditions, including:

a. Features of VONAGE's service available to the customer prior to receiving the necessary VONAGE equipment unless the start of a customer's initial billing cycle coincides with the projected receipt date of the equipment or the customer's actual first use of the service;

b. Features of VONAGE's service available to the customer prior to porting to VONAGE the customer's current telephone number;

c. The conditions under which any cancellation fee will be charged and the amount of said fee;

d. If applicable, all material terms associated with the following terms and offers: "free," "Money Back Guarantee," "unlimited," "rebate," and "discounted service plan" or "discounted equipment" or words of similar meaning;

e. The requirement of high speed internet to utilize VONAGE service;

f. That VONAGE service may not be compatible with TTY; and

g. The initial date and all of the purposes that credit and debit account information that is provided at the time of initial customer contract sign-up will be utilized by VONAGE for payment.

4.12 During the sale of VONAGE services and/or equipment, VONAGE shall also inform the consumer that within two (2) calendar days following completion of the sales transaction, he/she will receive an email. Such email shall be clearly titled *IMPORTANT INFORMATION REGARDING YOUR VONAGE ACCOUNT,* and shall include no other information in the email apart from the terms in Paragraph 4.11, but may include basic instructions for setting up and activating the VONAGE equipment and service so long as such instructions do not diminish or otherwise affect the clear and conspicuous disclosure of the terms in Paragraph 4.11.

4.13 Within seventy-five (75) days of the Effective Date, VONAGE shall implement the following procedure: Within a reasonable time, not to exceed two (2) calendar days following completion of any sales transaction with a customer, VONAGE shall send to the customer an email Clearly and Conspicuously confirming the material terms of the purchase as outlined above in Paragraph 4.11, including all material terms

and conditions and any applicable equipment return policies or cancellation policies. Such email shall be clearly titled "IMPORTANT INFORMATION REGARDING YOUR VONAGE ACCOUNT," and shall include no other information in the email apart from the terms in Paragraph 4.11, but may include basic instructions for setting up and activating the VONAGE equipment and service so long as such instructions do not diminish or otherwise affect the clear and conspicuous disclosure of the terms in Paragraph 4.11. This email shall also include the time period within which a customer's MBG period will expire if applicable. If within seven (7) calendar days of the receipt of this email, a customer complains to VONAGE that the terms in the communication are different from those given at the time of sale, VONAGE shall Clearly and Conspicuously disclose and provide the customer with the right to immediately cancel his or her agreement with VONAGE without incurring any charges, including, but not limited to, any cancellation/termination fees, or monthly service fees, and without any other future obligation to VONAGE, except as provided in this Paragraph. As a part of this cancellation right, VONAGE also shall Clearly and Conspicuously disclose:

a. Any fee for reimbursement of equipment costs or recovery of equipment rebates that will be charged on disconnection and that will be refunded upon equipment return;

b. At VONAGE's election, either (if equipment return is applicable):

(i) That it will provide an appropriate shipping credit to the customer immediately on cancellation for the return of the equipment to VONAGE by parcel post. For purposes of this Assurance, "appropriate

shipping credit" shall mean a reasonable estimate based on the following factors: average distance of shipping; postal charges; and equipment weight. VONAGE shall adjust this amount in the event of a change in any of the aforementioned factors; or

(ii) That it will provide to the customer a prepaid method by which to return the equipment to VONAGE.

c. That VONAGE retains the right to investigate the customer's complaint after cancellation, and, within ten (10) days of cancellation, to charge back to the customer all credits provided to the customer as a result of his or her complaint, including, if no Money Back Guarantee offer was made or applies, the monthly service charge, if any, and the appropriate shipping credit or the prepaid shipping cost, if such credit or prepaid shipping was provided, and to apply future charges in accordance with the customer's agreement at the time the customer signed up for service, provided that such customer's account shall remain canceled, in the event that the complaint is determined to be unfounded by evidence showing that the terms agreed to during sale and contained in the sale confirmation email were the same. Such evidence shall include a recording of the sales call if the customer subscribed during a telemarketing call, and VONAGE

must maintain a copy of this recording for a minimum of three (3) years, or a copy of the terms of service and relevant website disclosures if the customer subscribed via the Internet and VONAGE must maintain a copy of the terms of service and website disclosures for a minimum of three (3) years;

d. If the customer has used VONAGE services that were not covered by, or were in excess of, permitted usage under the monthly service plan selected, then the customer will remain responsible for paying the charges and taxes associated with such use, unless the customer's complaint relates to an alleged non-disclosure that said usage was not covered or permitted under the monthly service plan selected and the complaint is not determined unfounded in accordance with the provisions of paragraph 4.13(c) above; and

e. If applicable, that if VONAGE does not receive the returned equipment within fourteen (14) days after cancellation with UPC or bar code intact, with all accessories or components and all manuals and registration cards, in original packaging and condition, reasonable wear and tear excluded, then VONAGE shall be entitled to charge back to the customer the appropriate shipping credit or prepaid shipping cost, if provided, and will not refund any reimbursement charge pursuant to Paragraph 4.13(a) above.

4.14 In the future, VONAGE may change its practices so that it does not charge customers who cancel pursuant to the provisions in Paragraph 4.13 a rebate or equipment

recovery fee at the time of cancellation, but rather an equipment or rebate recovery fee if, after the expiration of fourteen (14) days from cancellation, either the equipment is not received by VONAGE, or the equipment that is returned is not in the proper condition with UPC or bar code intact, with all accessories, components, manuals and registration cards and in the original packaging as required by Paragraph 4.13(e). In that event, VONAGE will disclose that fact in lieu of the disclosure at Paragraph 4.13(a). Further, in that event, in lieu of the disclosures at Paragraph 4.13(b) and (e), VONAGE shall disclose to the customer that after the equipment is timely returned in the proper condition with UPC or bar code intact, with all accessories, components, manuals and registration cards and in the original packaging, it will refund the customer the appropriate shipping credit to cover the customer's cost of shipping the equipment back to VONAGE via parcel post unless, or subject to its right to charge back the appropriate shipping credit if, an investigation has revealed that the customer's complaint is unfounded as disclosed in Paragraph 4.13(c).

D. CANCELLATION

4.15 VONAGE shall allow all customers to cancel their VONAGE service via telephone and shall be available for cancellation calls from Monday through Friday between 9 a.m. and 12 a.m. Eastern Standard Time, and Saturday and Sunday between 9 a.m. and 8 p.m. Eastern Standard Time, and shall ensure that telephone numbers for cancellation are sufficiently staffed so that consumers' calls are answered without unreasonable delay. VONAGE shall allow Saved customers to cancel online under the circumstances and in the manner set forth in Paragraph 4.25 below. For purposes of that Paragraph, any online method must be Clear and Conspicuous and completely electronic,

and shall include a concise form for the user to complete and submit using only a computer and Internet connection. In the sale confirmation e-mail, VONAGE shall Clearly and Conspicuously disclose to customers and/or prospective customers a valid and accessible telephone number for cancellations. Such disclosure shall also be made Clearly and Conspicuously on VONAGE's website, including in a VONAGE.com website FAQ titled "How can I cancel?" or words to that effect. It shall also appear for keyword searches of "cancel" or "terminate" on VONAGE.com, and on any VONAGE web pages which identify telephone numbers and/or addresses for VONAGE customer service.

4.16 VONAGE shall cancel service and not continue to bill any customer, or deduct any additional amounts from the customer's bank account, if that customer contacts VONAGE by telephone and expresses a desire to cancel, unless VONAGE complies with the procedures in Paragraphs 4.22 through 4.25 as of the implementation deadlines set forth therein. Provided however, VONAGE shall not be out of compliance with this Paragraph in the limited situations where:

a. A customer contacts VONAGE via telephone and expresses a desire to cancel in response to an interactive voice recognition menu, but the call is not properly transferred to retention personnel due to technical problems or to disconnection by the customer resulting in the termination of the call; or

b. If a call is prematurely disconnected due to technical reasons or by a customer who contacted VONAGE via telephone initially to cancel but who subsequently expressed to a retention agent during

the call a desire to maintain his or her VONAGE service, and that expression was not rescinded before the premature disconnection, so long as VONAGE thereafter follows the procedures set forth in Paragraph 4.25 with respect to that customer.

4.17 If a customer contacts VONAGE by telephone and expresses an intent to cancel his or her account, VONAGE shall not make any attempt to retain the customer or offer additional services until VONAGE has verified the identity of the specific customer subject to the cancellation request. Such verification shall consist of VONAGE requesting from the customer the minimal uniquely identifying information (*e.g.*, VONAGE phone number, email account, account security question, etc.) sufficient to identify and confirm proper control of the account. Such verification shall not be overly burdensome on a customer and to the extent consistent with the requirements set forth in The Communications Act, 47 U.S.C. § 222 - Privacy of Customer Information, and applicable FCC Customer Proprietary Network Information rules set forth at 47 C.F.R. §§ 64.2001 - 64.2011, shall permit a customer to provide alternative identifying information in the event that he or she has forgotten the account information.

4.18 After cancellation, VONAGE will retain a customer's telephone number for a reasonable period of time, but not longer than thirty (30) days, to enable the customer to effectively port his or her telephone number to another voice communication provider.

4.19 Within seventy-five (75) days of the Effective Date, VONAGE shall implement the following procedure: Before a cancellation call is transferred to a live retention agent, a recording will play that advises the customer that:

a. An email confirming the outcome of the customer's call will be sent within the two (2) calendar days following the call's completion; and

b. Within seven (7) days of receipt of the email, the customer must notify VONAGE via the method set forth in the email if he or she believes that the confirmation does not accurately reflect the outcome of the call.

4.20 During the cancellation process, VONAGE must Clearly and Conspicuously disclose, as part of the cancellation process and confirmation, the following:

a. Any fees or penalties and amounts that will be charged solely because of the fact of cancellation;

b. A confirmation number for the cancellation;

c. The effective date of the cancellation;

d. The fact, if true, that after cancellation the customer is entitled to continue to use his or her account under the existing terms at no additional charge, until the end of the current billing cycle, and the date of the end of the billing cycle;

e. Any requirement to return equipment to VONAGE, either as part of a contractual obligation, or in order to avoid, or receive a refund of, any fees or penalties, or to take advantage of any promotional offer or MBG;

f. If the customer is within any MBG period, the specific obligations and deadlines for the customer to receive a refund;

g. The fact that, unless the customer has obtained another form of telephone service, he or she will not have access to any telephone service and as such would not have access to 9-1-1 in the event of an emergency;

h. The specific period of time that VONAGE will retain the customer's phone number to allow that customer to port it to another voice communication provider and that, if porting does not occur during that period of time, the customer will lose the phone number; and

i. Any other fees outstanding on that account at the time of cancellation, including monthly service fees, rebate recovery fees, long distance fees, etc., except that fees and taxes for usage incurred since the customer's last bill that are not covered by the customer's monthly service plan ("excess usage fees and taxes") need not be disclosed during the cancellation call or in the Cancellation Confirmation email described in Paragraph 4.21. Rather, VONAGE will disclose to the customer during the cancellation call and in the Cancellation Confirmation email that a separate email identifying the amount of excess usage fees and taxes, if any, will be sent to the customer within seven (7) days after transmission of the Cancellation Confirmation email.

4.21 Within seventy-five (75) days of the Effective Date, VONAGE shall implement the following procedure: Within two (2) calendar days following a cancellation, VONAGE shall send to the former customer, via electronic mail, a cancellation confirmation notice which shall be Clearly and Conspicuously identified and titled "Cancellation Confirmation," and which shall contain only Clear and Conspicuous disclosures of the information in Paragraph 4.20 above, and the final amount due on the account except for amounts due for excess usage fees and taxes. If a customer cancels by porting his or her number to another voice communication provider and does not otherwise contact VONAGE regarding such cancellation, or if VONAGE accepts a cancellation via a methodology other than by telephone (*e.g.,* mail, email, fax or equipment return), VONAGE shall send the notice required by this Paragraph within two (2) calendar days following the processing of such cancellation. VONAGE has no obligation to also provide the interactive voice response ("IVR") statement and verbal disclosures set forth in Paragraphs 4.19 and 4.20 to said customers. If VONAGE affirmatively contacts a customer from whom it receives a non-telephonic cancellation request or an equipment return to confirm or ascertain the customer's intent to cancel, then the agent making the contact shall verbally provide the disclosures in Paragraphs 4.19 and 4.20 if the customer confirms a final decision to cancel.

E. RETENTION

4.22 VONAGE may attempt to retain the canceling customer prior to processing such cancellation if the retention agent expressly requests permission of the customer to try to address the customer's concerns before the customer cancels, and the customer provides his or her express consent. If consent is not provided, then VONAGE

will immediately make all of the cancellation disclosures required by Paragraph 4.20. At the conclusion of those disclosures, VONAGE may again ask the customer for permission to attempt to address his or her concerns before cancellation (*e.g.*, to Save the customer). If the customer does not give permission, then VONAGE shall immediately complete the cancellation. If at any time during retention efforts a customer expressly requests that VONAGE attempt to address his or her concerns before the cancellation is completed, then VONAGE may attempt to retain the customer. If at any time during retention efforts a customer expressly requests to have his or her account cancelled, and either expressly, or from the totality of circumstances, expresses a desire not to be retained any further, then VONAGE shall immediately process the call as a cancellation and shall make all of the cancellation disclosures required by Paragraph 4.20. VONAGE may affirmatively contact a customer from whom it has received a mail, email or fax cancellation request, an equipment return, or any other form of non-telephonic communication that requests or suggests a desire to cancel, in order to ascertain or confirm a customer's intent to cancel. In the event that the customer confirms an intent to cancel during that contact and VONAGE attempts to retain the customer, VONAGE will follow the procedures set forth in this Paragraph and Paragraphs 4.23 through 4.25 below, but the disclosure in Paragraph 4.19 shall be made orally by the agent rather than by IVR.

4.23 Prior to processing a customer's express consent to a Save, VONAGE must Clearly and Conspicuously disclose:

a. The customer's current pricing plan, including any free or discounted promotional price adjustments, if any;

b. Any effect the Save will have on the customer's ability to qualify for the MBG, free or discounted trial period, or any other promotional price adjustment;

c. A Save confirmation number;

d. The date that the customer's current billing cycle, including any free or discounted promotional price adjustments, ends; and

e. Any previously-billed outstanding balance on the customer's account at the time of the Save.

4.24 Prior to processing a Save, VONAGE shall obtain a customer's express consent to all of the following:

a. The monthly recurring plan charges the customer will incur during each billing cycle, and any cancellation fees, equipment recovery or rebate recovery fees that might apply in the future;

b. Any minimum amount of time that a customer must commit to VONAGE's services if such a minimum is imposed as a result of the customer's acceptance of a Save offer;

c. If the Save offer is for free VONAGE services, the exact date the customer will begin to incur charges, and the amount of monthly recurring plan charges the customer will incur, after the lapse of the free period; and

d. The terms and conditions of any other incentives offered to and accepted by the customer as part of the Save process.

4.25 Within seventy-five (75) days of the Effective Date, VONAGE shall implement the following procedure: Within two (2) calendar days following completion of a Save, VONAGE shall send to the customer via electronic mail, a Save confirmation notice which shall be clearly titled "Confirmation to Continue VONAGE Services," and which shall contain only Clear and Conspicuous disclosures of the information required by Paragraphs 4.23 and 4.24, and this Paragraph. The Save confirmation notice shall include a hyperlink to cancel on-line, consistent with Paragraph 4.15, and a statement that if the customer believes that the confirmation is not accurate, the customer has the right to cancel within seven (7) calendar days of receipt of the Save confirmation and, if the customer elects to do so, the cancellation will be retroactive to the date of the Save call. The online form referenced by the hyperlink may also permit the customer to elect, in lieu of immediate cancellation, to have VONAGE attempt to resolve any alleged inaccuracy in the Save offer terms by contacting the customer. If the customer elects cancellation, then VONAGE shall cancel the account retroactively to the date of the Save call and shall provide credits to the customer for any amounts that were incurred, and billed, after the Save call. Charges and associated taxes due to the customer's use of VONAGE service that was not covered by, or was in excess of, the customer's monthly service plan are charges for which the customer will remain responsible and will be billed. For customers who cancel using this online method, cancellation disclosures will appear only in their cancellation confirmation email, and the verbal disclosures of Paragraph 4.20 are not required.

F. POLICIES AND PROCEDURES

4.26 VONAGE shall adopt and enforce policies and procedures that:

a. Prohibit base or incentive compensation to any call center personnel or entities acting on behalf of VONAGE that is solely or primarily contingent upon their obtaining a minimum amount or quota of Saves unless a Save is defined as a customer who remains a VONAGE customer for ninety (90) or more days after the Save, but nothing in this provision prohibits VONAGE or entities acting on its behalf from coaching or terminating personnel based on poor retention skills; and

b. Prohibit VONAGE employees from engaging in any unfair, deceptive, or misleading conduct as described in this Assurance.

4.27 As part of these policies and procedures, VONAGE, or third-parties acting on its behalf, shall record all telephone communications in which a customer speaks with retention personnel. For any such recorded calls which result in a customer continuing to be billed or charged by VONAGE, VONAGE shall save such recordings for a minimum of three (3) years, and shall upon request of a Participating State, provide such recordings to the requesting Participating State. Furthermore, VONAGE shall continue to monitor and review a sampling of all communications for compliance with the laws of the Participating States and this Assurance.

4.28 As part of a MBG, VONAGE shall assess no fees or charges associated with cancellation (*i.e,* cancellation fees or rebate recovery fees) until after the expiration of the time period set by VONAGE for consumers to comply with all of the terms of the MBG (including the return of VONAGE equipment), unless VONAGE operates and

adheres to a policy that credits the charges to the customer's account within seven (7) days of timely return of the equipment in the condition and manner required by the MBG.

4.29 VONAGE shall require the resellers and retailers selling VONAGE branded equipment and/or service to comply with the terms of this Assurance where applicable.

G. TRAINING OF SALES AND RETENTION AGENTS

4.30 VONAGE shall train all customer service representatives, telemarketers, independent sales representatives, retention agents, independent retention agents and other employees, agents, or independent contractors who speak with customers about VONAGE's service to conduct solicitations and respond to customer inquiries in compliance with the applicable terms of this Assurance, and shall implement and enforce a program designed to ensure compliance with the terms of this Assurance. VONAGE shall further adopt and enforce policies and procedures to ensure that calls from customers are routed to proper personnel within VONAGE or to a third-party on VONAGE's behalf. This includes, but is not limited to, ensuring that cancellation calls are properly routed to cancellation/retention personnel, and that calls requiring specialized emergency dialing response are properly routed to VONAGE's 9-1-1 operations team or to other emergency personnel.

4.31 VONAGE shall modify all current and future scripts, and all current and future training materials to comply with the terms of this Assurance.

4.32 VONAGE shall ensure that, at the point of sale, all of its customer service representatives, telemarketers, independent sales representatives, retention agents, independent retention agents, and other employees, agents, or independent contractors

Clearly and Conspicuously disclose to the customer all material terms and conditions relating to VONAGE's offers, service or equipment as provided herein.

H. REFUNDS[8] TO CONSUMERS

1. ADDITIONAL DEFINITIONS

5.1 "Consumer" means any person, a natural person, individual, and to the extent permitted by state law: governmental agency or other entities, partnership, corporation, trust, estate, incorporated or unincorporated association, and any other legal or commercial entity however organized.

5.2 "Eligible Complaints" are written requests or written demands from VONAGE customers residing in the Participating States for refunds or other relief received by their Attorneys General or state regulatory agencies and that were transmitted to VONAGE from January 1, 2004, through the date within one hundred twenty (120) days after the Effective Date of this Assurance, and based on the matters addressed by Paragraph 5.7, unless, however, VONAGE confirms that the consumer has already resolved, settled or otherwise received full compensation for that specific complaint, confirms that the consumer did not incur the charges at issue, or produces evidence that is sufficient to refute the consumer's complaint. Evidence sufficient to refute a consumer's complaint includes the following: written or oral disclosures, recordings, verifications, or confirmations that satisfy the standards for the same contained within this Assurance, even if they pre-existed this Assurance, service usage that is inconsistent with the consumer's complaint, confirmation that a consumer's telephone number was not ported out to another carrier as, and when, a consumer claimed, and/or written or oral statements

[8] The term "Refund," as used in this Assurance, shall include all cash payments and credits afforded to a consumer.

or acknowledgements by a customer that a disclosure was made, that a limitation was understood or that a charge was intended to be incurred or is valid, and evidence that a consumer's complaint has been adjudicated, judicially or in an arbitral or regulatory proceeding, adversely to the consumer or has been the subject of a final dismissal or dismissal with prejudice based on the substantive merits of said consumer's complaint.[9] In circumstances in which VONAGE is not, or has not been, required to maintain such disclosures, recordings, verifications, or confirmations, VONAGE may rely on other evidence that is sufficient to refute the consumer's complaint. If VONAGE no longer maintains adequate data and/or information to assess a complaint received from one of the Participating States, the complaint shall be resolved at the discretion of the Participating State if VONAGE does not choose to provide a refund as set forth in Paragraph 5.3 below.

5.3 Notwithstanding the provisions of Paragraph 5.2, VONAGE may choose, in its sole discretion, to provide refunds to all or some complaints even if VONAGE possesses evidence that refutes those complaints such that they do not meet the criteria for Eligible Complaints set forth in paragraph 5.2. VONAGE's provision of a refund in response to any complaint shall not be construed or admitted, under this Assurance or in any judicial, arbitral, regulatory or other proceeding whether or not related to this Assurance, as an admission or evidence that the complaint is or was an Eligible Complaint, that the complaint is or was valid, or that VONAGE lacks or lacked evidence sufficient to refute the complaint.

[9] Such adverse decisions, final dismissals or dismissals with prejudice do not include those that were so resolved based on procedural deficiencies in the consumer's complaint, or because said consumer was not present at the proceeding to resolve his or her complaint.

5.4 "Attempted to Cancel Service" shall mean Eligible Consumers who allege in their written complaints that they made reasonable attempts to properly cancel service with VONAGE but were unsuccessful, resulting in the assessment of various fees by VONAGE for failing to cancel service within a specific time period.

2. REFUND PLAN

5.5 The Participating States may provide VONAGE, to the extent not already provided, with copies of Eligible Complaints.

5.6 VONAGE shall make reasonable efforts to identify Eligible Complaints that were transmitted to VONAGE before the Effective Date of this Assurance ("Previously Transmitted Eligible Complaints") and which are still in its possession. VONAGE shall complete the identification process and provide all refunds to those Previously Transmitted Eligible Complainants entitled under the provisions of this Assurance within one hundred eighty (180) days from the Effective Date of the Assurance. VONAGE may however, seek a thirty (30) day extension of time to provide said refunds to Previously Transmitted Eligible Complainants, by written request to the Attorney General of Wisconsin on behalf of the Participating States, identifying the basis for the request and the reasonable efforts that VONAGE made to meet the previously agreed upon deadline. Within sixty (60) days of receiving Eligible Complaints that are transmitted after the Effective Date of this Assurance, VONAGE shall, to the extent such Complaints have not already been resolved in accordance with this Assurance, provide responses and refunds or other appropriate relief to each consumer who made an Eligible Complaint. Again, VONAGE may seek a thirty (30) day extension of time to provide said refunds, by written request to the Attorney General of Wisconsin on behalf of the

Participating States, which states the basis for the request and the reasonable efforts that VONAGE made to meet the previously agreed upon deadline. VONAGE shall also request that its collection agencies correct or remove as appropriate any negative entries made on the credit profiles or reports of such consumers.

5.7 In satisfying the requirements above, VONAGE shall provide refunds to consumers who made Eligible Complaints in the following manner:

a. For consumers who allege that they reasonably attempted to qualify for the MBG, but were unable to do so, a refund in an amount equal to that amount to which the consumer would have been entitled had the MBG been honored including, but not limited to, the following consumers:

i. Consumers who allege they were unable to cancel during the MBG period because they were told by a VONAGE agent that there was a requirement to keep their account open with VONAGE in order to port their telephone number to another communications provider, or because VONAGE kept the account open for that purpose without telling the customer after the customer asked that the account be cancelled;

ii. Consumers who allege that they did not return VONAGE equipment to the required return address or otherwise because they did not receive proper disclosures regarding equipment return, or because VONAGE refused to accept

delivery of the equipment, or because the consumer refused acceptance of the equipment and the equipment was thus returned to the shipping address and not to the required return address;

iii. Consumers who allege they Attempted to Cancel Service, as that phrase is defined in Paragraph 5.4, during the required time period;

iv. Consumers who allege they did not receive disclosures as to the limitation on minutes during the MBG period;

v. Consumers who allege they did not receive disclosures about any other material term and condition with respect to the MBG and, as a consequence of the alleged non-disclosure(s), were not able to qualify for the MBG; and

vi. Consumers who allege they did not timely receive equipment from VONAGE to utilize the full VoIP service at any time within the MBG period.

b. For consumers who allege they were not informed of any limitations on minutes, coverage area, international usage, calls to cell phones, or other limitations under a particular service plan, which resulted in charges for usage not covered by their plan ("excess usage charges"), a refund in the amount of the excess usage charges;

c. For consumers who allege they Attempted to Cancel Service, a refund in an amount equal to the monthly service charges billed thereafter for service not used and other charges incurred as a result of the consumer's inability to cancel on the attempted cancellation date, (this includes those consumers who allege they were unable to cancel because they were told by a VONAGE agent that there was a requirement that their account be kept open with VONAGE in order to port their telephone number to another communications provider, or because VONAGE kept the account open for that purpose without telling the customer after the customer asked that the account be cancelled);

d. For consumers who allege they cancelled their service and continued to incur charges by VONAGE after alleged cancellation, a refund in an amount equal to the charges incurred after alleged cancellation;

e. For consumers who allege they paid return shipping fees for a device and/or other fees and costs that were not disclosed, a refund in an amount equal to all undisclosed fees and costs paid;

f. For consumers who allege they were not informed that they needed broadband or high speed internet service in order to utilize VoIP, and/or that other technologies were not compatible with VONAGE's VoIP service, and who Attempted to Cancel for that reason, a refund in an amount equal to any applicable monthly

service charges, fees, costs, cancellation fees, or rebate recovery fees incurred by the consumer as a result of signing up with VONAGE and then going through the cancellation process;

g. For consumers who allege they subscribed to VONAGE service but did not receive the free service, equipment and/or product offered to them by VONAGE, a refund in an amount equal to that of the free service, equipment and/or product that was offered to and accepted by the consumer but not received;

h. For consumers who allege they subscribed to VONAGE service but did not receive discounted or promotional services, equipment and/or products that were offered to them by VONAGE, a refund in an amount equal to the charges incurred as a result of not receiving the advertised discounted or promotional services, equipment and/or products;

i. For consumers who purchased a VONAGE device and allege they were not informed of the terms of a rebate offered for the device, and as a result were not eligible for and did not receive the rebate, a refund equal to the amount of said rebate;

j. For consumers who did not receive a rebate for which they satisfied all criteria and were eligible, a refund equal to the amount of said rebate; and

k. For consumers who allege they were charged for services not ordered, a refund equal to the amount of charges incurred as a result of the consumer's receipt of unordered service.

5.8 Upon request by a Participating State, VONAGE shall deliver to that Participating State a quarterly report in the format of an electronic spreadsheet, detailing each consumer complaint received by VONAGE from consumers in that Participating State. The report shall include:

a. The consumer's contact information including name, address, email address, and telephone number;

b. The date the complaint was received;

c. The disposition of the complaint, including the amount of reimbursement; and

d. Information regarding any checks that were not delivered.

In the event that checks are not successfully delivered to consumers, VONAGE shall remit those funds pursuant to each Participating State's Unclaimed Property Law. To the extent a Participating State's Unclaimed Property Law requires that VONAGE retain said unclaimed funds for a period of time prior to remitting them pursuant to the respective Unclaimed Property Law, VONAGE shall place said unclaimed funds in a separate escrow up to and until the time that they are remitted pursuant to the respective Participating State's Unclaimed Property Law.

5.9 Any Participating State that disputes the determination of whether a complaint is an Eligible Complaint, or disputes the disposition of a consumer complaint, may resubmit said complaint to VONAGE setting forth the Participating State's position,

and VONAGE shall in good faith revisit its determination of said complaint. Such Participating State will reasonably consider VONAGE's response, but in the event that a dispute remains between VONAGE and the Participating State regarding such determination or disposition, the dispute shall be resolved as determined by the Participating State unless, at VONAGE's election and cost, VONAGE appoints a neutral arbiter ("Arbiter") (to be agreed upon by VONAGE and the Participating State or, if agreement cannot be reached, to be appointed by, and in accordance with the procedures of, any organization chosen by VONAGE and the Participating State that performs mediation and/or arbitration services). For the purpose of protecting the proprietary and customer information to be provided to it by VONAGE, the Arbiter shall enter into a contractual relationship with VONAGE. The Arbiter shall request that VONAGE and the consumer provide him or her with all information that he or she deems necessary to make a full and fair refund decision. The Arbiter shall conduct a paper review of the complaints and supporting documentation. The strict rules of evidence shall not apply to the Arbiter's review. *Ex parte* communication with the Arbiter will not be allowed pertaining to any specific complaint or as to the criteria used in evaluating each complaint. In the event a neutral is appointed, the Arbiter shall determine how the dispute shall be resolved, and his or her determination shall be binding only on the Attorney General of the respective Participating State and VONAGE.

5.10 Nothing in this Assurance is intended to permit, nor do the Participating States intend to provide, an avenue for Eligible Complainants to obtain more than single restitution for any identical allegation resolved in the complaint resolution process outlined in paragraphs 5.5 through 5.9 of this Assurance.

5.11 With respect to ongoing consumer complaints received by the Attorneys General of the Participating States[10] after the one hundred twenty 120 day period from the Effective Date of the Assurance has expired, VONAGE shall:

a. Provide the Attorneys General of the Participating States with a proper mailing address, fax number, and email address to which consumer complaints may be forwarded by the Participating States;

b. Thoroughly and expeditiously review and resolve any complaint forwarded by the Attorney General of each Participating State and respond to such complaint in writing to the Attorney General of said Participating State within thirty (30) business days, if such a complaint was sent to the mailing address, fax number or e-mail address provided pursuant to sub-part (a) of this Paragraph;

c. Maintain all such complaints and responses thereto for a period of at least three (3) years; and

d. Where applicable, send corrections or updates to the consumer credit-reporting agencies.

[10] For purposes of paragraph 5.11, Attorneys General Complaints for the following states shall include complaints received by the following regulatory agencies, and by extension responses to the same shall be remitted to the respective regulatory agency:
State of Tennessee: Tennessee Division of Consumer Affairs.
State of Wisconsin: Wisconsin Department of Agriculture, Trade and Consumer Protection

I. PAYMENT TO THE STATES

6.1 Within thirty (30) calendar days of the Effective Date of this Assurance, VONAGE shall pay THREE MILLION U.S. DOLLARS ($3,000,000.00), to be divided and paid by VONAGE directly to the Attorneys General in amounts to be designated by and in the sole discretion of the States.[11] Said payment shall be used by the States as and for attorneys' fees and other costs of investigation and litigation, or for future public protection purposes, or to be placed in, or applied to, the consumer protection enforcement fund, consumer education, litigation or local consumer aid fund or revolving fund, used to defray the costs of the inquiry leading hereto, or for other uses permitted by state law, at the sole discretion of the Attorneys General.[12]

J. GENERAL PROVISIONS

7.1 VONAGE is entering into this Assurance solely for the purpose of settlement. Nothing contained in this Assurance may be taken as or construed to be an admission by VONAGE or as evidence supporting any of the allegations raised by the Attorneys General, any matter of fact or law, any violation of state or federal law, or any other liability or wrongdoing whatsoever, including without limitation an admission by VONAGE that any of its business practices are or have been unfair or deceptive, or violate or have violated any of the Consumer Statutes of any of the Participating States, all of which VONAGE expressly denies. By entering into this Assurance and agreeing to

[11] The payment set forth herein constitutes the sum total of payments to be made to the Participating States as a whole, and includes the payment to be made to the State of Wisconsin pursuant to a concomitant Consent Judgment entered into between VONAGE and the State of Wisconsin.

[12] With respect to Louisiana, said payment may be used for those consumer-related purposes as provided in Louisiana R.S, 51:1401 *et seq.*

the terms and conditions provided herein, VONAGE does not intend to waive, and does not waive, any defenses it may have in any other action or proceeding that has been or may be brought against it by any person, entity and/or agency arising from the subject matter of this Assurance.

7.2 Further, to the extent that any changes in VONAGE's business, advertising materials, and/or advertising or customer service practices are made to achieve or to facilitate conformance to the terms of this Assurance, such changes shall not constitute any form of evidence or admission by VONAGE, explicit or implicit, of wrongdoing or failure to comply with any federal or state statute or regulation or the common law.

7.3 There is no private right of action, explicit or implicit, created by this Assurance to enforce its terms; however, nothing in this assurance shall be construed as a waiver of any consumer's claims.

7.4 The subject matter of this Assurance is the issues covered by Paragraphs 4.2 through 5.10 of this Assurance and VONAGE's advertising materials, marketing, sales disclosures, and cancellation, retention and billing practices for its services that are related to the issues covered by paragraphs 4.2 through 5.10 of this Assurance. The Attorneys General acknowledge that execution of this Assurance constitutes a complete settlement and release by the Participating States of all civil claims, causes of action, damages, fines, costs, and penalties that were asserted, or could have been asserted, by the Attorneys General, either individually or collectively, on or prior to the Effective Date of this Assurance against VONAGE, and/or any of its affiliates, successors, employees, shareholders, officers, directors, agents, and/or assigns relating to, or based

on, the subject matter of this Assurance, pursuant to any consumer protection statutes or regulations reasonably construed to address advertising, marketing, sales, or cancellation, retention or billing practices that the Attorneys General are authorized to enforce, including, without limitation, the Consumer Statutes set forth in Paragraph 1.15 of this Assurance and the regulations promulgated pursuant to such Consumer Statutes, but not including any statutes or regulations not reasonably construed to address advertising, marketing, sales, or cancellation, retention or billing practices (including, without limitation, consumer credit codes, debt collection, antitrust laws, environmental laws and tax laws).

7.5 By agreeing to this Assurance, VONAGE reaffirms and attests to the truthfulness, accuracy, and completeness of all of the information VONAGE provided to the Participating States prior to entry of this Assurance. The Participating States' agreement to the Assurance is expressly premised upon the truthfulness, accuracy, and completeness of the information provided to the Participating States throughout the course of this investigation, which contains material information relied upon by the Participating States in negotiating and agreeing to the terms of this Assurance.

7.6 If the Participating States find that VONAGE failed to disclose material information, or made any other material misrepresentation or omission of facts relevant to the resolution of the Participating States' investigation, the Participating States retain the right to seek modification of this Assurance upon proper written notice to VONAGE.

7.7 VONAGE represents that it has fully read and understands this Assurance, that it understands the legal consequences involved in signing this Assurance, and that there are no other representations or agreements between VONAGE and the Attorneys

General not stated in writing herein; provided, however, that nothing in this Assurance is meant to, in any way, modify or affect the Agreed Final Judgment in Cause No. GV500657, *State of Texas v. Vonage Holdings Corp.*, 200th Judicial District, Travis County, Texas, or in the multistate Assurance of Voluntary Compliance *In the Matter of Vonage Holdings Corp.*, both of which address VONAGE's emergency dialing services.

7.8 VONAGE represents and warrants that it is represented by legal counsel, that it has been fully advised of its legal rights in this matter and that the person signing below is fully authorized to act on its behalf.

7.9 VONAGE shall provide a copy of this Assurance and an accurate summary of the material terms of this Assurance to its senior executive officers who have managerial responsibility for the matters subject to this Assurance.

7.10 Unless provided otherwise in this Assurance, VONAGE shall comply with the terms of this Assurance beginning seventy-five (75) days following the Effective Date of this Assurance, or on such later date or dates as VONAGE and the Attorneys General otherwise may agree (the "Compliance Date"). In the event VONAGE acquires or merges with another entity that is not subject to the terms of an assurance of voluntary compliance that is substantially similar to this Assurance, the Compliance Date shall be not less than nine (9) months from the date of the closing of such merger or acquisition to bring the acquired VONAGE operations into compliance with the terms hereof as applicable, provided, however, that (a) VONAGE shall not unduly delay effecting compliance with any provisions of this Assurance that can reasonably be completed prior to the end of such period; and (b) if VONAGE makes a good faith showing that it is not

commercially feasible to complete such compliance within such period, and requests an extension thereto, the Attorneys General shall not unreasonably withhold consent to such an extension of such period, provided that, and so long as, VONAGE continues to work diligently toward completion of such efforts.

7.11 This Assurance contains the entire agreement between VONAGE and the Attorneys General. Except as otherwise provided herein, this Assurance shall be modified as to any Participating State and/or VONAGE only by a written instrument signed by or on behalf of the Attorney General of that Participating State and signed by or on behalf of VONAGE. VONAGE understands that in some Participating States court approval of any modification will be necessary, and where the Assurance is filed with the court, modification must be approved and entered by the court. VONAGE and the Attorneys General for such Participating States agree to use their best efforts to obtain such court approval.

7.12 Nothing in this Assurance shall be construed as a waiver of, or limitation on, VONAGE's right to defend itself from or to make agreements in any individual or class action, state, or federal claim, suit, arbitration or other proceeding relating to the subject matter of this Assurance.

7.13 The titles and headers to each section of this Assurance are for convenience purposes only and are not intended by VONAGE or the Attorneys General to lend meaning to the actual terms of this Assurance.

7.14 This Assurance shall not be construed against the "drafter" because both VONAGE and the Attorneys General participated in the drafting of this Assurance.

7.15 As consideration for the relief agreed to herein, if the Attorney General of

a Participating State determines that VONAGE has failed to comply with any of the terms of this Assurance, and if, in the Attorney General's sole discretion, the failure to comply does not threaten the health or safety of the citizens of the Participating State and/or does not create an emergency requiring immediate action, the Attorney General will notify VONAGE in writing of such failure to comply, and VONAGE shall then have fifteen (15) business days from receipt of such written notice to provide a good faith written response to the Attorney General's determination. The response shall include an affidavit containing, at a minimum, either:

a. A statement explaining why VONAGE believes it is in full compliance with the Assurance;

b. A detailed explanation of how the alleged violation(s) occurred;

c. A statement that the alleged breach has been cured and how; or

d. A statement that the alleged breach cannot be reasonably cured within fifteen (15) business days from receipt of the notice, but

   (i) VONAGE has begun to take corrective action to cure the alleged breach;

   (ii) VONAGE is pursuing such corrective action with reasonable and due diligence; and

   (iii) VONAGE has provided the Attorney General with a detailed and reasonable time table for curing the alleged breach.

Nothing herein shall prevent the Attorney General from agreeing in writing to provide VONAGE with additional time beyond the fifteen (15) business day period to respond to the notice.

7.16 In the event that any statute or regulation pertaining to the subject matter of this Assurance is modified, enacted, promulgated or interpreted by the Federal government or any Federal agency, such as the FCC, and a court of competent jurisdiction holds that such statute or regulation is in conflict with any provision of this Assurance, VONAGE may comply with such statute or regulation, and such action shall constitute compliance with the counterpart provision of this Assurance. VONAGE shall provide advance written notice to the Attorney General of Wisconsin of the inconsistent provision of the statute or regulation with which VONAGE intends to comply pursuant to this Paragraph 7.14, and of the counterpart provision of this Assurance which is in conflict with the statute or regulation.

7.17 In the event that any statute or regulation pertaining to the subject matter of this Assurance is modified, enacted, promulgated or interpreted by a Participating State such that the statute or regulation is in conflict with any provision of this Assurance and such that VONAGE cannot comply with both the statute or regulation and the provision of this Assurance, VONAGE may comply with such statute or regulation, and such action shall constitute compliance with the counterpart provision of this Assurance. VONAGE shall provide advance written notice to both the Attorney General of Wisconsin and the Attorney General of the Participating State, of the inconsistent provision of the statute or regulation with which VONAGE intends to comply pursuant to Paragraph 7.15, and of the counterpart provision of this Assurance which is in conflict with the statute or regulation.

7.18 Notices, Compliance Reports and other correspondence to VONAGE or the Participating States as required by this Assurance will be provided to the parties at

their addresses listed in the signature blocks below unless the other party is otherwise notified.

7.19 To seek a modification of this Assurance for any reason other than that provided for in Paragraphs 7.16 or 7.17 of this Assurance, VONAGE shall send a written request for modification to the Attorney General of Wisconsin on behalf of the Participating States. The Participating States shall give such petition reasonable consideration and shall respond to VONAGE within forty-five (45) days of receiving such request. In the event that the modification request is denied, VONAGE reserves all rights to pursue any legal or equitable remedies that may be available to it.

7.20 At any time during the term of this Assurance, VONAGE shall have the right to request that one or all of the Participating States, based on VONAGE's satisfactory performance of the terms of this Assurance, terminate all or part of the provisions of this Assurance. If the request is directed to all Participating States, the written request shall be sent by VONAGE to the Attorney General of Wisconsin on behalf of the Participating States. Requests to individual Participating States shall be sent to the State's representative at the address listed in the signature blocks below. The Participating State(s) shall make a good faith evaluation of VONAGE's request and make a prompt decision, in no event more than ninety (90) days from VONAGE's request, as to whether to grant VONAGE's request. In the event that the termination request is denied, VONAGE reserves all rights to pursue any legal or equitable remedies that may be available to it.

7.21 This Assurance may be executed in counterparts and by different signatories on separate counterparts, each of which shall constitute an original

counterpart hereof and all of which together shall constitute one and the same document. One or more counterparts may be delivered by facsimile or electronic transmission or a copy thereof with the intent that it or they shall constitute an original counterpart hereof.

In the Matter of:
VONAGE HOLDINGS CORP.
Assurance of Voluntary Compliance

Dated: 13th of November, 2009.

William H. Sorrell
Attorney General of Vermont

Sarah E.B. London
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ATTORNEY FOR THE STATE OF VERMONT

Signed this 12th day of November, 2009

VONAGE HOLDINGS CORP.

By: Marc Lefar
Chief Executive Officer
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