



Covad Partners with ACN to Address Growing Demand for Bundled Local/Long Distance Voice and Data Services

New Line-Splitting Partnership Enables ACN to Combine Local & Long Distance Services with Covad High-Speed Broadband Services

San Jose, Calif. (January 9, 2004)—Covad Communications Group, Inc. (OTCBB: COVD), a leading national broadband service provider of high-speed Internet and network access, today announced a resale agreement with ACN, a competitive local, long distance, wireless, Internet access, gas and electricity service provider for consumers and small businesses.

Under this new line-splitting agreement, Covad will supply ACN consumer and small business customers with Digital Subscriber Line (DSL) broadband connectivity bundled as part of the ACN Advantage calling plan. ACN will purchase the local loop from incumbent phone companies and bundle its local and long distance services with Covad's DSL services. ACN customers will now be able to enjoy the benefits and convenience of purchasing bundled voice and broadband service from one provider.

"Our partnership with ACN to provide bundled telecommunication services further enables Covad to play a significant role in increasing broadband adoption," said Charles Hoffman, Covad president and chief executive officer. "By utilizing Covad's nationwide network, ACN now has the ability to service millions of new customers with the competitive advantage of DSL."

ACN services will be available to the rapidly growing number of ACN Advantage customers in selected states. ACN Advantage is currently available to consumers in the following 13 states where Covad offers services: California (SBC), Florida, Georgia, Illinois, Maryland, Michigan, New York, North Carolina, Ohio, Pennsylvania, Texas, Utah and the territory of Washington DC. ACN also plans new service expansion in the following 16 states where Covad offers services during the first quarter of 2004: Alabama, Arizona, California (Verizon), Colorado, Kentucky, Louisiana, Massachusetts, Minnesota, Missouri, Nevada, New Jersey, Oregon, Pennsylvania, Tennessee, Washington, and Wisconsin.

ACN President Greg Provenzano stated, "We're proud to join forces with Covad and offer consumers a fresh choice for a bundled product that can deliver local and long



distance calling services as well as DSL service. Since its launch, ACN Advantage has experienced rapid growth, and we believe that this addition to our bundled package will accelerate momentum even further.”

Covad’s nationwide network is the only national DSL footprint. Covad’s network enables Internet Service Providers (ISP) and Competitive Local Exchange Carriers (CLEC) alike to partner with Covad for their broadband needs. A growing number of companies nationwide including EarthLink, Sprint, Speakeasy, MCI, MegaPath and XO work with Covad to power their consumer and business broadband offerings.

About Covad

Covad is a leading national broadband service provider of high-speed Internet and network access utilizing Digital Subscriber Line (DSL) technology. It offers DSL, T1, managed security, hosting, IP, dial-up services and bundled voice and data services directly through Covad’s network and through Internet Service Providers, value-added resellers, telecommunications carriers and affinity groups to small and medium-sized businesses and home users. Covad operates the largest national DSL network with services currently available in 96 of the top Metropolitan Statistical Areas (MSAs). Covad’s network currently covers more than 45 million homes and businesses and reaches approximately 45 percent of all US homes and businesses. Corporate headquarters is located at 110 Rio Robles San Jose, CA 95134. Telephone: 1-888-GO-COVAD. Web Site: www.covad.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:

The statements contained in this press release that are not historical facts are “forward-looking statements,” including expectations regarding potential sales of services through ACN and the statements made by the president and chief executive officer and the assumptions underlying such statements. Actual events or results may differ materially as a result of risks facing Covad or actual results differing from the assumptions underlying such statements. Such risks and assumptions include, but are not limited to, future FCC rulemaking, Covad’s ability to continue as a going concern, to continue to service and support its customers, to successfully market its services to current and new customers, to manage the consolidation of sales to a fewer number of wholesale customers, to successfully migrate end users, Covad’s ability to generate customer demand, to achieve acceptable pricing, to respond to



competition, to develop and maintain strategic relationships, to manage growth, to receive timely payment from customers, to access regions and negotiate suitable interconnection agreements, all in a timely manner, at reasonable costs and on satisfactory terms and conditions, as well as regulatory, legislative, and judicial developments and the absence of an adverse result in litigation against Covad. Covad disclaims any obligation to update any forward-looking statement contained in this press release. All forward-looking statements are expressly qualified in their entirety by the "Risk Factors" and other cautionary statements included in Covad's SEC Annual Report on Form 10-K for the year ended December 31, 2002 and the 10-Q for the quarter ended September 30, 2003, along with Current Reports on Form 8-K filed from time to time with the SEC.

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