



Georgia Public Service Commission Preserves Line Sharing in State

Commission rules BellSouth must continue providing line sharing to Covad and other competitive carriers

San Jose, Calif. (January 16, 2004)—In ruling on a BellSouth motion Thursday, the Georgia Public Service Commission held that BellSouth must continue to provide line sharing to companies like Covad Communications Group, Inc. (OTCBB: COVD) that provide broadband Digital Subscriber Line (DSL) services to consumers and small businesses in the state.

“The Commission’s determination that BellSouth has an ongoing obligation to provide line sharing is a huge win for the citizens of Georgia, who will continue to have their choice of competing broadband DSL providers,” said Charles Hoffman, president and chief executive officer of Covad, a leading national provider of high-speed Internet and network access utilizing DSL technology.

Line sharing is one of the methods that Covad and other competitive DSL providers use to deliver DSL broadband service to end-users. Through line sharing, competitors can provide DSL service over the same telephone line that end-users use to receive telephone service from their local phone company

The Commission based its ruling on Section 271 of the Telecommunications Act of 1996, which sets conditions for the former Bell monopolies to provide long-distance services. The Commission’s order states:

“Even though line sharing is no longer a UNE, BellSouth still must provide it pursuant to the transitional mechanism ordered by the FCC and Section 271 checklist item 4.”

“The Commission’s decision is a clear signal that the Bells will be held to the legal obligations that apply to their provision of long-distance services,” added Hoffman. “Of course, Covad’s preference is to sign negotiated agreements with the phone companies to utilize line sharing. However, the Commission’s action demonstrates the importance of the regulatory process as a backstop to protect consumers and competition.”



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 network expansion, increased revenue 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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