



## **Small Business Broadband Use Rising: More Than 65 Percent Using Broadband; 53 Percent with Dial-up Considering Upgrading to Broadband Because Dial-Up Too Slow**

### ***Covad and Sprint Release Joint Survey on Industry Trends***

**San Jose, Calif. (January 22, 2004)**—Indicating a rapid and recent rate of broadband adoption among small businesses, a survey shows that a majority (66 percent) of respondents use broadband high-speed Internet access, with 39 percent of these small businesses adopting the technology in the past two years. Of the 32 percent of small businesses still using dial-up, 53 percent said they would consider upgrading to broadband because dial-up is too slow to meet their business needs. The survey was commissioned by Covad Communications (OTCBB: COVD) and Sprint (NYSE: FON, PCS).

Small businesses represent more than 99.7 percent of all employers in the United States, according to the Office of Advocacy of the United States Small Business Association. "Our survey with Sprint shows that small businesses are clearly seeing the productivity benefits of broadband," noted Charles Hoffman, president and CEO of Covad. "As they continue to find that broadband is a critical ingredient to business success, we are working with partners such as Sprint, to make broadband better for this vast and growing segment."

Survey respondents that currently have broadband cited that the top three changes to their business due to the high speed Internet were increased workplace efficiency, increased employee productivity, and an enhanced ability to compete. Of these top three answers given, 40.7 percent of respondents agreed that broadband most impacted their business by increasing workplace efficiency.

The nationwide survey, conducted in December 2003, polled 479 telecommunications decision makers at small businesses, 93 percent of which had 50 or less employees. Of the businesses surveyed, more than half have annual sales revenues of \$500,000 or less.

Equation Research, a full service market research firm specializing in online research, conducted the survey. The study took place from November 13 to December 1, 2003.



## **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 business 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](http://www.covad.com).

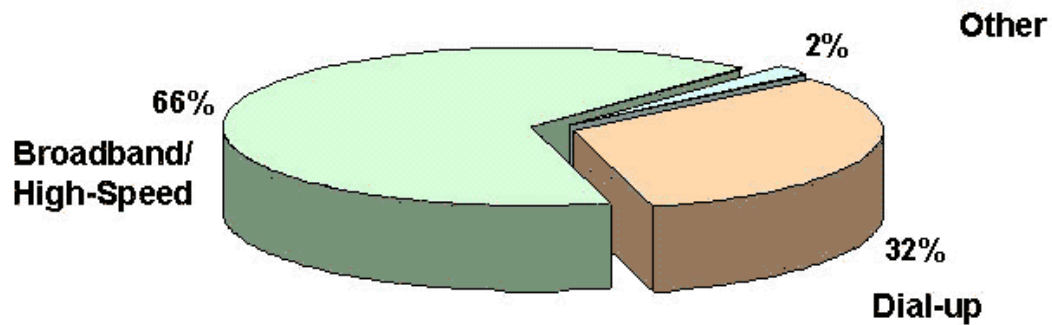
## **Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:**

The statements contained in this press release that are not historical facts are "forward-looking statements," including expectations regarding expanded services 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.

***Which of the following best describes your company's Internet access?***  
*(Base: Qualified respondents)*



Small business survey commissioned by Covad and Sprint

**How has broadband/high speed Internet access changed the way your company does business?<sup>3</sup>**

*(Base: Use broadband or high speed Internet access)*

*Multiple responses allowed*



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