



## **Covad Announces Voice Over Internet Protocol (VoIP) Deployment Plans**

### ***Internet Voice Offering to Include Business and Consumer Products***

**San Jose, Calif. (February 9, 2004)**—Covad Communications Group, Inc. (OTCBB: COVD), a leading national broadband service provider of high-speed Internet and network access, today announced plans to offer Voice over Internet Protocol (VoIP) services to business customers and consumers. Complementing its diverse broadband portfolio for small- and medium-size businesses and consumers, Covad plans to begin rolling out VoIP services to the majority of the country's top Metropolitan Statistical Areas (MSAs) by the fourth quarter of 2004.

VoIP enables people to use the Internet as the transmission medium for local and long distance telephone calls instead of the public switched telephone network. According to a report from Stratecast Partners, by 2007 the U.S. VoIP market is forecast to grow to more than five million subscribers, a five-fold increase over 2002 levels. VoIP technology will enable businesses and consumers to significantly cut costs of telephone services while retaining the ease-of-use of the common telephone.

"Today there is no VoIP service provider in the market who has all of Covad's capabilities and infrastructure assets. From our national last-mile broadband network to our automated provisioning, support, and billing, we believe we can leverage many of our core competencies to become a leading turnkey VoIP solution provider in the United States," said Charles Hoffman, president and chief executive officer of Covad. "Broadband access is at the very core of VoIP services delivery and Covad is in a unique position to participate in the market thanks to our nationwide broadband network that covers 45 million homes and businesses and is engineered to support a data-based service like VoIP. It is a natural extension of Covad's existing infrastructure.

"While many VoIP competitors are forced to deliver a best-effort service over a third-party broadband network, we have the ability to guarantee the quality of our voice service from end to end because Covad owns the network," Hoffman added. "Unlike other VoIP providers who might leave it up to the end user to install and support this new technology, we are able to offer turnkey solutions. Our partners will also be able to utilize our VoIP services and package them in conjunction with broadband."



In addition to providing VoIP services directly to its customers and turnkey solutions for wholesale partners, Covad has made and will make investments in its broadband network to support the market entry of its wholesale partners offering their own VoIP products. This includes quality of service (QoS) standards and service level agreements (SLA) to ensure that partners' VoIP offerings are of the highest quality.

Covad intends to initially launch three VoIP products targeted at business customers:

- Basic Voice
- Small Office/Home Office (SOHO) Voice
- Virtual PBX for Enterprise users needing a virtual Private Branch Exchange

A consumer VoIP offering will quickly follow after the launch of Covad's business VoIP services

All three voice products will include unlimited local calling with the option of either bundled domestic long distance minutes, or unlimited domestic long distance calling. These products will support international and inbound toll-free calling. Local number portability, emergency 911 and directory assistance will be standard features. The products will be bundled with Covad's broadband Internet access, web hosting, and corporate e-mail hosting services.

Covad plans to offer VoIP through its direct sales channel as well as agents, resellers and its wholesale partners. The company will be in market trials by mid-year with rollout of VoIP services by the fourth quarter of 2004.

### **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](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 Covad's deployment of VoIP and related services and capabilities 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, Covad's ability to continue to service and support its customers, to successfully market its services to current and new customers, to maintain competitive pricing, manage the consolidation of sales to a fewer number of wholesale customers, to respond to competition, to develop and maintain strategic relationships, to manage growth, 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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