



Covad Announces Expansion of Its National Covad Broadband Entrepreneur Program

More than 95 Microentrepreneurs Received Free Broadband Service in Program's First Year

San Jose, Calif. (February 25, 2004)—Covad Communications Group, Inc. (OTCBB: COVD), a leading national broadband service provider of high-speed Internet and network access, today announces the expansion of the Covad Broadband Entrepreneur Program (CBEP), its national community outreach program, which reached more than 95 minority, women, and disabled microentrepreneurs in 2003.

"The response we received in the program's first year has been overwhelming," said Charlie Hoffman, president and chief executive officer of Covad. "The free access to broadband communications enhanced all types of businesses including non-profits, retail establishments, and medical service organizations. After seeing these results, we felt we had to expand the program this year."

In 2003, the Covad Broadband Entrepreneur Program, created in collaboration with the Association for Enterprise Opportunity (AEO), provided both monetary and Covad broadband service grants to local microentrepreneurs in Arizona, California, Illinois, Massachusetts, Michigan, New Mexico, Pennsylvania, and Tennessee. In 2004, the program will expand to five additional states including Colorado, Florida, Georgia, Texas and Virginia.

Specifically, in the program's first year, Covad worked with 10 local non-profit organizations who work to support micro-lending and entrepreneurship and in 2004 Covad will expand to 16 organizations. More than 95 microentrepreneurs were selected to receive a \$500 grant and complimentary Covad broadband service, worth up to \$928, for one year. The majority of these microentrepreneurs were in business less than two years and the broadband service assisted in providing quicker and more reliable access to their Web sites, email contact with customers and business information. In most cases, the cash award was used to purchase new computers and equipment to maximize the use of their broadband grant.



A microenterprise is a business with five or fewer employees, \$35,000 or less in start-up capital and without access to the traditional banking sector. A study published by the ACCION Network in 2002 reported that there were approximately 13 million microentrepreneurs in the United States in 1999.

"Covad has come up with a practical approach to quick and effective philanthropy with the Covad Broadband Entrepreneur Program," said Bill Edwards, executive director, AEO. "By working with AEO and some of our members around the nation, Covad is providing critically needed money and broadband access to microentrepreneurs across the United States. In addition, individual Covad employees are volunteering to assist some of these struggling businesses to be more successful. Through this program, Covad is impacting the lives of hundreds of low and moderate income Americans and is a corporate role model in community development."

Covad also announced the 2003 Covad Broadband Entrepreneur Program of The Year Award given to the outstanding local non-profit organization responsible for awarding the Covad grants to local microentrepreneurs in its community. The 2003 award goes to Start-Up, an East Palo-Alto based organization dedicated to enriching its community by assisting microentrepreneurs. The organization will receive a \$5,000 grant from Covad. Start-Up plans to use the funds in part to support the extended IT needs of their 12 CBEP award recipients. In addition, the money will also be used to support advanced training and technical assistance services, including those designed to ensure that CBEP clients maximize their use of Covad broadband service and online resources to improve their business operations.

For more information regarding the Covad Broadband Entrepreneur Program please visit <http://www.covad.com/companyinfo/communityoutreach.shtml>.

For more information about the Association for Enterprise Opportunity please visit <http://www.microenterpriseworks.org>.

About the Association for Enterprise Opportunity

AEO is the national member-based association for the microenterprise development industry. Members include a wide range of organizations, from microenterprise development programs like Start Up, to community development corporations, Community Action Agencies, small business development centers, housing and social



service organizations and others. AEO's mission is to support the development of strong and effective U.S. microenterprise program to assist underserved entrepreneurs in starting, stabilizing and expanding businesses. For more information about AEO, visit, www.microenterpriseworks.org.

About Covad Communications

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.

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 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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