



## **Covad Endorses Phased Transition to Facilities-Based Telecom Competition**

**San Jose, Calif., (May 3, 2004)**—Covad Communications Group, Inc. (OTCBB: COVD), a leading national broadband service provider of high-speed Internet and network access, today announced support for a phased approach to the migration of UNE-P customers to facilities-based competition using unbundled local loops (UNE-L) over the next few years.

"To date, the debate over UNE-P has focused on continued access to and pricing of the existing UNE-P platform for local competition," said James Kirkland, general counsel and senior vice president for Covad. "It is clearly critical that the consumers served by this platform, which many of our partners use, not be subject to disruption of service or rate shock. It is equally critical that commercial arrangements provide for a reasonable transition to alternative facilities-based forms of competition using unbundled local loops in conjunction with competitive carrier facilities.

"AT&T's recent proposal provides a thoughtful framework for further dialogue and commercial negotiations on these issues, and we hope that the incumbent phone companies will give it serious consideration."

Covad has extensive experience working with UNE-L, which is the last-mile wire from the customer premise back to the central office. More than 166,000 Covad subscribers are currently provisioned through UNE-L to receive business-class broadband services that account for the majority of Covad's revenue.

Covad President and Chief Executive Officer Charles Hoffman said: "Covad is in a unique position to be able to help our partners, including AT&T, to achieve their objectives of preserving competition and customer choice through successful facilities-based transitions. This cannot, however, be accomplished overnight. Based upon our experience provisioning UNE-L facilities, Covad agrees with AT&T that an important part of the transition from UNE-P to UNE-L involves the Bell companies implementing processes to smoothly move customer lines from their own switches to the switches of competitors like Covad and AT&T.



“We stand ready to work with our partners and the phone companies to take this important next step in ensuring that competitors and the phone companies can vigorously compete in the marketplace, not the regulatory arena.”

### **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, hosting, managed security, IP and dial-up, 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 services are currently available across the nation in 44 states and 235 Metropolitan Statistical Areas (MSAs) and can be purchased by more than 57 million homes and businesses, which represent over 50 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).

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