



Frost & Sullivan Honors Covad Communications with 2004 Customer Value Enhancement Award

Boston, Mass. and San Jose, Calif. (July 15, 2004)—For its outstanding success in significantly enhancing value to existing customers through expanded product offerings and product bundles, Covad Communications, a national provider of integrated voice and data communications, has earned Frost & Sullivan’s prestigious 2004 Business Telecommunications Services Customer Value Enhancement Award.

This award recognizes Covad’s exceptional capabilities in providing services that help address the needs of a diverse client base more accurately than competing vendors while developing partnerships and alliances, when necessary, to bring greater value to its customers. Through these value-generating strategies, Covad has been able to considerably enhance customer interaction and satisfaction.

Between December 2002 and December 2003, the company’s subscriber base increased by 36 percent. In 2004, Covad is continuing to expand its network presence across the United States by 10 percent, increasing revenue, market share, and customer “mind share”.

Committed to improving overall customer experience, Covad offers a wide range of services such as providing enhanced support to tier one business clients and proactively helping customers familiarize themselves with their broadband services. This level of customer service delivers greater customer value while reducing potential churn rates, a critical success factor in the intensely competitive business broadband market.

“Frost & Sullivan realizes that Covad is making customer service a key priority and sees the ability to enhance customer value as a driving force for the company’s success going forward,” observes Frost & Sullivan Information and Communications Technologies Vice President Joe Fristensky.

Moving beyond broadband solutions, Covad is expanding its product portfolio to include voice over Internet protocol (VoIP) as well. This product bundling strategy gives it an excellent opportunity to retain existing customers as well as attract new ones. Additionally, offering VoIP services through its fully owned and operated nationwide network allows the company to provide exceptional quality of service



(QoS) and eliminates the need of a third party or ILEC voice provider which will help Covad maximize efficiency, scale and pass on significant cost savings to customers.

Covad's acquisition of GoBeam, a market-proven VoIP solution, is a key development in this regard. This acquisition is expected to attract new set of customers and speed up Covad's time-to-market for VoIP offerings. Most importantly, Covad will be strategically positioned to cater to customers' varied needs by offering a "one-stop-shop" bundled solution comprising both VoIP and broadband.

Numerous partnerships and new channels have helped expand the avenues through which Covad offers its broadband services.

"Frost & Sullivan is impressed by Covad Communications ability to bring greater value to telecommunications customers," says Fristensky. "Through its broadband offerings, emerging VoIP offerings, and market expansion, Covad is sure to continue improving customers' experience and business capabilities."

Held in Boston, the Frost & Sullivan banquet honored world-class companies for outstanding performance and achievements in customer care. An annual event, the banquet recognized the quality and merit of distinguished individuals and companies.

About Covad Communications

Covad is a leading nationwide provider of integrated voice and data communications. The company offers DSL, voice over IP, T1, Web hosting, managed security, IP and dial-up, and bundled voice and data services directly through its network and through Internet Service Providers, value-added resellers, telecommunications carriers, and affinity groups to small and medium-sized businesses and home users. Covad broadband 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 United States homes and businesses. Its corporate headquarters are located at 110 Rio Robles San Jose, CA 95134. Telephone: 1-888-GO-COVAD. Web Site: www.covad.com.

About Frost & Sullivan

Founded in 1961, Frost & Sullivan is recognized as a global leader in growth consulting. Frost & Sullivan Awards are presented to companies that demonstrate excellence in their industry, commending the diligence, commitment, and innovative



business strategies required to advance in the global marketplace. Frost & Sullivan rigorously analyzes specific criteria to determine award recipients in a vast variety of market industries and landscapes. For further information, visit www.frost.com.

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