



Covad Launches Voice over IP Services Based on Cisco Equipment that Provides Enhanced Performance to Customers Nationwide

Covad Joins Cisco Powered Network Program

San Jose, Calif. (August 31, 2004)—Covad Communications Group Inc. (OTCBB: COVD) a leading national provider of integrated voice and data communications, today announced that it is offering business-class Voice over IP (VoIP) services based on Cisco equipment to business customers nationwide. In addition, Covad VoIP business-class service has earned the Cisco Powered Network designation.

Covad VoIP services are managed end-to-end, offering small and medium businesses an unparalleled suite of services and quality of service. Both of Covad's business-class VoIP services, vPBX and PBXi include the industry-leading Cisco 3662/5350 Gateway, Cisco 7600 Series Routers and Cisco Catalyst 3550 Switches.

A few of the key advantages that Covad VoIP service brings to small businesses include:

- Reduced costs by combining telecom and broadband services
- Easy-to-use, Web based tool to manage communications
- A one-vendor service
- Feature updates automated, no upgrades necessary

"We chose Covad VoIP service because their nationwide network can accommodate our growing communication needs," said Curt Scott, vice president of information technology at American West. "We have seen an increase in productivity and improved communication between employees and customers due to the features we now have at our fingertips. The return on our investment is the best proof point of all."



"Managed network services are the foundation for delivering business solutions that will provide our customers with the end-to-end performance and reliability that they require over an IP network," said Bill Jarvis, senior vice president of voice for Covad. "By deploying Cisco's market-leading technology, we will be able to roll out our new VoIP services to over 100 markets by the end of year."

"Covad's participation in the Cisco Powered Network program demonstrates to individuals and businesses its commitment to providing industry-leading services that are based on Cisco solutions," said Kirt Jorgenson, director of service provider marketing for Cisco. "Covad also benefits from its Cisco Powered Network designation through joint marketing and technology sharing with Cisco."

About Covad

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 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 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 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.

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The foregoing contains "forward-looking statements" regarding expected financial and operating results, as well as other matters, which are based on management's current information and beliefs as well as on a number of assumptions concerning future events made by management. Readers are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of uncertainties and other factors, many of which are outside Covad's control that could cause actual results to differ materially from such statements. These risk factors include the impact of increasing competition, pricing pressures, consolidation in the telecommunications industry, and uncertainty in telecommunications regulations and changes in technologies, among



other risks. For a more detailed description of the risk factors that could cause such a difference, please see Covad's 10-K, 10-K/A, 10-Q, 8-K and other filings with the Securities and Exchange Commission. Covad disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This information is presented solely to provide additional information to further understand the results of Covad.

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