



Covad Announces New Rebate Offer For T1 Service

New T1 Customers Eligible For \$2,005 Cash Back in 2005

San Jose, Calif. (January 12, 2005) — Covad Communications Group (OTCBB: COVD), a leading provider of broadband voice and data communications, today announced substantial cash-back savings on T1 TeleXtend SM services throughout its nationwide network.

In celebration of the New Year, Covad is offering new customers a rebate incentive of \$2,005 cash back with the purchase of Covad T1 TeleXtend 1.5 service with a two-year contract before March 31, 2005. Prices for Covad T1 TeleXtend 1.5 begin as low as \$499 per month. Covad T1 TeleXtend has symmetrical speeds (same upload as download) and is available in full or fractional speeds to fit budget and performance requirements. More information is available at <http://www.covad.com/blp/covadt1/>. "We understand that businesses are very cost conscious when purchasing broadband connectivity," said Debbie Jo Severin, vice president of marketing for Covad. "Covad's \$2,005 cash back rebate is designed to allow new customers the option to make an investment back into their business, whether it's used to offset networking costs or to purchase other business service tools."

Covad's T1 TeleXtend has a 99.99% service availability guarantee and a four-hour Service Level Agreement (SLA), with service credits provided for missed targets. As with all Covad T1 services, customers have access to a dedicated toll-free hotline with 24x7 live technical support.

Covad T1 access opens businesses up to the possibility of next generation communication services, such as Covad VoIP. A single Covad T1 TeleXtend 1.5 connection can support about 34 simultaneous voice calls without compromising sound quality. This is roughly enough call paths to support about 80 average business users. Covad VoIP can save businesses up to 40 percent in recurring communication costs and can substantially increase employee productivity.

Covad's T1 TeleXtend services continue to offer priority routing on Covad's nationwide network, simple online account management, free basic email and Web hosting.



For more information on all of Covad's services and additional terms regarding the rebate, visit www.covad.com.

About Covad

Covad is a leading nationwide provider of broadband 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", such as the number of metropolitan areas where Covad VoIP will be available, 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, 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-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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