



Covad to Conduct Trials of Next-Generation DSLAM Technology Supporting New Competitive Choices for Local and Long Distance Service

Line-Powered Voice Trials to be Conducted in Atlanta, Denver, San Jose using Nokia and Zhone DSLAMs

San Jose, Calif. (January 13, 2005) — Covad Communications Group, Inc. (OTCBB: COVD), a leading national provider of integrated voice and data communications, will begin trials in the next 30 days of line-powered voice access that would enable Covad strategic partners to offer local and long distance voice services to their customers in competition with the local telephone companies.

Line-powered voice access is made possible by next-generation Digital Subscriber Line Access Multiplexer (DSLAM) technology that enables fast deployment of new value-added services and provides the foundation for services in a next-generation broadband network. Nokia (NYSE: NOK) and Zhone Technologies (Nasdaq: ZHNE) are providing the new DSLAMs and voice cards to be used in the trials.

Line-powered voice access will offer an alternative to competitive local exchange carriers (CLECs) to transition lines off the Bell's UNE-P voice service platform and onto Covad's nationwide UNE-L network. Customers will have the potential to choose an alternative to the local phone company and receive basic local and long distance voice services, other Voice over Internet Protocol (VoIP)-enabled advanced services, and DSL bundles from competing brands. Line-powered voice access marries the usability of traditional phone service with the advanced features of VoIP, while allowing CLECs to leverage the cost efficiencies of VoIP in their networks. The trial will be conducted in the first half of 2005 in Atlanta, Denver and San Jose. Covad plans to offer the service commercially in the second half of 2005.

"Line-powered voice access will allow Covad to provide CLECs and their customers around the country a facilities-based alternative to the local phone companies' UNE-P platform for voice services," said Charles Hoffman, president and CEO of Covad Communications. "Covad's facilities-based nationwide network allows us to offer our partners a competitive edge by providing the ability to continue providing their customers an alternative to the local phone companies for voice and communications services."



The Nokia and Zhone DSLAMs and line cards enable line-powered voice access by taking the analog voice signal from a customer's basic telephone and converting it into digital form at the Covad central office where the DSLAM is located. The digital signal is then transported over Covad's nationwide facilities-based broadband network and connected to any telephone on a VoIP network or the Public Switched Telephone Network (PSTN) managed by the local phone companies.

This system of service delivery means that line-powered voice access provides a full primary telephone line replacement service. Most importantly, it is powered at the central office, just like traditional local service, ensuring continued phone service during a power outage. Also, it allows customers to use their existing phones and inside wiring, and avoid time-consuming and costly installations.

Unlike DSL broadband service, line-powered voice access is not distance sensitive. That means Covad's nationwide network will, in the future, be able to serve 40 percent more customers with basic voice services in the current Covad footprint.

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

About Nokia

Nokia is a world leader in mobile communications, driving the growth and sustainability of the broader mobility industry. Nokia connects people to each other and the information that matters to them with easy-to-use and innovative products like mobile phones, devices and solutions for imaging, games, media and businesses. Nokia provides equipment, solutions and services for network operators and corporations. Web Site: www.nokia.com.



About Zhone

Zhone (NASDAQ: ZHNE) designs and manufactures network equipment for network operators worldwide. Zhone's products allow network operators to deliver a rich array of voice, data, video, and entertainment services over their existing networks while simultaneously retooling for converged packet based voice (VoIP) and video (IPTV) over copper or fiber access lines.

Zhone's advanced networking solutions include the Single Line Multi-Service architecture (SLMS™), Multi-Access Line Concentrator (MALC™), Raptor™ ATM/IP DSLAMs, Zhone Residential Gateways (ZRG™), GigaMux™ Optical Transport Systems and Zhone Management System (ZMS™). With over one million subscriber interfaces shipped and deployments at over 300 carriers including among some of the world's largest networks, Zhone has enabled network operators to reinvent their businesses. Web Site: www.zhone.com

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The foregoing contains "forward-looking statements" which are based on management's current information and beliefs as well as on a number of assumptions concerning future events made by management. Examples of "forward-looking statements" include our plans to offer line powered voice and related services. 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, our ability to successfully deploy a line powered voice service and compete with other providers of voice services, 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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