



Covad Introduces Enhanced VoIP Services for Businesses with PBX and Key Systems

Covad PBXi Voice Service Delivers VoIP Advantages and Savings Without Abandoning Existing Telephone Equipment

San Jose, Calif. (July 13, 2005)—Covad Communications Group, Inc. (OTCBB: COVD), a leading nationwide provider of integrated voice and data services, today announced Covad VoIP PBXi Voice Service, a business-class Voice over Internet Protocol (VoIP) service that leverages existing on-premises phone equipment while providing significantly lower operating costs.

According to IDC, approximately 85 percent of small- and medium-sized businesses have invested in on-premises phone systems in order to support their growing employee base and expanding telecommunication needs. Covad VoIP PBXi Voice Service enables businesses to utilize their existing on-premises telephone system and gain significant cost advantages VoIP provides. By protecting their Private Branch Exchange (PBX) or key system investment, businesses have no up-front capital expenses to integrate Covad VoIP PBXi Voice Service.

“While a fully managed VoIP service may be ideal for many businesses, some business owners still want to retain their existing phone system and reduce their telecom operating expense by up to 25 percent,” said Jeff Ahlquist, vice president, corporate development for Covad. “For those businesses, Covad VoIP PBXi Voice Service is an ideal fit. It allows them to retain their equipment investment, reduces monthly fees and positions them to easily adopt next-generation VoIP once they are ready.”

Covad VoIP PBXi Voice Service seamlessly integrates into business phone systems because all the original handsets, phone numbers and equipment are retained. The business customer experiences the same sound quality and user model they are accustomed to, making usability simple.

“Installation and set-up of Covad PBXi Voice Service was simple, and there was no learning curve for my employees because we are using all the same phone equipment,” said Ken Moss of Berkel Midwest, a Covad VoIP PBXi Voice Service customer. “Now that we have both voice and data traveling on a T1 line, we have



experienced even more savings and fewer problems because we only have to work with one provider, Covad, for all our sites.”

William Stofega, research manager of voice services for IDC, said: “Covad VoIP PBXi Voice Service allows businesses to keep their premises-based equipment while introducing them to the advantages of VoIP. Once the customers’ PBX or key system reaches the end of its seven to nine year life-cycle, Covad has an excellent opportunity to easily migrate that customer to their hosted VoIP service that offers advanced communications features to keep their business efficient.”

Covad VoIP PBXi Services are available in four bundles designed for businesses with five to 100 employees per location. A key enhancement of Covad VoIP PBXi is its ability to directly integrate with PBX or key systems using a Primary Rate Interface (PRI) or analog interface. This provides Covad the ability to reach a larger number of businesses with the cost advantages of VoIP.

The four Covad PBXi Service bundles are:

Covad PBXi Analog I—Supports up to 8 analog ports/trunks on the PBX. This package includes 5,000 local and long distance minutes per month. Typical number of employees per site is 5-30.

Covad PBXi Analog II—Supports up to 16 analog ports/trunks on the PBX. This package includes 10,000 local and long distance minutes per month. Typical number of employees per site is 30-60.

Covad PBXi Digital I—Supports one T1 and one PRI interface on the PBX. Package includes 15,000 local and long distance minutes per month. Typical number of employees per site is 60-100.

Covad PBXi Digital II—Supports two incoming T1’s and one PRI interface on the PBX. Designed for businesses with high data bandwidth requirements. Great for locations that serve as a headquarters office supporting multiple branch offices/remote locations or that are planning to add more employees. Package includes 15,000 local and long distance minutes per month. Typical number of employees per site is 60-100.



Set-up costs for Covad VoIP PBXi Voice Service begin at \$300. All services are bundled with local and long distance minutes, a Cisco 2431 IAD and Covad Web hosting/email services. Each additional minute of usage is only 2.5 cents.

For more information on Covad VoIP PBXi Voice Service please call 1-877-268-2353 or go to 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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