



In-Stat Names Covad Market Leader Among Hosted VoIP Providers

Covad's 28 percent share good for number one ranking in market

San Jose, Calif. (December 16, 2005)—Covad Communications Group, Inc. (AMEX: DVW), a leading national provider of integrated voice and data communications, was named the market leader among hosted VoIP providers for business by In-Stat, an independent research group, in a just-released report entitled, "Steady Growth Ahead for Hosted VoIP Solutions." Covad's 28 percent market share led all providers targeting business customers, including MCI, SBC, PingTone, M5 and others.

"This report demonstrates the tremendous potential of the hosted VoIP market," said David Lemelin, In-Stat senior analyst and the author of the report. "The primary drivers for this growing demand are both cost savings and the enhanced feature sets available from VoIP applications."

"Covad's number one ranking is a clear indication that our innovative, business-class VoIP solutions are hitting a sweet spot for Covad's target market of small and medium-sized businesses," said Tim Gaines, Covad senior vice president, Field Sales. "The value proposition delivered by our hosted VoIP service allows these companies to slash their telecom costs, reduce the hassles of maintaining their own systems, and improve employee productivity."

In the hosted VoIP model, the customer does not have to purchase and maintain an on-site PBX. Instead, the provider "hosts" the equipment and offers high-speed Internet access, local and long-distance calling, and many advanced calling features like "find me, follow me" and "visual voice mail."

"The net effect is a much more comprehensive voice and data solution than a typical small or medium sized business would otherwise be able to afford or use. They get the benefits of big company communications capabilities without the cost and complexity," said Gaines.



Covad offers two hosted VoIP alternatives. Covad VoIP vPBX voice service delivers feature-rich, integrated local, long distance, and high-speed Internet access communications all over one fully managed network connection. Covad VoIP PBXi Voice Service offers the benefits of VoIP to businesses that want to retain their existing on-premise phone systems.

In-Stat's report projects that the market for hosted VoIP services will grow more than ten-fold over the next four years to \$1.27 billion by 2009.

"Covad was one of the earliest entrants in the hosted VoIP market and our aggressive expansion has laid the foundation for Covad's continued success," said Gaines.

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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