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Covad Launches Bonded T1 Service for Small Businesses and Distributed Enterprises

“Mission critical bandwidth to meet the demands of businesses running new and advanced applications”

San Jose, Calif. – May 3, 2007 – Covad Communications Group Inc., (AMEX: DVW), a leading national provider of integrated voice and data communications, announced today that it has launched a Bonded T1 service for small businesses and distributed enterprises. Covad’s Bonded T1 service combines two 1.5 Megabits per second (Mbps) T1 lines together to serve businesses with fast, symmetrical 3.0 Mbps data speeds. The service is available nationwide throughout the same footprint as Covad’s standard T1 service.

“With the launch of Bonded T1, Covad enhances its ability to provide mission critical bandwidth to meet the demands of businesses running new and advanced applications,” said Eric Weiss, Covad chief marketing officer. “With Bonded T1, Covad customers enjoy lower costs, faster data speeds, and simpler installation and maintenance than they do with separate T1 lines. We also provide 24x7, dedicated support to ensure a superior customer experience.”

Atlanta-based Post Properties is a current Covad T1 customer requiring more bandwidth to conduct its business. “We have been a Covad customer for six years and wanted to augment our T1 service in order to run more complex applications,” said Bill Nesmith, IT Manager for Post Properties. “These applications support essential business functions, such as: forecasting and budgeting, accounts payable, lease tracking, and running virtual tours of properties over our Website. We are upgrading our service to Bonded T1 and look forward to continuing our relationship with Covad.”

In addition to providing increased bandwidth performance, Covad Bonded T1 also offers small businesses the opportunity to save money by reducing the total cost of ownership (TCO) of their data communications. For example, a typical small business customer with 40 employees working in a single location can reduce its TCO by over 20 percent by purchasing a Covad Bonded T1 instead of just adding another single T1. With the introduction of Bonded T1, Covad also continues to be the ‘easy to do business with’ provider, enabling customers to reduce administrative and technical expenses, and retain a simple infrastructure with one set of IP addresses, one Internet access point, and one network firewall.



Companies are increasingly turning to higher bandwidth services to meet their business needs, according to industry research firm In-Stat. "Covad's launch of Bonded T1 demonstrates its understanding of the evolving needs of the small business communications market, where the company is among the leaders in competitive solutions," said David Lemelin, In-Stat senior analyst. The trends behind this adoption include:

- Applications increasingly require higher bandwidth. These include: videoconferencing, e-learning, telemedicine, corporate intranet/extranet, premium CRM, and others. These more powerful mission-critical applications help businesses make fast intelligent decisions on virtually every aspect of their operations, including forecasting, manufacturing, inventory control, distribution, customer service, and more.
- More applications are being centralized with the growth of software as a service. Remote and branch offices need bandwidth to ensure adequate application performance to maintain productivity.
- More applications are being designed for Web access and encrypted to reduce client software support cost. The Web browser is now the standardized interface to a new generation of business applications. Browser based applications can utilize up to 5 times the bandwidth of typical client-server applications. More encryption is adding traffic overhead.
- Outsourcing (i.e. data storage, HR, IT support) via the Internet.
- Compliance with regulatory requirements such as Sarbanes-Oxley, HIPAA, and Basel II increases the amount and rate of data transfers.

Covad's Bonded T1 is made possible through recent upgrades to Covad's next-generation broadband network and is available through Covad and its network of distribution partners. Call 1-888-GO-COVAD or contact your Covad channel partner to take advantage of introductory pricing on Bonded T1 services.

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About Covad

Covad is a leading nationwide provider of integrated voice and data communications. The company offers DSL, Voice Over IP, T1, broadband wireless, 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.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:

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 expectations regarding the market for our Bonded T1 service. 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 our ability to rapidly expand and deploy these services, 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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