



## **Covad Announces 2004 Network Expansion Initiative**

### ***Increased Broadband Coverage Allows Covad and its Partners to Boost Addressable Market to Nearly 50 Million Homes and Businesses***

**San Jose, Calif. (January 7, 2004)**—Covad Communications Group, Inc. (OTCBB: COVD), a leading national broadband service provider of high-speed Internet and network access, today announced plans to expand its nationwide coverage area and customer reach for digital subscriber line (DSL), frame access, and T1 broadband services.

Covad will complete installing additional broadband equipment in approximately 200 central offices across the nation around the middle of 2004 increasing its nationwide broadband network to more than 2,000 central offices. Central office locations were selected by utilizing several key factors including market demographics, partner need, neighboring central office performance, and potential for growth. This cost-conscious approach to expansion helps to efficiently grow Covad's addressable market to increase revenue. In addition, broadening Covad's access network enables the company to more efficiently utilize its core ATM network.

"Strategically growing Covad's network allows us and our partners to offer broadband services to a wider market of consumers and businesses," said Charles Hoffman, president and chief executive officer of Covad. "In determining where to expand our network we discussed with our strategic partners their growth needs in addition to examining our own growth projections. That allowed us to target our expansion in the markets with the highest growth opportunities for our wholesale and direct sales efforts."

Covad's nationwide network currently covers more than 45 million U.S. homes and business in 96 of the top Metropolitan Statistical Areas (MSAs). The additional central offices will give Covad the ability to reach nearly 50 million homes and businesses in more than 100 of the top MSAs. The company offers DSL, T1, managed security, hosting, IP, dial-up services 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's broadband services will be available in more locations beginning in 2004, which brings value and convenience to our customers and our partners," Hoffman added. "This is just one more example of how Covad offers the critical ingredients to make broadband better."

### **About Covad**

Covad is a leading national broadband service provider of high-speed Internet and network access utilizing Digital Subscriber Line (DSL) technology. It offers DSL, T1, managed security, hosting, IP, dial-up services 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 operates the largest national DSL network with services currently available in 96 of the top Metropolitan Statistical Areas (MSAs). Covad's network currently covers more than 45 million homes and businesses and reaches approximately 45 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](http://www.covad.com).

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

The statements contained in this press release that are not historical facts are "forward-looking statements," including expectations regarding network expansion, increased revenue and the statements made by the president and chief executive officer and the assumptions underlying such statements. Actual events or results may differ materially as a result of risks facing Covad or actual results differing from the assumptions underlying such statements. Such risks and assumptions include, but are not limited to, future FCC rulemaking, Covad's ability to continue as a going concern, to continue to service and support its customers, to successfully market its services to current and new customers, to manage the consolidation of sales to a fewer number of wholesale customers, to successfully migrate end users, Covad's ability to generate customer demand, to achieve acceptable pricing, to respond to competition, to develop and maintain strategic relationships, to manage growth, to receive timely payment from customers, to access regions and negotiate suitable interconnection agreements, all in a timely manner, at reasonable costs and on satisfactory terms and conditions, as well as regulatory, legislative, and judicial developments and the absence of an adverse result in litigation against Covad.



Covad disclaims any obligation to update any forward-looking statement contained in this press release. All forward-looking statements are expressly qualified in their entirety by the "Risk Factors" and other cautionary statements included in Covad's SEC Annual Report on Form 10-K for the year ended December 31, 2002 and the 10-Q for the quarter ended September 30, 2003, along with Current Reports on Form 8-K filed from time to time with the SEC.

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