



Lightyear Network Solutions Selects Covad For Its Bundled Voice and Data Service

San Jose, Calif. (July 27, 2004)—Covad Communications Group, Inc. (OTCBB: COVD) and Lightyear Network Solutions, LLC today announced an agreement to enable Lightyear, a national provider of telecommunications services, to bundle Covad's Digital Subscriber Line (DSL) broadband services with its local and long-distance voice services to both commercial and residential customers. Lightyear currently serves 200,000 customers nationwide.

Utilizing line splitting—Lightyear buys the local loop from the local phone companies and bundles its local and long distance services with Covad's DSL services. Lightyear plans to make this offer available in August 2004. Lightyear will handle customer service and will provide one bill to customers including both voice and DSL services.

"Through Covad's nationwide network, two hundred thousand Lightyear customers will now have the opportunity to purchase a compelling, bundled voice and data service," said Charles Hoffman, president and chief executive officer of Covad. "With the addition of Lightyear to our growing list of partners, Covad continues to provide the critical ingredients to meet the demand for bundled telecommunication services."

"Covad is an integral piece of our strategy to realize the true voice and data convergence that our emerging VoIP service offering will bring to current and future Lightyear customers," says Bruce Widener, senior vice president of corporate development for Lightyear Network Solutions. "Covad's last-mile broadband footprint and breadth of services are unparalleled in the industry and will ensure competitive access for Lightyear residential and commercial customers."

Covad's nationwide network is the only national DSL footprint. Covad's network enables ISPs and CLECs alike to partner with Covad for their broadband needs. A growing number of companies nationwide, including AT&T, America Online, EarthLink, Sprint, Speakeasy, MegaPath and XO work with Covad to power their consumer and business broadband offerings.

About Lightyear Network Solutions, LLC

Lightyear Network Solutions, LLC was founded in 1993 by J. Sherman Henderson, III as a national sales and marketing organization providing telecommunication services



and solutions to both commercial and residential customers. Lightyear provides a full suite of business and residential communications services including local, long distance, data, VoIP, and Internet, and offers one bill and complete customer care for services over a number of national and regional carriers, which are tailored to meet the customer's specific needs. Lightyear serves more than 200,000 customers nationwide generating annual revenue of \$120M through an independent national sales force of Lightyear Agent Partners. For more information, call 1-800-805-8383 or go to www.lightyear.net.

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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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. 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, 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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