

COVAD COMMUNICATIONS DEPLOYS LINE SHARING

Status Report on Line Sharing Implementation

Covad and Line Sharing

Covad has been aggressively building and testing line-shared circuits in San Francisco, New York, Dallas, Chicago, Atlanta, and Minneapolis. All tests show that Covad is able to deploy DSL over the local company's voice lines while still maintaining high quality voice and data communications. Throughout the process, Covad has been working with SBC, Bell Atlantic, US West, Bell South, and GTE to ensure the transition to shared lines goes smoothly and that all parties meet the FCC implementation deadline of June 9, 2000.

What is Line Sharing?

Line sharing allows a consumer to use his or her existing phone line for both normal phone service provided by the local phone company and high-speed digital subscriber line (DSL) Internet access through another provider.

Benefits of Line Sharing

- **Consumer Choice:** Line sharing truly gives consumers the freedom to choose the Internet Service Provider and the specific broadband product that best meets their needs.
- **Time:** We anticipate that installation time will be shortened to an average of 5 days (down from the current 30 day average wait).
- **Self-Installations:** Covad expects to have self-installations up and running by the end of 2000. Self-installation over a shared line will eliminate the need for Covad technicians and phone company technicians to visit the home. A consumer will be able to purchase a modem at their local electronics store and be up and running with broadband Internet access the very same day.
- **Cost:** Eliminating the need to provision the extra phone line should bring Covad's broadband prices down. It is expected that Covad's prices will be competitive with those of the incumbent phone company in any given region.

Implementation Status

Below is a list of the first cities where Covad is currently installing and testing lines. The date listed is when the testing of the network began. Naturally, Covad plans to expand line sharing service to all areas we currently service, but focus on our major metropolitan markets is a priority. We plan a nationwide rollout by the end of 2000.

Covad Phase I Deployment Schedule:

- Minneapolis (US West) – January 10, 2000
- New York (Bell Atlantic) – February 29, 2000
- Atlanta (Bell South) – February 29, 2000
- Dallas (SBC) – February 29, 2000
- San Francisco (SBC) – February 29, 2000
- Chicago (SBC) – February 29, 2000
- Los Angeles (GTE) - March 30, 2000

History of Line Sharing

The Telecommunications Act, passed by Congress in 1996, reformed the telecommunications and cable industries. It required the incumbent phone companies (including Pacific Bell, Southwestern Bell, Bell Atlantic, Bell South, US West, and others), to open their markets to competition in order for them to sell their own long distance telephone services outside their markets. None of the incumbents have fully complied with the Act and they continue to give themselves preferential treatment. A perfect example is line sharing. The incumbents share the voice line with their own data offering but have, until now, refused to let competitors like Covad have access to that line. This means consumers are forced to pay for an additional phone line and a significant delay in installation.

In November 1999, the FCC required local phone companies to begin sharing their existing phone lines with competitive data carriers, including Covad. This ruling levels the data playing field by giving consumers the ability to choose any DSL provider they want without the undue burden of separate lines, longer installation times, and higher prices. The FCC has set June 9th, 2000, as the deadline for full implementation of this order.

Further updates will periodically follow. For more information, contact:

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

The statements contained in this release which are not historical facts may be deemed to contain forward-looking statements, including but not limited to statements regarding the intention to deploy our network in new and existing MSAs and the timing and breadth of coverage in each MSA, and our ability to provide multimedia content. Actual results may differ materially from those anticipated in any forward-looking statements as a result of certain risks and uncertainties, including, without limitation, the company's dependence on incumbent local exchange carriers for collocation, unbundled network elements, transport and other facilities, development of necessary technologies and operations, ability to manage growth of our operations, and the need to raise additional capital. For other risks and uncertainties applicable to our business refer to the Company's Securities and Exchange Commission filings.