



Covad's PBXi Plus Provides Affordable Business-Class VoIP and Broadband Bundle to Small Business Market

Deal announced with national retailer Group USA

San Jose, Calif. (Jan. 19, 2006) – Covad Communications Group, Inc. (AMEX: DVW), a leading national provider of integrated voice and data communications, has announced Covad VoIP PBXi Plus, a business-class offering aimed at small businesses and distributed enterprises with existing on-premise phone equipment.

"Covad VoIP PBXi Plus gives Covad an affordable offering specifically tailored for the needs of small businesses and distributed enterprises with existing PBX or key telephone systems," said Dave McMorrow, executive vice president of sales and strategic alliances. "For Covad, this product offers a short sales cycle and easy customer implementation, and is particularly well suited for our existing high-volume channels. With PBXi Plus, Covad expands its addressable market to reach customers nationwide with an interest in premises-based VoIP solutions."

Concurrently Covad announced a major deal with Group USA, a national retailer of women's clothing with 32 locations in 17 states and Puerto Rico.

"Group USA chose Covad VoIP PBXi Plus because it allows us to leverage our existing phone system investment while realizing a 25 percent monthly costs savings," said Mark Koda, chief financial officer for Group USA. "Covad's voice and broadband gives us free calling between our locations, and much faster data communications between stores and headquarters."

Elka Popova, manager of the IP Communications and Enterprise Solutions groups at Frost & Sullivan, said about Covad's VoIP offerings, "For small businesses and distributed enterprises, cost savings is the number one reason for choosing an integrated voice and data access service. Additionally, these companies may not yet be ready to adopt a fully-hosted VoIP solution, so integrated access is a good alternative."

Covad VoIP PBXi Plus runs over Covad's Voice-Optimized Access (VOA) T1 lines. VOA allows Covad to manage the quality of both voice and data services simultaneously and enables customer cost savings of up to 55 percent. This product is based on the Covad hosted platform and supports both the features of the PBX system and some of its own, including new online management and configuration capabilities. Covad also offers a hosted business-class VoIP product, Covad vPBX, for customers who want the convenience and reliability of a fully-managed VoIP solution.



Covad VoIP PBXi Plus integrates easily into business phone systems because all the original handsets, phone numbers and equipment are retained. Full e-911 service is included.

#

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.

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 sales, implementation and the performance of Covad VoIP PBXi Plus. 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 ability of Covad to successfully sell and operate the Covad VoIP PBXi Plus, future changes in telecommunications regulations and litigation concerning current regulations, 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.

Media Contacts

Michael Doherty
Covad Communications
408-952-7431
mdoherty@covad.com

Christian Pinkston
Pinkston Group
703-574-2137
pinkston@pinkstongroup.com

Covad Investor Relations

Susan Jin Davis
Covad Communications
408-434-2130
investorrelations@covad.com