



Covad Holds New York Analyst and Investor Event and Provides Guidance for Remainder of 2006

San Jose, Calif. (May 30, 2006) – Covad Communications Group, Inc. (AMEX: DVW), a leading national provider of integrated voice and data communications, today is holding an event with the analyst and investment community in New York City. Covad's senior management is presenting to an audience made up of investors and financial and industry analysts. The event is being Webcast live.

"As the leading next-generation communications service provider, Covad is dedicated to transforming communications through broadband innovation," said Charles Hoffman, Covad president and CEO. "Our business applications such as VoIP, unique network assets, and focus on next-generation broadband technologies all enable us to deliver a differentiated customer experience."

The assembled audience will hear Covad executives discuss the company's product and sales strategy, with details on its cost structure, strong growth opportunities from new products, national distribution network, and financial outlook for 2006.

Covad CFO Chris Dunn will provide the financial outlook for 2006: "By leveraging our unique next-generation network assets, continuous product innovation, and operating leverage, we will continue to drive towards improving revenue growth, margin expansion, and profitability, and reach operating cash flow positive by the end of this year."

Business Outlook 2006

- Net revenues are expected to be in the range of \$475 – \$485 million.
- Core business EBITDA (excluding next-generation network expenses) is anticipated to be in the range of \$21 – \$28 million.
- Pre-funded next-generation network expense is projected to be in the range of \$6 - \$8 million.
- Total EBITDA is expected to be in the range of \$15 - \$20 million.
- Net Loss is expected to be in the range of \$39.5 - \$29.5 million.

A replay of the Webcast will be available beginning later today at <http://www.covad.com/companyinfo/investorrelations>.



COVAD COMMUNICATIONS GROUP, INC.
SELECTED FINANCIAL DATA (unaudited)
(in thousands)

Business Outlook

EBITDA Calculation (Note 1)

	Fiscal Year Ending December 31, 2006	
	Projected Range of Results	
Net Loss	\$ (39,500)	\$ (29,500)
Plus: Other (income) expense, net	6,500	5,500
Depreciation and amortization of property and equipment	35,000	32,000
Amortization of collocation fees and other intangible assets	13,000	12,000
EBITDA (Note 1)	<u>\$ 15,000</u>	<u>\$ 20,000</u>

Consolidated Revenue Data

	Fiscal Year Ending December 31, 2006	
	Projected Range of Results	
Revenues, net	<u>\$ 475,000</u>	<u>\$ 485,000</u>

Notes to Unaudited Selected Financial Data

1. Management believes that Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), defined as net loss excluding (i) depreciation and amortization of property and equipment, (ii) amortization of intangible assets, and (iii) other income (expense), net, is a useful measure because it provides additional information about the company's ability to meet future capital expenditures and working capital requirements and fund continued growth. Management also uses this measure to evaluate the performance of its business segments and as a factor in its employee bonus program. EBITDA may be defined differently by other companies and should not be used as an alternative to our operating and other financial information as determined under accounting principles generally accepted in the United States. EBITDA is not a prescribed term under accounting principles generally accepted in the United States, does not directly correlate to cash provided by or used in operating activities and should not be considered in isolation, nor as an alternative to more meaningful measures of performance determined in accordance with accounting principles generally accepted in the United States. EBITDA generally excludes the effect of capital costs.



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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, Web hosting, managed security, IP and dial-up, wireless broadband, 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 Covad reaching cash flow positive, as well as the company's expected revenues, network expenses and capital expenditures, net loss and EBITDA. 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 operational challenges that may arise as we deploy line-powered voice access, difficulties as we rapidly expand, deploy and improve our 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 Forms 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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