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Covad Positioned to Gain from Expansion of Business DSL

Research firm Gartner names Covad among business DSL market leaders

San Jose, Calif. (August 2, 2006) – Covad Communications Group, Inc. (AMEX: DVW), a leading national provider of integrated voice and data communications, today announced its inclusion in a report from industry research firm Gartner, Inc. titled "Business-Class Digital Subscriber Line Services in North America." In the report, Gartner names Covad as one of eight business-class DSL market leaders in the US. Covad offers a broad portfolio of DSL solutions for businesses and is building what will be the nation's largest next-generation DSL network, scheduled for completion later this year.

"In my eight years at Covad I've seen the focus of our DSL business evolve from consumer offers for wholesale partners to business-class solutions sold directly," said David McMorrow, Covad executive vice president of sales and marketing. "There has always been a strong market for business-class DSL and Covad is better positioned than ever to capture that demand and grow our revenues."

Gartner forecasts the number of business-class DSL lines in service to grow from more than 4.3 million at the end of 2005 to about 11.85 million by the end of 2010. Part of this growth is attributed to the emergence of ADSL 2+, a next-generation DSL technology that Covad is deploying in 11 markets nationwide.

"Covad is a DSL pioneer and one of a small number of leaders in the DSL market in the U.S.," said Dan O'Connell, research director at Gartner. "The deployment of ADSL 2+ positions Covad to remain among the top DSL providers going forward."

By the end of 2006, Covad will have the capability to offer ADSL 2+ in Atlanta, Chicago, Los Angeles, New York, Miami, Philadelphia, San Diego and Washington, DC. Those markets join San Francisco, San Jose, Seattle and Dallas, where Covad's next generation network is already in service.

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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, broadband wireless, 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 Covad's expectation that it will gain from the expansion of business DSL, expectations regarding the completion of Covad's next-generation network build-out, plans for deployment of ADSL 2+, Covad's ability to capture demand for business-class DSL, grow its revenue and remain among the top DSL providers, forecasts of the number of business-class DSL lines in service, as well as the timing, deployment schedule and success of any new services. 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 new services, 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.