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Covad Announces Business-class VoIP and Broadband Distribution Deal with VGE at 2006 Channel Partners Conference & Expo

Washington, D.C. (August 24, 2006) – Covad Communications Group, Inc. (AMEX: DVW), a leading national provider of integrated voice and data communications, has announced a strategic partnership with VGE (Venture Group Enterprises), a full-service sales and marketing agent support organization specializing in telecommunications. The deal, which was announced today at the 2006 Channel Partners Conference & Expo in Washington D.C., enables VGE's multi-tiered network of distribution partners to sell Covad's Voice over IP and broadband solutions to small businesses.

"Covad is excited to partner with VGE to grow our revenue in the \$30 billion small business telecommunications market," said David McMorrow, Covad's executive vice president of sales. "This partnership brings Covad new and direct access to small businesses through VGE's well-positioned and high-quality back office agent support, account base maintenance, reporting, and sales support. The result is the strengthening of Covad's already successful strategy to reach business customers."

Covad will work with VGE as a strategic partner to help phone vendors, VAR's, and integrators utilize VGE's resources to sell Covad services. Such agents may choose to sell to end customers directly or refer potential customers to VGE's direct sales personnel. In addition, VGE offers master agents, web marketing agents and other companies marketing telecommunications services an easy to use automated web based platform to quote, provision, review order status and reconcile commissions.

"Covad's partnership validates the solid channels we provide. Covad now has access to more than 300 master agents and more than 6000 sales agents through VGE," said Doug Turpin, president of VGE. "Covad's national network, portfolio of business-class voice and data solutions, professional, technical and sales expertise, and singular focus on the small business customer all combine to make Covad a leader in the industry."

Executives from VGE and Covad joined together to announce at the 2006 Channel Partners Conference & Expo, where Prakash Nagpal, product director for Covad, will



present today on Covad's broad portfolio of voice and data solutions and the strategic value it offers to small and medium businesses.

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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, 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.

About VGE

VGE has been in business since 1992. It's business model is to be a low profile support organization for master agents and referral model agents nationwide. VGE's proprietary web based systems have automated the process of quoting and ordering services so agents have a real time inventory of all services ordered. VGE's deep back office of talented support personnel allow agents to leverage VGE's resources so agents may concentrate on sales and support of customers. VGE systems have processed over 400,000 new customer orders in the last 4 years.

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's relationship with VGE. 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 sell and deliver its services efficiently, to effectively compete with other providers of voice and broadband services, and to maintain an efficient cost structure, as well as potential changes in telecommunications 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.