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Covad and TalkSwitch Launch Self-Installable Voice and Broadband Bundle for Small Businesses

*Leaders in small business communications partner
on affordable, business-class solution*

SAN JOSE, CA and OTTAWA, ON – December 7, 2006 – Covad Communications Group Inc., (AMEX: DVW), a leading national provider of integrated voice and data communications, and TalkSwitch, a leader in innovative telephone systems for small and multi-location businesses, today announced the availability of a self-installable voice and broadband communications solution designed specifically for small businesses. The bundle meets small businesses' needs for an easily-installable, affordable solution that offers business-class reliability, features and support.

The bundle combines Covad's ClearEdge Integrated Access, the industry's only high-speed voice and data line optimized for high-quality voice service, with the TalkSwitch 480vs, the industry's first self-installable telephone system. Together, the two leaders in small business communications services and telephone systems are able to better serve value-conscious and price-sensitive small businesses.

"The Covad-TalkSwitch bundle enables small businesses to enjoy the benefits and reliability of a 'big business' solution without the complexity or high cost," said Eric Weiss, Covad chief marketing officer. "Small businesses are no longer forced to choose from expensive and complex enterprise systems or low-quality consumer-grade services."

With a starting service price as low as \$459 per month for a 25 person-office, the Covad-TalkSwitch solution offers small businesses total savings, including time saved on installation, of up to 40 percent vs. comparable legacy products¹. The simplicity of the self-installed solution means that small business owners avoid the time and expense of multiple visits by multiple vendors and therefore get up and running faster and remain focused on running their businesses. Competitive solutions may require months to coordinate between phone system vendors, sales representatives, and service providers. The Covad-TalkSwitch solution typically requires only 30 days from the time a customer orders to activation, and small businesses benefit from working with a single point of contact for installation.

"Small businesses don't have time to worry about their phone systems. They simply want a service that works reliably and will easily grow with their businesses," said John Macario, president of Savatar, a strategy and technology consulting firm



specializing in the small business market. "Because most of these businesses do not have an in-house IT expert, the self-installable feature of the Covad-TalkSwitch solution is a key differentiator."

"We are excited to work with Covad because of its long history and track record of providing competitive business-class communication services and working successfully with partners," said Jan Scheeren, president and CEO, TalkSwitch. "Covad's national network enables our 1500 channel partners to serve small businesses throughout the US, resulting in better local service and support for customers, and an ongoing source of new business for our channel partners."

The solution is designed to grow with the small business, and can easily scale from 8 to 32 phone users at a single location. This scalability enables small businesses to purchase only the equipment and service that they currently need. Traditional telephone systems often require businesses to spend more on equipment than they initially require in anticipation of future growth.

Covad offers a broad portfolio of cost-effective voice and data solutions for small businesses, including analog and digital version of Covad ClearEdge Integrated Access. In addition to these premises-based solutions, Covad also offers fully-hosted voice solutions including Covad ClearEdge Office, the first hosted solution designed specifically to meet the needs of businesses with fewer than 20 employees; and Covad ClearEdge Pro, a fully-featured hosted voice solution for small businesses with up to 250 employees and more complex communications needs.

The Covad-TalkSwitch solution is available immediately and can be purchased through TalkSwitch channel partners. For more information call 1-800-GO-COVAD.

¹Comparison of Covad voice and data service with comparable offers from AT&T, Verizon, and Qwest (September – November 2006).

About Covad

Covad is a leading nationwide provider of integrated voice and data communications. The company offers DSL, Voice Over IP, T1, broadband wireless, 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 TalkSwitch

TalkSwitch designs and develops award-winning phone systems for small, multi-location and franchise businesses. Since its establishment in 1990, TalkSwitch has dedicated itself to developing PBXs and IP PBXs that tens of thousands of small businesses across North America rely on. With a growing global network of resellers, distributors and partners, TalkSwitch phones and phone systems are changing the way small businesses communicate. For more information, please visit our website at www.talkswitch.com, or call us toll free in North America at 1.888.332.9322. In all other markets call +1.613.725.2980.



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 customer acceptance of the Covad-TalkSwitch bundle and the expected performance and features of that service. 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 our ability to rapidly expand and deploy these 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 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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