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Covad Commends FCC for Reaffirming Regulatory Stability in its Approval of AT&T BellSouth Merger

San Jose, Calif. (January 3, 2007) – Covad Communications Group, Inc. (AMEX: DVW), a leading national provider of integrated voice and data communications, today responded to the Federal Communications Commission's recent approval of the AT&T BellSouth merger.

Charles Hoffman, Covad president and chief executive officer, said "Covad commends the FCC for imposing reasonable, pro-competitive conditions on its approval of the AT&T BellSouth merger. These conditions provide further confirmation of a stable regulatory environment in which Covad is able to compete fairly and effectively. We look forward to further developing our relationship with the newly-expanded AT&T in ways that will be beneficial to both companies and our customers."

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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 the stability of the regulatory environment and the further development of our relationship with AT&T. 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.