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Covad Expanding Broadband Wireless Network

Will acquire DataFlo, Chicago-based broadband wireless provider

San Jose, Calif. (Oct. 11, 2006) – Covad Communications Group, Inc. (AMEX: DVW), a leading national provider of integrated voice and data communications, announced today that it recently signed an agreement to acquire substantially all the assets of DataFlo Communications, LLC, a Chicago-based broadband wireless provider. The transaction with DataFlo is expected to close later this month and is subject to customary closing conditions and regulatory approvals. By expanding its presence in Chicago, Covad will add a sixth market to its broadband wireless coverage area, in an addressable market of over 170,000 small businesses. The acquisition of DataFlo also complements Covad's existing broadband coverage area in the Chicago market, enabling the company to satisfy the data, voice, and, now wireless, needs of Chicago-area businesses. The addition of broadband wireless to Covad's portfolio of services enables the company to target larger businesses with high-capacity service, with data speeds between 2 megabits per second and 45 megabits per second.

"Fixed broadband wireless service is one of Covad's primary growth drivers and this announcement signals the next phase of our targeted national expansion," said Patrick Bennett, executive vice president of market development for Covad. "By acquiring DataFlo, we will gain a wireless coverage area in Chicago where there is strong small and medium-sized business growth. DataFlo's wireless network also complements our existing wireline coverage area in that market. By introducing wireless in Chicago we will also be able to meet the needs of larger businesses with our high-capacity service."

Covad now offers broadband wireless in 6 markets nationwide: Chicago, Los Angeles, San Francisco, San Diego, Orange County, and Las Vegas.

Covad will acquire substantially all the assets of DataFlo for approximately \$1.4 million in cash. For the full year 2006, DataFlo expects to generate approximately \$1 million in revenue. In keeping with Covad's profitability goals, the transaction is EBITDA accretive.

NextWeb, Covad's wireless subsidiary, was recently named one of the "Top US Broadband Wireless Operators" by Broadband Wireless Business magazine. NextWeb



currently provides high-speed wireless broadband solutions to over 3500 businesses, including Intel, Hilton Hotels, and the 2006 Emmy Awards.

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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 the expected closing of the asset purchase agreement with DataFlo, expected revenue from DataFlo and expectation regarding sales of wireless broadband 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 the ability to satisfy the closing conditions and other regulatory approvals that are required for the closing of the DataFlo transaction, operational challenges that may arise as we deploy new services and integrate DataFlo, 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.