SWIDLER BERLIN SHEREFF FRIEDMAN, LLP
THE WASHINGTON HARBOUR
3000 K STREET, NW, SUITE 300
WASHINGTON, DC 20007-5116
TELEPHONE (202) 424-7500
FACSIMILE (202) 424-7647
WWW.SWIDLAW.COM

REGULATORY AUTH.
02 JAN 2 PM 3 06
OFFICE OF THE EXECUTIVE SECRETARY

NEW YORK OFFICE
THE CHRYSLER BUILDING
405 LEXINGTON AVENUE
NEW YORK, NY 10174
TEL.(212) 973-0111
FAX (212) 891-9598

December 31, 2001

**VIA FEDERAL EXPRESS**

K. David Waddell
Executive Secretary, Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

Re: Petition to transfer control of Capsule Communications, Inc. to Covista Communications, Inc., Case No. 01-00741

Dear Secretary Waddell:

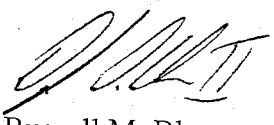
On August 27, 2001, Covista Communications, Inc. ("CCI") and Capsule Communications, Inc. ("Capsule") (collectively, the "Parties") filed a Petition with the Tennessee Regulatory Authority (the "Authority"), seeking approval of a transaction whereby control of Capsule would be transferred to Covista, thereby making Covista an affiliate of Covista, Inc., CCI's operating subsidiary. It is the Parties' understanding that this transaction was approved at the September 11, 2001 conference of the Authority, although a formal order has not yet been issued.

On December 28, 2001, counsel for the Parties received a call from Authority staff concerning a previously approved transaction in which Covista would become controlled by Startec Global Communications Corporation ("Startec"). This transaction, approved in Authority Case No. 01-00045 was never consummated and subsequently abandoned by Startec and Capsule. Due to an oversight, the Authority was apparently not informed of the abandonment of this transaction. To the extent necessary, Case No. 01-00045 should be closed or withdrawn.

As such, Startec and Capsule are not related entities; Startec is not involved in the current transaction between the Capsule and CCI. The Parties apologize for any confusion or inconvenience this oversight may have caused the Authority. The Parties intend to consummate the transaction approved in Docket 01-00741 as soon as practicable in January 2002.

Please direct any questions regarding this letter or the transaction to the undersigned at (202)-945-6941.

Respectfully submitted,



Russell M. Blau
Douglas D. Orvis II

Counsel for the Parties

cc: John Wike, TRA (via Federal Express)
David Hurwitz
David Lacher