

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION

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Arizona Corporation Commission

DOCKETED

JUN - 2 2011

AZ CORP COMMISSION
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T-03267A-11-0233

2 **COMMISSIONERS**
 3 GARY PIERCE - CHAIRMAN
 4 BOB STUMP
 5 SANDRA D. KENNEDY
 6 PAUL NEWMAN
 7 BRENDA BURNS

2011 JUN -2 P 3:43

7 IN THE MATTER OF THE APPLICATION OF)
 8 MCLEODUSA TELECOMMUNICATIONS)
 9 SERVICES, LLC D/B/A PAETEC BUSINESS)
 10 SERVICES FOR A FINANCING ORDER)
 11 AUTHORIZING VARIOUS FINANCING)
 12 TRANSACTIONS)
)
)
)

DOCKET NO. T-03267A-11-___

**APPLICATION FOR
 FINANCING ORDER
 (Expedited Approval Requested)**

I. INTRODUCTION.

13
 14
 15 McLeodUSA Telecommunications Services, LLC d/b/a PAETEC Business Services
 16 ("PAETEC Business" or "Applicant"), by its undersigned counsel and pursuant to A.R.S. § 40-285
 17 and A.A.C. R14-2-804, hereby requests, to the extent necessary,¹ Arizona Corporation
 18 Commission ("Commission") approval to participate in proposed new financing arrangements
 19 contemplated by its ultimate corporate parent, PAETEC Holding Corp. ("Parent") (together with
 20 the Applicant, the "Parties"), as described more fully herein.

21 The financing arrangements contemplated by Parent require regulatory approval of
 22 PAETEC Business's participation in the financings no later than August 28, 2011. Therefore,
 23 Applicant requests that the Commission act expeditiously to grant the approval herein requested
 24 no later than the Commission's Open Meeting scheduled for August 16-17, 2011.

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 26
 27 ¹ Although Applicant is seeking any necessary approval for its participation in these
 financing arrangements, Applicant does so without prejudice to their right to assert that such
 transactions are beyond the jurisdiction of the Commission.

1 In support of this Application, Applicant states as follows:

2 **II. DESCRIPTION OF THE PARTIES.**

3 **A. PAETEC Holding Corp.**

4 Parent is a publicly traded Delaware corporation (NASDAQ GS: PAET) with principal
5 offices located at One PAETEC Plaza, 600 Willow Brook Office Park, Fairport, New York 14450.
6 Parent is the parent of PAETEC Corp., a Delaware corporation that holds 100 percent of PAETEC
7 Business indirectly through it and other intermediate holding companies. Through its regulated
8 operating subsidiaries, including its subsidiaries that operate in Arizona, Parent has a presence in
9 84 of the nation's top 100 MSAs, delivering communications solutions to business customers in
10 48 states and the District of Columbia. In Arizona, Parent provides regulated communications
11 services through three wholly owned subsidiaries: PAETEC Business, PAETEC Communications,
12 Inc. ("PAETEC") and Talk America, Inc. ("TA").² Additional information regarding Parent,
13 including its most recent SEC Form 10-Q, as filed with the Securities and Exchange Commission,
14 is available at www.paetec.com/investors.

15 **B. McLeodUSA Telecommunications Services, LLC d/b/a PAETEC Business**
16 **Services.**

17 PAETEC Business is an Iowa limited liability company with principal offices located at
18 One Martha's Way, Hiawatha, Iowa 52233. PAETEC Business is authorized to provide resold
19 and/or facilities-based telecommunications services in 48 states and the District of Columbia and
20 provides integrated communications services, including local services, primarily in 20 Midwest,
21 Southwest, Northwest, and Rocky Mountain states. In Arizona, PAETEC Business is authorized
22 to provide resold and facilities-based local exchange and exchange access services pursuant to
23

24 ² PAETEC is authorized to provide resold intrastate interexchange services in Arizona pursuant
25 to Decision No. 62458. TA is authorized to provide resold interexchange telecommunications
26 services pursuant to Decision No. 64084, which authorization was confirmed by Decision No. 71266,
27 under which TA voluntarily relinquished authority to provide local exchange service. PAETEC and
TA do not join in this Application because neither has physical presence in Arizona and, moreover,
neither is a Class A investor-owned utility subject to A.A.C. R14-2-804.

ROSHKA DEWULF & PATTEN, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

1 Decision No. 62627, granted on June 9, 2000. PAETEC Business is also authorized to resell
2 interexchange telecommunications services pursuant to Decision No. 61001, granted on July 16,
3 1998. In its 2010 Annual Report filed with the Commission, PAETEC Business generated more
4 than \$1 million of Arizona jurisdictional revenue. PAETEC Business therefore is a Class A
5 investor-owned public service corporation subject to the Commission's Public Utility Holding
6 Companies and Affiliated Interest Rules, A.A.C. R14-2-801 *et seq.*

7 **III. DESIGNATED CONTACTS.**

8 Questions, correspondence or other communications concerning this Application should be
9 directed to Applicant's counsel of record:

10 Michael W. Patten
11 Roshka DeWulf & Patten, PLC
12 One Arizona Center
13 400 East Van Buren Street, Suite 800
14 Phoenix, Arizona 85004
15 Tel: (602) 256-6100
16 Fax: (602) 256-6800
17 Email: mpatten@rdp-law.com

18 and

19 Jean L. Kiddoo
20 Brett P. Ferenchak
21 Bingham McCutchen LLP
22 2020 K Street, N.W., Suite 1100
23 Washington, DC 20006-1806
24 202-373-6000 (tel)
25 202-373-6001 (fax)
26 jean.kiddoo@bingham.com
27 brett.ferenchak@bingham.com

with a copy to the following designated representative of Applicant:

William A. Haas
Corporate Vice President of Public Policy & Regulatory
PAETEC Holding Corp.
One Martha's Way
Hiawatha, IA 52233
william.haas@paetec.com

1 **IV. DESCRIPTION OF FINANCING ARRANGEMENTS.**

2 The Commission recently authorized Applicant to participate in up to \$600 million in
3 financing arrangements of Parent.³ Parent recently completed part of the approved financing
4 arrangements when it issued, and Applicant guaranteed, \$450 million in senior notes. On May 31,
5 2011, Parent entered into an agreement that provides for a \$100 million term loan (the "Term
6 Loan") and a \$125 million revolving loan facility (the "Revolver") (the "Amended Financing").⁴
7 Although the prior authorization covers most aspects of the Amended Financing, the aggregate
8 amount of the Amended Financing (\$225 million) exceeds the remaining amount of the financing
9 already authorized by the Commission in Decision No. 71942 (\$150 million) by \$75 million.
10 Parent will therefore not draw down more than the previously approved \$50 million of the
11 Revolver until Applicant and certain of Parent's other subsidiaries have obtained all of the
12 regulatory approvals needed for them to provide a guaranty and related pledge of their assets as
13 security for the additional \$75 million of the facility.

14 Accordingly, in order for Applicant to be able to draw down on the additional \$75 million
15 in the Amended Financing, Applicant hereby seeks approval to provide a guaranty and related
16 pledge of its assets as security for an additional \$75 million as part of the Revolver in the
17 Amended Financing. The Amended Financing provides that the Term Loan will have an interest
18 rate of LIBOR plus 3.5 basis points and a maturity of seven (7) years and that the Revolver will
19 have an interest rate of LIBOR plus 2.75-3.25 basis points and a maturity of up to 5 years.
20 Applicant, and certain of Parent's other subsidiaries, are expected to provide a guaranty and related
21 pledges of assets as security for the Amended Financing at closing or upon receipt of the necessary
22 approval, but in no event later than 90 days after closing. Applicant therefore requests that the

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25
26 ³ See Decision No. 71942 (November 1, 2010) (Docket No. T-03267A-10-0358).

27 ⁴ A summary of the terms of the financing arrangements are included in the SEC Form 8-K
filed by Parent, which is provided as Exhibit A hereto.

1 Commission act expeditiously to grant the approval herein requested no later than the
2 Commission's Open Meeting scheduled for August 16-17, 2011.

3 Parent anticipates using the proceeds from the Amended Financing for one or more
4 targeted acquisitions, as well as pay for transaction costs, finance new capital expenditures and for
5 working capital and other general corporate purposes.

6 **IV. PUBLIC INTEREST CONSIDERATIONS.**

7 Grant of this Application will serve the public interest of Arizona because the authorization
8 requested will enable Parent to take advantage of the currently favorable financing market
9 conditions that will benefit the company as a whole, including Applicant. The Amended
10 Financing is expected to enhance the competitive position of Applicant in the Arizona
11 telecommunications marketplace, which ultimately will inure to the benefit of its Arizona
12 customers and other Arizona enterprise entities and consumers that may choose PAETEC as their
13 service provider in the future. Further, the funds to be obtained through the financing
14 arrangements are necessary and appropriate, are consistent with the performance by the Applicant
15 of its services to the public, will not impair the ability of Applicant to perform such services and
16 will promote the corporate purposes of Applicant.

17 The grant of this Application also is consistent with the public interest because no transfer
18 of any Certificate, assets or customers will occur as a result of Applicant's participation in the
19 Amended Financing. Immediately following Applicant's execution of the relevant documents in
20 connection with such Amended Financing, Applicant will continue to provide service to its
21 Arizona customers pursuant to its authorization with no change in the rates or terms and conditions
22 of service as currently provided.

23 These arrangements, moreover, will not affect the \$600,000 performance bond currently in
24 place, the purpose of which is to protect those Arizona customers whose have prepaid for service
25 or given Applicant deposits because Applicant will not encumber the performance bond or
26 customer deposits as part of the security for the financing. In sum, Applicant's participation in the
27 financing arrangements will therefore be transparent to its Arizona customers.

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TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

1 **VI. CONCLUSION.**

2 For the foregoing reasons, Applicant submits that the public interest, convenience, and
3 necessity would be furthered by grant of this Application, authorizing Applicant to participate in
4 the financing arrangements described herein. Applicant further respectfully requests expedited
5 consideration and approval of this Application without hearing.

6 RESPECTFULLY SUBMITTED this 2nd day of June, 2011.

7 ROSHKA DEWULF & PATTEN, PLC

8
9
10 By _____



11 Michael W. Patten
12 One Arizona Center
13 400 East Van Buren Street, Suite 800
14 Phoenix, Arizona 85004

13 Jean L. Kiddoo
14 Brett P. Ferenchak
15 Bingham McCutchen LLP
16 2020 K Street, N.W., Suite 1100
17 Washington, DC 20006-1806
18 202-373-6000 (tel)
19 202-373-6001 (fax)
20 jean.kiddoo@bingham.com
21 brett.ferenchak@bingham.com

22 Of Counsel

23 Attorneys for Applicant

24 Original and 13 copies of the foregoing
25 filed this 2nd day of June, 2011 with:

26 Docket Control
27 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

ROSHKA DEWULF & PATTEN, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
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FACSIMILE 602-256-6800

1 Copy of the foregoing hand-delivered/mailed
this 2nd day of June, 2011 to:

2
3 Lyn Farmer, Esq.
4 Chief Administrative Law Judge
5 Hearing Division
6 Arizona Corporation Commission
7 1200 West Washington
8 Phoenix, Arizona 85007

9
10 Janice Alward
11 Chief Counsel, Legal Division
12 Arizona Corporation Commission
13 1200 West Washington
14 Phoenix, Arizona 85007

15
16 Steve Olea
17 Director, Utilities Division
18 Arizona Corporation Commission
19 1200 West Washington
20 Phoenix, Arizona 85007

21
22
23
24
25
26
27
By Mary Appolite

CITY OF WASHINGTON
DISTRICT OF COLUMBIA

§
§ ss:
§

VERIFICATION

I, William A Haas, state that I am Corporate Vice President Regulatory and Public Policy of PAETEC Holding Corp., the ultimate parent of the Petitioners, Applicants or Parties, as applicable, to the foregoing filing (collectively, the "Company"); that I am authorized to make this Verification on behalf of the Company; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.



William A Haas
Corporate Vice President Regulatory and
Public Policy
PAETEC Holding Corp.

Sworn and subscribed before me this 26th day of May, 2011.



Notary Public

My commission expires _____
Sonja Sykes-Minor
District of Columbia, Notary Public
My Commission Expires
October 14, 2014



EXHIBIT

"A"

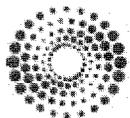
PAETEC Holding Corp. (PAET)

8-K

Current report filing

Filed on 05/31/2011

Filed Period 05/31/2011



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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 31, 2011

PAETEC Holding Corp.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

One PAETEC Plaza
600 Willowbrook Office Park
Fairport, New York
(Address of principal executive offices)

000-52486
(Commission
File Number)

20-5339741
(IRS Employer
Identification No.)

14450
(Zip Code)

Registrant's telephone number, including area code: (585) 340-2500

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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-

Item 1.01 Entry into a Material Definitive Agreement.

On May 31, 2011, PAETEC Holding Corp. ("PAETEC Holding") entered into an Amended and Restated Credit Agreement, dated as of May 31, 2011 (the "Credit Agreement"), among PAETEC Holding, as Borrower, the Lenders party thereto, Bank of America, N.A., as Administrative Agent, Deutsche Bank Securities Inc. and Goldman Sachs Bank USA, as Co-Syndication Agents, and JPMorgan Chase Bank, N.A. and Credit Suisse Securities (USA) LLC, as Co-Documentation Agents. The Credit Agreement amends and restates the Credit Agreement, dated as of February 28, 2007, as amended (the "Original Credit Agreement"), among PAETEC Holding, as Borrower, the Lenders party thereto, Deutsche Bank Trust Company Americas, as Administrative Agent, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Syndication Agent, and CIT Lending Services Corporation, as Documentation Agent.

Under the Credit Agreement, the lenders have made available to PAETEC Holding \$225 million of senior secured credit facilities consisting of the following:

- a \$100 million term loan credit facility under which PAETEC Holding obtained term loans on May 31, 2011 in an aggregate principal amount of \$100 million; and
- a revolving credit facility under which PAETEC Holding may obtain from time to time revolving loans of up to an aggregate principal amount of \$125 million outstanding at any time.

PAETEC Holding is the borrower under the term loan and revolving credit facilities. All obligations under the facilities are unconditionally guaranteed on a senior secured basis by all of PAETEC Holding's directly and indirectly owned domestic subsidiaries, except as expressly provided in the Credit Agreement (such subsidiary guarantors collectively with PAETEC Holding, the "PAETEC loan parties"). The obligations of the PAETEC loan parties under the credit facilities are secured by first-priority liens on, and first-priority security interests in, substantially all of their assets.

PAETEC Holding may elect, subject to pro forma compliance with a total leverage ratio covenant and other conditions, to solicit the lenders under the Credit Agreement or other prospective lenders to extend up to \$300 million in aggregate principal amount of additional loans under the credit facilities.

Borrowings under the credit facilities may be used for working capital, capital expenditures and general corporate purposes, including payment of outstanding borrowings incurred by PAETEC Holding under the Original Credit Agreement and payment of the merger consideration and other costs and expenses related to the completion of PAETEC Holding's previously announced acquisition by merger of XETA Technologies, Inc. See Item 2.03 of this report for information about the application of the \$100 million of term loan borrowings incurred by PAETEC Holding on the credit facility closing date of May 31, 2011. A portion of the revolving credit facility is available for the issuance of letters of credit to support PAETEC Holding's operating requirements.

The term loan facility will mature on May 31, 2018. PAETEC Holding will be required to make quarterly principal payments of \$250,000 beginning in the quarter ending June 30, 2011 and continuing each quarter through the term loan facility maturity date. In addition, PAETEC Holding will be required to make principal repayments under the term loan facility from specified excess cash flows from operations and from the net proceeds of specified types of asset sales, debt issuances, and insurance recovery and condemnation events.

The revolving credit facility will mature on May 31, 2016 except that, if more than \$25 million in aggregate principal amount of PAETEC Holding's outstanding 9.5% Senior Notes due 2015 are outstanding on January 15, 2015, the revolving credit facility will mature on January 15, 2015. There are no scheduled principal payments under the revolving loans. Any outstanding revolving loans will be payable in full on the revolving loan maturity date.

Interest accrued on borrowings outstanding under the credit facilities generally is payable on a monthly or quarterly basis. The term loan borrowings bear interest, at PAETEC Holding's option, at an annual rate equal to either a specified base rate plus a margin of 2.50%, or the applicable London interbank offered rate ("LIBOR") plus a margin of 3.50%. The margin applicable to loans under the revolving credit facility is subject to specified reductions based on certain reductions in the company's total leverage ratio and is either the specified base rate plus a margin of 1.75% to 2.25% or LIBOR plus a margin of 2.75% to 3.25%. The base rate is equal to the highest of a specified prime lending rate, the overnight federal funds rate plus 0.50%, one month LIBOR plus 1.00%, and, with respect to term loan borrowings, 2.50%. Subject to availability and other conditions, PAETEC Holding has the right to select interest periods of 1, 2, 3, 6 or, in the case of the revolving credit facility borrowings (subject to the approval of the revolving credit lenders), 9 or 12 months for LIBOR loans.

The Credit Agreement contains customary representations and warranties by PAETEC Holding, as well as customary events of default. The Credit Agreement requires the PAETEC loan parties to comply with affirmative and negative covenants customarily applicable to senior secured credit facilities, including covenants restricting the ability of the PAETEC loan parties, subject to specified exceptions, to incur additional indebtedness and additional liens on their assets, engage in mergers or acquisitions or dispose of assets, pay dividends or make other distributions, voluntarily prepay certain other indebtedness, enter into transactions with affiliated persons, make investments, change the nature of their businesses and amend the terms of certain other indebtedness. The Credit Agreement permits the incurrence of \$55 million of non-recourse debt for the acquisition and construction of PAETEC Holding's new corporate headquarters.

PAETEC Holding is required to satisfy a total leverage ratio under which the ratio of its consolidated debt to its adjusted consolidated EBITDA (as defined for purposes of the Credit Agreement) will not be permitted to be greater than (a) 5.00:1.00 on the last day of any fiscal quarter ending before December 31, 2011 or (b) 4.75:1.00 on the last day of any fiscal quarter ending on or after December 31, 2011.

Upon the effectiveness of the Credit Agreement, the credit facilities under the Original Credit Agreement and all commitments of the lenders thereunder were terminated.

Bank of America, N.A., Deutsche Bank Securities Inc., Goldman Sachs Bank USA, JPMorgan Chase Bank, N.A. and Credit Suisse Securities (USA) LLC or their affiliates have provided investment banking services to PAETEC and/or have been lenders under PAETEC's senior secured credit facilities.

The information set forth under Items 2.03 and 8.01 of this report is incorporated by reference in this Item 1.01.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off Balance Sheet Arrangement of a Registrant.

The information set forth under Items 1.01 and 8.01 of this report is incorporated by reference in this Item 2.03.

On May 31, 2011, upon the closing of the transactions under the Credit Agreement for PAETEC Holding's new senior secured credit facilities described under Item 1.01 of this report, PAETEC Holding became obligated as the borrower, and, except as expressly provided in the Credit Agreement, PAETEC Holding's directly and indirectly owned domestic subsidiaries became obligated as guarantors, under \$100 million in aggregate principal amount of first-lien secured indebtedness under the term loan facility. PAETEC Holding and its subsidiaries applied or will apply the proceeds of such indebtedness as follows:

- approximately \$69.5 million to pay the merger consideration and associated costs and expenses related to the completion on May 31, 2011 of PAETEC Holding's previously announced acquisition by merger of XETA Technologies, Inc., including repayment of borrowings outstanding under the acquired company's revolving line of credit;
- approximately \$25.1 million to repay in full all outstanding revolving loans incurred under the Original Credit Agreement; and
- the remaining proceeds to pay fees and expenses incurred in connection with the new credit facilities, and for other general corporate purposes.

PAETEC Holding received gross proceeds of \$99.8 million from its \$100 million of borrowings under the term loan facility.

Subject to conditions of availability under the revolving credit facility, PAETEC Holding may become obligated as the borrower, and PAETEC Holding's directly and indirectly owned domestic subsidiaries may become obligated as guarantors, under up to \$125 million in aggregate principal amount of additional first-lien secured indebtedness outstanding at any time.

The Credit Agreement contains customary events of default, including an event of default upon a change of control of PAETEC Holding. An event of default will occur under the new credit facilities if PAETEC Holding or, in some circumstances, another PAETEC loan party fails to make any payment when due, fails to comply with affirmative or negative covenants, makes a material misrepresentation, defaults on other specified indebtedness, fails to discharge specified judgments, loses a material license or governmental approval, becomes subject to specified claims under ERISA or environmental laws, or becomes subject to specified events of bankruptcy, insolvency, reorganization or similar events. If an event of default occurs and is not cured within any applicable grace period or is not waived, the lenders would have the right to accelerate repayment of the indebtedness under the credit facilities to the extent provided in the Credit Agreement and other credit documents and applicable law.

Item 8.01 Other Events.

The information set forth under Items 1.01 and 2.03 of this report is incorporated by reference in this Item 8.01.

On May 31, 2011, PAETEC Holding completed its previously announced acquisition by merger of XETA Technologies, Inc ("XETA") pursuant to the Agreement and Plan of Merger, dated February 8, 2011 (the "Merger Agreement"), by and among PAETEC Holding, Hera Corporation, an indirect wholly-owned

subsidiary of PAETEC Holding, and XETA. Under the terms of the Merger Agreement, Hera Corporation merged with and into XETA (the "Merger"), with XETA continuing as the surviving corporation of the Merger and as an indirect wholly-owned subsidiary of PAETEC Holding.

At the effective time of the Merger, each share of XETA common stock issued and outstanding immediately prior to the effective time (other than shares held in the treasury of XETA and any shares owned by PAETEC Holding or any of its subsidiaries) was converted into the right to receive \$5.50 in cash, without interest (the "Merger Consideration"). In addition, immediately prior to the effective time of the Merger, all remaining forfeiture restrictions applicable to restricted shares of XETA common stock under XETA's 2004 Omnibus Stock Incentive Plan expired and the holders thereof became entitled to receive the Merger Consideration with respect to each such share. Certain options to purchase shares of XETA common stock outstanding immediately prior to the effective time of the Merger became fully vested immediately prior to the effective time. Holders of warrants and vested options to purchase XETA common stock became entitled to receive (in each case, in accordance with the terms of their respective plans and agreements) the product of (a) the number of shares of XETA common stock that would have been acquired upon the exercise of the warrant or stock option, multiplied by (b) the excess, if any, of the Merger Consideration over the exercise price to acquire a share of XETA common stock under such warrant or stock option. The total Merger Consideration was approximately \$61 million.

The foregoing description of the Merger Agreement does not purport to be complete and is subject to, and qualified in its entirety by, reference to the full text of the Merger Agreement, which was previously filed as Exhibit 2.1 to PAETEC Holding's Current Report on Form 8-K filed on February 10, 2011 with the Securities and Exchange Commission.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits. PAETEC Holding herewith files the following exhibit:

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
2.1	Agreement and Plan of Merger, dated February 8, 2011, among PAETEC Holding Corp., Hera Corporation and XETA Technologies, Inc. (including form of Voting Agreement). Filed as Exhibit 2.1 to the Current Report on Form 8-K of PAETEC Holding filed on February 10, 2011 and incorporated herein by reference.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 31, 2011

PAETEC Holding Corp.
/s/ Mary K. O'Connell

Mary K. O'Connell
Executive Vice President, General Counsel and Secretary
(Duly Authorized Officer)

INDEX TO EXHIBITS

Exhibit No.

Description of Exhibit

2.1	Agreement and Plan of Merger, dated February 8, 2011, among PAETEC Holding Corp., Hera Corporation and XETA Technologies, Inc. (including form of Voting Agreement). Filed as Exhibit 2.1 to the Current Report on Form 8-K of PAETEC Holding filed on February 10, 2011 and incorporated herein by reference.
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