

TALK AMERICA HOLDINGS INC
 Form 4
 December 18, 2006

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 LAWN ALOYSIUS T IV

2. Issuer Name and Ticker or Trading Symbol
 TALK AMERICA HOLDINGS INC
 [TALK]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
 C/O TALK AMERICA HOLDINGS, INC., 6805 ROUTE 202
 (Street)

3. Date of Earliest Transaction
 (Month/Day/Year)
 12/15/2006

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 EVP - GC & Secretary

NEW HOPE, PA 18938

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | | (A) or (D) | Price | | |
| | | | | Code | V | Amount | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative | 2. Conversion | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if | 4. Transaction | 5. Number of Derivative | 6. Date Exercisable and Expiration Date | 7. Title and Amount of Underlying Securities |
|------------------------|---------------|--------------------------------------|-------------------------------|----------------|-------------------------|---|--|
|------------------------|---------------|--------------------------------------|-------------------------------|----------------|-------------------------|---|--|

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| Security (Instr. 3) | or Exercise Price of Derivative Security | any (Month/Day/Year) | Code (Instr. 8) | Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | (Month/Day/Year) | | (Instr. 3 and 4) | | | |
|---|--|----------------------|-----------------|---|------------------|-----|------------------|-----------------|--------------|----------------------------|
| | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Stock Option (right to buy) ⁽¹⁾ | \$ 1.53 | 12/15/2006 | D | | 13,334 | | 04/01/2000 | 04/01/2009 | Common Stock | 13,334 |
| Stock option (right to buy) ⁽¹⁾ | \$ 1.53 | 12/15/2006 | D | | 23,333 | | 04/01/2001 | 04/01/2009 | Common Stock | 23,333 |
| Stock Option (right to buy) ⁽¹⁾ | \$ 1.53 | 12/15/2006 | D | | 23,333 | | 04/01/2002 | 04/01/2009 | Common Stock | 23,333 |
| Stock Option (right to purchase) ⁽¹⁾ | \$ 6 | 12/15/2006 | D | | 45,833 | | 12/12/2005 | 12/12/2010 | Common Stock | 45,833 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|----------------------|-------|
| | Director | 10% Owner | Officer | Other |
| LAWN ALOYSIUS T IV C/O TALK AMERICA HOLDINGS, INC. 6805 ROUTE 202 NEW HOPE, PA 18938 | | | EVP - GC & Secretary | |

Signatures

/s/ Aloysius T. Lawn, IV 12/15/2006

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Each of these options was cancelled in the merger pursuant to the Merger Agreement, dated September 22, 2006, by and among the issuer, Cavalier Telephone Corporation and Cavalier Acquisition Corp., and converted into the right to receive an amount equal to the

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difference between \$8.10 and the exercise price of such option.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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