

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)	Code	V	Amount	(D)	Price

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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) <sup>(1)</sup>	\$ 1.53	12/15/2006	D		13,334		04/01/2000	04/01/2009	Common Stock	13,334
Stock option (right to buy) <sup>(1)</sup>	\$ 1.53	12/15/2006	D		23,333		04/01/2001	04/01/2009	Common Stock	23,333
Stock Option (right to buy) <sup>(1)</sup>	\$ 1.53	12/15/2006	D		23,333		04/01/2002	04/01/2009	Common Stock	23,333
Stock Option (right to purchase) <sup>(1)</sup>	\$ 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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