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TALK AMERICA
Form 8-K
January 21, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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): January 17, 2003

TALK AMERICA HOLDINGS, INC.

(Exact Name of Registrant as Specified in Charter)

| | | |
|---|-----------------------------|--------------------------------------|
| DELAWARE ----- | 000-26728 ----- | 23-2827736 ----- |
| (State or Other Jurisdiction of Incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

TALK AMERICA HOLDINGS, INC.
12020 SUNRISE VALLEY DRIVE
RESTON, VIRGINIA 20191
(Address of Principal Executive Offices, Including Zip Code)

(703) 391-7500

(Registrant's telephone number, including area code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

ITEM 5. OTHER EVENTS

On January 17, 2003, the Company's Board of Directors authorized a share buyback program of \$10 million or 2,500,000 shares. The shares may be purchased, from time to time, in the open market and/or in private transactions. In connection therewith, on January 17, 2003, the Company agreed to purchase 1,315,789 of its common shares from AOL at a per share price of \$3.80 (the average closing price for the five days ended January 15, 2003). The aggregate purchase price will be approximately \$5.0 million.

In addition, on January 17, 2003, by letter agreement, Talk America Holdings, Inc. (the "Company") and America Online, Inc. ("AOL") waived certain provisions of the Restructuring and Note Agreement ("Waiver"), dated September 19, 2001 (the "Restructuring Agreement"), between them, as that Restructuring Agreement was amended pursuant to a letter agreement dated December 23, 2002 ("Letter Agreement"). Pursuant to the Waiver, the Company is permitted, through September 30, 2003, to purchase shares of its common stock from shareholders other than AOL ("Stock Buy Back"), provided it purchases the shares at or below market value and it concurrently purchases an equal number of shares of the common stock from AOL. The aggregate amount that the Company may utilize with respect to both the repurchase of its outstanding subordinated debt and the

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Stock Buy Back cannot exceed \$10 million. In the event that AOL does not hold any shares of Company common stock at the time of a Stock Buy Back, Talk is required to prepay \$1.00 of principal amount of 8% Convertible Notes held by AOL under the Restructuring Agreement for each \$1.00 applied to the Stock Buy Back.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

10.1 Letter Agreement, dated as of January 17, 2003, between Talk America Holdings, Inc. and America Online, Inc. (filed herewith).

99.1 Press Release dated January 13, 2003 (filed herewith).

SIGNATURES

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.

TALK AMERICA HOLDINGS, INC.

Date: January 20, 2003

By: /s/ Aloysius T. Lawn, IV

Name: Aloysius T. Lawn, IV
Title: Executive Vice President -
General Counsel and Secretary

EXHIBIT INDEX

| Exhibit Number | Description |
|----------------|-------------|
| ----- | ----- |

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