

TERAYON COMMUNICATION SYSTEMS

Form 5

February 18, 2005

FORM 5**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549Check this box if
no longer subject
to Section 16.Form 4 or Form
5 obligations
may continue.See Instruction
1(b).Form 3 Holdings
Reported

Form 4

Transactions

Reported

**ANNUAL 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

OMB APPROVAL

OMB
Number: 3235-0362Expires: January 31,
2005Estimated average
burden hours per
response... 1.01. Name and Address of Reporting Person *
SOLOMON LEWIS

(Last) (First) (Middle)

**4988 GREAT AMERICA
PARKWAY**

(Street)

SANTA CLARA, CA 95054

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading
Symbol
**TERAYON COMMUNICATION
SYSTEMS [TERN]**3. Statement of Issuer's Fiscal Year Ended
(Month/Day/Year)
12/31/20044. If Amendment, Date Original
Filed(Month/Day/Year)5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

☒ Director ☐ 10% Owner
☐ Officer (give title below) ☐ Other (specify below)

6. Individual or Joint/Group Reporting

(check applicable line)

☒ Form Filed by One Reporting Person
☐ Form Filed by More than One Reporting
Person**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) (A) or Amount (D) Price	5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
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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 2270
(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 Am Underlying Sec
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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)				
(A)	(D)	Date Exercisable	Expiration Date	Title						
Non-Qualified Stock Option (right to buy)	\$ 2.74	12/16/2004	Â	A4	25,000	Â	Â	(1)	12/16/2014	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 2.74	12/16/2004	Â	A4	3,000	Â	Â	(1)	12/16/2014	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 2.74	12/16/2004	Â	A4	3,000	Â	Â	(1)	12/16/2014	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 2.74	12/16/2004	Â	A4	6,000	Â	Â	(1)	12/16/2014	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SOLOMON LEWIS 4988 GREAT AMERICA PARKWAY SANTA CLARA, CA 95054	Â X	Â	Â	Â

Signatures

Rachel Nico Halpren for Lewis
Solomon

02/18/2005

__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).

Shares granted from the 1998 Non-Employee Directors' Stock Option Plan. Thirty-three percent (33%) of the shares subject to this option (1) shall vest on the first anniversary of the Grant Date and one thirty-sixth (1/36) of the shares shall vest monthly thereafter over the remaining 24 months.

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.