

TERAYON COMMUNICATION SYSTEMS

Form 4

July 24, 2007

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
RAKIB SHLOMO

2. Issuer Name **and** Ticker or Trading
Symbol
**TERAYON COMMUNICATION
SYSTEMS [TERN.PK]**

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

(Last) (First) (Middle)
2450 WALSH AVENUE
(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
05/31/2007

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

SANTA CLARA, CA 95051

(City) (State) (Zip)

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

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 Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)	
			Code	V	Amount	(A) or (D)	Price	
Common Stock	05/31/2007		D	V	400,000	D	<u>(1)</u> 0	D
Common Stock	07/20/2007		D		240,000	D	<u>(2)</u> 0	I
Common Stock	07/20/2007		D		2,362,040	D	<u>(2)</u> 0	D

Co-Trustee
of the
Shlomo
Rakib
Children's
Trust

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 Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title
Non-qualified Stock Option (right to buy)	\$ 2.45	07/20/2007		D	500,000	05/28/2005 05/27/2013	Common Stock 50
Non-qualified Stock Option (right to buy)	\$ 6.8125	07/20/2007		D	800,000	02/14/2005 02/13/2011	Common Stock 80

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
RAKIB SHLOMO 2450 WALSH AVENUE SANTA CLARA, CA 95051	X			

Signatures

/s/ Rachel Nico,
attorney-in-fact

07/20/2007

__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) "Bona fide gift" and involves no payment of consideration by the recipient of the gift.
- (2) Disposed of pursuant to the merger agreement between issuer and Motorola, Inc. in exchange for \$1.80 per share in cash on the effective date of the merger.
- (3) This option was cancelled pursuant to the merger agreement because the exercise price was greater than the merger consideration of \$1.80 per share.

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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