

## TERAYON COMMUNICATION SYSTEMS

Form 4

July 24, 2007

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

## OMB APPROVAL

OMB Number: 3235-0287

Expires: January 31, 2005

Estimated average burden hours per response... 0.5

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 \*  
SPEAKS HOWARD W JR

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)

07/20/2007

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

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

SANTA CLARA, CA 95051

(City) (State) (Zip)

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

| 1. Title of<br>Security<br>(Instr. 3) | 2. Transaction Date<br>(Month/Day/Year) | 2A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 3. Transaction<br>Code<br>(Instr. 8) | 4. Securities<br>Acquired (A) or<br>Disposed of (D)<br>(Instr. 3, 4 and 5) | 5. Amount of<br>Securities<br>Beneficially<br>Owned<br>Following<br>Reported<br>Transaction(s)<br>(Instr. 3 and 4) | 6. Ownership<br>Form: Direct<br>(D) or Indirect<br>(I)<br>(Instr. 4) | 7. Nature of<br>Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |
|---------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------|
|                                       |                                         |                                                             | 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  
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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<br>Derivative<br>Security | 2. Conversion<br>or Exercise | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any | 4. Transaction<br>Code | 5. Number of<br>Derivative<br>Securities | 6. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) | 7. Title and Amount<br>Underlying Security<br>(Instr. 3 and 4) |
|---------------------------------------|------------------------------|-----------------------------------------|-----------------------------------------|------------------------|------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|
|---------------------------------------|------------------------------|-----------------------------------------|-----------------------------------------|------------------------|------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|

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| (Instr. 3)                                      | Price of<br>Derivative<br>Security | (Month/Day/Year) | (Instr. 8) | Acquired (A)<br>or Disposed of<br>(D)<br>(Instr. 3, 4,<br>and 5) |        |     |                     |                    |                 |                         |
|-------------------------------------------------|------------------------------------|------------------|------------|------------------------------------------------------------------|--------|-----|---------------------|--------------------|-----------------|-------------------------|
|                                                 |                                    |                  | Code       | V                                                                | (A)    | (D) | Date<br>Exercisable | Expiration<br>Date | Title           | Am<br>or<br>Num<br>of S |
| Non-qualified<br>Stock Option<br>(right to buy) | \$ 2.74                            | 07/20/2007       | D          |                                                                  | 20,583 |     | <u>(1)</u>          | 12/15/2014         | Common<br>Stock | 20,                     |
| Non-qualified<br>Stock Option<br>(right to buy) | \$ 3.07                            | 07/20/2007       | D          |                                                                  | 60,000 |     | 05/24/2007          | 05/25/2014         | Common<br>Stock | 60,                     |

## Reporting Owners

| Reporting Owner Name / Address                                   | Relationships |           |         |       |
|------------------------------------------------------------------|---------------|-----------|---------|-------|
|                                                                  | Director      | 10% Owner | Officer | Other |
| SPEAKS HOWARD W JR<br>2450 WALSH AVENUE<br>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).
- This option, of which 33% of the total shares vest one year from the grant date and 67% of the shares vest monthly thereafter, was
- (1) cancelled pursuant to the merger agreement between issuer and Motorola, Inc. because the exercise price was greater than the merger consideration of \$1.80 per share.
  - (2) 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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