

TERAYON COMMUNICATION SYSTEMS  
Form 4  
February 17, 2005

**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 \*  
**RAKIB SHLOMO**

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
**4988 GREAT AMERICA PARKWAY**

3. Date of Earliest Transaction (Month/Day/Year)  
**02/16/2005**

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

(Street)  
**SANTA CLARA, CA 95054**

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 Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)
				Code V Amount (A) or (D) Price			
Common Stock	02/16/2005		S	150,000 D \$ 3.5343	2,762,040	D	
Common Stock					240,000	I	Co-Trustee of the Shlomo Rakib Children's Trust. <sup>(1)</sup>

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.

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(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 Securities (Instr. 3 and 4)	Amount of Number of Shares
Non-Qualified Stock Option (right to buy)	\$ 2.45					(2) 05/28/2013	Common Stock	500,000
Non-Qualified Stock Option(right to buy)	\$ 6.8125					(3) 02/14/2011	Common Stock	800,000

## Reporting Owners

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

## Signatures

Rachel Halpren for Shlomo  
Rakib 02/17/2005

\*\*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).

- (1) Co-Trustee of the Shlomo Rakib Children's Trust.  
(2) Option granted under the 1997 Option Plan on 05/28/2003, with 50% vesting on 05/28/2004 and 50% vesting on 05/28/2005

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(3) Option granted pursuant to issuer's 1997 Equity Incentive Plan. This option vests monthly from 4/11/2000 over a four year period.

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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