

TERAYON COMMUNICATION SYSTEMS

Form 4

July 24, 2007

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 *
SOLOMON LEWIS

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)

SANTA CLARA, CA 95051

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 Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	07/20/2007		D		60,000	D	11 0

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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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)**

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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 Underlying Security (Instr. 3 and 4)	8. Amount or Number of Shares of Common Stock
Non-qualified Stock Option (right to buy)	\$ 23.1875	07/20/2007		D	50,000	05/12/2002 05/11/2009	Common Stock	50,000
Non-qualified Stock Option (right to buy)	\$ 22.625	07/20/2007		D	31,000	05/13/2002 05/12/2009	Common Stock	31,000
Non-qualified Stock Option (right to buy)	\$ 66.375	07/20/2007		D	31,000	06/13/2003 06/12/2010	Common Stock	31,000
Non-qualified Stock Option (right to buy)	\$ 2.93	07/20/2007		D	31,000	05/22/2005 05/21/2012	Common Stock	31,000
Non-qualified Stock Option (right to buy)	\$ 6.8125	07/20/2007		D	62,000	05/17/2007 05/16/2011	Common Stock	62,000
Non-qualified Stock Option (right to buy)	\$ 6.52	07/20/2007		D	25,000	07/31/2004 07/30/2011	Common Stock	25,000
Non-qualified Stock Option (right to buy)	\$ 2.45	07/20/2007		D	37,000	05/28/2004 05/27/2013	Common Stock	37,000
Non-qualified Stock Option (right to buy)	\$ 2.74	07/20/2007		D	37,000	<u>(3)</u> 12/15/2014	Common Stock	37,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SOLOMON LEWIS 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) 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.
- (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.
- (3) 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 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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