

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

3. Date of Earliest Transaction (Month/Day/Year)  
07/20/2007

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

(Street)  
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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  | Code                           | V   | Amount  | (D)  | Price                             |
| Common Stock                    | 07/20/2007                           |  | D                              |   | 60,000  | D  | 0                                 |

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)**

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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 of Underlying Security (Instr. 3 and 4) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| 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  | <sup>(3)</sup> 12/15/2014                                | Common Stock  | 37,000                     |

## Reporting Owners

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