

SPEAKS HOWARD W JR

Form 5

February 22, 2005

**FORM 5****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).Form 3 Holdings  
Reported

Form 4

Transactions

Reported

**ANNUAL 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  
Number: 3235-0362Expires: January 31,  
2005Estimated average  
burden hours per  
response... 1.01. Name and Address of Reporting Person \*  
SPEAKS HOWARD W JR2. 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)

3. Statement for Issuer's Fiscal Year Ended  
(Month/Day/Year)  
12/31/2004☒ Director ☐ 10% Owner  
☐ Officer (give title below) ☐ Other (specify below)4988 GREAT AMERICA  
PARKWAY

(Street)

4. If Amendment, Date Original  
Filed(Month/Day/Year)

6. Individual or Joint/Group Reporting

(check applicable line)

SANTA CLARA, CA 95054

☒ 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)  (A) or Amount (D) Price	5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
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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 2270  
(9-02)**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
**(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction	5. Number of Derivative	6. Date Exercisable and Expiration Date	7. Title and Am Underlying Sec
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Security (Instr. 3)	or Exercise Price of Derivative Security	any (Month/Day/Year)	Code (Instr. 8)	Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Month/Day/Year)	(Instr. 3 and 4)				
				(A)	(D)	Date Exercisable	Expiration Date	Title		
Non-Qualified Stock Option (right to buy)	\$ 2.74	12/16/2004	Â	A4	14,583	Â	Â <u>(1)</u>	12/16/2014	Common Stock	1
Non-Qualified (right to buy)	\$ 2.74	12/16/2004	Â	A4	3,000	Â	Â <u>(1)</u>	12/16/2014	Common Stock	
Non-Qualified Stock Option (right to buy)	\$ 2.74	12/16/2004	Â	A4	3,000	Â	Â <u>(1)</u>	12/16/2014	Common Stock	
Non-Qualified Stock Option (right to buy)	\$ 3.07	Â	Â	Â	Â	Â	Â <u>(1)</u>	05/26/2014	Common Stock	6

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SPEAKS HOWARD W JR 4988 GREAT AMERICA PARKWAY SANTA CLARA, CA 95054	Â X	Â	Â	Â

## Signatures

Rachel Nico Halpren for Howard W  
Speaks Jr

02/22/2005

\_\_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).

Shares granted from the 1998 Non-Employee Directors' Stock Option Plan. Thirty-three percent (33%) of the shares subject to this option (1) shall vest on the first anniversary of the Grant Date and one thirty-sixth (1/36) of the shares shall vest monthly thereafter over the remaining 24 months.

Note: File three copies of this Form, one of which must be manually signed. If space provided 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.