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TERAYON COMMUNICATION SYSTEMS
Form SC TO-I/A
December 05, 2001

As filed with the Securities and Exchange Commission on December 5, 2001

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE TO
Tender Offer Statement under Section 14(d) (1) or 13(e) (1)
of the Securities Exchange Act of 1934

(Amendment No. 2)

TERAYON COMMUNICATION SYSTEMS, INC.
(Name of Subject Company--Issuer and Filing Person--Offeror)

OPTIONS TO PURCHASE COMMON STOCK,
PAR VALUE \$0.001 PER SHARE
(Title of Class of Securities)

880775 10 1
(CUSIP Number of Class of Securities)

DR. ZAKI RAKIB
CHIEF EXECUTIVE OFFICER
TERAYON COMMUNICATION SYSTEMS, INC.
2952 BUNKER HILL LANE
SANTA CLARA, CALIFORNIA 94954
TELEPHONE: (408) 727-4400
(Name, address and telephone number of person authorized
to receive notices and communications on behalf of
Filing Person)

Copies to:
JAMIE E. CHUNG
JASON S. THRONE
COOLEY GODWARD LLP
ONE MARITIME PLAZA, FLOOR 20
SAN FRANCISCO, CALIFORNIA 94111
TELEPHONE: (415) 693-2000

CALCULATION OF FILING FEE

TRANSACTION VALUATION*	AMOUNT OF FILING FEE**
\$38,103,003.00	\$7,621.00

* Calculated solely for purposes of determining the filing fee. This amount assumes that options to purchase 12,214,795 shares of common stock of Terayon Communication Systems, Inc. having an aggregate value of \$38,103,003.00 as of November 5, 2001 will be exchanged pursuant to this offer. The aggregate value of such options was calculated based on the Black-Scholes option pricing model. The number of options, the aggregate value of the options and the filing fee are based on the number of eligible options on November 5, 2001.

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** One-fiftieth of 1% of the value of the transaction, pursuant to Rule 0-11 of the Securities Exchange Act of 1934, as amended.

[X] CHECK BOX IF ANY PART OF THE FEE IS OFFSET AS PROVIDED BY RULE 0-11(a)(2) AND IDENTIFY THE FILING WITH WHICH THE OFFSETTING FEE WAS PREVIOUSLY PAID. IDENTIFY THE PREVIOUS FILING BY REGISTRATION STATEMENT NUMBER, OR THE FORM OR SCHEDULE AND THE DATE OF ITS FILING.

AMOUNT PREVIOUSLY PAID: \$7,621.00.

FILING PARTY: Terayon Communication Syst

FORM OR REGISTRATION NO.: Schedule TO.

DATE FILED: November 6, 2001.

[] CHECK THE BOX IF THE FILING RELATES SOLELY TO PRELIMINARY COMMUNICATIONS MADE BEFORE THE COMMENCEMENT OF A TENDER OFFER.

CHECK THE APPROPRIATE BOXES BELOW TO DESIGNATE ANY TRANSACTIONS TO WHICH THE STATEMENT RELATES:

[] Third-party tender offer subject to Rule 14d-1.

[X] Issuer tender offer subject to Rule 13e-4.

[] Going-private transaction subject to Rule 13e-3.

[] Amendment to Schedule 13D under Rule 13d-2.

CHECK THE FOLLOWING BOX IF THE FILING IS A FINAL AMENDMENT REPORTING THE RESULTS OF THE TENDER OFFER: []

2.

INTRODUCTORY STATEMENT

This Amendment No. 2 amends and supplements the Tender Offer Statement on Schedule TO-1 filed with the Securities and Exchange Commission on November 19, 2001, relating to our offer to exchange certain options to purchase shares of our Common Stock, par value \$0.001 per share upon the terms and subject to the conditions described in the Offer to Exchange dated November 6, 2001 and revised on November 19, 2001.

ITEM 12. EXHIBITS.

EXHIBIT NUMBER

DESCRIPTION

(a) (1) (A) ** Offer to Exchange, dated November 6, 2001, revised on November 19, 2001.

(a) (1) (B) * Email correspondence from Zaki Rakib to employees and directors

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of Terayon Communication Systems, Inc., dated November 6, 2001.

- (a) (1) (C) * Website Log-on Page.
- (a) (1) (D) ** Website Home Page.
- (a) (1) (E) ** CEO Letter Page.
- (a) (1) (F) ** Website Election Form Page.
- (a) (1) (G) * Election Form.
- (a) (1) (H) ** Website Q& A.
- (a) (1) (I) * Website Email Page.
- (a) (1) (J) Terayon Communication Systems, Inc. Annual Report on Form 10-K405 for its fiscal year ended December 31, 2000, filed with the Securities and Exchange Commission on April 2, 2001, as amended by the Form 10-K/A, filed with the Securities and Exchange Commission on April 30, 2001 and incorporated herein by reference.
- (a) (1) (K) Terayon Communication Systems, Inc. Quarterly Report on Form 10-Q for its quarter ended March 31, 2001, filed with the Securities and Exchange Commission on May 15, 2001 and incorporated herein by reference.
- (a) (1) (L) Terayon Communication Systems, Inc. Quarterly Report on Form 10-Q for its quarter ended June 30, 2001, filed with the Securities and Exchange Commission on August 14, 2001 and incorporated herein by reference.
- (a) (1) (M) Terayon Communication Systems, Inc. Quarterly Report on Form 10-Q for its quarter ended September 30, 2001, filed with the Securities and Exchange Commission on November 14, 2001 and incorporated herein by reference.
- (a) (1) (N) ** Email communication from Zaki Rakib to employees and directors of Terayon Communication Systems, Inc., dated November 19, 2001.
- (a) (1) (O) ** Email communication to employees and directors of Terayon Communication Systems, Inc. to be dated and sent on November 26, 2001.
- (a) (1) (P) ** Form of Email communication to employees and directors of Terayon Communication Systems, Inc., to be dated and sent on November 29 and 20, 2001 and December 3 and 4.
- (a) (1) (Q) ** Email communication to employees and directors of Terayon Communication Systems, Inc. to be dated and sent on December 5, 2001.
- (a) (1) (R) ** Website Termination Page.
- (a) (1) (S) Email communication to employees and directors of Terayon Communication Systems, Inc., dated December 4, 2001.
- (a) (1) (T) Email communication to employees and directors of Terayon Communication Systems, Inc., dated December 4, 2001.
- (b) Not applicable.

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- (d) (1) Terayon Communication Systems, Inc.'s 1997 Equity Incentive Plan (filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K405 filed on April 2, 2001 and which Exhibit 10.3 is incorporated herein by reference).

3.

- (d) (2) Terayon Communication Systems, Inc.'s 1998 Non-Employee Directors' Stock Option Plan (filed as Exhibit 10.4 to the Company's Registration Statement on Form S-1 filed on June 16, 1998 (File No. 333-56911)).
- (d) (3) Terayon Communication Systems, Inc.'s 1999 Non-Officer Equity Incentive Plan (filed as Exhibit 10.16 to the Company's Annual Report on Form 10-K405 filed on April 2, 2001 and which Exhibit 10.16 is incorporated herein by reference).
- (g) Not applicable.
- (h) Not applicable.

* previously filed as an exhibit to the Schedule TO filed with the Securities and Exchange Commission on November 6, 2001.

** previously filed as an exhibit to the Schedule TO-I filed with the Securities and Exchange Commission on November 19, 2001.

4.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Schedule TO is true, complete and correct.

Dated: December 5, 2001

TERAYON COMMUNICATION SYSTEMS, INC.

By: /s/ Zaki Rakib

Name: Dr. Zaki Rakib

Title: Chief Executive Officer

5.

INDEX OF EXHIBITS

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- (g) Not applicable.

6.

- (h) Not applicable.

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7.