

TERAYON COMMUNICATION SYSTEMS

Form 8-K

May 11, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 8-K
CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 8, 2006

TERAYON COMMUNICATION SYSTEMS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

000-24647
(Commission
File Number)

77-0328533
(IRS Employer
Identification No.)

**4988 Great America Parkway
Santa Clara, California 95054**

(Address of Principal Executive Offices and Zip Code)

Registrant's telephone number, including area code: **(408) 235-5500**

Not Applicable

(Former Name or Former Address, if Changed Since Last Report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

The Compensation Committee of the Board of Directors of Terayon Communication Systems, Inc. (the Company) on May 8, 2006 approved the terms of participation in the Company's Executive Sales Commission Plan (the Plan) applicable to Matthew Aden, the Company's Senior Vice President of Sales and Support. Mr. Aden is eligible to earn commission payments based on achieving certain revenue targets, in accordance with the provisions of the Plan. The target commission for Mr. Aden is equal to 100% of his base salary, and he is eligible to earn up to 150% of his target commission. No commission will be paid if less than 25% of the revenue targets is achieved, and the commission amount will be reduced to the extent that less than 50% of the revenue targets is achieved. The Company reserves the right to modify, revoke, suspend, terminate or change any terms of the Plan at any time, with or without notice.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 11, 2006

Terayon Communication Systems, Inc.

By: /s/ Mark Richman

Name: Mark Richman

Title: Chief Financial Officer