

CASTELLE \CA\
Form 4
May 27, 2005

FORM 4

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).

**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
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(Print or Type Responses)

1. Name and Address of Reporting Person *
HEINZE EDWARD J

(Last) (First) (Middle)

855 JARVIS DRIVE, SUITE 100

(Street)

MORGAN HILL, CA 95037

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol

CASTELLE \CA\ [CSTL]

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

05/27/2005

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

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

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

V.P. Sales, US

6. Individual or Joint/Group Filing(Check
Applicable Line)
__X__ Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

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)
Common Stock	05/27/2005		M	1,876 A	\$ 0.875 4,376	D	
Common Stock	05/27/2005		S	1,876 D	\$ 2.9608 2,500	D	
Common Stock	05/27/2005		M	2,292 A	\$ 0.68 4,792	D	
Common Stock	05/27/2005		S	2,292 D	\$ 2.9608 2,500	D	

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.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

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 Securities (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Option (Right To Buy)	\$ 0.875	05/27/2005	05/27/2005	M	1,980	11/08/2001 ⁽¹⁾ 11/08/2007	Common Stock 1,980
Option (Right To Buy)	\$ 0.68	05/27/2005	05/27/2005	M	2,292	04/11/2002 ⁽²⁾ 04/11/2008	Common Stock 2,292

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HEINZE EDWARD J 855 JARVIS DRIVE SUITE 100 MORGAN HILL, CA 95037			V.P. Sales, US	

Signatures

/s/ Edward J
Heinze 05/27/2005

**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).

(1) Options granted pursuant to Issuer's 1988 Equity Incentive Plan. Twenty-Five percent (25%) of the options shall vest on November 8, 2001, and the remaining options shall vest in 36 equal monthly installments thereafter.

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- (2) Options granted pursuant to the Issuer's 1988 Equity Incentive Plan. Twenty-Five percent (25%) of the options shall vest on April 11, 2002, and the remaining options shall vest in 36 equal monthly installments thereafter.

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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