

CASTELLE \CA\
Form 4
May 27, 2005

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 *
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
 Officer (give title below) Other (specify below)
V.P. Sales, US

6. Individual or Joint/Group Filing(Check Applicable Line)
 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)
			Code	V Amount (A) or (D) Price			
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.

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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)	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. 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.