

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 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): June 28, 1996

COMMISSION FILE NUMBER 0-26820

TERA COMPUTER COMPANY  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Washington  
(State or other jurisdiction of  
incorporation or organization)

93-0962605  
(I.R.S. Employer  
Identification No.)

2815 Eastlake Ave East, Seattle, Washington  
(Address of principal executive office)

98102-3027  
(Zip Code)

Registrants's telephone number, including area code: (206) 325-0800

None  
(Former name or former address, if changed since last report)

TERA COMPUTER COMPANY  
(A DEVELOPMENT STAGE COMPANY)  
BALANCE SHEET  
(unaudited)

	5/31/96		
	ACTUAL	PRO FORMA (1)	ADJUSTED
	net		
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 3,908,918	\$ 2,028,390	\$ 5,937,308
Accounts receivable	23,448		23,448
Advances to suppliers	317,562		317,562
Other assets	77,067		77,067
Total current assets	4,326,995		6,355,385
PROPERTY AND EQUIPMENT, NET	1,453,795		1,453,795
LEASE DEPOSITS	218,725		218,725
TOTAL	\$ 5,999,515		\$ 8,027,905
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> (NET CAPITAL DEFICIENCY)			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 581,047		\$ 581,047
Accrued payroll and related expenses	1,569,856		1,569,856
Potential contract adjustments	250,000		250,000
Current portion of obligations under capital leases	656,548		656,548
Total current liabilities	3,057,451		3,057,451
<b>OBLIGATIONS UNDER CAPITAL LEASES:</b>			

less current portion	109,477	109,477
SHAREHOLDERS' EQUITY (NET CAPITAL DEFICIENCY):		
Convertible preferred stock - Authorized, 5,000,000 shares; issued and outstanding; 2,256,458 shares (1)	4,646,027	2,028,390
Common stock, par \$.01 - Authorized, 25,000,000 shares; issued and outstanding, 3,889,455 and 3,936,843 shares	19,137,406 (20,950,846)	19,137,406 (20,950,846)
Accumulated deficit	-----	-----
	2,832,587	4,860,977
TOTAL	\$ 5,999,515	\$ 8,027,905
	=====	=====

(1) Shows net proceeds of private placement received as of June 28, 1996.

3

TERA COMPUTER COMPANY  
(A DEVELOPMENT STAGE COMPANY)  
STATEMENT OF OPERATIONS  
(unaudited)

	FIVE MONTHS ENDED MAY 31, 1996 -----	PERIOD FROM DECEMBER 7, 1987 (INCEPTION) THROUGH MAY 31, 1996 -----
OPERATING EXPENSES:		
Research and development	\$(5,380,357)	\$(33,509,810)
Marketing and sales	(233,519)	(1,399,477)
General and administrative	(401,064)	(4,156,363)
	-----	-----
	(6,014,940)	(39,065,650)
RESEARCH FUNDING	17,358	18,486,967
	-----	-----
Net operating expense	(5,997,582)	(20,578,683)
OTHER INCOME (EXPENSE)	14,487	(372,163)
NET LOSS	\$ (5,983,095)	\$ (20,950,846)
	=====	=====

4

ITEM 5. OTHER EVENTS

The Company has engaged H.J. Meyers & Co., Inc. of Rochester, New York, to act as the Company's Sales Agent to raise a minimum of \$2,500,000 up to \$8,000,000 of funds in an "All Accredited Investor" private placement of Units, each Unit consisting of two shares of Series A Convertible Preferred Stock and one Redeemable Common Stock Purchase Warrant. To date a total of \$7,672,000 has been raised, of which \$6,674,000 has been received by the Company net of offering fees and expenses. The Company is continuing this private placement and expects to raise all or nearly all of the \$8,000,000 maximum.

The Company's unaudited balance sheet as of May 31, 1996, with the pro forma application of funds received to date from the private placement, and the Company's internal statement of operations for the five months ended May 31, 1996, are attached. The financial statements are without notes or adjustments and the results of operations for the five months ended May 31, 1996 are not necessarily indicative of the results for the entire year.

EXHIBIT 7. EXHIBITS

1. Pro forma balance sheet (unaudited) as of May 31, 1996.

2. Statement of Operations (unaudited) for the five months ended May 31, 1996.

SIGNATURES

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.

TERA COMPUTER COMPANY

By: JAMES E. ROTTSOLK

-----  
James E. Rottsolk  
Chief Executive Officer  
and Chief Financial Officer

Date: July 1, 1996