

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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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

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(f) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person*			2. Issuer Name and Ticker or Trading Symbol		6. Relationship of Reporting Person to Issuer (Check all applicable)	
Smith	Burton	J.	Tera Computer Company (TERA)		X	Director 10% Owner
(Last)	(First)	(Middle)	IRS or Social Security Number of Reporting Person (Voluntary)		X	Officer (give title below)
2815 Eastlake Avenue East			4. Statement for Month/Year		---	X Other (specify below)
(Street)			7/97		Chairman & Chief Scientist	
Seattle	WA	98102	5. If Amendment, Date of Original (Month/Year)		7. Individual or Joint/Group Filing (Check Applicable Line)	
(City)	(State)	(Zip)			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)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned at End of Month (Instr. 3 and 4)	6. Owner-ship Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of direct Beneficial Ownership (Instr. 4)
		Code V	Amount or Price (A) (D)			
Common Stock	07/24/97	S	354** D \$1.76**	293,182	D	

**Sold to an employee of Tera Computer Company pursuant to the exercise of an option under an option agreement dated 10/5/92 between the Reporting Person and the employee.

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.
*If the form is filed by more than one reporting person, see Instruction 4(b) (v).

SEC 1474 (7-96)

FORM 4 (continued)

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)	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)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned at End of Month (Instr. 4)	10. Owner-ship Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Ownership (Instr. 4)
			Code V	(A) (D)	Exercisable Date	Title Amount or No. of Shares				

