TERABEAM, INC. Form 4 May 30, 2006

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

TERABEAM, INC. [TRBM]

3. Date of Earliest Transaction

(Month/Day/Year)

05/23/2006

(Print or Type Responses)

1. Name and Address of Reporting Person * GERDELMAN JOHN W

(First) (Last)

(Middle)

TERABEAM, INC., 2115 O'NEL

(Street)

4. If Amendment, Date Original

Symbol

Filed(Month/Day/Year)

SAN JOSE, CA 95131

5. Relationship of Reporting Person(s) to 2. Issuer Name and Ticker or Trading

Issuer

(Check all applicable)

X_ Director 10% Owner Officer (give title Other (specify

below)

6. Individual or Joint/Group Filing(Check

Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

(City) (State) (Zip) Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)

DRIVE

2. Transaction Date 2A. Deemed (Month/Day/Year)

Execution Date, if

(Month/Day/Year)

3. 4. Securities TransactionAcquired (A) or Code

Disposed of (D) (Instr. 8)

(Instr. 3, 4 and 5)

Following Reported (A) Transaction(s) or (Instr. 3 and 4) Code V Amount (D) Price

5. Amount of Securities Beneficially Owned

(I) (Instr. 4)

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial Ownership

(Instr. 4)

OMB APPROVAL

3235-0287

January 31,

2005

0.5

OMB

Number:

Expires:

response...

Estimated average

burden hours per

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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

1. Title of Derivative Security

Conversion or Exercise

3. Transaction Date 3A. Deemed

(Month/Day/Year) Execution Date, if any

4. 5. Number of Transaction Derivative Code Securities

6. Date Exercisable and **Expiration Date** (Month/Day/Year)

7. Title and Amour **Underlying Securit** (Instr. 3 and 4)

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	occurry,				(Instr. 3, 4 and 5)					
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amo or Num of Sh
Nonqualified Stock Option	\$ 2.41	05/23/2006	A		15,000		05/23/2006	05/23/2011	Common	15,0

(Month/Day/Year) (Instr. 8) Acquired (A)

or Disposed of

Stock

(D)

Reporting Owners

Price of

Security

Derivative

Reporting Owner Name / Address	Relationships						
· · · · · · · · · · · · · · · · · · ·	Director	10% Owner	Officer	Other			
GERDELMAN JOHN W TERABEAM, INC. 2115 O'NEL DRIVE SAN JOSE, CA 95131	X						

Signatures

(Instr. 3)

Stock Option

/s/ John W.
Gerdelman 05/30/2006

**Signature of Date

Reporting Person

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).

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.

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