

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

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).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <b>LAZARUS STEVEN</b>  (Last) (First) (Middle) <b>8725 WEST HIGGINS ROAD</b> <b>SUITE 290</b>  (Street) <b>CHICAGO IL 60631</b>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <b>XCYTE THERAPIES INC [ XCYT ]</b>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  Director <input checked="" type="checkbox"/> 10% Owner  Officer (give title below) Other (specify below)
	3. Date of Earliest Transaction (Month/Day/Year) <b>10/29/2004</b>	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	6. Individual or Joint/Group Filing (Check Applicable Line)  <input checked="" type="checkbox"/> 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			

**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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
6% Convertible Exchangeable Preferred Stock	(2)	10/29/2004		P		200,000(2)		(2)	(2)	Common	(2)	\$10(2)	851,060(1)	I	Footnote(1)

**Explanation of Responses:**

1. The amount reported in Column 9 represents 198,661 shares of 6% Convertible Exchangeable Preferred Stock purchased by ARCH Venture Fund V, L.P. and 1,339 shares of 6% Convertible Exchangeable Preferred Stock purchased by ARCH V Entrepreneurs Fund, L.P. with effect given to the conversion described in the footnote below. Such amount is subject to change based on the potential adjustments to the conversion price described in the footnote below. The reporting person is the managing director of ARCH Venture Fund V, L.L.C., the general partner of ARCH Venture Partners V, L.P., the general partner of ARCH Venture Fund V, L.P. and ARCH V Entrepreneurs Fund, L.P. The reporting person disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein, and this report shall not be deemed an admission that the reporting person is the beneficial owner thereof.

2. These securities are preferred stock of Xcyte Therapies and do not have an expiration date. Each share of 6% Convertible Exchangeable Preferred Stock can be converted by its holder into approximately 4.2553 shares of Xcyte's common stock based on an initial conversion price of \$2.35, subject to certain adjustments. Xcyte may automatically convert the convertible preferred stock into common stock if the closing price of the common stock has exceeded \$3.53 for at least 20 trading days during any 30-day trading period, ending within five trading days prior to notice of automatic conversion.

/s/Steven Lazarus 11/02/2004  
 \*\* Signature of Reporting Person Date

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).

\*\* 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.

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