

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

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

OMB APPROVAL

OMB Number: 3235-0104
Estimated average burden
hours per response: 0.5

1. Name and Address of Reporting Person* <u>ARCH VENTURE FUND III L P</u> (Last) (First) (Middle) 8725 W HIGGINS ROAD SUITE 290 (Street) CHICAGO IL 60631 (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) 03/16/2004	3. Issuer Name and Ticker or Trading Symbol <u>XCYTE THERAPIES INC [XCYT]</u> 4. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director <input checked="" type="checkbox"/> 10% Owner Officer (give title below) Other (specify below)	5. If Amendment, Date of Original Filed (Month/Day/Year) 03/10/2004 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 Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)			

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
Series A Convertible Preferred Stock	03/16/2004 ⁽¹⁾	(1)	Common Stock	28,707 ⁽¹¹⁾	(1)	D	
Series B Convertible Preferred Stock	03/16/2004 ⁽¹⁾	(1)	Common Stock	305,785 ⁽¹¹⁾	(1)	D	
Series C Convertible Preferred Stock	03/16/2004 ⁽¹⁾	(1)	Common Stock	203,502 ⁽¹¹⁾	(1)	D	
Series D Convertible Preferred Stock	03/16/2004 ⁽¹⁾	(1)	Common Stock	240,352 ⁽¹¹⁾	(1)	D	
Series E Convertible Preferred Stock	03/16/2004 ⁽¹⁾	(1)	Common Stock	170,045 ⁽¹¹⁾	(1)	D	
Warrants to purchase Series A Convertible Preferred Stock	03/19/2004 ⁽⁴⁾	08/31/2007 ⁽⁴⁾	Series A Convertible Preferred Stock/Common Stock	50,237 ⁽¹¹⁾	5.225 ⁽⁴⁾	D	
Warrants to purchase Common Stock	03/19/2004 ⁽⁵⁾	08/08/2005 ⁽⁵⁾	Common Stock	26,918 ⁽¹¹⁾	1.65 ⁽⁵⁾	D	
Warrants to purchase Common Stock	03/19/2004 ⁽⁶⁾	11/12/2006 ⁽⁶⁾	Common Stock	92,580 ⁽¹¹⁾	0.055 ⁽⁶⁾	D	
6% Convertible Promissory Note	03/16/2004 ⁽⁷⁾	04/30/2004 ⁽⁷⁾	Common Stock	61,363 ⁽¹¹⁾	9.625 ⁽⁷⁾	D	
Series A Convertible Preferred Stock	03/16/2004 ⁽²⁾	(1)	Common Stock	114,832 ⁽¹¹⁾	(1)	I	Footnote ⁽²⁾
Series B Convertible Preferred Stock	03/16/2004 ⁽³⁾	(1)	Common Stock	66,115 ⁽¹¹⁾	(1)	I	Footnote ⁽³⁾
6% Convertible Promissory Note	03/16/2004 ⁽⁸⁾	04/30/2004 ⁽⁸⁾	Common Stock	293,477 ⁽¹¹⁾	9.625 ⁽⁸⁾	I	Footnote ⁽⁸⁾
Series F Convertible Preferred Stock	03/16/2004 ⁽¹⁾	(1)	Common Stock	163,473 ⁽¹¹⁾	(10)	I	Footnote ⁽¹⁰⁾
Warrants to purchase Common Stock	03/19/2004 ⁽⁹⁾	02/04/2007 ⁽⁹⁾	Common Stock	89,002 ⁽¹¹⁾	0.055 ⁽⁹⁾	I	Footnote ⁽⁹⁾

Explanation of Responses:

1. These securities are preferred stock of Xcyte Therapies, Inc. and do not have an expiration date. Each share of its preferred stock will convert automatically into one share of common stock upon closing of the initial public offering.
2. Represents securities held by ARCH Venture Fund II, L.P., an affiliated entity of the Reporting Person. ARCH Venture Fund II, L.P. holds 114,832 shares of common stock upon conversion of preferred stock.
3. Represents securities held by ARCH Venture Fund II, L.P., an affiliated entity of the Reporting Person. ARCH Venture Fund II, L.P. holds 66,115 shares of common stock upon conversion of preferred stock.
4. Represents a warrant to purchase 50,237 shares of preferred stock which would convert to common stock upon the close of initial public offering. Warrant is exercisable at the earlier of a close of an initial public offering or its expiration date.
5. Represents a warrant to purchase 26,918 shares of common stock. Warrant is exercisable at the earlier of a close of an initial public offering or its expiration date.
6. Represents a warrant to purchase 92,580 shares of common stock. Warrant is exercisable at the earlier of a close of an initial public offering or its expiration date.
7. Represents promissory notes at 6%. Interest and principal convertible into shares of common stock at the close of the initial public offering at \$9.625 per share. In addition, ARCH Venture Fund III, L.P. holds 9,402 shares of common stock upon conversion of warrant; however, these warrants are null and void if the company completes its initial public offering, and as such are not reported.
8. Represents promissory notes at 6% held by ARCH Venture Fund V, L.P. (AVFV), ARCH V Entrepreneurs Fund, L.P. (AVEF) and Healthcare Focus Fund, L.P. (HFF), each of which is an affiliated entity of the Reporting Person. Interest and principal convertible into shares of common stock at the close of the initial public offering at \$9.625 per share. AVFV holds 212,009 shares of common stock upon conversion of promissory notes, AVEF holds 1,428 shares of common stock upon conversion of promissory notes, and HFF holds 80,039 shares of common stock upon conversion of promissory notes. In addition, AVFV, HFF and AVEF each hold a warrant to purchase shares of common stock; however, these warrants are null and void if the company completes its initial public offering, and as such are not reported.
9. Represents securities held by Healthcare Focus Fund, L.P., an affiliated entity of the Reporting Person. Warrant is exercisable at the earlier of a close of an initial public offering or its expiration date.
10. Represents 163,473 shares of common stock upon conversion of preferred stock held by Healthcare Focus Fund, L.P., an affiliated entity of the Reporting Person.

11. Share amounts reflect a 5.5 to 1 reverse stock split effective immediately prior to the closing of the initial public offering.

ARCH Venture Fund III, L.P.,
By: ARCH Venture Partners,
LLC, Its: General Partner, By: 03/17/2004
Keith Crandell, Managing
Partner, By:/s/Keith Crandell

** 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 5 (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.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.