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 Act of 1934

Date of Report (Date of earliest event reported): October 4, 2005

Commission File Number 0-50626

XCYTE THERAPIES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**91-1707622**
(State or other jurisdiction of incorporation or organization)	***(I.R.S. Employer Identification Number)***

1124 Columbia Street, Suite 130
Seattle, Washington 98104
(Address of principal executive offices and zip code)

(206) 262-6200
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry Into a Definitive Material Agreement

On October 5, 2005, Xcyte Therapies, Inc. ("Xcyte") entered into a Separation Agreement and Release (the "Separation Agreement") with Ronald J. Berenson, M.D., a member of Xcyte's board of directors and Xcyte's former Director of Xcellerate Research and Development. Dr. Berenson formerly served as Xcyte's President and Chief Executive Officer from August 1996 through June 2005. Pursuant to the Separation Agreement, Xcyte will pay Dr. Berenson a lump sum severance payment of $222,692.32, less applicable withholding taxes, which amount is equivalent to approximately nine months of his base salary, and Xcyte will pay up to approximately $12,634 for the cost of Dr. Berenson's COBRA benefits through June 30, 2006. Dr. Berenson has agreed to release Xcyte from any claims arising from or related to his employment relationship with Xcyte. Dr. Berenson will continue to serve as a member of Xcyte's board of directors. The Separation Agreement is filed with this report as Exhibit 10.1 and its contents are incorporated into this Item 1.01 by reference.

On October 4, 2005, Xcyte entered into an Acquisition Bonus and Severance Agreement (the "Bonus and Severance Agreement") with Robert L. Kirkman, M.D., Xcyte's Acting President and Chief Executive Officer. Pursuant to the Bonus and Severance Agreement, upon the consummation of a merger, acquisition or change of control of Xcyte, Xcyte will pay Dr. Kirkman a bonus in an amount equal to $150,000, less applicable withholding taxes, which amount is equivalent to approximately six months of his base salary. Additionally, if Dr. Kirkman's employment with Xcyte is terminated by Xcyte without cause or if Dr. Kirkman terminates his employment with Xcyte for good reason, either during the 60 days prior to or the one year following the consummation of a merger, acquisition or change of control of Xcyte, Xcyte will pay Dr. Kirkman a lump sum severance payment of $150,000, less applicable withholding taxes and will reimburse Dr. Kirkman for certain COBRA benefits following such termination. The Bonus and Severance Agreement is filed with this report as Exhibit 10.2 and its contents are incorporated into this Item 1.01 by reference.

On October 4, 2005, Xcyte approved the execution of an Acquisition Bonus Agreement (the "Bonus Agreement") with Christopher S. Henney, Ph.D., D.Sc., chairman of Xcyte's board of directors. Pursuant to the Bonus Agreement, upon the consummation of a merger, acquisition or change of control of Xcyte, Xcyte will pay Dr. Henney a bonus in an amount equal to $250,000, less applicable withholding taxes. The Bonus Agreement is filed with this report as Exhibit 10.3 and its contents are incorporated into this Item 1.01 by reference.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

10.1	Separation Agreement and Release, between Xcyte Therapies, Inc. and Ronald J. Berenson.
10.2	Acquisition Bonus and Severance Agreement, between Xcyte Therapies, Inc. and Robert L. Kirkman.
10.3	Acquisition Bonus Agreement, between Xcyte Therapies, Inc. and Christopher S. Henney.

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.

XCYTE THERAPIES, INC.

By: /s/ Kathi L. Cordova

Kathi L. Cordova
Duly Authorized Officer of Registrant
Senior Vice President of Finance and Treasurer

Date: October 7, 2005

INDEX OF EXHIBITS

Exhibit Number	Description of Documents
10.1	Separation Agreement and Release, between Xcyte Therapies, Inc. and Ronald J. Berenson.
10.2	Acquisition Bonus and Severance Agreement, between Xcyte Therapies, Inc. and Robert L. Kirkman.
10.3	Acquisition Bonus Agreement, between Xcyte Therapies, Inc. and Christopher S. Henney.

Exhibit 10.1

<u>EXECUTION COPY</u>

SEPARATION AGREEMENT AND RELEASE

This Separation Agreement and Release ("Agreement") is entered into as of this 5th day of October, 2005 (hereinafter "Execution Date") by and between Ronald J. Berenson, M.D. (hereinafter "Employee"), and Xcyte Therapies, Inc., its affiliates, successors and assigns (hereinafter the "Company"). Employee and the Company are sometimes collectively referred to as the "Parties." In consideration of the promises made herein, the Parties hereby agree as follows:

1. Employee's employment with the Company terminates effective October 4, 2005 (hereinafter "Termination Date"). The parties have agreed to avoid and resolve any alleged existing or potential disagreements between them arising out of or connected with Employee's employment with the Company. The Company expressly disclaims any wrongdoing or any liability to Employee.

2. The Company agrees to provide Employee the following severance benefits, after the expiration of the seven-day revocation period described in Paragraph 8 below upon which the Agreement becomes effective (hereinafter "Effective Date"), provided Employee has not revoked this Agreement as described in that Paragraph:

(a) A lump sum payment in the gross amount of $222,692.32 which equals approximately the salary payments Employee would have received, based on his current base salary, if he had remained employed with the Company following the date of his termination through June 30, 2006. Standard employee withholding taxes and any amounts owed by Employee to the Company will be deducted from this lump sum payment, in accordance with the Company's regular payroll practices. Employee agrees that said payment will be mailed to Employee's home on the next regular payroll date that is at least five (5) calendar days after the Effective Date;

(b) Upon Employee's timely election of COBRA continuation coverage under the Company's health plan, the Company will pay one hundred percent (100%) of the COBRA premium for coverage until the earlier of (i) June 30, 2006 or (ii) the date upon which the Company is no longer obligated to provide COBRA continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1984, as amended;

(c) If applicable, the Company will continue to administer Employee's personal account within the Company's existing 401(k) Plan, provided you meet the minimum balance requirement;

(d) Payment for any vacation time, including any vacation time accrued above the current 120 hour vacation accrual payout limit (but below the 180 hour maximum), if applicable; and

(e) Vesting of Employee's option(s) to purchase shares of Common Stock granted to Employee under the Company's Amended and Restated 1996 Stock

Option Plan, 2003 Stock Plan and/or 2003 Directors' Stock Option Plan will terminate on October 4, 2005, (resulting in a total of 185,266 vested option shares). No additional option shares shall vest after such date. In accordance with the terms of the Stock Option Agreement, the vested options will be exercisable until January 4, 2006 (3 months following the Termination Date). Employee acknowledges and agrees that Employee has no other right, title or interest in or to any stock options or any other right to acquire capital stock of the Company as of the Termination Date, except as provided for in this Agreement.

Employee specifically acknowledges and agrees that this consideration exceeds the amount Employee would otherwise be entitled to receive upon termination of Employee's employment, and that this lump sum payment and other benefits are in exchange for entering into this Agreement. Employee agrees that Employee will not at any time seek consideration from the Company other than what is set forth in this Agreement. Employee specifically acknowledges and agrees that the Company has made no representations to Employee regarding the tax consequences of any amounts received by Employee or for Employee's benefit pursuant to this Agreement.

3. Employee represents that Employee has not filed, and will not file, any complaints, lawsuits, administrative complaints or charges arising from or relating to Employee's recruitment by, employment with, or termination from, the Company. Notwithstanding any provision of law which provides that a general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing a release, Employee (on his own behalf and on behalf of his heirs, family members, executors, agents and assigns) hereby fully and forever releases the Company, its affiliates, Board of Directors, officers, employees, agents, successors and assigns (the "Releasees"), from any and all claims, charges, complaints, causes of action or demands of whatever kind or nature that Employee now has or has ever had against the Company, whether known or unknown, arising from or relating to Employee's recruitment by, employment with or discharge from the Company or other acts, omissions or facts that have occurred up until the later of the Effective Date or the Termination Date, including but not limited to: wrongful or tortious termination, specifically including actual or constructive termination in violation of public policy; implied or express employment contracts and/or estoppel; discrimination and/or retaliation under any federal, state or local statute or regulation, specifically including any claims Employee may have under the Fair Labor Standards Act, Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the Americans with Disabilities Act, Title VII of the Civil Rights Act of 1964 as amended, and the Family and Medical Leave Act; the Employee Retirement Income Security Act of 1974; The Worker Adjustment and Retraining Notification Act; the Washington Minimum Wage Act and the Washington Law Against Discrimination; any and all claims brought under any applicable federal, state or local employment discrimination or other statutes; any claims brought under any federal or state statute or regulation for non-payment of wages, USERRA (Military Leave) or other compensation (including expense reimbursements and/or bonuses due after the Termination Date), including stock and stock options; attorneys' fees and costs; negligent or intentional infliction of emotional distress; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; libel, slander, fraud, defamation or negligence; claims relating to, or arising from, Employee's right to purchase, or actual purchase of shares of, stock

or assets of the Company; or breach of contract other than the breach of this Agreement. This release specifically excludes claims, charges, complaints, causes of action or demands of whatever kind or nature that post-date the Termination Date or the Effective Date, whichever is later, and that are based on factual allegations that do not arise from or relate to Employee's present employment with or discharge from the Company.

4. Employee acknowledges and affirms that Employee has previously executed a Proprietary Information and Inventions Agreement and that the terms and conditions of said agreement that survive the employment relationship are not affected by this Separation Agreement and Release. Employee represents that Employee has returned all property belonging to the Company. Employee will direct all employment verification inquiries to the Senior Manager of Payroll and Benefits. In response to inquiries regarding Employee's employment with the Company, the Company, by and through its speaking agent(s) agrees to provide only the following information: Employee's date of hire, the date Employee's employment ended and rates of pay.

5. Employee warrants that no promise or inducement has been offered for this Agreement other than as set forth herein and that this Agreement is executed without reliance upon any other promises or representations, oral or written. Any modification of this Agreement must be made in writing and be signed by Employee and the Company. This Agreement supersedes all prior understandings between the Parties and represents the entire Agreement between the Parties with respect to all matters involving Employee's employment with or termination from the Company.

6. If any provision of this Agreement or compliance by Employee or the Company with any provision of this Agreement constitutes a violation of any law, or is or becomes unenforceable or void, then such provision, to the extent only that it is in violation of law, unenforceable or void, will be deemed modified to the extent necessary so that it is no longer in violation of law, unenforceable or void, and such provision will be enforced to the fullest extent permitted by law. If such modification is not possible, said provision, to the extent that it is in violation of law, unenforceable or void, will be deemed severable from the remaining provisions of this Agreement, which provisions will remain binding on both Employee and the Company. This Agreement is governed by the laws of the State of Washington.

7. The King County Superior Court, Seattle, Washington shall have exclusive jurisdiction of any lawsuit arising from or relating to Employee's employment with, or termination from, the Company, or arising from or relating to this Agreement. Employee consents to such venue and personal jurisdiction. The prevailing party in any such lawsuit will be entitled to an award of attorneys' fees and reasonable litigation costs. Employee agrees that Employee will indemnify and hold the Company harmless from any breach of this Agreement by Employee. Employee further agrees that if Employee challenges this Agreement or files any claims against the Company arising from or relating to Employee's employment with, or termination from, the Company, excluding any claim challenging the validity of Employee's waiver of rights under the Age Discrimination in Employment Act, Employee will return all monies and benefits received by Employee from the Company pursuant to this Agreement. In the event Employee challenges the validity of Employee's waiver of rights under the Age Discrimination in Employment Act, Employee agrees that the Company may recover money and

benefits paid under this Agreement if Employee's challenge and subsequent Age Discrimination in Employment Act claim are successful and Employee obtains a monetary award.

8. Employee specifically agrees and acknowledges: (A) that Employee's waiver of rights under this Agreement is knowing and voluntary as required under the Older Workers Benefit Protection Act; (B) that Employee understands the terms of this Agreement; (C) that Employee has been advised in writing by the Company to consult with an attorney prior to executing this Agreement; (D) that the Company has given Employee a period of up to forty-five (45) days within which to consider this Agreement; (E) that, following Employee's execution of this Agreement Employee has seven (7) days in which to revoke Employee's agreement to this Agreement and that, if Employee chooses not to so revoke, the Agreement shall then become effective and enforceable and the payment and extension of benefits listed above shall then be made to Employee in accordance with the terms of this Agreement; and (F) nothing in this Agreement shall be construed to prohibit Employee from filing a charge or complaint, including a challenge to the validity of the waiver provision of this Agreement, with the Equal Employment Opportunity Commission or participating in any investigation conducted by the Equal Employment Opportunity Commission. However, Employee has waived any right to monetary relief. To cancel this Agreement, Employee understands that Employee must give a written revocation to Jody Tief, Senior Manager Payroll and Benefits at 1124 Columbia Street, Suite 130, Seattle, Washington, 98104, either by hand delivery or certified mail within the seven-day period. If Employee revokes the Agreement, it will not become effective or enforceable and Employee will not be entitled to any of the benefits set forth above.

9. Employee further specifically agrees that modifications to this Agreement, whether material or immaterial, do not restart the running of the forty-five (45) day period referenced in Paragraph 8.

10. Employee agrees that he will not encourage, counsel or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any of the Releasees, unless under a subpoena or other court order to do so. Employee shall inform the Company in writing within three (3) days of receiving any such subpoena or other court order. Employee agrees that for a period of twelve (12) months immediately following the Effective Date, Employee shall not either directly or indirectly solicit, induce, recruit or encourage any of the Company's employees or consultants to leave their employment, or attempt to do so, either for himself or any other person or entity.

11. **Exhibit A**, attached hereto and incorporated herein, contains the eligibility criteria for inclusion in the employment termination and severance package program, and Employee hereby acknowledges receipt of same. **Exhibit B**, entitled Employer Disclosure Regarding Ages of Individuals Selected and Not Selected for Severance Package, attached hereto and incorporated herein, describes the ages and job titles of all persons selected for the layoff and eligible for the severance package, and the ages and job titles of all persons in the relevant job classification or department who will not be laid off and Employee hereby acknowledges receipt of same. These attachments are provided to meet applicable legal requirements for group layoffs.

12. EMPLOYEE ACKNOWLEDGES AND AGREES THAT EMPLOYEE HAS CAREFULLY READ AND VOLUNTARILY SIGNED THIS AGREEMENT, THAT EMPLOYEE HAS HAD AN OPPORTUNITY TO CONSULT WITH AN ATTORNEY OF EMPLOYEE'S CHOICE, AND THAT EMPLOYEE SIGNS THIS AGREEMENT WITH THE INTENT OF RELEASING THE COMPANY AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY AND ALL CLAIMS.

ACCEPTED AND AGREED TO:

/s/ ROBERT KIRKMAN
Robert Kirkman, M.D.
Acting Chief Executive Officer & President
Xcyte Therapies, Inc.

Dated: 10/04/05

/s/ RONALD J. BERENSON
Ronald J. Berenson, M.D.

Dated: 10/05/05

Exhibit 10.2

EXECUTION COPY

XCYTE THERAPIES, INC

ACQUISITION BONUS AND SEVERANCE AGREEMENT

This Acquisition Bonus and Severance Agreement (the "Agreement") is made and entered into by and between Robert Lawrence Kirkman, M.D. (the "Employee") and Xcyte Therapies, Inc, a Delaware Corporation (the "Company"), effective as of October 4, 2005 (the "Effective Date").

RECITALS

1. It is expected that the Company from time to time will consider the possibility of a strategic combination with another company or other change of control. The Board of Directors of the Company (the "Board") recognizes that such consideration can be a distraction to the Employee and can cause the Employee to consider alternative employment opportunities. The Board has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication and objectivity of the Employee, notwithstanding the possibility, threat or occurrence of an Acquisition (as defined herein) of the Company.

2. The Board believes that it is imperative to provide the Employee with certain bonus benefits upon an Acquisition and certain severance benefits upon the Employee's termination of employment following an Acquisition. These benefits will provide the Employee with enhanced financial security and incentive and encouragement to remain with the Company notwithstanding the possibility of an Acquisition.

3. Certain capitalized terms used in the Agreement are defined in Section 7 below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Term of Agreement. This Agreement shall terminate upon the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied or discharged.

2. At-Will Employment. The Company and the Employee acknowledge that the Employee's employment is and shall continue to be at-will, as defined under applicable law, except as may otherwise be specifically provided under the terms of any written formal employment agreement or offer letter between the Company and the Employee (an "Employment Agreement"). If the Employee's employment terminates for any reason, including (without limitation) any termination prior to the closing date of an Acquisition, the Employee shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement or under his or her Employment Agreement, or as may otherwise be available in accordance with the Company's established employee plans.

3. Acquisition Bonus.

(a) Bonus Payment Upon Acquisition. Subject to the terms and conditions set forth in this Agreement, if (i) within sixty (60) days prior to the closing date of an Acquisition (A) Employee terminates his employment with the Company (or any parent or subsidiary of the Company) for "Good Reason" (as defined herein) or (B) the Company (or any parent or subsidiary of the Company) terminates the Employee's employment for other than "Cause" (as defined herein) or (ii) Employee remains employed by the Company (or any parent or subsidiary of the Company) through the closing date of an Acquisition, in either case, without duplication, Employee shall be entitled to receive a lump-sum bonus payment (less applicable withholding taxes) equal to 50% of the Employee's annual base salary as in effect immediately prior to the closing date of such Acquisition.

(b) Timing of Bonus Payments. The bonus payment to which Employee is entitled shall be paid by the Company to Employee in cash and in full, not later than ten (10) calendar days after the closing date of the Acquisition. If the Employee should die after he becomes entitled to the bonus payment, but before it has been paid, such unpaid bonus payment (less any withholding taxes) shall be paid to the Employee's designated beneficiary, if living, or otherwise to the personal representative of the Employee's estate.

(c) Termination Apart from Acquisition. In the event the Employee's employment is terminated for any reason prior to the date that is sixty (60) days before the closing date of an Acquisition, then the Employee shall not be entitled to receive the bonus payment contemplated by this Agreement.

4. Severance Benefits.

(a) Involuntary Termination Other than for Cause or Voluntary Termination for Good Reason Following an Acquisition. Subject to the terms and conditions set forth in this Agreement, if within the sixty (60) days prior to, or twelve (12) months following, the closing date of an Acquisition (i) the Employee terminates his or her employment with the Company (or any parent or subsidiary of the Company) for "Good Reason" or (ii) the Company (or any parent or subsidiary of the Company) terminates the Employee's employment for other than "Cause" and, in either case, the Employee signs and does not revoke a standard release of claims with the Company in a form acceptable to the Company (the "Release"), then the Employee shall receive the following severance from the Company:

(i) Severance Payment. The Employee shall be entitled to receive a lump-sum severance payment (less applicable withholding taxes) equal to 50% of the Employee's annual base salary (as in effect immediately prior to (A) the closing date of an Acquisition, or (B) the Employee's termination, whichever is greater);

(ii) COBRA Benefits. Upon Employee's timely election for continued coverage under the Company's health plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1984, as amended ("COBRA"), the Company will pay one hundred percent (100%) of Employee's COBRA premium for himself and his dependents who qualify for COBRA coverage, as applicable, for the period beginning on the date Employee's employment with the Company is terminated and ending on the earlier of (i) the last day of the month following the month in which the Employee's employment with the Company is terminated, and (ii) the date upon which the Company is no longer obligated to provide COBRA continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1984, as amended.

(iii) Payment for Vacation Pay. Payment for any vacation time, including any vacation time accrued above the current 120 hour vacation accrual payout limit (but below the 180 hour maximum), if applicable; and

(iv) Stock Option Vesting. Vesting of Employee's option(s) to purchase shares of Common Stock granted to Employee under the Company's Amended and Restated 1996 Stock Option Plan, 2003 Stock Plan and/or 2003 Directors' Stock Option Plan will terminate upon the date that Employee's employment with the Company is terminated. No additional option shares shall vest after such date. In accordance with the terms of the Stock Option Agreement, the vested options will be exercisable until the date that is 3 months following the date that Employee's employment with the Company is terminated.

(v) Timing of Severance Payments. The severance payment to which Employee is entitled shall be paid by the Company to Employee in cash and in full, not later than ten (10) calendar days after the effective date of the Release. If the Employee should die after he becomes entitled to the severance payment, but before it has been paid, such unpaid severance payment (less any withholding taxes) shall be paid to the Employee's designated beneficiary, if living, or otherwise to the personal representative of the Employee's estate.

(b) Voluntary Resignation; Termination for Cause. If the Employee's employment with the Company terminates (i) voluntarily by the Employee other than for Good Reason or (ii) for Cause by the Company, then the Employee shall not be entitled to receive severance or other benefits except for those (if any) as may then be established under the Company's then existing severance and benefits plans and practices or pursuant to other written agreements with the Company.

(c) Termination Apart from Acquisition. In the event the Employee's employment is terminated for any reason, either prior to the date that is sixty (60) days before the closing date of an Acquisition or after the twelve (12)-month period following the closing date of an Acquisition, then the Employee shall be entitled to receive severance and any other benefits only as may then be established under the Company's existing written severance and benefits plans and practices or pursuant to other written agreements with the Company.

(d) Exclusive Remedy. In the event of a termination of Employee's employment within twelve (12) months following the closing date of an Acquisition, the provisions of this Section 4 are intended to be and are exclusive and in lieu of any other rights or remedies to which the Employee or the Company may otherwise be entitled, whether at law, tort or contract, in equity, or under this Agreement. The Employee shall be entitled to no benefits, compensation or other payments or rights upon termination of employment following the closing date of an Acquisition other than those benefits expressly set forth in this Section 4.

5. Non-Solicitation. In consideration for the bonus and severance benefits Employee may receive herein, if any, Employee agrees that he or she will not, at any time during the one year following his or her termination date, directly or indirectly solicit any individuals to leave the Company's (or any of its subsidiaries') employ for any reason or interfere in any other manner with the employment relationships at the time existing between the Company (or any of its subsidiaries) and its current or prospective employees.

6. Golden Parachute Excise Tax Best Results. In the event that the severance and other benefits provided for in this agreement or otherwise payable to Employee (a) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and (b) would be subject to the excise tax imposed by Section 4999 of the Code, then such benefits shall be either:

(i) delivered in full, or

(ii) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income and employment taxes and the excise tax imposed by Section 4999, results in the receipt by Employee, on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. Unless the Company and the Employee otherwise agree in writing, the determination of Employee's excise tax liability and the amount required to be paid under this Section 6 shall be made in writing by the Company's independent auditors who are primarily used by the Company immediately prior to the Acquisition (the "Accountants"). For purposes of making the calculations required by this Section 6, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Employee shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 6.

7. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) Cause. "Cause" shall mean (i) an act of personal dishonesty taken by the Employee in connection with his responsibilities as an employee and intended to result in substantial personal enrichment of the Employee, (ii) Employee being convicted of a felony, (iii) a willful act by the Employee which constitutes intentional misconduct and which is injurious to the Company, (iv) following delivery to the Employee of a written demand for performance from the Company which describes the basis for the Company's reasonable belief that the Employee has not substantially performed his duties, continued violations by the Employee of the Employee's obligations to the Company which are demonstrably willful and deliberate on the Employee's part.

(b) Acquisition. “Acquisition” means the occurrence of any of the following:

(i) Any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becomes the “beneficial owner” (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company’s then outstanding voting securities; or

(ii) Any action or event occurring within two years from the date hereof, as a result of which fewer than a majority of the directors are Incumbent Directors. “Incumbent Directors” shall mean directors who either (A) are directors of the Company as of the date hereof, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such nomination or election;

(iii) The consummation of a merger, consolidation or similar transaction between the Company and any other entity, other than a merger or consolidation or similar transaction which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

(iv) The consummation of a merger or consolidation or similar transaction between the Company and the entity (or entities) set forth on the letter delivered to you by the Company on the date hereof which letter references this provision and identifies such entity (or entities).

(c) Good Reason. “Good Reason” means without the Employee’s express written consent (i) a material reduction of the Employee’s duties, title, authority or responsibilities, relative to the Employee’s duties, title, authority or responsibilities as in effect when the Employee was employed by the Company as its Chief Business Officer and Vice President; provided, however, that a reduction in duties, title, authority or responsibilities solely by virtue of the Company being acquired and made part of a larger entity (as, for example, when the Chief Financial Officer of the Company remains the Chief Financial Officer of the subsidiary or business unit substantially containing the Company’s business following an Acquisition) shall not by itself constitute grounds for a “Voluntary Termination for Good Reason”; (ii) a reduction by the Company in the base compensation of the Employee as in effect immediately prior to such reduction; (iv) the relocation of the Employee to a facility or a location more than thirty-five (35) miles from such Employee’s then present location.

8. Successors.

(a) The Company’s Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company’s business shall (and the Company shall cause such successor to) assume the obligations under this Agreement and agree expressly to perform the obligations of the

Company under this Agreement. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business which executes and delivers the assumption agreement described in this Section 8(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) The Employee's Successors. The terms of this Agreement and all rights of the Employee hereunder shall inure to the benefit of, and be enforceable by, the Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

9. Notice.

(a) General. All notices and other communications required or permitted hereunder shall be in writing, shall be effective when given, and shall in any event be deemed to be given upon the earlier of receipt or (a) five (5) days after deposit with the U.S. Postal Service or other applicable postal service, if delivered by first class mail, postage prepaid, (b) upon delivery hand, (c) one (1) business day after the business day of deposit with Federal Express or similar overnight courier, freight prepaid or (d) one (1) business day after the business day of facsimile transmission, if delivered by facsimile transmission with copy by first class mail, postage prepaid, and shall be addressed (i) if to Employee, at his last known residential address and (ii) if to the Company, at the address of its principal corporate offices (attention: Secretary), or in any such case at such other address as a party may designate by ten (10) days' advance written notice to the other party pursuant to the provisions above.

(b) Notice of Termination. Any termination of Employee by the Company for Cause or by the Employee for Good Reason or as a result of a voluntary resignation shall be communicated by a notice of termination to the other party hereto given in accordance with Section 9(a) of this Agreement. Such notice shall indicate the specific termination provision in this Agreement relied upon, shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and shall specify the termination date (which shall be not more than thirty (30) days after the giving of such notice). The failure by the Employee to include in the notice any fact or circumstance which contributes to a showing of Good Reason shall not waive any right of the Employee hereunder or preclude the Employee from asserting such fact or circumstance in enforcing his or her rights hereunder.

10. Miscellaneous Provisions.

(a) No Duty to Mitigate. The Employee shall not be required to mitigate the amount of any payment contemplated by this Agreement, nor shall any such payment be reduced by any earnings that the Employee may receive from any other source.

(b) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Employee and by an authorized officer of the Company (other than the Employee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(d) Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter hereof.

(e) Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Washington. The Superior Court of King County, Seattle, Washington shall have exclusive jurisdiction and venue over all controversies in connection with this Agreement.

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(g) Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income and employment taxes.

(h) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

COMPANY	XCYTE THERAPIES, INC	
	By:	Kathi L. Cordova (Print)
	Signature:	/S/ KATHI L. CORDOVA
	Title:	Senior Vice President of Finance and Treasurer
EMPLOYEE	Robert Lawrence Kirkman, M.D.	
	Signature:	/S/ ROBERT L. KIRKMAN
	Title:	Acting President and Chief Executive Officer

EXECUTION COPY

XCYTE THERAPIES, INC

ACQUISITION BONUS AGREEMENT

This Acquisition Bonus Agreement (the "Agreement") is made and entered into by and between Christopher S. Henney, Ph.D., D.Sc. and Xcyte Therapies, Inc, a Delaware Corporation (the "Company"), effective as of October __, 2005 (the "Effective Date").

RECITALS

1. It is expected that the Company from time to time will consider the possibility of a strategic combination with another company or other change of control.

2. The Board of Directors of the Company (the "Board") recognizes that the exploration and successful consummation of a strategic combination with another company or other change of control will require a substantial increase in the workload of Dr. Henney as chairman of the Company's board of directors and believes that it is in the best interest of the Company to provide Dr. Henney with the benefits provided for in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Term of Agreement. This Agreement shall terminate upon the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied or discharged.

2. Acquisition Bonus.

(a) Bonus Payment Upon Acquisition. Subject to the terms and conditions set forth in this Agreement, if (i) within sixty (60) days prior to the closing date of an Acquisition, Dr. Henney is removed as chairman of the Company's board of directors or as a director from the Company's board of directors for other than "Cause" (as defined herein) or (ii) Dr. Henney remains in his position as chairman of the board of directors of the Company through the closing date of an Acquisition, in either case, without duplication, Dr. Henney shall be entitled to receive a lump-sum bonus payment (less applicable withholding taxes) of $250,000.

(b) Timing of Severance Payments. The bonus payment to which Dr. Henney is entitled shall be paid by the Company to Dr. Henney in cash and in full, not later than ten (10) calendar days after the closing date of the Acquisition. If Dr. Henney should die after he becomes entitled to the bonus payment, but before it has been paid, such unpaid bonus payment (less any withholding taxes) shall be paid to Dr. Henney's personal representative.

(c) Termination Apart from Acquisition. In the event Dr. Henney ceases to be the chairman of the Company's board of directors for any reason prior to the date that is sixty (60) days before the closing date of an Acquisition, then Dr. Henney shall not be entitled to receive the bonus payment contemplated by this Agreement.

3. Golden Parachute Excise Tax Best Results. In the event that the benefits provided for in this agreement or otherwise payable to Dr. Henney (a) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and (b) would be subject to the excise tax imposed by Section 4999 of the Code, then such benefits shall be either:

(i) delivered in full, or

(ii) delivered as to such lesser extent which would result in no portion of such benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income and employment taxes and the excise tax imposed by Section 4999, results in the receipt by Dr. Henney, on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. Unless the Company and Dr. Henney otherwise agree in writing, the determination of Dr. Henney's excise tax liability and the amount required to be paid under this Section 3 shall be made in writing by the Company's independent auditors who are primarily used by the Company immediately prior to the Acquisition (the "Accountants"). For purposes of making the calculations required by this Section 3, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Dr. Henney shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 3.

4. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) Cause. "Cause" shall mean, with respect to a director, (i) an act of personal dishonesty taken by such director in connection with his responsibilities as a director and intended to result in substantial personal enrichment of the director, (ii) director being convicted of a felony, (iii) a willful act by the director which constitutes intentional misconduct and which is injurious to the Company (iv) following delivery to the director of a written demand for performance from the Company which describes the basis for the Company's reasonable belief that the director has not substantially performed his duties, continued violations by the director of the director's duties which are demonstrably willful and deliberate on the director's part.

(b) Acquisition. "Acquisition" means the occurrence of any of the following:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becomes the "beneficial owner" (as defined in Rule

13d-3 under said Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities; or

(ii) Any action or event occurring within two years from the date hereof, as a result of which fewer than a majority of the directors are Incumbent Directors. "Incumbent Directors" shall mean directors who either (A) are directors of the Company as of the date hereof, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such nomination or election;

(iii) The consummation of a merger, consolidation or similar transaction between the Company and any other entity, other than a merger or consolidation or similar transaction which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

(iv) The consummation of a merger or consolidation or similar transaction between the Company and the entity (or entities) set forth on the letter delivered to you by the Company on the date hereof which letter references this provision and identifies such entity (or entities).

5. Successors.

(a) The Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business shall (and the Company shall cause such successor to) assume the obligations under this Agreement and agree expressly to perform the obligations of the Company under this Agreement. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business which executes and delivers the assumption agreement described in this Section 5(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Dr. Henney's Successors. The terms of this Agreement and all rights of Dr. Henney hereunder shall inure to the benefit of, and be enforceable by, Dr. Henney's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

6. Notice.

(a) General. All notices and other communications required or permitted hereunder shall be in writing, shall be effective when given, and shall in any event be deemed to be given upon the earlier of receipt or (a) five (5) days after deposit with the U.S. Postal Service or other applicable postal service, if delivered by first class mail, postage prepaid, (b) upon delivery by hand, (c) one (1) business day after the business day of deposit with Federal Express or similar overnight courier, freight prepaid or (d) one (1) business day after the business day of facsimile transmission, if delivered by facsimile transmission with copy by first class mail, postage prepaid, and shall be addressed (i) if to Dr. Henney, at his last known residential address and (ii) if to the Company, at the address of its principal corporate offices (attention: Secretary), or in any such case at such other address as a party may designate by ten (10) days' advance written notice to the other party pursuant to the provisions above.

7. Miscellaneous Provisions.

(a) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Dr. Henney and by an authorized officer of the Company. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(b) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(c) Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter hereof.

(d) Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Washington. The Superior Court of King County, Seattle, Washington shall have exclusive jurisdiction and venue over all controversies in connection with this Agreement.

(e) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(f) Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income and employment taxes.

(g) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

XCYTE THERAPIES, INC

By: ____________________
(Print)

Signature:____________________

Title: ____________________

Christopher S. Henney, Ph.D., D.Sc.

Signature:____________________