



FOR IMMEDIATE RELEASE

CONTACT: Jay D. Kranzler, M.D., Ph.D., Chief Executive Officer
Carl Bobkoski, President & Chief Operating Officer
Manda Hall, Investor Relations Administrator
Cypress Bioscience, Inc.
(619) 452-2323

Investor Contact: Adam Friedman, Adam Friedman Associates, (212) 391-7596
Media Contact: Mark Corbae, The Oxford Group, (760) 918-0593

CYPRESS BIOSCIENCE ANNOUNCES FIRST QUARTER 1999 RESULTS

SAN DIEGO, CALIFORNIA – May 14, 1999 - Cypress Bioscience, Inc. (NASDAQ:CYPB) announced today its financial results for the first quarter of 1999. For the quarter ended March 31, 1999, the Company reported a net loss of approximately \$3.1 million or \$0.07 per share (basic and diluted), compared to approximately \$1.9 million or \$0.05 per share (basic and diluted) for the corresponding period of 1998. Total revenues for the quarter ended March 31, 1999 increased to approximately \$588,000 from approximately \$549,000 for the same period in 1998. These revenues do not reflect sales of the ProSORBA[®] column for rheumatoid arthritis (RA), which began in April 1999.

Total expenses for the quarter ended March 31, 1999 were approximately \$3.7 million compared to approximately \$2.6 million for the same period of 1998. The increase of approximately \$1.1 million represented increased sales, marketing and general and administrative expenses, offset by decreased research and development expenses. The decrease in research and development expenses was due to completion of Phase III clinical studies of the ProSORBA column for RA. The increase in sales and marketing expense resulted from the hiring of a sales force and other activities associated with the launch of the ProSORBA column for RA in April 1999. In March 1999, the U.S. Food and Drug Administration approved the ProSORBA column for the treatment of moderate to severe RA in adult patients with long standing disease who have failed or are intolerant of disease-modifying anti-rheumatic drugs (DMARDs).

The increase in general and administrative expenses was primarily due to business development efforts related to the Company's partnership with Fresenius. In March 1999, Cypress entered into an agreement with Fresenius AG of Bad Homburg, Germany and its U.S. subsidiary, Fresenius Hemotechnology, Inc. (FHI). FHI is a leading provider of apheresis equipment and disposables. The agreement provides Fresenius with an exclusive license to distribute the ProSORBA column in the U.S., Europe, Latin America, and subject to certain conditions, Japan and

certain other countries. In the U.S., Cypress and Fresenius will jointly market the ProSORBA column and share in clinical trials and certain sales and marketing expenses. Fresenius will have exclusive distribution rights and responsibility for clinical trials and registration of the product for certain countries outside the U.S. In the U.S., net profits will be split 50/50 until ProSORBA column revenue reaches a pre-determined sales threshold, after which time Cypress will receive 60% of the profits and Fresenius will receive 40%. Net profits will be split 50/50 outside the U.S.

Upon signing of the agreement, Cypress received a total of \$1.5 million from Fresenius consisting of the purchase of 297,530 shares of Cypress common stock for \$1.0 million, and \$500,000 for the purchase of a three-year warrant to buy 342,466 shares of common stock at \$7.50 per share. In April 1999, Fresenius AG exercised its option to acquire the ProSORBA column manufacturing facility and related assets, located in Redmond, Washington, for approximately \$5.2 million. The purchase price payable to Cypress consisted of cash of \$1.2 million and an offset of \$4.0 million from the draw down of an interest-free line provided by Fresenius.

In March and April 1999, Cypress received proceeds of approximately \$5.2 million from the exercise of warrants to purchase approximately 2.6 million shares of common stock. As of March 1999, the Company had cash, cash equivalents and short-term investments totaling \$9.5 million.

About Cypress Bioscience, Inc.

Cypress Bioscience, Inc. develops and markets medical devices and therapeutics for the treatment of certain types of immune disorders and is engaged in the development of novel therapeutic agents for the treatment of blood platelet disorders. The ProSORBA column, a therapeutic medical device, was approved by the FDA in March 1999 for use in the therapeutic reduction of the signs and symptoms of moderate to severe rheumatoid arthritis in adult patients with long standing disease who have failed or are intolerant to DMARDs. It was previously approved in 1987 for use in Idiopathic Thrombocytopenic Purpura (ITP), an immune bleeding disorder. In addition to Cypress's lead product, the ProSORBA column, the Company acquired Cyplex™ (Infusible Platelet Membranes), which is positioned to become an alternative for traditional platelet infusions. For more information about the ProSORBA column and Cypress, please visit the Company's website at: www.cypressbio.com.

Except for historical information contained herein, this news release contains forward-looking statements that involve risks and uncertainties, including, but not limited to, the Company's and its partner's ability to market successfully the ProSORBA column for use as a treatment for RA; whether the Company will be successful in collaborating with its partner; and the Company's ability to develop and receive regulatory approval for Cyplex on a timely basis, if at all, as well as other risks detailed from time to time in the Company's SEC reports, including its Annual Report on Form 10-K for the year ended December 31, 1998 and its most recent Quarterly Report on Form 10-Q.

(See following table)

CYPRESS BIOSCIENCE, INC.
Condensed Financial Data
(In thousands except per share data)

Statement of Operations Data:

	Quarter Ended March 31,	
	1999	1998
	<u>(unaudited)</u>	
Total revenues	\$ 588	\$ 549
Operating expenses	3,730	2,583
Interest income, net	40	101
Net loss	<u>\$(3,102)</u>	<u>\$(1,933)</u>
Net loss per share – basis and diluted	<u>\$ (0.07)</u>	<u>\$ (0.05)</u>
Shares used in computing net loss per share – basic and diluted	<u>42,364</u>	<u>38,684</u>

Balance Sheet Data:

	March 31, 1999	December 31, 1998
	<u>(unaudited)</u>	
Assets		
Cash and investments	\$ 9,480	\$ 5,620
Other current assets	1,978	1,853
Non-current assets	1,780	1,843
Total assets	<u>\$13,238</u>	<u>\$ 9,316</u>
Liabilities and Stockholders' Equity		
Current liabilities	\$ 2,231	\$ 1,905
Long term liabilities	4,638	566
Stockholders' equity	6,369	6,845
Total liabilities and stockholders' equity	<u>\$13,238</u>	<u>\$ 9,316</u>

###