



FOR IMMEDIATE RELEASE

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CYPRESS BIOSCIENCE ANNOUNCES FIRST QUARTER 2001 RESULTS

SAN DIEGO, CALIFORNIA – May 14, 2001 – Cypress Bioscience, Inc. (NASDAQ:CYPB) announced today its financial results for the first quarter of 2001. For the quarter ended March 31, 2001, the Company reported a net loss of approximately \$1.2 million or \$0.19 per share, compared to a net loss of approximately \$3.0 million or \$0.50 per share for the corresponding period of 2000. The Company's cash and short-term investments at March 31, 2001 totaled \$11.1 million compared to \$7.1 million at December 31, 2000. Working capital at March 31, 2001 totaled \$8.9 million, compared to \$4.5 million at December 31, 2000.

“We have made significant progress towards our strategic initiative into the treatment of fibromyalgia syndrome begun this quarter,” said Jay D. Kranzler, M.D., Ph.D., Cypress’ Chief Executive Officer and Chairman of the Board, “We have successfully enlisted some of the best experts in the field and initiated key activities to unify fibromyalgia patients and physicians, while identifying a number of potential drug candidates with exciting potential to help these patients. Our major thrust near-term will be on completing the licensing deals on one or more of these compounds.”

Effective January 1, 2001, Cypress restructured its PROSORBA[®] column partnership agreement with Fresenius AG of Bad Homburg, Germany and its U.S. subsidiary, Fresenius HemoCare, Inc. (Fresenius). Under the revised agreement, Fresenius is responsible for all PROSORBA column research and development, sales, marketing and clinical efforts worldwide. Cypress received an upfront payment of \$8.0 million for certain assets and a partial prepayment of royalties related to the PROSORBA column. Cypress has the opportunity to receive additional royalty payments for the life of the PROSORBA column. The restructured agreement eliminates the profit and expense sharing arrangement with Fresenius for PROSORBA column sales and substitutes royalty provisions.

The decrease in net loss for the first quarter of 2001 compared to the same period in 2000 reflected the new revenue arrangement and the elimination of PROSORBA related expenses, including the transfer of Cypress employees associated with PROSORBA activities to Fresenius. The increase in cash and short-term investments was primarily due to the upfront payment received by Cypress as a result of the restructured agreement with Fresenius, partially offset by cash used in operations and repayments made on its equipment lease line. The restricted cash

amount represents funds set aside for future payments on the Company's outstanding equipment lease line.

Total revenues for the quarter ended March 31, 2001 were \$400,000, compared to \$567,000 in the same period of 2000. Total revenues for the first quarter of 2001 consisted solely of amortization of the \$8.0 million upfront payment received by Cypress from the restructuring of the Fresenius agreement. In contrast, total revenues for the first quarter of 2000 consisted of reimbursement to Cypress by Fresenius of its allowable expenses under the original agreement, as no profits were realized by the partnership during the period. As a result, revenues for the two periods are not directly comparable.

Total operating expenses for the quarters ended March 31, 2001 and 2000 totaled \$1.6 million and \$3.6 million, respectively. The decrease in operating expenses was primarily due to the assumption of research, development, sales and marketing expenses associated with the PROSORBA column by Fresenius. Research and development expenses for the quarter ended March 31, 2001 consisted only of costs incurred for the fibromyalgia and Cyplex™ programs. This decrease was partially offset by increased general and administrative expenses in connection with business development expenses associated with efforts to in-license drug candidates for the treatment of fibromyalgia syndrome.

About Cypress Bioscience, Inc.

Cypress is engaged in the development of novel therapeutic agents for the treatment of rheumatologic and blood platelet disorders. In addition, to its fibromyalgia program, Cypress is the developer of the PROSORBA column, an approved therapeutic medical device that is used for treatment of rheumatoid arthritis and idiopathic thrombocytopenic purpura ("ITP"). Cypress is also developing Cyplex, as a potential alternative to traditional platelet transfusions, in collaboration with the Sanquin Blood Supply Foundation, CLB Division, formerly known as the Dutch Red Cross Blood Transfusion Service. For more information about Cypress, please visit the company's Web site at www.cypressbio.com.

This press release, as well as Cypress' SEC filings and web site at <http://www.cypressbio.com>, contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results could vary materially from those described as a result of a number of factors, including those set forth in the Cypress Annual Report on Form 10-K and any subsequent SEC filings. In addition, there is the risk that Fresenius may not be able to successfully market the PROSORBA column; that the sales of the PROSORBA column may decrease; that Cypress may not receive any future royalties under its revised agreement with Fresenius; that Cypress may not be able to successfully develop or market any products for the treatment of fibromyalgia; or be successful in establishing collaborative arrangements to obtain access to specific development candidates or products for the treatment of fibromyalgia; or that Cypress and the CLB will be able to successfully develop, improve the manufacturing of, or receive regulatory clearance for Cyplex on a timely basis, or at all; or that even if approved, that Cyplex will become a significant product within the blood products market. Cypress undertakes no obligation to revise or update these forward-looking statements to reflect events or circumstances after the date of this press release, except as required by law.

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

Statement of Operations Data:

	Quarter Ended March 31,	
	2001	2000
	(unaudited)	
Total revenues	\$ 400	\$ 567
Operating expenses	1,613	3,565
Interest and other income, net	33	17
Net loss	<u>\$(1,180)</u>	<u>\$(2,981)</u>
Net loss per share – basic and diluted	<u>\$ (0.19)</u>	<u>\$ (0.50)</u>
Shares used in computing net loss per share – basic and diluted	<u>6,107</u>	<u>5,950</u>

Balance Sheet Data:

	March 31, 2001	December 31, 2000
	(unaudited)	
Assets		
Cash and equivalents	\$11,135	\$ 7,102
Restricted cash	1,779	-
Other current assets	176	647
Non-current assets	288	142
Total assets	<u>\$13,378</u>	<u>\$ 7,891</u>
Liabilities and stockholders' equity		
Current liabilities	\$ 4,204	\$ 3,228
Deferred revenue from Fresenius – long-term	6,000	-
Other long-term liabilities	140	564
Stockholders' equity	<u>3,034</u>	<u>4,099</u>
Total liabilities and stockholders' equity	<u>\$13,378</u>	<u>\$ 7,891</u>