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Cypress Bioscience, Inc. Closes \$17 Million Financing

Funds Will be Used to Advance the Company's FMS and Related Initiatives

SAN DIEGO, CA – April 1, 2002 – Cypress Bioscience, Inc. (NASDAQ:CYPB) (NASDAQ: CYPBC) today announced that it has closed on a \$17 million private placement to institutional and other accredited investors.

“Our goal for this financing was to provide the Company with sufficient resources to complete our Phase II program for our lead compound, milnacipran, in the treatment of Fibromyalgia Syndrome (FMS). The high level of interest in this deal was gratifying, providing us with sufficient capital to execute our business plan into 2003” said Jay D. Kranzler, M.D., Ph.D., Chairman and CEO of Cypress Bioscience.

Participants in the financing included top tier biotechnology investors, such as Perceptive Life Sciences Master Fund, Ltd, Orbimed Advisors, and the Clearwater Fund.

Pursuant to the rules of the National Association of Securities Dealers, Stockholder approval was required for the financing since the securities represent more than 20% of Cypress' common stock outstanding and have been sold in a private financing at a price below market. For each two shares of common stock bought, the purchaser received a warrant to acquire one share of common stock at a premium to the current market price. The purchase price for the combined security is \$2.47, based on a 10% discount off the 10-day average closing bid price for the period ending February 15, 2002. A Special Stockholder's Meeting pursuant to which the Company solicited and received stockholder approval of the financing occurred on March 25, 2002. With the close of the financing Cypress has over 13 million shares of common stock outstanding.

Also, with the close of the financing the Company once again meets the net tangible assets/stockholders' equity requirement necessary for continued listing on The Nasdaq SmallCap Market. Based on its communications with Nasdaq, the Company believes Nasdaq will allow the Company's common stock to continue to be listed on The Nasdaq SmallCap Market and that the Company's Nasdaq symbol will return to CYPB as long as it files its Annual Report on Form 10-K for the fiscal year ended December 31, 2001 on or before April 1, 2002.

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The common stock and the warrants to purchase common stock have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent a registration statement or exemption from registration. The Company plans to use substantially all of the net proceeds from the transaction for conducting clinical trials, for working capital and other general corporate purposes.

About Cypress Bioscience, Inc.

Cypress is committed to be the innovator and commercial leader in providing products that improve the diagnosis and treatment of patients with fibromyalgia syndrome, or FMS. In January 2001, the Company began a strategic initiative focusing on FMS. In August 2001, Cypress licensed its first product for clinical development, milnacipran, to treat the widespread pain associated with FMS. For more information about Cypress, please visit the Company's web site at www.cypressbio.com. For more information about FMS, please visit www.FMSresource.com.

This press release, as well as Cypress' SEC filings and web site at <http://www.cypressbio.com>, contain forward-looking statements, including statements about the contemplated financing and the continued listing of the Company's common stock on The Nasdaq SmallCap Market, 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 Cypress Annual Report on Form 10-K and any subsequent SEC filings. In addition, there is the risk that our securities may be delisted from The Nasdaq SmallCap Market, that we may not be able to successfully develop or market any products for the treatment of FMS under the Pierre Fabre agreement or at all; that our clinical development plan or timeline for milnacipran may be delayed, including our plan to begin treating patients in a Phase II clinical trial in early 2002; that the capital that we raised in the financing will not allow us to execute our business plans into 2003; that we may encounter regulatory or other difficulties in the development of milnacipran for FMS; that milnacipran may not significantly improve the treatment of FMS, that we will not be successful in identifying or developing products under the Georgetown agreement; that Fresenius may not be able to successfully market the PROSORBA column; and that we may not receive any future royalties under our revised agreement with Fresenius. 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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