



FOR IMMEDIATE RELEASE

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CYPRESS BIOSCIENCE, Inc. ANNOUNCES THIRD QUARTER 2002 RESULTS

SAN DIEGO, CALIFORNIA – November 13, 2002 – Cypress Bioscience, Inc. (NASDAQ:CYPB) today announced its financial results for the third quarter of 2002. For the quarter ended September 30, 2002, the Company reported a net loss of approximately \$ 1.8 million or \$0.14 per share, compared to a net loss of approximately \$2.7 million or \$0.42 per share for the corresponding period of 2001. The Company's cash and short-term investments at September 30, 2002 totaled \$13.8 million compared to \$5.9 million at December 31, 2001. Working capital at September 30, 2002 totaled \$13.2 million compared to a deficit of \$2.1 million at December 31, 2001.

“Over the past few months we successfully accomplished two important milestones – we completed enrollment into our Phase II trial evaluating milnacipran as a treatment for fibromyalgia syndrome, and entered into an agreement with Collegium Pharmaceutical, Inc., to develop additional milnacipran based products,” said Jay D. Kranzler, M.D., Ph.D., Chairman and CEO of Cypress Bioscience, Inc. “We expect to build on this progress over the coming months and to announce the results of the Phase II trial in early 2003.”

The Company reported no revenue for the quarter ended September 30, 2002 and revenues of \$6.4 million for the nine months ended September 30, 2002, compared to revenues of \$400,000 and \$1.2 million for the quarter and nine months ended September 30, 2001, respectively. From March 1999 through January 31, 2002, all revenue was recognized pursuant to the terms of our agreement with Fresenius, whereby the Company licensed to Fresenius rights with respect to the PROSORBA column. The original license and distribution agreement was entered into in March 1999, referred to as the Original Fresenius Agreement. The agreement was amended in January 2001, referred to as the First Restructured Agreement, and subsequently in February 2002, referred to as the Second Restructured Agreement.

The First Restructured Agreement entered into in January 2001 governed the relationship with Fresenius from January 2001 through January 2002. Cypress received an upfront payment of approximately \$8.0 million under this agreement. Pursuant to the Second Restructured agreement with Fresenius, the agreement was modified to clarify that the \$8.0 million upfront fee received under the First Restructured Agreement was not refundable under any circumstances and therefore, the \$6.4 million that was the remaining deferred revenue as of December 31, 2001 was recognized as revenue in the first quarter of 2002. Revenues for 2001 consisted of the first year of amortization of the upfront payment. For the year 2001, this upfront payment was recognized as revenue on a straight-line basis over a five-year term, resulting in \$400,000 of revenue each quarter.

As a result of the modification of the agreement with Fresenius reflected in the Second Restructured Agreement, the 2002 and 2001 revenues are not comparable. In addition, as a result of this modification, the Company will not recognize additional revenue, if any, under our agreement with Fresenius until at the earliest, January 30, 2008, when it may receive a one-time payment of \$1.0 million, \$2.0 million or no payment at all.

Total operating expenses for the quarter and nine months ended September 30, 2002 approximated \$1.9 million and \$5.8 million, respectively, compared to \$3.1 million and \$6.1 million for the corresponding periods in 2001. The decrease in operating expenses for the quarter ended September 30, 2002 compared to the same period in 2001 was due to the payment of a non-recurring \$750,000 licensing fee to Pierre Fabre during the third quarter of 2001, lower business development costs and no compensation expense recognized in connection with our stock option cancel and regrant program. The decrease in operating expenses for the nine months ended September 30, 2002 compared to the same period in 2001 was due to lower business development costs and the reversal of compensation expense resulting from our stock option cancel and regrant program, partially offset by costs associated with the commencement of a Phase II clinical trial for milnacipran in the first quarter of 2002.

Interest and other income, net, for the quarter and nine months ended September 30, 2002 were \$59,000 and \$157,000, respectively, compared to \$92,000 and \$365,000 for the comparable periods in 2001.

Interest expense for the quarter and nine months ended September 30, 2002 were \$3,000 and \$31,000, respectively, compared to \$59,000 and \$233,000 for the comparable periods in 2001.

About Cypress Bioscience, Inc.

Cypress is committed to be the innovator and commercial leader in providing products for the diagnosis and treatment of patients with Functional Somatic Syndromes, such as Fibromyalgia Syndrome, or FMS, and other related chronic pain and central nervous system disorders. In January 2001, the Company began a strategic initiative focusing on FMS. In August 2001, Cypress licensed from Pierre Fabre Medicament its first product for clinical development, milnacipran. Milnacipran, the first of a new class of agents known as NSRI's, or Norepinephrine Serotonin Reuptake Inhibitors, shares a pharmacological profile with the tricyclic antidepressants (TCAs), considered the most effective drugs for treatment of FMS, while appearing to lack the side effects associated with the latter. Milnacipran is currently being evaluated as a potential treatment for FMS in a Phase II clinical trial. 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 within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the announcement of results of the Phase II trial of milnacipran. 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 we may not be able to successfully develop or market any products for the treatment of Functional Somatic Syndromes, such as FMS and other related chronic pain and central nervous system disorders; that our clinical development plan or timeline for milnacipran may be delayed, including our Phase II clinical trial; that we may encounter regulatory or other difficulties in the development of milnacipran for FMS; and that milnacipran may not significantly improve the treatment of FMS. 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.

(See following table)

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

Statement of Operations Data:

	Quarter ended September 30,		Nine months ended September 30,	
	2002	2001	2002	2001
	(unaudited)		(unaudited)	
Operating revenues	\$ -	\$ 400	\$ 6,400	\$ 1,200
Operating expenses	1,856	3,126	5,828	6,135
Other income, net	56	34	127	132
Net income (loss)	<u>\$ (1,800)</u>	<u>\$ (2,692)</u>	<u>\$ 699</u>	<u>\$ (4,803)</u>
Net income (loss) per share – basic	<u>\$ (0.14)</u>	<u>\$ (0.42)</u>	<u>\$ 0.06</u>	<u>\$ (0.77)</u>
Shares used in computing net income (loss) per share - basic	<u>13,182</u>	<u>6,343</u>	<u>11,005</u>	<u>6,219</u>
Net income (loss) per share - diluted	<u>\$ (0.14)</u>	<u>\$ (0.42)</u>	<u>\$ 0.06</u>	<u>\$ (0.77)</u>
Shares used in computing net income (loss) per share - diluted	<u>13,182</u>	<u>6,343</u>	<u>11,145</u>	<u>6,219</u>

Balance Sheet Data:

	September 30, 2002	December 31, 2001
	(unaudited)	
Assets		
Cash and cash equivalents	\$ 13,828	\$ 5,867
Restricted cash	-	605
Other current assets	111	68
Non-current assets	187	145
Total assets	<u>\$ 14,126</u>	<u>\$ 6,685</u>
Liabilities and Stockholders' Equity (Deficit)		
Deferred revenue	\$ -	\$ 6,400
Other current liabilities	698	2,254
Long-term liabilities	57	-
Stockholders' equity (deficit)	13,371	(1,969)
Total liabilities and stockholders' equity (deficit)	<u>\$ 14,126</u>	<u>\$ 6,685</u>

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