

CYPRESS BIOSCIENCE, INC.
CODE OF BUSINESS CONDUCT AND ETHICS
AND OPEN DOOR POLICY
Adopted by the Board of Directors on July 15, 2003,
amended on July 22, 2005 and July 25, 2008

Introduction

We are committed to maintaining the highest standards of business conduct and ethics and in maintaining an open door culture for our employees. This Code of Business Conduct and Ethics and Open Door Policy (this “Code”) reflects the business practices and principles of behavior that support this commitment. We expect every employee, officer and director to read and understand this Code and its application to the performance of his or her business responsibilities. *References in this Code to employees are intended to cover officers and, as applicable, members of the Board of Directors, i.e. “directors.”*

This Code translates our values into conduct that is important for proper dealings with the people and organizations with which we interact and conduct business, but reflects only a part of our commitment. Because it cannot possibly describe every practice or principle related to honest and ethical conduct, this Code is put into practice by a comprehensive compliance program and policies and procedures that are effectively implemented throughout Cypress Bioscience, Inc. (“Cypress”). The compliance program, policies and procedures are accessible to everyone to which they apply. Employees are given appropriate training on this Code, the compliance program and Cypress’s policies and procedures. In order to effectively manage compliance, a uniform and systematic approach is used for ongoing evaluation, monitoring and updating of the compliance program, policies and procedures.

Due to the nature of our business, Cypress, acting through our employees, must comply with numerous federal, state and local laws, rules and regulations. We are dedicated to fully complying with all applicable civil and criminal laws, rules and regulations and with programs, policies and procedures that we develop. We are committed to conducting our business affairs in the most professional and ethical manner. To this end, Cypress requires legal and ethical conduct from all employees and contractors.

This Code provides general principles to guide you in making ethical decisions and cannot address every circumstance for compliance. Nothing in this Code shall limit or restrict Cypress from taking any disciplinary action on any matters pertaining to employees, whether or not such conduct is discussed in this Code. Additionally, nothing in this Code is intended or should be construed to alter the at-will employment policy of Cypress.

1. Compliance with this Code

You have the responsibility to understand and follow the Code. In addition, you are expected to perform your work with honesty, integrity and respect in all business dealings. The Code reflects our business philosophy and our explicit commitment to uphold it. Violations of the Code will not be tolerated. Any employee who violates the standards of the Code will be

subject to disciplinary action, which depending on the nature of the violation and the history of the employee, may range from a warning or reprimand up to and including termination of employment, and in appropriate cases, civil legal action or referral for regulatory or criminal prosecution.

Directors, officers, managers and other supervisors are expected to develop in employees a sense of commitment to the spirit, as well as the letter, of this Code. Supervisors are also expected to ensure that all agents and contractors conform to Code standards when working for or on behalf of Cypress. The compliance environment within each supervisor's assigned area of responsibility will be a significant factor in evaluating the quality of that individual's performance. In addition, all employees are expected to implement and uphold our legal and ethical standards and compliance will be a part of everyone's performance review.

Keep in mind that action by members of your immediate family, significant others or other persons who live in your household also may potentially result in ethical issues to the extent that they involve Cypress' business. For example, acceptance of inappropriate gifts by a family member from one of our suppliers could create a conflict of interest and result in a Code violation attributable to you. Consequently, in complying with this Code, you should consider not only your own conduct, but also that of your immediate family members, significant others and other persons who live in your household.

The integrity and reputation of Cypress depends on the honesty, fairness and integrity brought to the job by each person associated with us. It is the responsibility of each employee to apply common sense, together with his or her own highest personal ethical standards, in making business decisions where there is no stated guideline in this Code. Unyielding personal integrity is the foundation of corporate integrity.

Annually, every employee must certify that he or she has read this Code and to the best of his or her knowledge is in compliance with its provisions. Cypress will revise this Code as it deems necessary in the course of its business. Employees will be advised of any changes to the Code.

IT IS YOUR RESPONSIBILITY TO: ASK QUESTIONS ABOUT WHETHER ANY CONDUCT MAY VIOLATE THIS CODE, VOICE ANY CONCERNS YOU MAY HAVE, AND ASK FOR CLARIFICATION ON ANY AREAS OF THIS CODE OR ANY PART OF CYPRESS'S COMPLIANCE PROGRAM THAT YOU DO NOT UNDERSTAND. SECTION 12 BELOW DETAILS THE COMPLIANCE RESOURCES AVAILABLE TO YOU. IN ADDITION, YOU SHOULD BE ALERT TO POSSIBLE VIOLATIONS OF THIS CODE BY OTHERS AND REPORT SUSPECTED VIOLATIONS, WITHOUT FEAR OF ANY FORM OF RETALIATION, AS FURTHER DESCRIBED IN THIS CODE.

2. General Statement on Legal Compliance

Obeying the law, both in letter and in spirit, is the foundation of this Code. Our success depends upon each employee operating within legal guidelines and cooperating with local, national and international authorities. It is therefore essential that you understand the legal and regulatory requirements applicable to your business unit and area of responsibility. We hold

periodic training sessions to help ensure that you are aware of the relevant laws, rules and regulations associated with your employment with Cypress. While we do not expect you to memorize every detail of these laws, rules and regulations, we want you to be able to determine when to seek advice from others. If you have a question in the area of legal compliance, it is important that you not hesitate to seek answers from your supervisor, the Legal Department or the Compliance Officer.

Disregard of the law will not be tolerated. Violation of domestic or foreign laws, rules and regulations may subject an individual, as well as Cypress, to civil and/or criminal penalties. You should be aware that conduct and records, including emails, are subject to internal and external audits, and to discovery by third parties in the event of a government investigation or civil litigation. It is in everyone's best interests to know and comply with our legal and ethical obligations.

Below is guidance with respect to general laws that affect all employees. This list is not intended to be exhaustive and other legal requirements will be determined department by department. Cypress provides training for department-specific laws and other requirements as needed.

Antitrust

Antitrust laws are designed to protect the competitive process. These laws are based on the premise that the public interest is best served by vigorous competition. Antitrust laws generally prohibit:

- agreements, formal or informal, with competitors that harm competition or customers, including price fixing and allocations of customers, territories or contracts;
- agreements, formal or informal, that establish or fix the price at which a customer may resell a product; and
- the acquisition or maintenance of a monopoly or attempted monopoly through anti-competitive conduct.

Certain kinds of information, such as pricing, production and inventory, should not be exchanged with competitors, regardless of how innocent or casual the exchange may be and regardless of the setting, whether business or social.

Antitrust laws impose severe penalties for certain types of violations, including criminal penalties and potential fines and damages of millions of dollars, which may be tripled under certain circumstances. Understanding the requirements of antitrust and unfair competition laws of the various jurisdictions where we do business can be difficult, and you are urged to seek assistance from your supervisor, the Legal Department or the Compliance Officer whenever you have a question relating to these laws.

Insider Trading

Employees who have access to confidential (or “inside”) information are not permitted to use or share that information for stock trading purposes or for any other purpose except to conduct our business. All non-public information about Cypress or about companies with which we do business is considered confidential information. To use material non-public information in connection with buying or selling securities, including “tipping” others who might make an investment decision on the basis of this information, is not only unethical, it is illegal. Employees must exercise the utmost care when handling material non-public information. Please consult with our Legal Department if you have a question about whether something is considered “material non-public information” and on buying and selling our securities or securities of companies with which we do business.

International Business Laws

Our employees are expected to comply with the applicable laws in all countries to which they travel, in which they operate and where we otherwise do business, including laws prohibiting bribery, corruption or the conduct of business with specified individuals, companies or countries. The fact that in some countries certain laws are not enforced or that violation of those laws is not subject to public criticism will not be accepted as an excuse for noncompliance. In addition, we expect employees to comply with U.S. laws, rules and regulations governing the conduct of business by its citizens and corporations outside the U.S.

These U.S. laws, rules and regulations, which extend to all our activities outside the U.S., include:

- The Foreign Corrupt Practices Act, which prohibits directly or indirectly giving anything of value to a government official to obtain or retain business or favorable treatment, and requires the maintenance of accurate books of account, with all company transactions being properly recorded;
- U.S. Embargoes, which restrict or, in some cases, prohibit companies, their subsidiaries and their employees from doing business with certain other countries identified on a list that changes periodically (including, for example, Angola (partial), Burma (partial), Cuba, Iran, Iraq, Libya, North Korea, Sudan and Syria) or specific companies or individuals;
- Export Controls, which restrict travel to designated countries or prohibit or restrict the export of goods, services and technology to designated countries, denied persons or denied entities from the U.S., or the re-export of U.S. origin goods from the country of original destination to such designated countries, denied companies or denied entities; and
- Antiboycott Compliance, which prohibits U.S. companies from taking any action that has the effect of furthering or supporting a restrictive trade practice or boycott that is fostered or imposed by a foreign country against a country friendly to the U.S. or against any U.S. person.

If you have a question as to whether an activity is restricted or prohibited, seek assistance from the Legal Department before taking any action, including giving any verbal assurances that might be regulated by international laws.

Fair Dealing and the Federal Trade Commission Act

The Federal Trade Commission Act states that “unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce, are declared unlawful.” It is a violation of the Act to engage in deceptive, unfair or unethical practices, and to make misrepresentations in connection with sales activities. You are expected to deal fairly with our collaborators, license partners, suppliers, employees and anyone else with whom you have contact in the course of performing your job. No employee may take unfair advantage of anyone through misuse of confidential information, misrepresentation of material facts or any other unfair dealing practice.

We strive to do business fairly and honestly. We intend to obtain advantages over our competitors through superior performance, not through unethical or illegal business practices. Acquiring proprietary information from others through improper means, possessing trade secret information that was improperly obtained, or inducing improper disclosure of confidential information from past or present employees of other companies is prohibited, even if motivated by an intention to advance our interests. If information is obtained by mistake that may constitute a trade secret or other confidential information of another business, or if you have any questions about the legality of proposed information gathering, you must consult your supervisor, the Legal Department or the Compliance Officer.

Employees involved in procurement have a special responsibility to adhere to principles of fair competition in the purchase of products and services by selecting suppliers based exclusively on normal commercial considerations, such as quality, cost, availability, service and reputation, and not on the receipt of special favors.

Misuse of Company Computer Equipment

You may not, while acting on behalf of Cypress or while using our computing or communications equipment or facilities, either:

- access the internal computer system (also known as “hacking”) or other resource of another entity without express written authorization from the entity responsible for operating that resource, as applicable; or
- commit any unlawful or illegal act, including harassment, libel, fraud, sending of unsolicited bulk email (also known as “spam”) in violation of applicable law, trafficking in contraband of any kind, or espionage.

If you receive authorization to access another entity’s internal computer system or other resource, you must make a permanent record of that authorization so that it may be retrieved for future reference, and you may not exceed the scope of that authorization.

Unsolicited bulk email is regulated by law in a number of jurisdictions. If you intend to send unsolicited bulk email to persons outside of Cypress, either while acting on our behalf or using our computing or communications equipment or facilities, you should contact the Legal Department or the Compliance Officer for prior approval.

Per our email policies, which you should read and understand, all data residing on or transmitted through our computing and communications facilities, including email and word processing documents, is the property of Cypress and subject to inspection, retention and review by Cypress, with or without an employee's or third party's knowledge, consent or approval, in accordance with applicable law.

Environmental Compliance

Federal law imposes criminal liability on any person or company that contaminates the environment with any hazardous substance that could cause injury to the community or environment. Violation of environmental laws can be a criminal offense and can involve monetary fines and imprisonment. We expect employees to comply with all applicable environmental laws.

It is our policy to conduct our business in an environmentally responsible way that minimizes environmental impacts. We are committed to minimizing and, if possible, eliminating the use of any substance or material that may cause environmental damage, reducing hazardous waste generation and disposing of all waste through safe and responsible methods, minimizing environmental risks by employing safe technologies and operating procedures, and being prepared to respond appropriately to accidents and emergencies.

Research and Development Compliance

The research and development of pharmaceutical and diagnostic products is subject to a number of legal and regulatory requirements, including standards related to ethical research procedures and scientific misconduct. We expect employees to comply with all such requirements and standards.

Bribery, Kickback and Fraud

Employees cannot use funds or assets of Cypress to pay, loan or otherwise disburse bribes, kickbacks or other payments designed to influence or compromise the conduct of the recipient. You also cannot accept any funds or assets, including those provided as preferential treatment to you for fulfilling your responsibilities as an employee, for assisting in obtaining business or for securing special concessions from Cypress. Employees must not engage in any activity which degrades the reputation or integrity of Cypress.

Vendors, Consultants and Contractors

Cypress is under a legal obligation to ensure that none of the vendors, consultants and contractors who we hire to provide services for us is in violation of federal healthcare laws. To that end, Cypress will not employ or contract with any individual or entity that has been:

- excluded from participating in the Medicare/Medicaid program; or,
- excluded or ineligible to participate in federal healthcare programs or has been convicted of a criminal offense related to the provision of healthcare services or items.

Our agreements require that anyone we contract with will report to us if they become excluded, debarred or ineligible to participate in any federal healthcare program or are convicted of a felony involving fraud or deceit.

3. Conflicts of Interest

We respect your right to manage your personal affairs and investments in your own best interest and we do not wish to unnecessarily interfere with your personal life. However, conflicts of interest can arise in virtually every area of the operations of Cypress. A conflict of interest may arise in any situation in which your loyalties are divided between your business interests and potential conflicting business interests of Cypress. You must avoid personal interests that conflict with interests of Cypress, or that might influence or even appear to influence your judgment or actions in performing your duties.

We acknowledge that the non-employee members of our Board of Directors may have various business, financial, scientific or other relationships with existing or potential collaborators, supplier or competitors. Any actual or potential conflicts of interest relating to any of these relationships of our non-employee directors that have been disclosed to our Board of Directors shall not be considered violations of this Code and shall not otherwise require a waiver of any provisions of this Code. Notwithstanding the foregoing, if the Board of Directors affirmatively determines that any such relationship is inconsistent with the director's responsibilities, it shall so advise the director and the director shall terminate the relationship as promptly as practical.

Thus, you should not have any business, financial or other relationship with collaborators, suppliers, or competitors that might impair or even appear to impair the independence of Cypress. The word "appear" is very important. Even where there is no actual conflict of interest, the appearance of such a conflict is damaging because it can undermine trust among employees and cost us the respect of collaborators, suppliers, or competitors and others in our industry.

Factors in Determining Conflicts of Interest

If you have any questions about a potential conflict or if you become aware of an actual or potential conflict, you should discuss the matter with your supervisor, the Legal Department, the Compliance Officer, the Chief Executive Officer or the Audit Committee, as appropriate. Supervisors may not authorize conflict of interest matters without first seeking the approval of the Legal Department or the Compliance Officer and filing with the Legal/Compliance Department a written description of the authorized activity. If the supervisor is involved in the potential or actual conflict, you should discuss the matter directly with the Legal Department or the Compliance Officer. If the Compliance Officer is involved in the potential or actual conflict,

you should discuss the matter with Cypress' Chief Executive Officer. Factors that may be considered in evaluating a potential conflict of interest are, among others:

- whether it may interfere with the employee's job performance, responsibilities or morale;
- whether the employee has access to confidential information;
- whether it may interfere with the job performance, responsibilities or morale of others within the organization;
- any potential adverse or beneficial impact on our business;
- any potential adverse or beneficial impact on our relationships with our collaborators, license partners, suppliers or other service providers;
- whether it would enhance or support a competitor's position;
- the extent to which it would result in financial or other benefit (direct or indirect) to the employee;
- the extent to which it would result in financial or other benefit (direct or indirect) to one of our collaborators, license partners, suppliers or other service providers; and
- the extent to which it would appear improper to an outside observer.

Examples of Potential Conflicts

Although no list can include every possible situation in which a conflict of interest may arise, the following are examples of situations that may, depending on the facts and circumstances, involve conflicts of interests:

- *Employment by (including consulting for) or service on the board of a competitor, collaborator, license partner, supplier or other service provider.* Activity that enhances or supports the position of a competitor to the detriment of Cypress is prohibited, including employment by or service on the board of a competitor. Employment by or service on the board of a customer or supplier or other service provider is generally discouraged and you must seek authorization in advance if you plan to take such action.
- *Owning, directly or indirectly, a significant financial interest in any entity that does business, seeks to do business or competes with us.* In addition to the factors described above, persons evaluating ownership for conflicts of interest will consider the size and nature of the investment; the nature of the relationship between the other entity and Cypress; the employee's access to confidential information and the employee's ability to influence Cypress' decisions. If you

would like to acquire a financial interest of that kind, you must seek approval in advance.

- *Soliciting or accepting gifts, favors, loans, entertainment, or preferential treatment from any person or entity that does business or seeks to do business with us.* See Section 7 for further discussion of the issues involved in this type of conflict.
- *Soliciting contributions to any charity or for any political candidate from any person or entity that does business or seeks to do business with us.*
- *Taking personal advantage of corporate opportunities.* See Section 5 for further discussion of the issues involved in this type of conflict.
- *“Moonlighting,” or providing services to another entity (including employment, consulting or serving as a director) without permission.* This requirement does not apply to our non-employee directors.
- *Conducting Cypress related business transactions with your family member, significant other or person who shares your household or a business in which you have a significant financial interest.* Material related-party transactions approved by the Audit Committee and involving any executive officer or director will be publicly disclosed as required by applicable laws and regulations.
- *Exercising supervisory or other authority on behalf of Cypress over a co-worker who is also a family member.* The employee’s supervisor and/or the Compliance Officer will consult with the Human Resources department to assess the advisability of reassignment.

4. Loans to Employees

Loans to, or guarantees of obligations of, employees or their family members by Cypress could constitute an improper personal benefit to the recipients of these loans or guarantees, depending on the facts and circumstances. Some loans are expressly prohibited by law and applicable law requires that our Board of Directors approve all loans and guarantees to employees. As a result, all loans and guarantees by Cypress must be approved in advance by the Audit Committee.

5. Corporate Opportunities

You may not take personal advantage of opportunities that are presented to you or discovered by you as a result of your position with us or through your use of corporate property or information, unless authorized by your supervisor, the Compliance Officer or the Audit Committee, as described in Section 4. Even opportunities that are acquired privately by you may be questionable if they are related to our existing or proposed lines of business. Participation in an investment or outside business opportunity that is related to our existing or proposed lines of business must be pre-approved by the Compliance Officer and if appropriate, the Audit

Committee. You cannot use your position with us or corporate property or information for improper personal gain, nor can you compete with us in any way.

6. Maintenance of Corporate Books, Records, Documents and Accounts; Financial Integrity; Public Reporting

Financial Reporting and Accounting

The integrity of our records and public disclosure depends on the validity, accuracy and completeness of the information supporting the entries to our books of account. Therefore, our corporate and business records should be completed accurately and honestly. The making of false or misleading entries, whether they relate to financial results or test results, is strictly prohibited. Our records serve as a basis for managing our business and are important in meeting our obligations to stockholders, collaborators, license partners, suppliers, creditors, employees and others with whom we do business. As a result, it is important that our books, records and accounts accurately and fairly reflect, in reasonable detail, our assets, liabilities, revenues, costs and expenses, as well as all transactions and changes in assets and liabilities. We require that:

- no entry be made in our books and records that intentionally hides or disguises the nature of any transaction or of any of our liabilities, or misclassifies any transactions as to accounts or accounting periods;
- transactions be supported by appropriate documentation;
- the terms of commercial transactions be reflected accurately in the documentation for those transactions and all such documentation be reflected accurately in our books and records;
- employees comply with our system of internal controls; and
- no cash or other assets be maintained for any purpose in any unrecorded or “off-the-books” fund.

Our accounting records are also relied upon to produce reports for our Board of Directors, management, stockholders and creditors, as well as for governmental agencies. In particular, we rely upon our accounting and other business and corporate records in preparing the periodic and current reports that we file with the SEC. These reports must provide full, fair, accurate, timely and understandable disclosure and fairly present our financial condition and results of operations. Employees who collect, provide or analyze information for or otherwise contribute in any way in preparing or verifying these reports should strive to ensure that our financial disclosure is accurate and transparent and that our reports contain all of the information about Cypress that would be important to enable stockholders and potential investors to assess the soundness and risks of our business and finances and the quality and integrity of our accounting and disclosures. In addition:

- no employee may take or authorize any action that would cause our financial records or financial disclosure to fail to comply with generally accepted

accounting principles, the rules and regulations of the SEC or other applicable laws, rules and regulations;

- all employees must cooperate fully with our accounting department, as well as our independent public accountants and outside legal counsel, respond to their questions with candor and provide them with complete and accurate information to help ensure that our books and records, as well as our reports filed with the SEC, are accurate and complete; and
- no employee should knowingly make (or cause or encourage any other person to make) any false or misleading statement in any of our reports filed with the SEC or knowingly omit (or cause or encourage any other person to omit) any information necessary to make the disclosure in any of our reports accurate in all material respects.

If you become aware of any departure from these standards, you have a responsibility to report your knowledge promptly to a supervisor, the Legal Department, the Compliance Officer or one of the other compliance resources described in Section 15.

No Selective Disclosures

The federal securities laws prohibit the selective disclosure of financial and other corporate information. It is the policy of Cypress to disclose important corporate events by means of a press release or a filing with the SEC, and to refrain from selectively disclosing nonpublic information to securities analyst or members of the media. Section 13 describes our policies related to media/public discussions.

Reporting of Expenses

All expense items associated with travel or local business matters, including airfare, hotel expenses, taxi/limousine services, car rental, business meals and entertainment, must be accurately and fully documented on an expense report (whether or not they are paid directly) with applicable receipts attached. The documentation should include identification of the collaborator, license partner or supplier involved, if applicable, and a brief description of the business matter that required the expense. We have adopted a separate Travel Policy to which you are bound as a condition of your employment.

Record Retention/Destruction

Properly maintaining corporate records is of the utmost importance. To address this concern, records must be maintained for required periods as defined in the Document Retention Policy. These controls should be reviewed regularly by all employees and followed consistently. Employees must comply with record retention and destruction guidelines in the policy. In accordance with the policy and under relevant law, in the event of litigation or governmental investigation, please consult the Legal Department prior to the destruction of any records or documents.

7. Gifts, Entertainment and Meals

Gifts, Entertainment and Meals to Healthcare Professionals

Gifts, entertainment and meals of any kind which may be given by Cypress to healthcare professionals are strictly governed by applicable laws, rules and regulations; therefore, these types of activities are covered by Cypress's Policy for Educational and Promotional Activities with Healthcare Professionals and Others and Cypress's Procedure for Providing Gifts and Meals to Healthcare Professionals. This policy and procedure set forth limitations on gifts, entertainment and meals provided to anyone in the healthcare profession who may order or prescribe or could influence the ordering or prescribing of Cypress products or services.

Other Gifts, Entertainment and Meals

Business entertainment, gifts and meals are meant to create goodwill and sound working relationships and not to gain improper advantage with collaborators, license partners or suppliers or facilitate approvals from government officials. Unless express permission is received from a supervisor, the Compliance Officer or the Audit Committee, entertainment, gifts and meals cannot be offered, provided or accepted by any employee unless consistent with customary business practices and not (a) excessive in value, (b) in cash, (c) susceptible of being construed as a bribe or kickback, (d) made or received on a regular basis, or (e) in violation of any laws. Note that the test is not whether a particular gift, meal or other benefit was actually provided to obtain favorable treatment, but whether it might give the appearance of having been provided for that reason. This principle applies to our transactions everywhere in the world, even where the practice is widely considered "a way of doing business."

Under some statutes, such as the U.S. Foreign Corrupt Practices Act (further described in Section 2), giving anything of value to a government official to obtain or retain business or favorable treatment is a criminal act subject to prosecution and conviction. With respect to government employees, no gifts, meals, entertainment or benefits whatsoever may be provided to such employees. Discuss with your supervisor, the Legal Department or the Compliance Officer any proposed entertainment or gifts that you are considering offering, providing or accepting if you are uncertain about their appropriateness.

8. Employee Conduct

Specific policies regarding employee conduct are contained on our Employee Handbook. However, we want you to be aware that your behavior will be attributed to Cypress and it can affect Cypress's reputation in the community at large. You have a fundamental responsibility to show respect and consideration for all your fellow employees. This means that fellow employees should be at all times be treated fairly and with dignity. In addition, their beliefs and concerns should be respected.

You must endeavor to contribute as much as possible of your own expertise and to draw from the expertise of others elsewhere within Cypress. Successful project work demands the ability to work both in a team and to act on one's own initiative.

Equal Employment Opportunity

Cypress is an Equal Opportunity Employer as a matter of law, ethics, and good business practice. No employee is to discriminate against another employee or prospective employee, or make disparaging comments, jokes or criticisms on the basis of race, color, creed, sex, sexual orientation, national origin, age, handicap, disability, or veteran's status.

Any harassment, including sexual harassment, will absolutely not be tolerated. Harassment includes, without limitation, verbal harassment (epithets, derogatory statements, slurs, etc.), physical harassment (hitting, pushing, aggressive or unwanted physical contact) and visual harassment (posters, cartoons, calendars, drawings, screen savers, etc.).

These principles apply to all aspects of the employment relationship, including application and initial employment, promotion and transfer, selection for service, retirement, seniority and employee benefit plan policies.

Safety of the Workplace

Workplace safety is everyone's job. The Occupational Safety and Health Act ("OSHA") regulates both physical safety and exposure in the workplace that could harm employees and others. Cypress provides safety training to ensure that we maintain as safe and comfortable of a work environment as possible. You have an obligation to perform your work in a safe manner so that you do not cause harm to yourself or to others. Similarly, you must see that work conducted under your supervision is performed safely.

Drugs and Narcotic Substances

Any use or possession of illegal drugs and narcotic substances by Cypress employees is strictly prohibited. Drug abuse threatens the welfare of other employees and is detrimental to the work environment and work ethic. Federal laws prohibit the use or possession of illegal drugs and narcotics. Under no circumstances may such drugs or substances be brought onto the premises of Cypress. Of course, employees must never work impaired by illegal drugs or alcohol.

9. Protection and Proper Use of Company Assets

You are expected to protect our assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on our results of operations. Our property, such as office supplies, computer equipment, buildings and materials related to research and development, are expected to be used only for legitimate business purposes, although incidental personal use may be permitted. Employees should be mindful of the fact that we retain the right to access, review, monitor and disclose any information transmitted, received or stored using our electronic equipment, with or without an employee's or third party's knowledge, consent or approval. Any

misuse or suspected misuse of our assets must be immediately reported to your supervisor or the Compliance Officer.

10. Confidentiality

One of our most important assets is our confidential information. Employees who have received or have access to confidential information should take care to keep this information confidential. Confidential information includes but is not limited to, (a) trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, scientific or other data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques, (b) information regarding plans for research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers, and information regarding the skills and compensation of other employees of the Company and (c) similar information received from third parties such as our suppliers, licensors and corporate partners. This information may be protected by patent, trademark, copyright and trade secret laws.

“Trade secrets” are proprietary know-how of Cypress or our collaborators and may be found in many common documents such as notebooks, reports, charts, computer discs, memos, etc. Some examples of the many types of trade secrets include, but are not limited to:

- Plans for future research and development
- New products and procedures
- Cypress issued policies and procedures
- Cypress goals and strategic plans
- Cost figures
- Customer lists
- Computer information and software
- Marketing and advertising studies and plans
- Reports on sales volumes
- Cypress financial information

You should avoid discussing confidential information with anyone other than Cypress employees who have a need to know the information in order to perform their jobs, or third parties who are bound by a confidentiality agreement. Except when disclosure is authorized or legally mandated, you must not share confidential information of Cypress or our collaborators, license partners or suppliers with third parties or others within Cypress who have no legitimate business purpose for receiving that information. Doing so would constitute a violation of the proprietary information and inventions agreement that you signed upon joining us. Improper use or distribution of this information could also be illegal and result in civil liability and/or criminal penalties.

You should also take care not to inadvertently disclose confidential information. Materials that contain confidential information, such as presentations, memos, notebooks, computer disks and laptop computers should be stored securely. Unauthorized posting or discussion of any information concerning our business, information or prospects on the Internet

is prohibited. You may not discuss our business, information or prospects in any “chat room,” regardless of whether you use your own name or a pseudonym. Be cautious when discussing sensitive information in public places like elevators, airports, restaurants and “quasi-public” areas within Cypress, such as cafeterias. All Cypress emails, voicemails and other communications are presumed confidential and should not be forwarded or otherwise disseminated outside of Cypress, except where required for legitimate business purposes.

In addition to the above responsibilities, if you are handling information protected by any privacy policy published by us, then you must handle that information solely in accordance with the applicable policy.

11. Media/Public Discussions

It is our policy to disclose material information concerning Cypress to the public only through specific limited channels to avoid inappropriate publicity and to ensure that all those with an interest in Cypress will have equal access to information. All inquiries or calls from the press and financial analysts should be referred to our Chief Financial Officer. We have designated our Chief Financial Officer as our official spokesperson for financial matters, marketing, technical and other related information. Unless a specific exception has been made by the Chief Executive Officer, our Chief Financial Officer is the only person who may communicate with the press on behalf of Cypress.

12. Waivers

Any waiver of this Code for executive officers (including, where required by applicable laws, our principal executive officer, principal financial officer, principal accounting officer or controller (or persons performing similar functions)) or directors may be authorized only by our Board of Directors or a committee of the Board of Directors and will be disclosed to stockholders as required by applicable laws, rules and regulations.

13. Open Door Policy and Compliance Standards and Procedures

Open Door Policy

Cypress is committed to open communication between all levels of employees in order to ensure the best in business practices and to be informed of problems and concerns, if and when they arise, so they can be addressed quickly and equitably.

All employees are responsible for complying with this Code and are also responsible for reporting violations or suspected violations of the Code. Any grievance, including claims of harassment, discrimination, inappropriate or illegal conduct, compliance violations and any other question or concern an employee may have about workplace conduct must be reported. The below sections provide information on how to report violations or suspected violations.

Compliance Resources

To facilitate compliance with this Code, we have implemented a program of Code awareness, training and review. We have established the position of Compliance Officer to

oversee this program. The Compliance Officer is a person to whom you can address any questions or concerns. In addition to fielding questions or concerns with respect to potential violations of this Code, the Compliance Officer is responsible for:

- investigating possible violations of this Code;
- overseeing the training of new employees in Code policies;
- conducting annual training sessions to refresh employees' familiarity with this Code;
- distributing copies of this Code annually via email to each employee with a reminder that each employee is responsible for reading, understanding and complying with this Code;
- updating this Code as needed and alerting employees to any updates, with appropriate approval of the Audit Committee, to reflect changes in the law, Cypress operations and in recognized best practices, and to reflect Cypress' experience; and
- otherwise promoting an atmosphere of responsible and ethical conduct.

Reporting Violations or Suspected Violations

In most cases, your most immediate resource for any matter related to this Code is your supervisor. He or she may have the information you need, or may be able to refer the question to another appropriate source. There may, however, be times when you prefer not to go to your supervisor. In these instances, you should feel free to discuss your concern with the Compliance Officer. If you are uncomfortable speaking with the Compliance Officer because he or she works in your department or is one of your supervisors, please contact Cypress's Chief Executive Officer.

We cannot provide a complete list of all the activities that might fall into the area of non-compliance, but a few examples of possible activities that would require reporting are as follows:

- breaches of confidentiality of individually identifiable health information or protected health information (PHI) under HIPAA
- Fraud and abuse and anti-kickback violations (i.e. unauthorized payments to physicians for referrals of business or to induce their prescribing or ordering of Cypress products or services, payment of bribes, billing a false claim to Medicare, etc.)
- Accounting fraud
- Sexual harassment
- Up coding for higher reimbursement

- Fabricating research results
- Any act in violation of the Code or Cypress's policies and procedures

Ethics Hotline

You may call (800) 826-6762 (our Ethics Hotline) and leave a message if you wish to ask questions about Cypress policy, seek guidance on specific situations or report violations of this Code. Messages and reports will be communicated by our outside service to the appropriate person at least once a week. Please note that any messages or reports to the hotline pertaining to financial misconduct will be reported directly to our Audit Committee Chairman, and non-financial matters would be reported to our Compliance Officer. You may call the number anonymously if you prefer as it is not equipped with caller identification, although the Compliance Officer will be unable to obtain follow-up details from you that may be necessary to investigate the matter. Whether you identify yourself or remain anonymous, your telephonic contact with the Ethics Hotline will be kept strictly confidential to the extent reasonably possible within the objectives of this Code.

No Retaliation

Whether you choose to speak with your supervisor or the Compliance Officer, you should report your grievance in good faith and do so without fear of any form of retaliation. We will take prompt disciplinary action against any employee who retaliates against you, up to and including termination of employment. This Open Door Policy is intended to encourage and enable employees and others to raise serious concerns within Cypress without the need to resort to external reporting.

All grievances are taken seriously and must be made in good faith. Cypress considers false and unfounded reports as serious violations of its ethics policies. If during an investigation, Cypress determines a grievance is filed without cause, the person who falsely reported the alleged violation will be subject to disciplinary action, up to and including termination of employment and any other legal remedy that may be appropriate.

Confidentiality of Reports

Supervisors must promptly report any complaints or observations of Code violations to the Compliance Officer. The Compliance Officer, or designee, will investigate all reported possible Code violations promptly and with the highest degree of confidentiality that is possible under the specific circumstances. Your cooperation in the investigation will be expected. As needed, the Compliance Officer will consult with outside legal counsel, the Human Resources department and/or the Audit Committee.

Discipline

If the investigation indicates that a violation of this Code has probably occurred, we will take such action as we believe to be appropriate under the circumstances. If we determine that an employee is responsible for a Code violation, he or she will be subject to disciplinary action up to, and including, termination of employment and, in appropriate cases, civil action or referral

for criminal prosecution. Appropriate action may also be taken to deter any future Code violations. Such disciplinary actions may also be taken (A) when an employee fails to report or withholds relevant information concerning a violation of such standards, laws or regulation, or (B) when there has been inadequate supervision or lack of diligence by a supervisor or manager in connection with a violation of such standards, laws, or regulations.

This Code will be reviewed and updated by Cypress as needed.

Please indicate that you have received, read and will abide by this Code of Business Conduct and Ethics and Open Door Policy by signing your name and dating the attached acknowledgment. It should be returned promptly to the Legal Department.

ACKNOWLEDGEMENT

I certify that I have received, read and that I will abide by the Cypress Code of Business Conduct and Ethics and Open Door Policy established July 15, 2003, and as amended.

Signature

Print your name

Date: _____

Once complete, please return this form to the Legal Department
within 10 days of your receipt of the Code.