

CYPRESS BIOSCIENCE INC  
 Form 4  
 May 10, 2007

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**MORGAN STANLEY**

2. Issuer Name and Ticker or Trading Symbol  
**CYPRESS BIOSCIENCE INC  
 [CYPB]**

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
**1585 BROADWAY**  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
**05/08/2007**

\_\_\_\_ Director  10% Owner  
 \_\_\_\_ Officer (give title below) \_\_\_\_ Other (specify below)

**NEW YORK, NY 10036**

(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)			
			Code	V	Amount	(A) or (D)	Price			
Common Stock	05/08/2007		S		200	D	\$ 8.38	585,354	I	By Subsidiary
Common Stock	05/08/2007		P		2,040	A	\$ 8.39	587,394	I	By Subsidiary
Common Stock	05/08/2007		P		39,349	A	\$ 8.4	626,743	I	By Subsidiary
Common Stock	05/08/2007		S		212	D	\$ 8.4	626,531	I	By Subsidiary
Common Stock	05/08/2007		P		1,077	A	\$ 8.41	627,608	I	By Subsidiary

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Common Stock	05/08/2007	P	500	A	\$ 8.42	628,108	I	By Subsidiary
Common Stock	05/08/2007	S	3,100	D	\$ 8.42	625,008	I	By Subsidiary
Common Stock	05/08/2007	P	36,211	A	\$ 8.43	661,219	I	By Subsidiary
Common Stock	05/08/2007	P	32,820	A	\$ 8.44	694,039	I	By Subsidiary
Common Stock	05/08/2007	S	2,800	D	\$ 8.44	691,239	I	By Subsidiary
Common Stock	05/08/2007	P	9,400	A	\$ 8.47	700,639	I	By Subsidiary
Common Stock	05/08/2007	S	9,400	D	\$ 8.47	691,239	I	By Subsidiary
Common Stock	05/08/2007	P	12,600	A	\$ 8.48	703,839	I	By Subsidiary
Common Stock	05/08/2007	P	53,400	A	\$ 8.5	757,239	I	By Subsidiary
Common Stock	05/08/2007	S	1,988	D	\$ 8.51	755,251	I	By Subsidiary
Common Stock	05/08/2007	P	200	A	\$ 8.52	755,451	I	By Subsidiary
Common Stock	05/08/2007	S	1,100	D	\$ 8.54	754,351	I	By Subsidiary
Common Stock	05/08/2007	S	110,000	D	\$ 8.6	644,351	I	By Subsidiary
Common Stock	05/09/2007	P	100	A	\$ 8.32	644,451	I	By Subsidiary
Common Stock	05/09/2007	S	57	D	\$ 8.37	644,394	I	By Subsidiary
Common Stock	05/09/2007	S	5,000	D	\$ 8.46	639,394	I	By Subsidiary
Common Stock	05/09/2007	P	6,900	A	\$ 8.47	646,294	I	By Subsidiary
Common Stock	05/09/2007	S	6,900	D	\$ 8.47	639,394	I	By Subsidiary
Common Stock	05/09/2007	S	1,900	D	\$ 8.49	637,494	I	By Subsidiary
Common Stock	05/09/2007	S	100	D	\$ 8.57	637,394	I	By Subsidiary

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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount
Standardized Put Option (obligation to buy)	\$ 5	05/08/2007		P	8,900	05/08/2007	06/16/2007	Common Stock	890
OTC Put Option (obligation to buy) - cash settled	\$ 10	05/08/2007		P	6,600	05/08/2007	06/15/2007	Common Stock	660
Standardized Put Option (right to sell)	\$ 10	05/08/2007		P	1,300	05/08/2007	06/16/2007	Common Stock	130
Standardized Put Option (right to sell)	\$ 10	05/08/2007		P	4,450	05/08/2007	06/16/2007	Common Stock	445
OTC Put Option (right to sell) - cash settled	\$ 5	05/08/2007		P	10,000	05/08/2007	06/15/2007	Common Stock	1,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MORGAN STANLEY 1585 BROADWAY NEW YORK, NY 10036			X	

## Signatures

Morgan Stanley, By: /s/ Dennine Bullard, Authorized  
Signatory

05/10/2007

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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