

CORCEPT THERAPEUTICS INC  
Form 10-K  
March 13, 2015

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-K

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ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the fiscal year ended December 31, 2014

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the transition period from        to

Commission File Number: 000-50679

CORCEPT THERAPEUTICS INCORPORATED

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(Exact Name of Corporation as Specified in Its Charter)

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Delaware  
(State or other jurisdiction of incorporation or organization)

77-0487658  
(I.R.S. Employer Identification No.)

149 Commonwealth Drive

Menlo Park, CA 94025

(Address of principal executive offices) (zip code)

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(650) 327-3270

(Registrant's telephone number, including area code)

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Securities registered pursuant to Section 12 (b) of the Act:

Title of Each Class:	Name of Each Exchange on which Registered:
Common Stock, \$0.001 par value	The NASDAQ Capital Market

Securities registered pursuant to Section 12 (g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference to Part III of this Form 10-K or any amendment to this Form 10 K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of voting and non-voting common equity held by non-affiliates of the Registrant was \$184,675,000 as of June 30, 2014 based upon the closing price on the NASDAQ Capital Market reported for such date. This calculation does not reflect a determination that certain persons are affiliates of the Registrant for any other purpose.

On March 2, 2015 there were 101,405,250 shares of common stock outstanding at a par value of \$0.001 per share.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement for its 2015 Annual Meeting of Stockholders are incorporated by reference in Items 10, 11, 12, 13 and 14 of Part III.

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PART I

This Annual Report on Form 10-K (Form 10-K) contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act), and Section 27A of the Securities Act of 1933, as amended (Securities Act). All statements contained in this Form 10-K, other than statements of historical fact, are forward-looking statements. When used in this report or elsewhere by management from time to time, the words “believe,” “anticipate,” “intend,” “plan,” “estimate,” “expect,” “may,” “will,” “should,” “seek” and similar expressions are forward-looking statements. Such forward-looking statements are based on current expectations, but the absence of these words does not necessarily mean that a statement is not forward-looking. Forward-looking statements made in this Form 10-K include, but are not limited to, statements about:

- our ability to manufacture, market and sell Korlym® (mifepristone) 300 mg Tablets;
- our estimates regarding enrollment in and the dates by which we expect to report results of our clinical trials and the anticipated results of these trials;
- the progress and timing of our research, development and clinical programs and the regulatory activities associated with such programs;
- our ability to realize the benefits of Orphan Drug designation of Korlym in the United States;
- our estimates for future performance, including revenue and profits;
- the timing of the market introduction of future product candidates, including new uses for mifepristone and any compound in our families of selective glucocorticoid receptor (GR) antagonists;
- our ability to achieve marketing approval of mifepristone in the European Union (EU) (for which we have requested the brand name Corluxin®) and realize the benefits of Orphan Drug designation there;
- our ability to manufacture, market, commercialize and achieve market acceptance for our future product candidates, including mifepristone for the treatment of triple-negative breast cancer or any other indications and any compounds in our families of selective GR antagonists;
- uncertainties associated with obtaining and enforcing patents; and
- our estimates regarding our capital requirements.

Forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual events or results may differ materially from those discussed in the forward-looking statements as a result of various factors. For a more detailed discussion of such forward-looking statements and the potential risks and uncertainties that may impact upon their accuracy, see the “Risk Factors” section of this Form 10-K and the “Overview” and “Liquidity and Capital Resources” sections of the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of this Form 10-K. These forward-looking statements reflect our view only as of the date of this report. Except as required by law, we undertake no obligations to update any forward-looking statements. Accordingly, you should also carefully consider the factors set forth in other reports or documents that we file from time to time with the Securities and Exchange Commission (SEC).

Unless otherwise stated, all references in this document to “we,” “us,” “our,” “Corcept,” the “Company,” “our company” and similar designations refer to Corcept Therapeutics Incorporated.





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ITEM 1. BUSINESS

Overview

We are a pharmaceutical company engaged in the discovery, development and commercialization of drugs for the treatment of severe metabolic, oncologic and psychiatric disorders associated with the steroid hormone cortisol. Elevated levels and abnormal release patterns of cortisol have been implicated in a broad range of human disorders. Since our inception in 1998, we have been developing mifepristone - a potent glucocorticoid receptor (GR) antagonist that modulates the activity of cortisol - for the treatment of serious illnesses. We have also discovered three series of proprietary, next-generation selective GR antagonists.

In February 2012, the United States Food and Drug Administration (FDA) approved Korlym® (mifepristone) 300 mg Tablets as a once-daily oral medication for the treatment of hyperglycemia secondary to hypercortisolism in adult patients with endogenous Cushing's syndrome who have type 2 diabetes mellitus or glucose intolerance and have failed surgery or are not candidates for surgery. FDA approval means that we can market the drug for the approved indication in the United States. We first made Korlym available to patients in April 2012 and continue to develop the sales, marketing, medical affairs and logistical infrastructure needed to commercialize the drug.

We are conducting a Phase 1/2 trial of mifepristone (Korlym's active ingredient) in combination with the chemotherapy drug eribulin (Halaven®) to treat patients with GR-positive triple-negative breast cancer – a form of cancer with a particularly poor prognosis. We have completed the first, dose-finding portion of the study and have begun enrolling patients in the second, efficacy phase. We expect to have results by the end of 2015.

In September 2014, we began a Phase 1 clinical study of CORT 125134, one of our proprietary, selective GR antagonists, to assess its safety, tolerability and pharmacokinetics in healthy human volunteers. We expect to have results from this study in the second quarter of 2015.

On May 7, 2014, we announced the discontinuation of our Phase 3 study of mifepristone, the active ingredient in Korlym, for treatment of psychotic depression (Study 14) after receiving the report of the study's data monitoring committee that the trial was unlikely to meet its primary endpoint with statistical significance. We began this study in 2008. See further discussion under "Psychotic Depression" below.

The Role of Cortisol in Disease

Corcept is focused on the development of drugs that modulate the activity of cortisol, a steroid hormone that plays a significant role in the way the body reacts to stressful conditions. Cortisol is essential for survival. It significantly influences metabolism, exerts a clinically useful anti-inflammatory effect and contributes to emotional stability. Insufficient levels of cortisol may lead to dehydration, hypotension, shock, fatigue, low resistance to infection, trauma, stress and hypoglycemia. Excessive levels of cortisol may lead to impaired glucose tolerance, diabetes, obesity, depressed mood, psychosis, wasting of the arms and legs, edema, fatigue, hypertension and other problems. Pre-clinical and clinical data suggest that cortisol activity at GR may shield certain cancer cells from the effects of chemotherapy. Elevated levels and abnormal release patterns of cortisol have also been linked to a broad range of conditions, such as weight gain, diabetes, hypertension, mood changes, psychosis and cognitive impairment.

Cortisol binds to two receptors, the mineralocorticoid receptor and the glucocorticoid receptor, known as MR and GR, respectively. MR is a high-affinity receptor that is involved in the routine functions of cortisol in the brain. It has approximately ten times the affinity of GR for cortisol and its binding sites are filled with cortisol nearly all the time. In general, GR binding sites do not fill until levels of cortisol become elevated. Short-term activation of GR has benefits, including increased alertness and improved ability to function in stressful conditions. Long-term activation of GR, however, has been shown to have significant toxicity and appears to be linked to multiple metabolic, psychiatric and oncologic diseases, including Cushing's syndrome. Cortisol activity also appears to suppress the effect of chemotherapy in triple-negative breast cancer, ovarian cancer and prostate cancer.

The action of cortisol can be moderated by the use of blockers, or antagonists, that compete with the hormone as it attempts to bind to its receptors. These antagonists, referred to as GR antagonists, may prevent the undesirable effects of elevated levels and abnormal release patterns of cortisol.

The challenge in regulating levels of cortisol is that cortisol is essential for life, destroying the ability of the body to make cortisol or drastically reducing its presence would cause serious harm. To have a viable therapeutic effect, a compound must be able to selectively modulate cortisol's effects without suppressing them below normal levels.

Mifepristone, the active ingredient in Korlym, works by selectively blocking the binding of cortisol to GR. It is neither an antagonist nor agonist of MR. It also blocks the binding of progesterone to the progesterone receptor (PR) and thereby terminates pregnancy. Because of its selective GR affinity, we believe that mifepristone can have a therapeutic benefit by modulating the effects

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of abnormal levels and release patterns of cortisol without compromising its necessary, normal functions. We have discovered three series of additional compounds that, while potently blocking the GR receptor, do not block the progesterone receptor, like mifepristone does, and thus do not terminate pregnancy. One of these compounds, CORT108297, has successfully completed Phase 1 trials. We expect another compound, CORT125134, to complete Phase 1 in the second quarter of 2015 and we believe it is a potential therapy for several oncologic disorders and Cushing's syndrome.

Cushing's Syndrome

Background. Cushing's syndrome is a disorder caused by prolonged exposure of the body's tissues to high levels of the hormone cortisol. Sometimes called "hypercortisolism," it is relatively uncommon and most often affects adults aged 20 to 50. An estimated 10 to 15 of every one million people are newly diagnosed with this syndrome each year, resulting in approximately 3,000 new patients and an estimated prevalence of 20,000 patients with Cushing's syndrome in the United States.

Symptoms vary, but most people with Cushing's syndrome have one or more of the following manifestations: high blood sugar, diabetes, high blood pressure, upper body obesity, rounded face, increased fat around the neck, thinning arms and legs, severe fatigue and weak muscles. Irritability, anxiety, cognitive disturbances and depression are also common. Cushing's syndrome can affect every organ system in the body and can be lethal if not treated effectively.

The preferred treatment for Cushing's syndrome patients is surgery, which if successful can cure the disease.

Depending on the type of tumor, surgery can result in a range of complications and has varying rates of success. In approximately half of the patients, surgery is not successful, either because the tumor cannot be removed completely or the disease returns.

In February 2012, the United States Food and Drug Administration (FDA) approved Korlym® (mifepristone) 300 mg Tablets as a once-daily oral medication for the treatment of hyperglycemia secondary to hypercortisolism in adult patients with endogenous Cushing's syndrome who have type 2 diabetes mellitus or glucose intolerance and have failed surgery or are not candidates for surgery. FDA approval means that we can market the drug for the approved indication in the United States.

We received Orphan Drug Designation from the FDA in 2007 and in the EU in 2011 for Korlym for the treatment of endogenous Cushing's syndrome. In the United States, Orphan Drug Designation is a special status granted by the FDA to encourage the development of treatments for diseases or conditions that affect fewer than 200,000 patients. Drugs that receive Orphan Drug Designation in the United States obtain seven years of marketing

exclusivity for the approved indication from the date of drug approval, as well as tax credits for clinical trial costs, marketing application filing fee waivers and assistance from the FDA in the drug development process. Even after an orphan drug is approved for its orphan indication, the FDA can later approve a different drug for the same condition if the FDA concludes that the later drug is safer, more effective or makes a major contribution to patient care. In addition, the FDA may, during the orphan exclusivity period, approve the same drug for a different indication.

Orphan Drug Designation in the EU confers benefits similar to those in the United States but includes ten years of marketing exclusivity for the approved indication in all 28 Member States, free scientific advice during drug development, access to a centralized review process and a reduction or complete waiver of fees levied by the European Medicines Agency (EMA). In October 2013, we submitted a Marketing Authorization Application (MAA) to the EMA that, subject to review by the EMA, could serve as the basis for the approval of mifepristone in the EU.

Commercialization of Korlym. We first made Korlym available to patients on a commercial basis in April 2012. Physicians prescribing Korlym determine the appropriate dose for each patient by assessing tolerability and degree of improvement in manifestations of Cushing's syndrome. In the first six weeks, these manifestations may include changes in glucose control, anti-diabetic medication requirements, insulin levels and psychiatric symptoms. After two months, physicians may assess their patients for improvements in cushingoid appearance, acne, hirsutism, striae and decreased body weight, along with further changes in glucose control.

We sell Korlym using experienced sales representatives and medical science liaisons (MSLs) who target the approximately 1,500 endocrinologists who care for a large portion of the Cushing's syndrome population. We also reach patients directly through web-based initiatives and interactions with patient groups. Because a large percentage of the people who suffer from Cushing's syndrome remain undiagnosed or inadequately treated, we have developed and continue to refine and expand programs to educate the medical community and patients about early diagnosis of this syndrome and to increase awareness regarding the role of GR antagonists to treat this syndrome.

We use a specialty pharmacy and a specialty distributor to distribute Korlym and provide logistical support.

We have also retained a vendor to help patients with the reimbursement process and to administer our financial assistance programs for uninsured or under-insured patients. We donate money to the National Organization for Rare Disorders (NORD), an

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independent charitable foundation that helps Cushing's syndrome patients who satisfy its financial criteria pay for their Cushing's syndrome care.

Triple-Negative Breast Cancer.

In January 2014 we began a Phase 1/2 study of Korlym in combination with eribulin in the treatment of triple-negative breast cancer.

Triple-negative breast cancer is a form of the disease in which the three receptors that fuel most breast cancer growth – estrogen, progesterone, and the HER-2/neu gene – are not present. Because the tumor cells lack these receptors, common treatments, such as drugs that target estrogen, progesterone, and HER-2, are ineffective.

Approximately 40,000 women are diagnosed with triple-negative breast cancer each year. There is no FDA-approved treatment and neither a targeted treatment nor a preferred standard chemotherapy regimen for relapsed triple-negative breast cancer patients exists.

There is substantial in vitro, in vivo and clinical evidence that it is cortisol's binding to GR – the receptor to which Korlym competitively binds – that allows triple-negative breast tumor cells to escape chemotherapy. Our research indicates that substantially more than half of patients with triple-negative breast cancer have tumors that express GR. We have developed a proprietary diagnostic test for identifying GR-positive tumors, using a laboratory that meets Clinical Laboratory Improvement Amendments (CLIA) federal regulatory standards. These standards require clinical laboratories to establish and document their own performance specifications for laboratory-developed tests to ensure accurate and precise results. Should we seek approval of Korlym or one of our selective GR antagonists to treat triple-negative breast cancer, we plan to include use of this assay in our requested label.

At the December 2013 San Antonio Breast Cancer Symposium, investigators from the University of Chicago reported the findings from their own clinical study of Korlym in combination with the chemotherapy drug nab-paclitaxel (Abraxane®) to treat triple-negative breast cancer in patients with relapsed, metastatic disease. Of the six patients in their study whose tumors were GR positive, five responded to treatment: two had a "complete response" (defined, according to the RECIST criteria, as the complete disappearance of the target tumor); two had a "partial response" (which RECIST defines as at least a 30 percent reduction in tumor size); and one had stable disease. All of the patients had previously failed chemotherapy with a taxane. (RECIST (Response Evaluation Criteria In Solid Tumors) is a set of published rules that define when tumors in cancer patients improve ("respond"), stay the same ("stabilize"), or worsen ("progress") during treatment. The criteria were published in February 2000 by an international collaboration including the European Organization for Research and Treatment of Cancer, the National Cancer

Institute of the United States, and the National Cancer Institute of Canada Clinical Trials Group.)

In January 2015, we completed the dose-finding portion of our Phase 1/2 study and have begun the efficacy phase of our study. This phase enroll 20 patients with relapsed, metastatic, GR-positive triple-negative breast cancer. These patients will receive one 300 mg Korlym tablet each day, combined with eribulin administered on days one and eight of a 21-day cycle. We expect to have efficacy results of our Phase 1/2 study by the end of 2015.

#### CORT125134 and Our Other Next-Generation Selective GR Antagonists

In 2003, we initiated a discovery research program to identify and patent selective GR antagonists. We have identified three distinct series of selective GR antagonists. These compounds, like Korlym, potently block GR but do not block the PR (progesterone), ER (estrogen), AR (androgen) or MR (mineralocorticoid) receptors. Both the United States Patent & Trademark Office (USPTO) and the European Patent Office (EPO) have issued to us composition of matter patents in each of the three series. One additional composition of matter patent application is pending. See “Business - Intellectual Property.”

Several of our new compounds have demonstrated positive results in animal or in vitro models in various indications, including but not limited to the following: for the prevention and reversal of alcohol dependence; amyotrophic lateral sclerosis (Lou Gehrig’s disease); Alzheimer’s disease; anti-psychotic-induced weight gain; fatty liver disease; breast, ovarian and prostate cancer (in combination with a chemotherapeutic agent); electroconvulsive-induced retrograde amnesia; metabolic syndrome; muscular dystrophy; obesity; prevention of glucocorticoid-induced neurological damage in premature infants; and post-traumatic stress disorder.

In September 2014, we commenced enrollment in a Phase 1 clinical study with CORT125134. This study will assess the safety, tolerability and pharmacokinetics of CORT125134 in healthy human volunteers. If Phase 1 results are positive, we plan to advance CORT125134 to Phase 2 for both an oncology indication and Cushing’s syndrome early next year. Another compound, CORT108297, has completed Phase 1 trials and we may explore its potential use in psychiatric and other central nervous system disorders.

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We intend to continue our discovery research program with the goal of identifying new selective GR antagonists, to manufacture and conduct pre-clinical development of one or more of these compounds and to study the most promising of them in humans.

See “Business – Intellectual Property.”

Proof-of-Concept Studies Conducted by Corcept

We have performed proof-of-concept studies using mifepristone and several of our proprietary, selective GR antagonists for the prevention and reversal of weight gain caused by the use of atypical anti-psychotic medications.

Mifepristone

In 2005, we announced results from two preclinical studies conducted in a rat model of olanzapine-induced weight gain. These studies demonstrated that mifepristone’s GR antagonist action has the potential to both reverse the weight gain associated with olanzapine and to prevent the weight gain associated with the initiation of treatment with olanzapine, which led to our studies in humans.

In 2007, we announced results of our human clinical proof-of-concept study evaluating the ability of mifepristone to mitigate weight gain associated with the administration of Eli Lilly’s Zyprexa (olanzapine). The results indicated a statistically significant reduction in weight gain in those subjects who took Zyprexa plus mifepristone compared to those who took Zyprexa plus placebo. Eli Lilly provided Zyprexa and financial support for this study. During 2009, we announced results from another proof-of-concept study evaluating the ability of mifepristone to mitigate weight gain associated with the administration of Johnson & Johnson’s Risperdal (risperidone). The results indicated a statistically significant reduction in weight gain in those subjects who took Risperdal plus mifepristone compared to those who took Risperdal plus placebo. Both Zyprexa and Risperdal are indicated for the treatment of schizophrenia and bipolar disorder.

In the study of mifepristone and Zyprexa, 57 lean, healthy men (body mass index of 25 or less) were randomized to receive either Zyprexa plus placebo (n=22), Zyprexa plus mifepristone (n=24) or mifepristone plus placebo (n=11). This study took place in an institutional setting where daily weights were recorded and a range of metabolic parameters were measured. In the two week study, subjects in the Zyprexa plus placebo group gained an average of 7.0 pounds and subjects in the Zyprexa plus mifepristone group gained an average of 4.4 pounds; which is a

statistically significant difference ( $p < .001$ ). Subjects in the mifepristone plus placebo group gained an average of 4.4 pounds. The difference in weight gain trajectory was apparent in the first days of the study, reaching statistical significance during the first week. The increase in waist circumference, a surrogate for abdominal fat, in subjects who received Zyprexa plus placebo was also significantly greater than subjects who received Zyprexa plus mifepristone ( $p < .01$ ). The study was not designed to enroll a sufficient number of patients to have statistical power to detect significant effects on metabolic measures; however, the effect of mifepristone in this model was greater than expected. In addition to the finding about waist circumference, notable additional non-statistically significant group differences were observed. Patients taking Zyprexa plus placebo experienced greater increases from baseline to end of study in both triglycerides and fasting insulin compared to patients taking Zyprexa plus mifepristone. No unexpected study drug related adverse events were observed. These results were published in *Advances in Therapy* in 2009.

In the study of mifepristone and Risperdal, 75 lean, healthy men (body mass index of 23 or less) were randomized to receive either Risperdal plus placebo ( $n=30$ ), Risperdal plus mifepristone ( $n=30$ ) or mifepristone plus placebo ( $n=15$ ). This study also took place in an institutional setting where daily weights were recorded and a range of metabolic parameters were measured. In this four-week randomized double-blind controlled study, subjects in the Risperdal plus placebo group gained an average of 9.2 pounds, compared to a gain of 5.1 pounds in the Risperdal plus mifepristone group. This difference was statistically significant ( $p < 0.0001$ ). Additional important metabolic parameters, including fasting insulin, triglycerides and abdominal fat, as reflected by waist circumference, were also measured. The addition of mifepristone to Risperdal resulted in a statistically significant reduction in fasting insulin levels, triglyceride levels, and abdominal fat (as measured by waist circumference). Consistent with prior studies, mifepristone appeared to be well tolerated. These results were published in *Obesity* in 2010.

The combinations of Zyprexa and mifepristone or Risperdal and mifepristone are not approved for any indication. The purpose of these studies was to explore the hypothesis that GR antagonists would mitigate weight gain and other metabolic effects associated with antipsychotic medications. The group of medications sometimes referred to as “atypical antipsychotics,” including Zyprexa, Risperdal, Clozaril (clozapine) and Seroquel (quetiapine), are widely used to treat schizophrenia and bipolar disorder. All medications in this group are associated with treatment-emergent weight gain of varying degrees and carry a warning in the label relating to treatment-emergent hyperglycemia and diabetes mellitus.



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Our Proprietary Selective GR Antagonist, CORT108297

In January 2009, we announced results from two preclinical studies of our next-generation selective GR receptor antagonist, CORT108297, for the prevention and reversal of weight gain caused by olanzapine, a medication marketed by Eli Lilly as Zyprexa. Using the same experimental rat model used previously with mifepristone, the preclinical studies demonstrated that CORT 108297 (i) reversed and (ii) prevented the weight gain caused by olanzapine in rats. Eli Lilly provided olanzapine and funded the cost of the studies. The results of these two experiments replicated the findings from previous animal studies of mifepristone, and were also consistent with results from randomized trials conducted in humans. The results were published in the peer-reviewed journal, Diabetes Obesity and Metabolism in 2010. A third study in the rat further evaluated the dose response relationship of CORT108297 in preventing olanzapine induced weight gain with doses from 2 mg/kg to 20 mg/kg.

At the American Diabetes Association conference in 2009 there was a presentation of preclinical data from a study which demonstrated that CORT108297 suppresses body weight gain and improves insulin sensitivity in healthy mice fed a 60% fat diet and high sucrose liquid. In 2011, these study results were published in the peer-reviewed publication, The Journal of Nutrition and Metabolism.

Studies by Independent Investigators

We have collaborated with independent academic researchers investigating the utility of our proprietary selective GR antagonists in pre-clinical studies in a wide range of disorders, including Cushing's syndrome, alcoholism, post-traumatic stress disorder, Alzheimer's disease, amyotrophic lateral sclerosis (ALS), muscular dystrophy, the metabolic syndrome, ovarian cancer, castration-resistance prostatic cancer, fatty liver disease and triple-negative breast cancer.

We have also collaborated with researchers investigating the utility of mifepristone in pre-clinical and human proof-of-concept studies in a wide range of disorders, including alcoholism, post-traumatic stress disorder, Alzheimer's disease, central serous chorioretinopathy, triple-negative breast cancer, castration resistant prostatic cancer, and ovarian cancer.

Termination of Our Phase 3 Trial of Mifepristone to Treat Psychotic Depression

In May 2014, we discontinued our Phase 3 study of mifepristone, the active ingredient in Korlym, for the treatment of psychotic depression after the study's data monitoring committee informed us that the trial had failed to meet its primary endpoint – a rapid and sustained reduction in the patients' psychotic symptoms – with statistical significance. The committee based its conclusion on an analysis of data from the first 226 patients to enroll in the study. The committee also advised us that continuing the study to its full enrollment of 450 patients would be unlikely to generate a statistically significant result. We terminated it to redeploy resources to more promising programs.

#### Clinical Trial Agreements

Many of our clinical trials are conducted through the use of clinical research organizations (CROs.) At our request, these organizations oversee clinical trials at various institutions to test the safety and efficacy of our product candidates for the targeted indications. Our Phase 1/2 trial for the study of mifepristone in the treatment of triple-negative breast cancer is being conducted under an agreement with Chiltern International Limited (Chiltern), formerly known as Ockham Development Group Inc. This agreement may be terminated by us with 60 days notice to Chiltern or sooner if the parties agree to do so. Our Phase 1 trial of CORT125134 is being conducted under an agreement with Quotient Clinical Limited and may be terminated by us with 30 days notice to Quotient.

#### Research and Development

We incurred \$18.4 million, \$20.5 million and \$14.1 million of research and development expenses in the years ended December 31, 2014, 2013 and 2012, respectively, which accounted for 34%, 39% and 36% of our total operating expenses in these respective fiscal years. For a further discussion, see Part II, Item 7, Management's Discussion and Analysis of Financial Conditions and Results of Operations – Results of Operations.

#### Manufacturing Korlym

As a drug discovery, development and commercialization company, we intend to continue to utilize our financial resources to commercialize Korlym and advance other product candidates rather than diverting resources to establishing our own manufacturing facilities.

We intend to continue to rely on experienced contract manufacturers to produce our product candidates. We have entered into a manufacturing agreement with one contract manufacturer, Produits Chimiques Auxiliaires et de Synthèse SA (PCAS), to produce the active pharmaceutical ingredient (API) for Korlym. The FDA approved our commercial use of material produced by PCAS as part of



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our NDA submission for Korlym. In March 2014, we entered into a new long-term manufacturing and supply agreement with PCAS for the manufacture of mifepristone, the active pharmaceutical ingredient in Korlym. We have agreed to purchase a minimum percentage of our mifepristone requirements from PCAS; the amount of the commitment will depend on our future needs. The initial term of the agreement is five years, with an automatic extension of one year unless either party gives 12 months' prior written notice that it does not want an extension. We have the right to terminate the agreement if PCAS is unable to manufacture the product for a consecutive nine-month period.

We have one tablet manufacturer for Korlym – AAI Pharma Services Corp. (AAI) - which was approved by the FDA in November 2012 for the manufacture of our commercial tablets. In April 2014, we entered into a new manufacturing agreement with AAI for the manufacture and package Korlym tablets. The initial term of this agreement is a period of three years, with consecutive automatic extensions of two years unless either party gives written notice - in the case of AAI Pharma, 18 months prior to the end of the applicable term, and in our case 12 months prior to the end of the applicable term - that it does not want such an extension. We have the right to terminate the agreement if AAI Pharma is unable to manufacture the product for a consecutive four-month period or if the product is withdrawn from the market. There are no minimum purchase obligations under this agreement.

## Competition for Korlym

Korlym competes with established treatments, including surgery, radiation and approved medicines prescribed “off-label.” Korlym also competes with Novartis' drug, Signifor® (pasireotide) Injection, which the FDA approved in December 2012 for the treatment of adult patients with Cushing's disease (a subset of Cushing's syndrome) who are not candidates for pituitary surgery or for whom surgery did not work. In April 2012, Signifor received marketing approval in the EU. It has Orphan Drug designation in the United States and the EU. Signifor is a somatostatin analogue that inhibits ACTH production by the pituitary, which leads to reduced cortisol production in some patients. In the Phase 3 study that served as the basis for Novartis' NDA, the drug normalized cortisol levels in 26 percent of patients. Sixty-seven percent of patients developed hyperglycemia or diabetes. Signifor must be taken twice daily, by injection. Novartis has also announced that it is undertaking an investigational study of an experimental compound (LC1699) to determine whether it can safely reduce the level of urinary free cortisol in patients with Cushing's disease.

Korlym may also experience competition from compounds under development for Cushing's syndrome. We are aware that Laboratoire HRA Pharma (HRA) has received an Orphan Drug Designation in the United States and EU for the use of mifepristone to treat a subtype of Cushing's syndrome. HRA began a Phase 2 trial in Europe and the United States for this indication, which has been terminated. We are also aware that Exelgyn Laboratories, which operates as a subsidiary of Medi Challenge (Pty) Ltd., received Orphan Drug Designation for endogenous Cushing's syndrome in the EU, but they have stated that they have not yet conducted any clinical trials.

Many colleges, universities and public and private research organizations are also active in the human health care field. While these entities focus on education, they may develop or acquire proprietary technology that we may require for the development of our product candidates. We may attempt to obtain licenses to this proprietary technology.

Our ability to compete successfully will be based on our ability to develop proprietary products, attract and retain scientific personnel, obtain patent or other protection for our product candidates, obtain required regulatory approvals and manufacture and successfully market Korlym and our future products either alone or through outside parties.

## Intellectual Property

Patents and other proprietary rights are important to our business. It is our policy to seek patent protection for our inventions, and to rely upon trade secrets, know-how, continuing technological innovations and licensing opportunities to develop and maintain our competitive position.

## Mifepristone

The composition of matter patent covering mifepristone has expired. The only previously FDA-approved use of mifepristone is to terminate pregnancy. The FDA has imposed significant restrictions on the use of mifepristone to terminate pregnancy. To protect our market for Korlym we plan to rely on (1) the exclusive marketing rights conferred as a benefit of Orphan Drug Designation in the United States and EU, (2) the restrictions imposed by the FDA on the use of mifepristone to terminate pregnancy, (3) the different patient populations, administering physicians and treatment settings between the use of mifepristone to terminate pregnancy and to treat Cushing's syndrome and (4) our method of use patents described below.

## Oncology

Under an agreement with University of Chicago, we have licensed exclusive rights to U.S. Patent No. 8,710,035 "Methods and Compositions Related to Glucocorticoid Receptor Antagonists and Breast Cancer."

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In the event any products are commercialized under any of the claims contained in this patent, we would be required to make milestone payments and pay royalties to the University of Chicago on sales of such products. If the University of Chicago were to terminate any of our exclusive licenses due to breach of the license on our part, we would not be able to commercialize mifepristone for the treatment of triple-negative breast cancer.

Proprietary GR Antagonists

We also own issued U.S. patents for the use of GR antagonists in the treatment of mild cognitive impairment, the treatment of weight gain following treatment with antipsychotic medication, the prevention and treatment of stress disorders, improving the therapeutic response to ECT, the treatment of delirium, the treatment of catatonia, the treatment of gastroesophageal reflux disease, the treatment of migraine headaches, the treatment of psychosis with Interferon-Alpha therapy, the treatment of neurological damage in premature infants, the treatment of diseases using combination steroid and GR antagonist therapy and for inhibiting cognitive deterioration in adults with Down's Syndrome. We also own a method of use patent for optimizing mifepristone levels in plasma serum in patients suffering from mental disorders. The expiration dates of these patents and their foreign counterparts range from 2020 to 2034.

In addition, we have three U.S. method-of-use applications covering certain GR antagonists, including the treatment of:

- patients suffering from mental disorders by optimizing mifepristone absorption;
- muscular dystrophy; and
- amyotrophic lateral sclerosis (ALS).

The approximate expiration dates of the patents that could issue from these applications and their foreign counterparts range from 2029 to 2032.

We have eight U.S. composition of matter patents containing claims relating to three distinct series of novel selective GR antagonists. Four of these patents have issued in Europe, with applications for two more pending. The expiration dates of these patents and their foreign counterparts range from 2026 to 2033.

We have also filed, where we deemed appropriate, foreign patent applications corresponding to our U.S. patents and applications. However, we cannot assure you that any of our patent applications will result in the issuance of patents, that any issued patent will include claims of the breadth sought in these applications, or that competitors will

not successfully challenge or circumvent our patents if they are issued.

Although eight of our patents have claims directed to the composition of compounds, we do not have a patent with claims directed to the composition of mifepristone. Our rights under our issued patents related to mifepristone cover only the use of that compound in the treatment of specific diseases.

#### Psychotic Depression

Under an agreement with Stanford University, we have licensed exclusive rights to the following issued U.S. patents and any corresponding foreign patents:

U.S. Patent Number	Subject Matter	Expiration Date
6,150,349	Use of GR antagonists in the treatment of psychotic major depression	October 5, 2018
6,362,173	Use of GR antagonists in the treatment of cocaine-induced psychosis	October 5, 2018
6,369,046	Use of GR antagonists in the treatment of early dementia	February 4, 2019

The corresponding foreign patents expire in 2018.

We are required to make milestone payments and pay royalties to Stanford University on sales of products commercialized under any of the above patents. If Stanford University were to terminate any of our exclusive licenses due to breach of the license on our part, we would not be able to commercialize mifepristone for the treatment of the psychotic features of psychotic depression, cocaine-induced psychosis or early dementia.

#### Competition

The patent positions of companies in the pharmaceutical industry are highly uncertain, involve complex legal and factual questions and have been and continue to be the subject of much litigation. Our product candidates may give rise to claims that we infringe on the products or proprietary rights of others. If it is determined that our drug candidates infringe on others' patent rights,

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we may be required to obtain licenses to those rights. If we fail to obtain licenses when necessary, we may experience delays in commercializing our product candidates while attempting to design around other patents, or determine that we are unable to commercialize our product candidates at all. If we do become involved in intellectual property litigation, we are likely to incur considerable costs in defending or prosecuting the litigation. We believe that we do not currently infringe any third party's patents or other proprietary rights, and we are not obligated to pay royalties relating to the use of intellectual property to any third party other than Stanford University and The University of Chicago.

## License Agreements

Under our exclusive license agreement with Stanford University to patents covering the use of mifepristone to treat the psychotic features of psychotic depression, early dementia and cocaine-induced psychosis, we are required to make milestone payments and pay royalties to Stanford University on sales of products commercialized under any of the above patents. These milestone payments are creditable against future royalties. This license agreement expires upon expiration of the related patents or upon notification by us to Stanford. See "Intellectual Property."

In November 2013, we licensed from the University of Chicago exclusive rights to the University's U.S. Patent No. 8,710,035 "Methods and Compositions Related to Glucocorticoid Receptor Antagonists and Breast Cancer". In exchange for the license, we have agreed to pay the University customary milestone fees and royalties on sales of any products commercialized under any of the claims. We have recently begun a Phase 1 study of mifepristone in combination with the chemotherapy drug eribulin in the treatment of triple-negative breast cancer.

## Government Regulation

Prescription pharmaceutical products are subject to extensive pre- and post-approval regulation, including regulations that govern the testing, manufacturing, safety, efficacy, labeling, storage, record keeping, advertising, and promotion of the products under the Federal Food, Drug and Cosmetic Act. All of our product candidates will require regulatory approval by government agencies prior to commercialization. The process required by the FDA before a new drug may be marketed in the United States generally involves the following: completion of preclinical laboratory and animal testing; submission of an IND, which must become effective before clinical trials may begin; performance of adequate and well-controlled human clinical trials to establish the safety and efficacy of the proposed drug or biologic's intended use; and, in the case of a new drug, approval by the FDA of an NDA. The process of complying with these and other federal and state statutes and regulations in order to obtain the necessary approvals and subsequently complying with federal and state statutes and regulations involves significant time and expense.



Preclinical studies are generally conducted in laboratory animals to evaluate the potential safety and the efficacy of a product. Drug developers submit the results of preclinical studies to the FDA as a part of an IND, which must be approved before beginning clinical trials in humans. If it is anticipated that the clinical trial will be conducted in Europe, a Clinical Trial Authorization (CTA) must be submitted and approved by the appropriate European regulatory agency prior to the commencement of the study. Typically, human clinical trials are conducted in three sequential phases that may overlap.

- Phase 1. Clinical trials are conducted with a small number of subjects to determine the early safety profile, maximum tolerated dose and pharmacokinetics of the product candidate in human volunteers.
- Phase 2. Clinical trials are conducted with groups of patients afflicted with a specific disease to determine preliminary efficacy, optimal dosages and expanded evidence of safety.
- Phase 3. Large-scale, multi-center, comparative trials are conducted with patients afflicted with a target disease to establish the overall risk/benefit ratio of the drug and to provide enough data to demonstrate with substantial evidence the efficacy and safety of the product, as required by the FDA.

The FDA and the Institutional Review Boards closely monitor the progress of each of the three phases of clinical trials that are conducted in the United States and may reevaluate, alter, suspend or terminate the testing at any time for various reasons, including a belief that the subjects are being exposed to an unacceptable health risk. The FDA may also require that additional studies be conducted, such as studies demonstrating that the drug being tested does not cause cancer.

After Phase 3 trials are completed, drug developers submit the results of preclinical studies, clinical trials, formulation studies and data supporting manufacturing to the FDA in the form of an NDA for approval to commence commercial sales. The FDA reviews all NDAs submitted before it accepts them for filing. The FDA may request additional information rather than accept an NDA for filing. If the FDA accepts an NDA for filing, it may grant marketing approval, request additional information or deny the application if it determines that the application does not meet regulatory approval criteria. Once an NDA has been accepted for filing, by law the FDA has 180 days to examine the application and respond to the applicant. However, the review process is often significantly extended by FDA requests for additional information or clarification. Under the Prescription Drug User Fee Act, the FDA has a goal of responding to NDAs within ten months of the filing date for standard review, and 6 months for priority review if a sponsor shows

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that its drug candidate provides a significant improvement compared to marketed drugs. FDA approvals may not be granted on a timely basis, or at all.

If the FDA approves an NDA, the subject drug becomes available for physicians to prescribe in the United States.

Once approved, the FDA may withdraw the product approval if compliance with pre- and post-approval regulatory standards is not maintained. The drug developer must submit periodic reports to the FDA. Adverse experiences with the product must be reported to the FDA and could result in the imposition of marketing restrictions through labeling changes or product removal. Product approvals may be withdrawn if problems with safety or efficacy occur after the product reaches the marketplace. In addition, the FDA may require post-marketing studies, referred to as Phase 4 studies, to monitor the effect of approved products, and may limit further marketing of the product based on the results of these post-approval studies.

Facilities used to manufacture drugs are subject to periodic inspection by the FDA and other authorities where applicable, and must comply with current Good Manufacturing Practices regulations (cGMP). Failure to comply with the statutory and regulatory requirements subjects the manufacturer to possible legal or regulatory action, such as suspension of manufacturing, seizure of product or voluntary recall of a product.

With respect to post-approval product advertising and promotion, the FDA imposes a number of complex regulations on entities that advertise and promote pharmaceuticals, which include, among others, standards and regulations for direct-to-consumer advertising, off-label promotion, industry sponsored scientific and educational activities, and promotional activities involving the Internet. The FDA has very broad enforcement authority under the Federal Food, Drug and Cosmetic Act, and failure to abide by these regulations can result in penalties including the issuance of a warning letter directing a company to correct deviations from FDA standards, a requirement that future advertising and promotional materials be pre-cleared by the FDA, and state and federal civil and criminal investigations and prosecutions.

In addition to studies requested by the FDA after approval, a drug developer may conduct other studies to explore use of the approved compound for treatment of new indications. The purpose of these trials and studies and related publications is to broaden the application and use of the drug and its acceptance in the medical community. Data supporting the use of a drug for these new indications must be submitted to the FDA in a new or supplemental NDA that must be approved by the FDA before the drug can be marketed for the new indications.

**Orphan Drug Designation.** We have received Orphan Drug designation for Korlym for the treatment of endogenous Cushing's syndrome in both the United States and the EU. In the United States, Orphan Drug designation provides special status to a product to treat a rare disease or condition providing that the product meets certain criteria.

Orphan designation qualifies the sponsor of the product for the tax credit and marketing incentives of the Orphan Drug Act, including seven years of exclusive marketing rights for the specific drug for the orphan indication, if it

receives the first regulatory approval for that indication, with limited exceptions. A marketing application for a prescription drug product that has been designated as a drug for a rare disease or condition is not subject to a prescription drug user fee unless the application includes an indication for other than a rare disease or condition.

Orphan Drug designation does not prevent competitors from developing or marketing different drugs for an indication. It also does not convey an advantage in, or shorten the duration of, the review and approval process for a drug by the applicable regulatory authority.

Benefits of Orphan Drug Designation in the EU are similar to those in the U.S., but include ten years of marketing exclusivity in all 28 Member States, free scientific advice during drug development, access to a centralized review process and a reduction or complete waiver of fees levied by the European Medicines Agency (EMA).

Approvals outside the United States. Other than applying for and receiving Orphan Drug Designation for Korlym for Cushing's syndrome in the EU and submitting our MAA for that indication, we have not started the regulatory approval process in any jurisdiction other than the United States. We, or our potential future partners, will have to complete an approval process similar to the U.S. approval process in foreign target markets for our product candidates before we can commercialize our product candidates in those countries. The approval procedure and the time required for approval vary from country to country and can involve additional testing. Foreign approvals may not be granted on a timely basis, or at all. Regulatory approval of pricing is required in most countries other than the United States. The prices approved may be too low to generate an acceptable return to us.

Coverage and Reimbursement. Sales of our products will depend, in part, on the extent to which our products will be covered by third-party payors, such as government health care programs, commercial insurance and managed healthcare organizations. Although this trend has not had a material impact on the amount or timing of our revenues, these third-party payors are increasingly limiting coverage and reducing reimbursements for medical products and services. In addition, the U.S. government, state legislatures and foreign governments have continued implementing cost-containment programs, including price controls, restrictions on coverage and reimbursement and requirements for substitution of generic products. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could limit our net revenue and results. Decreases in third-party reimbursement for our products or a decision by a third-party payor to not cover our products could reduce physician utilization of our products and have a material adverse effect on our sales, results of operations and financial condition.

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Other Healthcare Laws. We are subject to healthcare regulation and enforcement by the federal government and the states and foreign governments in which we conduct our business. These laws include, without limitation, state and federal anti-kickback, fraud and abuse, false claims, privacy and security and physicians sunshine laws and regulations.

The federal Anti-Kickback Statute prohibits, among other things, any person from knowingly and willfully offering, soliciting, receiving or providing remuneration, directly or indirectly, to induce either the referral of an individual, for an item or service or the purchasing or ordering of a good or service, for which payment may be made under federal healthcare programs such as the Medicare and Medicaid programs. The Anti-Kickback Statute is subject to evolving interpretations. In the past, the government has enforced the Anti-Kickback Statute to reach large settlements with healthcare companies based on sham consulting and other financial arrangements with physicians. Further, the recently enacted Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively, the PPACA, among other things, amends the intent requirement of the federal Anti-Kickback Statute and the criminal statute governing healthcare fraud statutes. A person or entity no longer needs to have actual knowledge of these statutes or specific intent to violate them. In addition, the PPACA provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal False Claims Act or federal civil money penalties statute. The majority of states also have anti-kickback laws which establish similar prohibitions and in some cases may apply to items or services reimbursed by any third-party payor, including commercial insurers.

Additionally, the civil False Claims Act prohibits knowingly presenting or causing the presentation of a false, fictitious or fraudulent claim for payment to the U.S. government. Actions under the False Claims Act may be brought by the Attorney General or as a qui tam action by a private individual in the name of the government. Violations of the False Claims Act can result in very significant monetary penalties and treble damages. The federal government is using the False Claims Act, and the accompanying threat of significant liability, in its investigation and prosecution of pharmaceutical and biotechnology companies throughout the country, for example, in connection with the promotion of products for unapproved uses and other sales and marketing practices. The government has obtained multi-million and multi-billion dollar settlements under the False Claims Act in addition to individual criminal convictions under applicable criminal statutes. Given the significant size of actual and potential settlements, it is expected that the government will continue to devote substantial resources to investigating healthcare providers' and manufacturers' compliance with applicable fraud and abuse laws.

In addition, there has been a recent trend of increased federal and state regulation of payments made to physicians and other healthcare providers. The PPACA, among other things, imposes new reporting requirements on drug manufacturers for payments made by them to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members. Failure to submit required information may result in civil monetary penalties of up to an aggregate of \$150,000 per year (or up to an aggregate of \$1 million per year for "knowing failures"), for all payments, transfers of value or ownership or investment interests that are not timely, accurately and completely reported in an annual submission. Drug manufacturers are required to and submit reports

to the government by the 90th day of each calendar year. Certain states also mandate implementation of commercial compliance programs, impose restrictions on drug manufacturer marketing practices and/or require the tracking and reporting of gifts, compensation and other remuneration to physicians.

The shifting commercial compliance environment and the need to build and maintain robust and expandable systems to comply with different compliance and/or reporting requirements in multiple jurisdictions increase the possibility that a healthcare company may violate one or more of the requirements. If our operations are found to be in violation of any of such laws or any other governmental regulations that apply to us, we may be subject to penalties, including, without limitation, civil and criminal penalties, damages, fines, the curtailment or restructuring of our operations, exclusion from participation in federal and state healthcare programs and imprisonment, any of which could adversely affect our ability to operate our business and our financial results.

#### Executive Officers

The following table sets forth, as of March 3, 2015, information about our executive officers:

Name	Age	Position
Joseph K. Belanoff, M.D.	57	Chief Executive Officer, President and Director
G. Charles Robb	52	Chief Financial Officer and Secretary
Steven Lo	47	Senior Vice President , Oncology
Anne M. LeDoux	67	Vice President, Controller and Chief Accounting Officer

Joseph K. Belanoff, M.D. is a co-founder of our company, has served as a member of our Board and as our Chief Executive Officer since 1999 and as our President since January 2014. Dr. Belanoff is currently a clinical faculty member and has held various positions in the Department of Psychiatry and Behavioral Sciences at Stanford University since 1992. Dr. Belanoff received his B.A. from Amherst College and his M.D. from Columbia University's College of Physicians & Surgeons. Our Board selected Dr. Belanoff

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to serve as a director because, as our Chief Executive Officer, he brings expertise and knowledge regarding our business and operations to our Board of Directors. Dr. Belanoff also has expertise in clinical medicine and psychopharmacology.

G. Charles Robb has served as Chief Financial Officer since September 2011 and as our Secretary since January 2014. Mr. Robb has more than 25 years of experience in executive management, operations and finance. From April 2005 through August 2011 Mr. Robb served as the Senior Vice President of Operations, Administration and Finance of Fitness Anywhere, Inc. (FAI), a private fitness equipment and training company with operations in the United States, Europe and Asia. From 2003 to 2005, Mr. Robb was engaged in the private practice of law. From 2000 to 2002 he was Senior Vice President of Citadon, Inc. He also held positions in business development for Normura Asset Capital Corporation from 1998 to 1999 and in sales and marketing for Legal Research Network, Inc. from 1996 to 1998. From 1992 to 1996 Mr. Robb practiced law at Howard, Rice, Nemerovski, Canady, Falk & Rabkin. Mr. Robb earned a B.A. in English and Political Philosophy from Yale and a J.D. from Harvard Law School, where he was a member of the Harvard Law Review.

Steven Lo, our Senior Vice President, Oncology, joined us as Vice President of Commercial Operations in September 2010 to develop our program for the commercialization of Korlym. In November 2013, Mr. Lo was promoted to the position of Senior Vice President and Chief Commercial Officer and, in February 2015, he took responsibility for planning the potential commercialization of our product into the treatment of oncology. Mr. Lo has more than 20 years of commercial experience in the pharmaceutical and biotechnology industry. From 1997 to 2010, Mr. Lo held various positions in marketing, sales and managed markets at Genentech, Inc., a biotechnology company that became a member of the Roche Group in March 2009, most recently as Franchise Head, leading that company's endocrinology marketing and sales organization. Mr. Lo received his B.S. degree from the University of California, Davis and his Master of Health Administration degree from the University of Southern California.

Anne M. LeDoux, our Vice President, Controller and Chief Accounting Officer, joined us as Controller in 2004 and was promoted to her current position in April 2007. Ms. LeDoux has over 25 years of financial and accounting management experience with public pharmaceutical and biotechnology companies. Prior to joining Corcept in 2004, Ms. LeDoux served in various financial positions at Aviron, Roche Biosciences and Syntex Corporation. She was also Vice President and Chief Financial Officer at the Northern California Health Center and Vice President, Finance for the Children's Hospital of San Francisco. Ms. LeDoux is a Certified Public Accountant with over 13 years of experience in public accounting, primarily at Coopers and Lybrand. Ms. LeDoux received her Bachelor of Arts degree in Business from the University of Massachusetts and a law degree from Western New England College, School of Law.

Employees

We are managed by a core group of experienced pharmaceutical executives with a track record of bringing new drugs to market. To facilitate advancement of development programs, we also enlist the expertise of associates and advisors with extensive pharmaceutical development experience.

As of December 31, 2014, we had 50 full-time employees, seven part-time employees, a contracted sales force of 21 sales representatives and 14 long-term contract staff. Three of our employees have M.D.s. We consider our employee relations to be good. None of our employees is covered by a collective bargaining agreement.

## General

We were incorporated in the State of Delaware on May 13, 1998. Our registered trademarks include Corcept®, Korlym® and CORLUX®. Corluxin® is a registered trademark in the EU; the application for this trademark is pending in the United States. Other service marks, trademarks and trade names referred to in this document are the property of their respective owners.

## Available Information

We are subject to the information requirements of the Securities Exchange Act of 1934, as amended, and we therefore file periodic reports, proxy statements and other information with the SEC relating to our business, financial statements and other matters. The reports, proxy statements and other information we file may be inspected and copied at prescribed rates at the SEC's Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549, on official business days during the hours of 10:00 A.M. to 3:00 P.M. You may obtain information on the operation of the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy statements and other information regarding issuers like us that file electronically with the SEC. The address of the SEC's Internet site is [www.sec.gov](http://www.sec.gov). For more information about us, please visit our website at [www.corcept.com](http://www.corcept.com). You may also obtain a free copy of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports on the day the reports or amendments are filed with or furnished to the SEC by visiting our website at [www.corcept.com](http://www.corcept.com). The information found on, or otherwise accessible through, our website, is not incorporated information, and does not form a part of, this Form 10-K.

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ITEM 1A. RISK FACTORS

An investment in our common stock involves significant risks. You should carefully consider the risks described below and the other information in this Annual Report on Form 10-K, including our financial statements and related notes, before you decide to invest in our common stock. If any of the following risks or uncertainties actually occurs, our business, results of operations or financial condition could be materially harmed, the trading price of our common stock could decline and you could lose all or part of your investment. The risks and uncertainties described below are those that we currently believe may materially affect us; however, they may not be the only ones that we face. Additional risks and uncertainties of which we are unaware or currently deem immaterial may also become important factors that may harm our business. Except as required by law, we undertake no obligations to update any risk factors.

Risks Related to the Commercialization of Korlym

and Development of Mifepristone and Our Proprietary GR Antagonists

We depend heavily on the success of Korlym, which we began to sell in the United States in April 2012. If we are unable to increase revenues of Korlym to the levels that investors expect, or experience significant delays in doing so, our stock price will likely decline.

We anticipate that for the foreseeable future our ability to generate meaningful revenues and achieve profitability will be solely dependent on the successful commercialization of Korlym. Many factors could harm our efforts to commercialize Korlym, including:

- an inability to generate meaningful revenue due to low product usage, inadequate insurance coverage and reimbursement or other factors;
- competition from Novartis's Signifor and from other companies with greater financial, technical and marketing resources than ours;
- an inability to manufacture Korlym or the active ingredient in Korlym in commercial quantities and at an acceptable cost;
- the cost-effectiveness of Korlym and the availability of third-party insurance coverage and reimbursement, in particular from government payors such as Medicare and Medicaid, for patients using Korlym;
- political concerns relating to other uses of mifepristone, or RU-486, that could limit the market acceptance of Korlym;
- negative, inconclusive or otherwise unfavorable results from any post-approval studies we conduct;
- previously unknown, serious side effects that may be identified; and
- rapid technological change making Korlym obsolete.

Even if we commercialize Korlym successfully, we cannot predict the rate at which success will occur.



As our current ability to generate revenue is wholly dependent upon the commercialization of Korlym, its rate of sale will directly and materially affect our results of operations. There are inherent difficulties in predicting the volumes of Korlym that will be sold, which are heightened by our limited experience commercializing Korlym or other products. Failure of our revenue to meet the expectations of investors could cause our stock price to decline. See also the discussion below under “If our operating and financial performance in any given period does not meet the guidance that we provide to the public, estimates published by research analysts or other investor expectations, our stock price may decline.”

Physicians may accept Korlym slowly or may never accept it, which would adversely affect our financial results.

Even though the FDA has approved Korlym, physicians may not adopt it as a treatment for their eligible patients. Physicians will prescribe Korlym only if they determine, based on experience, clinical data, side effect profiles and other factors, that it is preferable to other products or treatments currently in use, even if those products are not approved for Cushing’s syndrome. Because Cushing’s syndrome is rare, most physicians are inexperienced in the care of patients with the illness and it may be difficult to persuade them to prescribe a newer treatment, such as Korlym, even with clinical trial results that suggest it may be a compelling treatment for them to consider.

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Other factors that may affect the market acceptance and commercial success of Korlym include:

- the effectiveness of Korlym, including any side effects, as compared to alternative treatment methods;
  - the rate of adoption of Korlym by physicians and by target patient populations;
- the possible preference of some physicians for more familiar, long-standing off-label treatments for Cushing's syndrome or for Novartis' drug, Signifor, for the treatment of Cushing's disease;
- the cost-effectiveness of Korlym and the availability of third-party insurance coverage and reimbursement for patients using Korlym;
- the product labeling required by the FDA for Korlym;
  - the extent and success of our efforts to manufacture, commercialize, market, distribute and sell Korlym; and
- negative publicity concerning Korlym, RU-486, Mifeprex® or mifepristone.

The failure of Korlym to achieve market acceptance would prevent us from generating meaningful revenue.

The Orphan Drug designation for Korlym may not provide protection from competition. We may face competition from companies that attempt to develop mifepristone or other compounds for the treatment of Cushing's syndrome, which could limit our future revenues from the commercialization of Korlym and which could have a negative impact on future revenues from the commercialization of Korlym for any indication. These companies may have significantly more resources than we do.

Although we have received Orphan Drug designation in both the United States and the EU, we cannot be assured that we will recognize the potential benefits of these designations. Even after an orphan drug is approved for its orphan indication, the FDA or EMA can subsequently approve a different drug for the same condition if it concludes that the later drug is safer, more effective or makes a major contribution to patient care. In addition, the FDA or EMA may, during the orphan drug exclusivity period, approve the same drug for a different indication or different drug for the same indication. Upon expiration of the orphan drug exclusivity period, we may be subject to competition from manufacturers offering a generic form of mifepristone at a lower price, in which case our business could be harmed.

Notwithstanding Korlym's Orphan Drug designation in both the United States and the EU, in 2012 Novartis received approval in both jurisdictions to market its somatostatin analogue Signifor for adult patients with Cushing's disease (a subset of Cushing's syndrome that afflicts approximately 70 percent of all Cushing's syndrome patients) for whom pituitary surgery is not an option or has not been curative. Novartis also announced that it is undertaking an investigational study of an experimental compound (LC1699) to determine whether it can safely reduce the level of urinary free cortisol in patients with Cushing's disease and to examine the compound's safety and efficacy. Novartis has substantially more resources and experience than we do and may provide significant competition.

We are aware that Laboratoire HRA Pharma has received Orphan Drug designation in the United States and the EU for the use of mifepristone to treat a subtype of Cushing's syndrome. HRA had begun a Phase 2 clinical trial in Europe and the United States for this indication, which has been terminated. We are also aware that Exelgyn Laboratories, which operates as a subsidiary of Medi Challenge (Pty) Ltd., received Orphan Drug designation for mifepristone to treat Cushing's syndrome in the EU, but it has stated that it has not yet conducted any clinical trials.

If another drug with mifepristone as its active ingredient is approved in the EU for Cushing's syndrome before our drug, we will not receive the ten years of marketing exclusivity from the date of drug approval in the EU and other potential benefits.

If we cannot continue to obtain acceptable prices or adequate coverage and reimbursement for Korlym from third-party payors, we will be unable to generate significant revenues.

The commercial success of our medications in both domestic and international markets depends on whether third-party coverage and reimbursement is available for them. Government payors, including Medicare and Medicaid, health maintenance organizations and other third-party payors are increasingly attempting to contain healthcare costs by limiting both coverage and the level of reimbursement of new medicines, and, as a result, they may not cover or provide adequate payment for our medications. Our near-term dependence on the commercial success of Korlym makes us particularly susceptible to cost containment efforts. Accordingly, even though Korlym has been approved for commercial sale, unless government and other third-party payors continue to provide adequate and timely coverage and reimbursement, physicians may not prescribe it and patients may not purchase it. In addition, meaningful delays in insurance coverage for individual patients may increase our costs and reduce our revenues. Further, we may need to obtain approvals from hospital formularies before Korlym can be covered for in-patient treatment. Failure to obtain such approvals will reduce the level of revenues that we are able to attain.

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In some foreign markets, pricing and profitability of prescription pharmaceuticals are subject to government control. In the United States, we expect that there will continue to be federal and state proposals for similar controls. Also, the trends toward managed health care in the United States and recent laws and legislation intended to reduce the cost of government insurance programs could significantly influence the purchase of health care services and products and may result in lower prices for our products or the exclusion of such products from reimbursement programs.

The PPACA, which was passed in 2010, included, among other things, the following measures:

- annual, non-deductible fees on any entity that manufactures or imports certain prescription drugs and biologics;
- increases in Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program for both branded and generic drugs;
- expansion of eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to additional individuals and by adding new mandatory eligibility categories for certain individuals with income at or below 133% of the federal poverty level, thereby potentially increasing a manufacturer's Medicaid rebate liability;
- expansion of access to commercial health insurance coverage through new state-based health insurance marketplaces, or exchanges;
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in and conduct comparative clinical research;
- new requirements for manufacturers to discount drug prices to eligible patients by 50 percent at the pharmacy level and for mail order services in order for their outpatient drugs to be covered under Medicare Part D;
- an increase in the number of entities eligible for discounts under the Public Health Service pharmaceutical pricing program; and
- establishment of a licensure framework for follow-on biologic products.

The PPACA provisions on comparative clinical effectiveness research extended the initiatives of the American Recovery and Reinvestment Act of 2009, also known as the stimulus package, which included \$1.1 billion in funding to study the comparative effectiveness of health care treatments. This stimulus funding was designated for, among other things, conducting, supporting or synthesizing research that compares and evaluates the risks and benefits, clinical outcomes, effectiveness and appropriateness of products. The PPACA also appropriated additional funding to comparative clinical effectiveness research. Although Congress has indicated that this funding is intended to improve the quality of health care, it remains unclear how the research will impact current Medicare coverage and reimbursement or how new information will influence other third-party payor policies. It also is unclear what the full impact of PPACA's extension of coverage to previously uninsured individuals will be on the demand for our products.

In addition, other legislative changes have been proposed and adopted in the United States since the PPACA was enacted. In August 2011, the Budget Control Act of 2011 among other things, created the Joint Select Committee on Deficit Reduction to recommend proposals in spending reductions to Congress. The Joint Select Committee did not achieve its targeted deficit reduction of at least \$1.2 trillion for the years 2013 through 2021, triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions to Medicare payments to providers of two percent per fiscal year, which went into effect on April 1, 2013 and, due to subsequent legislative amendments to the statute, will stay in effect through 2024 unless additional Congressional action is taken. On

January 2, 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, or the ATRA, which, among other things, further reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

These new laws and the regulations and policies implementing them, as well as other healthcare reform measures that may be adopted in the future, may have a material adverse effect on our industry generally and on our ability to successfully develop and commercialize our products.

We will need to continue to develop our medical education, sales and marketing capabilities to successfully commercialize Korlym and our other proprietary, selective GR antagonists.

To achieve commercial success for any approved product, we must either develop sales and marketing capabilities internally or enter into arrangements with third parties to market and sell our current and future products, and we may not be successful in doing so. We continue to hire experienced field and internal personnel to commercialize Korlym in the United States, which is expensive and time consuming. Any failure or delay in the development or failure to maintain effectively our internal capabilities for the marketing and sales of Korlym would adversely impact the commercialization of the product. If our efforts to develop an internal commercial marketing and sales team are not successful, cost-effective and timely, we may not achieve profitability.

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We will need to increase the size of our organization, and we may experience difficulties in managing growth.

We expect that the further development of our commercial organization and the likely future expansion of our research and development efforts will strain our administrative, operational and management resources. Future growth will impose significant added responsibilities on members of management, including the need to identify, recruit, maintain and integrate additional employees. To date, we have relied on a small management team, including a number of part-time contributors. Our future financial performance and our ability to compete effectively will depend, in part, on our ability to manage growth effectively.

To that end, we must be able to:

- integrate additional management, clinical development, administrative and sales and marketing personnel;
- expand the size and composition of our management team;
- develop our administrative, accounting and management information systems and controls;
- hire and train additional qualified personnel;
- manage our sales and marketing efforts effectively;
- manage our supply chain effectively;
- manage our clinical trials effectively; and
- manage our research and development efforts effectively.

We may not be able to accomplish these tasks, and our failure to accomplish any of them could harm our business.

Public perception of the active ingredient in Korlym, mifepristone (also known as “RU-486”), may limit our ability to market and sell Korlym.

The active ingredient in Korlym, mifepristone (RU-486), is approved by the FDA in another drug for the termination of early pregnancy. As a result, mifepristone has been and continues to be the subject of considerable ethical and political debate in the United States and elsewhere. Public perception of mifepristone may limit our ability to engage alternative manufacturers and may limit the commercial acceptance of Korlym by patients and physicians. Even though we have taken measures to minimize the likelihood of the prescribing of Korlym to a pregnant woman, physicians may choose not to prescribe Korlym to a woman simply to avoid any risk of unintentionally terminating a pregnancy. We have taken measures to control the distribution of Korlym to reduce the potential for diversion and this controlled distribution may negatively impact sales of Korlym.

We have no manufacturing capabilities and we currently depend on third parties to manufacture the active ingredient and the tablets for Korlym, both of which are single-source suppliers. If these suppliers are unable or unwilling to

continue manufacturing Korlym and we are unable to contract quickly with alternative sources, or if these third-party manufacturers fail to comply with FDA regulations or otherwise fail to meet our requirements, our business will be harmed.

We currently have no experience in, and we do not own facilities for, nor do we plan to develop facilities for, manufacturing any products. We depend on a single-source, third-party contract manufacturer, PCAS, to supply the active pharmaceutical ingredient, or API, in Korlym. We entered into a long-term agreement with PCAS in March 2014. We also depend on a single-source, third-party contract manufacturer, AAI, to produce Korlym tablets. In April 2014, we entered into a long-term agreement with AAI. If either of these manufacturers is unable or unwilling to meet our future demands required, we may not be able to manufacture our product in a timely manner. Our current arrangements with these manufacturers are terminable by such manufacturers, subject to certain notice provisions. If we are unable to obtain the API or Korlym tablets from our contract manufacturers, we may not be able to manufacture our required quantities or identify alternate manufacturers of mifepristone or Korlym tablets in a timely manner or on reasonable terms, if at all, which would harm our business. In addition, we expect to use third-party manufacturers and suppliers if and when our other product candidates are approved.

The facilities used by our contract manufacturers to manufacture our products must be approved by the FDA pursuant to inspections. We do not control the manufacturing processes of, and are completely dependent on, our contract manufacturing partners for compliance with the regulatory requirements, known as current good manufacturing practices, or cGMPs. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or others, they will not be able to secure and/or maintain regulatory approval for their manufacturing facilities. In addition, we have no control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA or a comparable foreign regulatory authority does not approve these facilities for the manufacture of our products or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our products. In addition, sanctions could be imposed on us, including fines, injunctions, civil penalties, failure of regulatory authorities to grant marketing approval of our product candidates, delays, suspension or withdrawal of approvals, seizures or recalls of products, operating restrictions and criminal

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prosecutions, any of which could harm our business. If our suppliers fail to manufacture tablets on a timely basis in the quantities that we require, or fail to maintain manufacturing capabilities that meet FDA standards, we would likely experience a lengthy delay in our manufacturing processes.

If we or others identify previously unknown, serious side effects of mifepristone, we may be required to perform lengthy additional clinical trials, change the labeling of Korlym or withdraw it from the market, any of which would hinder or preclude our ability to generate revenues.

The FDA's approval of Korlym requires that we conduct a study of the interactions between Korlym and ketoconazole, an anti-fungal agent sometimes used to treat patients with Cushing's syndrome. It also requires us to study drug utilization to better characterize the reporting rates of adverse events associated with the long-term use of Korlym. If we or others identify previously unknown, serious side effects of mifepristone:

- regulatory authorities may withdraw their approvals;
- we may be required to conduct additional clinical trials, make changes in labeling, implement changes to or obtain re-approvals of our manufacturing facilities;
- we may experience a significant drop in the sales of Korlym;
- our reputation in the marketplace may suffer; and
- we may become the target of lawsuits, including class action lawsuits.

Any of these events could harm or prevent sales of the affected products or could increase the costs and expenses of commercializing and marketing Korlym.

We may have substantial exposure to product liability claims and may not have adequate insurance to cover those claims.

We may be subject to product liability or other claims based on allegations that the use of our products has resulted in adverse effects or that our product candidates are not effective, whether by participants in our clinical trials for Korlym or other product candidates, or by patients using Korlym. A product liability claim may damage our reputation by raising questions about Korlym or any of our product candidates' safety or efficacy and could limit our ability to sell a product by preventing or interfering with product commercialization. In some cases, less common adverse effects of a pharmaceutical product are not known until long after the FDA approves the product for marketing. The active ingredient in Korlym is used to terminate pregnancy. Therefore, clinicians using the medicine in our clinical trials and physicians prescribing the medicine to women with childbearing potential must take necessary and strict precautions to ensure that the medicine is not administered to pregnant women. The failure to observe these precautions could result in significant product claims.



We have only limited product liability insurance coverage, with limits that we believe to be customary for a company beginning to commercialize its first pharmaceutical product. We intend to expand our product liability insurance coverage to any product candidates for which we obtain marketing approval. However, this insurance may be prohibitively expensive or may not fully cover our potential liabilities. Our inability to obtain adequate insurance coverage at an acceptable cost could prevent or inhibit the commercialization of Korlym or any of our product candidates, or result in meaningful underinsured or uninsured liability. Defending a lawsuit could be costly and significantly divert management's attention from conducting our business. If a third party successfully sues us for any injury caused by our product candidates, our liability could exceed our total assets.

Even if we receive regulatory approval for our product candidates, we will be subject to ongoing and continued regulatory review, and if we are unable to maintain regulatory approval of Korlym, or if we fail to comply with regulatory requirements, we will be unable to generate revenue or may be subject to penalties and our business will be harmed.

Even after we obtain U.S. regulatory approval for a product, the FDA may still impose significant restrictions on the approved indicated uses for which the product may be marketed or on the conditions of approval. For example, a product's approval may contain requirements for potentially costly post-approval studies and surveillance, including Phase 4 clinical trials, to monitor the safety and efficacy of the product. The FDA's approval of Korlym was subject to limitations on the indicated uses for which the product may be marketed and requirements for post-marketing follow-up studies and information reporting. In addition, the FDA's approval of Korlym requires that we conduct a study of the interactions between Korlym and ketoconazole, an anti-fungal agent sometimes used to treat patients with Cushing's syndrome. It also requires us to conduct a drug utilization study to better characterize the reporting rates of adverse events associated with the long-term use of Korlym.

We are subject to ongoing obligations and continued regulatory review by the FDA and other regulatory authorities in the United States and other countries with respect to the research, testing, manufacturing, labeling, distribution, adverse event reporting, storage, selling, advertising, promotion, recordkeeping and marketing of products. These requirements include submissions of safety and other post-marketing information and reports, annual updates on manufacturing activities and continued compliance with current

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good manufacturing practices, or cGMPs, and current good clinical practices, or cGCPs, for any clinical trials that we conduct post-approval. cGMPs and cGCPs are regulations and guidelines enforced by the FDA and comparable foreign regulatory authorities through periodic inspections of manufacturing sites, trial sponsors, clinical investigators and clinical sites. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with FDA regulations and other applicable foreign and U.S. regulatory requirements may result in, among other things, warning letters, civil and criminal penalties, injunctions, holds on clinical trials, product seizure or detention, refusal to permit the import or export of products, restrictions on product marketing, withdrawal of the product from the market, voluntary or mandatory product recalls, total or partial suspension of production, refusal to approve pending NDAs or supplements to approved NDAs, and suspension or revocation of product approvals.

The FDA's policies may change and additional governmental regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may place at risk the FDA marketing approval for Korlym and any other marketing approval that we may obtain, which would adversely affect our business, prospects and ability to achieve or sustain profitability.

The sale of our products is subject to regulatory approvals, and our business is subject to extensive regulatory requirements, and if we are unable to obtain regulatory approval for future product candidates, including mifepristone for the treatment of triple-negative breast cancer, we will be limited in our ability to commercialize such product candidates and our business will be harmed.

We are not permitted to market or promote any of our product candidates before we receive regulatory approval from the FDA or comparable foreign regulatory authorities and, while we have received FDA marketing approval for Korlym, we may be unable to maintain such approval and we may never receive such regulatory approval for any of our product candidates. Obtaining regulatory approval of a new drug is an uncertain, lengthy and expensive process, and success is never guaranteed. Despite the time, resources and effort expended, failure can occur at any stage. In order to receive approval from the FDA for each product candidate, we must demonstrate that the new drug product is safe and effective for its intended use and that our manufacturing processes for the product candidate comply with the FDA's cGMPs. cGMPs include requirements related to production processes, quality control and assurance, and recordkeeping. The FDA has substantial discretion in the approval process for human medicines. The FDA may require substantial additional clinical testing or find our drug products do not satisfy the standards for approval. Our inability or the inability of our suppliers to comply with applicable FDA and other regulatory requirements can result in, among other things, delays in or denials of new product approvals, warning letters, fines, consent decrees restricting or suspending manufacturing operations, injunctions, civil penalties, recall or seizure of products, total or partial suspension of sales, and/or criminal prosecution. Any of these or other regulatory actions could materially adversely affect our business and our financial condition.

Future governmental action or changes in FDA law, policy or personnel may also result in delays or rejection of an NDA in the United States. In addition, because the only other currently FDA-approved use of mifepristone is the termination of pregnancy, we expect that the label for mifepristone for any indication will include, as Korlym's does, some limitations, including a so-called "black-box" warning that it should not be used by pregnant women or women seeking to become pregnant.

If we receive regulatory approval for our future product candidates, including mifepristone for the treatment of triple-negative breast cancer, we will be subject to ongoing FDA obligations and continued regulatory oversight and review, such as continued safety reporting requirements; and we may also be subject to additional FDA post-marketing restrictions and obligations. If we are not able to maintain regulatory compliance, we may not be permitted to market our product candidates and/or may be subject to product recalls or seizures.

Any regulatory approvals that we receive for our future product candidates may also be subject to limitations on the indicated uses for which the medicine may be marketed or contain requirements for potentially costly post-marketing follow-up studies. In addition, if the FDA approves any of our product candidates, we will be subject to ongoing and continuing regulatory requirements. See also the discussion above under "Even if we receive regulatory approval for our product candidates, we will be subject to ongoing and continued regulatory review, and if we are unable to maintain regulatory approval of Korlym, or if we fail to comply with regulatory requirements, we will be unable to generate revenue or may be subject to penalties and our business will be harmed."

If we market products in a manner that violates FDA regulations or health care fraud and abuse laws, we may be subject to civil or criminal penalties.

In the United States, we are subject to FDA regulations governing the promotion of health care products. Although physicians are permitted, based on their medical judgment, to prescribe drugs for indications other than those approved by the FDA, manufacturers are prohibited from promoting their products for such "off-label" uses. In the United States, we are marketing Korlym for treatment of hyperglycemia secondary to hypercortisolism in adult patients with endogenous Cushing's syndrome who have type 2 diabetes mellitus or glucose intolerance and have failed surgery or are not candidates for surgery and provide promotional materials

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and training programs to physicians regarding the use of Korlym for this indication. Although we believe our marketing materials and training programs for physicians do not constitute “off-label” promotion of Korlym, the FDA may disagree. If the FDA determines that our promotional materials, training or other activities by our employees or agents constitute “off-label” promotion of Korlym, it could request that we modify our training or promotional materials or other activities or subject us to regulatory enforcement actions, including the issuance of a warning letter, injunction, seizure, civil fine and criminal penalties. It is also possible that other federal or state enforcement authorities might take action if they believe that the alleged improper promotion led to the submission and payment of claims for an unapproved use, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement. Even if it is later determined that we are not in violation of these laws, we may be faced with negative publicity, incur significant expenses defending our position and have to divert significant management resources from other matters.

In addition, there are health care fraud and abuse regulations and enforcement by both the federal government and the states in which we conduct our business. The laws that may affect our ability to operate include:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under federal health care programs such as the Medicare and Medicaid programs;
- federal false claims laws, which prohibit any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government, or knowingly making, or causing to be made, a false statement to get a false claim paid. Pharmaceutical companies have been prosecuted under these laws for a variety of promotional and marketing activities, such as allegedly providing free product to or entering into “sham” consulting arrangements with customers to induce such customers to purchase, order or recommend the company’s products in violation of the Anti-Kickback Statute and federal false claims laws and regulations; reporting to pricing services inflated average wholesale prices that were then used by certain governmental programs to set reimbursement rates; engaging in the promotion of “off-label” uses that caused customers to submit claims to and obtain reimbursement from governmental payors for non-covered “off-label” uses; and submitting inflated best price information to the Medicaid Drug Rebate Program;
- the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA), which created federal criminal laws that prohibit executing a scheme to defraud any health care benefit program or making false statements relating to health care matters;
- federal “sunshine” laws that require transparency regarding financial arrangements with health care providers, such as the reporting and disclosure requirements imposed by the PPACA on drug manufacturers regarding any “transfer of value” made or distributed to prescribers and other health care providers, and ownership or investment interests held by physicians and their immediate family members. The period between August 1, 2013 and December 31, 2013 was the first reporting period, and manufacturers were required to report aggregate payment data by March 31, 2014, and were required to report detailed payment data and submit legal attestation to the accuracy of such data by June 30, 2014. Payment data for the first reporting period was released to the public on September 30, 2014. Thereafter, manufacturers must submit reports by the 90th day of each calendar year;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH) and their respective implementing regulations, which impose obligations on covered healthcare providers, health plans, and healthcare clearinghouses, as well as their business associates that create, receive, maintain or transmit individually identifiable health information for or on behalf of a covered entity, with respect to safeguarding the privacy, security and transmission of individually identifiable health information; and

- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government or otherwise restrict payments that may be made to healthcare providers; state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

The risk of our being found in violation of these laws and regulations is increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Moreover, recent health care reform legislation has strengthened these laws. For example, the PPACA, among other things, amended the intent requirement of the federal anti-kickback and criminal health care fraud statutes; a person or entity no longer needs to have actual knowledge of these statutes or specific intent to violate them. In addition, the PPACA provided that the government may assert that a claim including items or services resulting from a violation of the federal anti-kickback statute constitutes a false or fraudulent claim for purposes of the false claims statutes. If our operations are found to be in violation of any of the laws described above or any other governmental regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, damages, fines,

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exclusion from governmental health care programs, and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our financial results.

Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.

Clinical development is a long, expensive and uncertain process, and data obtained from clinical trials and supportive studies are susceptible to varying interpretations, which could delay, limit or prevent regulatory approval. The results from early clinical trials may not be predictive of results eventually obtained in later clinical trials. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profile of their medication candidate, despite promising results in earlier trials. Clinical trials may not demonstrate sufficient safety and efficacy to obtain regulatory approval. For example, in May 2014, we discontinued our Phase 3 study of mifepristone for treatment of psychotic depression (Study 14) after receiving the report of a data monitoring committee that the trial was unlikely to reach its primary endpoints based on an analysis of interim data.

Our ongoing Phase 1 study of mifepristone in combination with chemotherapy to treat triple-negative breast cancer is too small to demonstrate definitively the safety or efficacy of mifepristone for that indication. Even if the trial generates positive results, those results would have to be confirmed in at least one substantially larger, more expensive, and lengthier trial if we are to have sufficient basis for seeking regulatory approval.

Moreover, the commencement and completion of clinical trials may be delayed by many factors that are beyond our control, including:

- delays obtaining regulatory approval to commence a trial;
- reaching agreement on acceptable terms with contract research organizations, or CROs, and clinical trial sites;
- obtaining institutional review board, or IRB, approval at each site;
- slower than anticipated patient enrollment;
- scheduling conflicts with participating clinicians and clinical institutions;
- lack of funding;
- negative or inconclusive results;
- patient noncompliance with the protocol;
- adverse medical events or side effects among patients during the clinical trials;
- negative or problematic FDA inspections of our clinical operations or manufacturing operations; and
- real or perceived lack of effectiveness or safety of mifepristone.

We could encounter delays if a clinical trial is suspended or terminated by us, the IRBs of the clinical trial sites in which such trials are being conducted, by the Data Safety Monitoring Board for such trial or by the FDA or other regulatory authorities. Such authorities may impose such a suspension or termination due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial.

Over the course of clinical development of any product candidate, we may decide, or the FDA or other regulatory authorities may require us, to pursue clinical or preclinical studies in addition to those we had initially anticipated. Additional trials or studies may require additional funding, the availability of which is not assured. Also, it is possible that additional trials or studies that we decide are necessary or desirable will delay or prevent the completion of our development programs. Even if we are able to conduct all of the clinical trials and supportive studies that we consider appropriate, we may never receive regulatory approval to market mifepristone for the treatment of triple-negative breast cancer or any other product candidates or indications.

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We depend on third parties to conduct and manage many of our clinical trials and to perform related data collection and analysis and, if these third parties do not successfully carry out their contractual duties or meet expected timelines, we may face costs and delays that may prevent or delay us from obtaining regulatory approval for or commercializing our product candidates, which could substantially harm our business.

We rely on clinical investigators and clinical sites to enroll patients and other third parties such as clinical research organizations (CROs) to manage many of our trials and to perform related data collection and analysis. We control only certain aspects of these third parties' activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards, and our reliance on third parties does not relieve us of our regulatory responsibilities. We and these third parties are required to comply with cGCPs. If we or any of the third parties working on or conducting our trials fail to comply with applicable cGCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approval of our marketing applications, if at all. We cannot assure you that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials complies with cGCP requirements. In addition, our clinical trials must be conducted with product produced under cGMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process. Moreover, we may not be able to control the timing of identification and selection of appropriate sites for our planned trials and the amount and timing of resources that the clinical sites that conduct the clinical testing may devote to our clinical trials. If our clinical investigators and clinical sites fail to enroll a sufficient number of patients in our clinical trials or fail to enroll them on our planned schedules, we will be unable to complete our trials or to complete them as planned, which could delay or prevent us from completing the clinical development of mifepristone for the treatment of triple-negative breast cancer or other development programs.

We have agreements with the CROs that are conducting our Phase 1/2 trial of mifepristone for the treatment of triple-negative breast cancer and Phase 1 trial of our selective GR antagonist, CORT 125134, to supervise and monitor clinical site performance and to perform investigator supervision, data collection and analysis for these trials. The conduct of future clinical trials may also be conducted through the use of CROs and third party clinical sites. We may not be able to maintain relationships with these or other CROs or with the clinical investigators and the clinical sites through the completion of all trial activities without delays in anticipated timing of trial activities or excessive expenditures. If any of our relationships with CROs or other third parties terminates, we may not be able to enter into arrangements with alternative CROs or third parties on commercially reasonable terms, or at all. If these CROs, clinical investigators, clinical sites or other third parties do not carry out their contractual duties or obligations or fail to meet expected deadlines, or if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to their failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may be unable to obtain regulatory approval for, or successfully commercialize, mifepristone for the treatment of triple-negative breast cancer, CORT125134 or any of our other next-generation selective GR antagonists.

Failure to obtain regulatory approval in foreign jurisdictions will prevent us from commercializing Korlym and our other product candidates abroad.



We may seek to commercialize our products and product candidates in international markets with the help of one or more partners or on our own. Outside the United States, we may commercialize a product only if we receive a marketing authorization and, in many cases, pricing approval, from the appropriate regulatory authorities, whose approval processes include all of the risks associated with the FDA approval process, and, in some cases, additional risks. The approval procedure varies among countries and can involve additional testing, and the time required to obtain approval may differ from that required to obtain FDA approval. Other than seeking and receiving Orphan Drug designation in the EU and the submission of our MAA to the EMA in October 2013, we have not taken any actions to obtain foreign approvals. We may not develop our product candidates in the clinic in order to obtain foreign regulatory approvals on a timely basis, if at all.

Approval by the FDA does not ensure approval by regulatory authorities in other countries, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other foreign countries or by the FDA, but a failure or delay in obtaining regulatory approval in one country may have a negative effect on the regulatory process in others. We may not be able to file for regulatory approvals and may not receive necessary approvals to commercialize our product candidates in any foreign market.

We face competition from companies with substantial financial, technical and marketing resources, which could limit our future revenues from the commercialization of mifepristone for the treatment of triple-negative breast cancer or for other indications.

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. Our present and potential competitors include major pharmaceutical companies such as the makers of the drugs identified above, as well as specialized pharmaceutical firms, universities and public and private research institutions. Moreover, we expect competition to intensify as technical advances are made. These competitors, either alone or with collaborative parties, may succeed with the development and commercialization of medicinal products that are superior to and more cost-effective than mifepristone.

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Many of our competitors and related private and public research and academic institutions have greater experience, more financial and marketing resources and larger research and development staffs than we do. In addition, many of these competitors, either alone or together with their collaborative partners, have significantly greater experience than we do in developing human medicines, obtaining regulatory approvals, manufacturing and commercializing products.

Accordingly, mifepristone may not be an effective competitor against established treatments and our present or potential competitors may succeed in developing medicinal products that are superior to mifepristone or render mifepristone obsolete or non-competitive. If we are unable to establish mifepristone as a superior and cost-effective treatment for triple-negative breast cancer, or any future use, we may be unable to generate the revenues necessary to support our business.

Our efforts to discover, develop and commercialize new product candidates beyond Korlym for Cushings syndrome are at a very early stage. If we fail to identify and develop additional uses for GR antagonists, we may be unable to market additional products.

To develop additional potential sources of revenue, we believe that we must identify and develop additional product candidates or new therapeutic uses for mifepristone. We own or have exclusively licensed issued U.S. patents covering the use of GR antagonists to treat triple-negative breast cancer, mental disorders by optimizing mifepristone levels in plasma serum, mild cognitive impairment, weight gain due to treatment with antipsychotic medication, stress disorders, early dementia, delirium, gastroesophageal reflux disease, Down's Syndrome, catatonia, psychosis associated with cocaine addiction, psychosis associated with Interferon-alpha therapy, migraine headaches, and to increase the therapeutic response to ECT, combination steroid and GR antagonist therapy, the treatment of neurological damage in premature infants and the treatment of psychotic depression. We have three U.S. method of use patent applications pending covering GR antagonists for the treatment of patients suffering from mental disorders by optimizing mifepristone absorption, and for the treatment of muscular dystrophy and amyotrophic lateral sclerosis (ALS). In addition, we own eight U.S. composition of matter patents covering specific GR antagonists. We have also filed patent applications in the major international markets.

The use of GR antagonists may not be effective to treat these conditions or any other indications. Moreover, we could discover that the use of GR antagonists in these patient populations has unacceptable side effects or is otherwise not safe. Due to the risks of efficacy and side effects inherent in developing novel compounds, we are likely to enter multiple compounds into development, which would increase our rate of spending with no assurance that we will be successful in developing new drugs that are safe and effective.

In addition, we may not develop or continue to develop product candidates for any of the indications or compounds covered by our patents and patent applications. Typically, there is a high rate of attrition for product candidates in preclinical and clinical trials, and our product development efforts may not lead to commercially viable products. For

example, although we plan to advance new compounds to the clinic, we may fail to do so.

We may elect to enter into collaboration arrangements with respect to one or more of our product candidates. If we do enter into such an arrangement, we would be dependent on a collaborative partner for the success of the product candidates developed under the arrangement. Any future collaborative partner may fail to successfully develop or commercialize a product candidate under a collaborative arrangement.

We only have significant clinical experience with mifepristone and we may determine that mifepristone is not desirable for uses other than for the treatment of Cushing's syndrome and, potentially, triple-negative breast cancer. For example, we do not intend to develop mifepristone for mitigation of the weight gain associated with the use of Zyprexa, Risperdal or other atypical antipsychotics, even though we have reported positive results in the proof of concept studies. We may pursue other GR antagonists for this use. The compounds developed pursuant to our early clinical, preclinical and discovery research programs may fail to become viable product candidates regardless of the resources we may dedicate to the program. Even if product candidates are identified, we may abandon further development efforts before we reach clinical trials or after expending significant expense and time conducting clinical trials due to financial constraints, concerns over the safety or efficacy of the product candidates, manufacturing difficulties or other reasons. Moreover, governmental authorities may enact new legislation or regulations that could limit or restrict our development efforts. If we are unable to successfully discover and commercialize new uses for GR antagonists, we may be unable to generate sufficient revenue to support our operations.

If we lose our key personnel or are unable to attract and retain additional skilled personnel, we may be unable to pursue our product development and commercialization efforts.

Our ability to operate successfully and manage our potential future growth depends significantly upon retaining key research, technical, sales, marketing, managerial and financial personnel, and attracting and retaining additional highly qualified personnel in these areas. For example, we do not currently employ a Chief Medical Officer to manage our clinical development efforts, although our efforts to hire such an executive are ongoing. We depend substantially on the principal members of our management and scientific staff. We do not have agreements with any of our executive officers that provide for their continued employment with us or

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employment insurance covering any of our key personnel. Any officer or employee can terminate his or her relationship with us at any time and work for one of our competitors. The loss of these key individuals could result in competitive harm because we could experience delays in our product research, development and commercialization efforts without their expertise.

We face intense competition for qualified personnel from numerous companies, as well as universities and nonprofit research organizations in the highly competitive San Francisco Bay Area. Although we believe that we have been successful in attracting and retaining qualified personnel to date, we may not be able to attract and retain sufficient qualified personnel in the future. The inability to attract and retain these personnel could result in delays in the research, development and commercialization of our potential products.

Rapid technological change could make our product and product candidates obsolete.

Pharmaceutical technologies have undergone rapid and significant change and we expect that they will continue to do so. Our future will depend in large part on our ability to maintain a competitive position with respect to these technologies. Korlym and any products and processes that we develop may become obsolete or uneconomical before we recover any or all expenses incurred in connection with their development. Rapid technological change could make Korlym and our product candidates obsolete or uneconomical, which could materially adversely affect our business, financial condition and results of operations.

The occurrence of a catastrophic disaster or other similar events could cause damage to our own or our manufacturers' facilities and equipment, which could require us to cease or curtail operations.

Because our executive offices are located in the San Francisco Bay Area and some of our current manufacturers are also located in earthquake-prone areas, our business is vulnerable to damage from various types of disasters or other similarly disruptive events, including earthquake, fire, flood, power loss and communications failures. In addition, political considerations relating to mifepristone may put us and our manufacturers at increased risk for terrorist attacks, protests or other disruptive events. If any disaster or other similar event were to occur, we may not be able to operate our business and our manufacturers may not be able to produce Korlym or our product candidates. Our insurance may not be adequate to cover, and our insurance policies may exclude coverage for, our losses resulting from disasters or other business interruptions.

We rely significantly on information technology and any failure, inadequacy, interruption or security lapse of that technology, including any cyber security incidents, could harm our ability to operate our business effectively.

Despite the implementation of security measures, our internal computer systems and those of third parties with which we contract are vulnerable to damage from cyber-attacks, computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. System failures, accidents or security breaches could cause interruptions in our operations, and could result in a material disruption of our clinical and commercialization activities and business operations, in addition to possibly requiring substantial expenditures of resources to remedy. The loss of clinical trial data could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and our product research, development and commercialization efforts could be delayed.

#### Risks Related to Our Capital Needs and Financial Results

We may need additional capital in order to complete the development and commercialization of mifepristone for the treatment of triple-negative breast cancer or other indications or for the development and commercialization of our proprietary, selective GR antagonists. Additional capital may not be available to us at all or on favorable terms, which could adversely affect our business.

We may need to raise additional funds to continue and expand the development of mifepristone for the treatment of triple-negative breast cancer and of our proprietary, selective GR antagonists in various indications. We may also raise additional funds for other research and development activities, including clinical trials, and working capital and for other general corporate purposes, or to acquire or invest in businesses, products and technologies that are complementary to our own.

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Factors impacting our cash position and future prospects of liquidity include the following:

- the amount and timing of revenues from the commercialization of Korlym;
- the pace at which physicians adopt Korlym as a treatment;
- the willingness of insurance companies, the government and other third-party payors to provide coverage for Korlym at reasonable rates;
- changes in the coverage and reimbursement policies of third-party insurance companies or government agencies;
- the costs, timing of site selection and enrollment of our clinical trials;
- the results of our research efforts and clinical trials;
- the need to perform additional clinical trials and other supportive studies;
- the timing and outcome of our Phase 1 study of mifepristone for the treatment of triple-negative breast cancer and further clinical development related to this indication;
- the timing and outcome of our Phase 1 study of CORT125134 and further clinical development of that compound;
- developments or disputes concerning patents or proprietary rights, including announcements of claims of infringement, interference or litigation against us or our licensors;
- actual or anticipated fluctuations in our operating results;
- changes in our growth rates; and
- changes in our research and development plans for our proprietary, selective GR antagonists.

Consequently, we may need additional funding sooner than anticipated. In addition, we may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current and future operating plans.

We cannot be certain that additional funding will be available on acceptable terms or at all. Even though we have raised funds a number of times in the past, market and economic conditions may make it difficult for us to raise any or sufficient additional capital. Our sales of common stock and warrants and the exercises of warrants have been dilutive to stockholders and any exercise of outstanding warrants and additional equity financing could cause further dilution. Debt financing, if available, may involve restrictive covenants. If we obtain funds through collaborations with others, these arrangements may be on unfavorable terms or may require us to relinquish certain rights to Korlym, our technologies or product candidates, which we would otherwise seek to develop on our own. If adequate funds are not available, we may be required to delay, reduce the scope of or eliminate one or more of our research or development programs or we may be required to discontinue operations.

We have incurred losses since inception and we may incur net losses in the future.

We have a limited history of operations and have focused primarily on clinical trials. We have begun to commercialize Korlym and, if the outcome of our clinical trials supports it, we plan to seek FDA regulatory clearance to market mifepristone for the treatment of triple-negative breast cancer and, potentially, other indications. Historically, we have funded our operations primarily from the sale of our equity securities. We have incurred losses in each year since our inception in 1998. As of December 31, 2014, we had an accumulated deficit of

\$324.0 million. We began to sell our first commercial product, Korlym, in the United States in April 2012. Based on this limited experience marketing Korlym, it is difficult for us to predict the magnitude or timing of future product sales. We expect our research and development expenses to increase in connection with the clinical trials and other development activities for mifepristone and for other product candidates. We expect to incur significant expenses related to commercializing Korlym. We are unable to predict the extent of any future losses or whether or when we will become profitable.

We may not be able to pursue all of our product research and development opportunities if we are unable to generate sufficient revenue or secure adequate funding for these programs.

The costs required to start or continue many of the programs that our intellectual property allows us to consider for further development are collectively greater than the funds currently available to us. For example, we have successfully discovered three series of compounds that are selective GR antagonists but do not appear to block the progesterone receptor. Further development of these proprietary compounds or any further development stemming from our method of use patents may be delayed or cancelled if we determine that such development may jeopardize our ability to complete the clinical development of mifepristone for the treatment of triple-negative breast cancer.

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Global economic conditions could adversely affect our liquidity and financial condition.

In the United States and globally, market and economic conditions have been volatile over the past few years. Renewed concerns about the recent recession and the systemic impact of adverse economic conditions, such as unstable global financial markets, adverse effects on the cost and availability of capital, high corporate, consumer and governmental debt levels and unemployment may cause lenders and institutional investors to reduce, and in some cases, cease, to provide credit to businesses. Renewed or increased turbulence in the global markets and economies may adversely affect our liquidity and financial condition.

If we do not have sufficient cash flow to continue operating our business and are unable to borrow funds or raise equity or debt capital, we may need to find alternative ways to increase our liquidity. Such alternatives may include, without limitation, curtailing clinical or drug development activity, or limiting our commercial efforts, product manufacturing or sales and marketing support, which would have an adverse effect on our business, results of operations, cash flows and financial condition.

If we acquire other selective GR antagonists or other technologies or potential products, we will incur a variety of costs and may never realize the anticipated benefits of the acquisition.

If appropriate opportunities become available, we may attempt to acquire other technologies or potential products that are complementary to our operating plan. We currently have no commitments, agreements or plans for any acquisitions. The process of acquiring rights to another potential product or technology may result in unforeseen difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of our business. In addition, we may fail to realize the anticipated benefits of any acquired potential product or technology. Future acquisitions could dilute our stockholders' ownership interest in us and could cause us to incur debt, expose us to future liabilities and result in amortization or other expenses related to goodwill and other intangible assets.

Failure to meet our obligations under our Financing Agreement with Biopharma Secured Debt Fund II Sub, S.à.r.l (Biopharma), could adversely affect our financial results and liquidity.

Pursuant to our Financing Agreement with Biopharma entered into in August 2012, we are obligated to make payments to Biopharma equal to 20 percent of our net product sales of Korlym, any future mifepristone-based products and our next-generation selective GR antagonists (Covered Products), subject to certain quarterly caps, as well as an un-capped 20 percent of any upfront, milestone or other contingent payments we receive with respect to Covered Products, until such payments to Biopharma total \$45.0 million.



Pursuant to this agreement, we may not: (i) incur indebtedness greater than the sum of earnings before interest, taxes, depreciation and amortization, including such items as non-cash stock-based compensation, for the four calendar quarters preceding such incurrence, which we refer to as the Indebtedness Covenant; (ii) pay a dividend or other cash distribution, unless we have cash and cash equivalents in excess of \$50.0 million after such payment; (iii) amend or restate our certificate of incorporation or bylaws unless such amendments or restatements do not affect Biopharma's interests under the transaction; and (iv) encumber any of the collateral securing our performance under the agreement.

The percentage used to calculate our payments to Biopharma would increase to 50 percent and any applicable payment caps would lapse if we (i) fail to provide Biopharma with certain information regarding our promotion and sales of Covered Products, (ii) do not devote a commercially reasonable amount of resources to the promotion and marketing of the Covered Products or (iii) violate the Indebtedness Covenant and, in each case, fail to cure within the applicable cure period.

Upon a Corcept change of control transaction, as defined in the agreement, Biopharma will be automatically entitled to receive any amounts not previously paid, up to our maximum repayment obligation of \$45.0 million. As defined in the agreement, "Change of Control" includes, among other things, (i) a greater than 50 percent change in the ownership of Corcept, (ii) certain changes in Board composition of Corcept and (iii) the licensing of Korlym to a third party for sale in the United States.

To secure our obligations under the agreement, we granted Biopharma a security interest in our rights in patents, trademarks, trade names, domain names, copyrights, know-how and regulatory approvals related to the Covered Products, all books and records relating to the foregoing and all proceeds of the foregoing, which we refer to as the Collateral. If we (i) fail to deliver a royalty payment when due and do not remedy that failure within 30 days, (ii) fail to maintain a first-priority perfected security interest in the Collateral in the United States and do not remedy that failure within five business days of receiving notice of such failure or (iii) become subject to an event of bankruptcy, then Biopharma may attempt to recover up to \$45.0 million (after deducting any payments we have already made).

We cannot assure that we will not breach the covenants or other terms of, or that an event of default will not occur under this agreement and, if a breach or event of default occurs, we cannot assure that we will be able to cure the event within the time permitted. Any failure to pay our obligations when due, any breach or default of our covenants or other obligations, or any other event that

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causes an acceleration of payment at a time when we do not have sufficient resources to meet these obligations, could have a material adverse effect on our business, results of operations, financial condition and future viability.

The acceleration of the payment obligation in the event of a change of control transaction may make us less attractive to potential acquirers, and the payment of such funds out of our available cash or acquisition proceeds would reduce acquisition proceeds for our stockholders.

Risks Relating to Our Intellectual Property

If Korlym or future product candidates conflict with the patents of others or if we become involved in other intellectual property disputes, we may have to engage in costly litigation or obtain a license and we may be unable to commercialize our product candidates.

Our success depends in part on our ability to obtain and maintain adequate patent protection for the use of mifepristone for the treatment of triple-negative breast cancer and other potential uses of GR antagonists. If we do not adequately protect our intellectual property, competitors may be able to use our intellectual property and erode our competitive advantage.

To date, we own nineteen issued U.S. method of use patents and have exclusively licensed four issued U.S. method of use patents. We have three U.S. method of use patent applications pending for GR antagonists. We own eight composition of matter patents. We have applied, and will continue to apply, for patents covering our product candidates as we deem appropriate. We have also filed, where we deemed appropriate, foreign patent applications corresponding to our U.S. patents and applications.

We have exclusively licensed three issued U.S. patents from Stanford University for the use of GR antagonists, including mifepristone, in the treatment of psychotic major depression, which is commonly referred to as psychotic depression, cocaine-induced psychosis and early dementia, including early Alzheimer's disease. We have also exclusively licensed from the University of Chicago allowed U.S. patent claims for the use of mifepristone in the treatment of triple-negative breast cancer.

We bear the costs of prosecuting, protecting and defending the rights to these patents. In order to maintain the exclusive license to these patents until their expiration, we are obligated to make milestone and royalty payments to both universities. If we become noncompliant with our obligations under our agreements, we may lose the right to

commercialize mifepristone for the treatment of cocaine-induced psychosis, early dementia and triple-negative breast cancer and our business would be materially harmed. In addition, if Stanford University were to terminate our mifepristone license due to breach of the license on our part, we would not be able to commercialize mifepristone for the treatment of cocaine-induced psychosis or early dementia. If the University of Chicago were to terminate our license, we would not be able to commercialize mifepristone for the treatment of triple-negative breast cancer.

Our patent applications and patents licensed or issued to us may be challenged by third parties and our patent applications may not result in issued patents. For example, in 2004, Akzo Nobel (now a division of Merck & Co.) filed an observation challenging the claims of our exclusively licensed European patent application with claims directed to psychotic depression. In this instance, the patent later issued and, in 2007, we received notice from the European Patent Office that there will be no opposition proceedings in Europe in regard to this patent.

Our presently pending and future patent applications may not issue as patents, and any patent issued to us may be challenged, invalidated, held unenforceable or circumvented. For example, the arguments presented by Akzo Nobel could be raised in the United States either before the U.S. Patent and Trademark Office or in a court of law. Furthermore, the claims in patents which have been issued to us, or which may be issued to us in the future, may not be sufficiently broad to prevent third parties from producing competing products. In addition, the laws of various foreign countries in which we compete may not protect our intellectual property to the same extent as do the laws of the United States. If we fail to obtain adequate patent protection for our proprietary technology, our competitors may produce competing products based on our technology, which would impair our ability to compete.

If a third party were successful in asserting an infringement claim against us, we could be forced to pay damages and prevented from developing, manufacturing or marketing our potential products. We do not have liability insurance for patent infringements. A third party could require us to obtain a license to continue to use their intellectual property, and we may not be able to do so on commercially acceptable terms, or at all. We believe that significant litigation will continue in our industry regarding patent and other intellectual property rights. If we become involved in litigation, it could consume a substantial portion of our resources. Regardless of the merit of any particular claim, defending a lawsuit takes significant time, is expensive and diverts management's attention from other business.

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If we are unable to protect our trade secrets and proprietary information, our ability to compete in the market could be diminished.

In addition to patents, we rely on a combination of confidentiality, nondisclosure and other contractual provisions, laws protecting trade secrets and security measures to protect our trade secrets and proprietary information. Nevertheless, these measures may not adequately protect our trade secrets or other proprietary information. If they do not adequately protect our rights, third parties could use our proprietary information, which could diminish our ability to compete in the market. In addition, employees, consultants and others who participate in the development of our product candidates may breach their agreements with us regarding our trade secrets and other proprietary information, and we may not have adequate remedies for the breach. We also realize that our trade secrets may become known through means not currently foreseen. Notwithstanding our efforts to protect our trade secrets and proprietary information, our competitors may independently develop similar or alternative products that are equal or superior to our product candidates without infringing on any of our proprietary information or trade secrets.

Our licensed patents covering the use of mifepristone to treat triple-negative breast cancer, psychotic depression, cocaine-induced psychosis and early dementia, including Alzheimer's disease, cover only mifepristone's method of use and not its composition of matter, which may make it more difficult for us to prove patent infringement if physicians prescribe another manufacturer's mifepristone or if patients acquire mifepristone from other sources, such as the internet or underground market.

We have exclusively licensed three U.S. patents from Stanford University for the use of GR antagonists, including mifepristone, for the treatment of psychotic depression, cocaine-induced psychosis and early dementia, including Alzheimer's disease. We also have an exclusive license from the University of Chicago to certain allowed patent claims covering the use of mifepristone to treat triple-negative breast cancer. A method of use patent covers only a specified use of a particular compound, not a particular composition of matter. Because none of the patents we have licensed from Stanford University and none of the allowed patent rights we have licensed from the University of Chicago cover the composition of mifepristone, we cannot prevent others from commercializing mifepristone in indications not covered by these or our other method of use patents. Although any such "off-label" use would violate our patents, effectively monitoring compliance with our patents may be difficult and costly.

In addition, we cannot be assured that patients will not obtain mifepristone from other sources. As with other pharmaceutical products, patients may be able to purchase mifepristone through the internet or underground market. Mifepristone is also sold in the United States by Danco Laboratories for the termination of early pregnancy. While distribution is limited to a single dose provided in the physician's office and covered by other restrictions, we cannot be certain that Cushing's syndrome patients will not be able to obtain mifepristone from this source or others, should another company receive approval to market mifepristone for another indication.

## Risks Related to Our Stock

The market price of our common stock has been and is likely to continue to be highly volatile due to the limited number of shares of our common stock held by non-affiliates or factors influencing the stock market and opportunities for sale at any given time may be limited.

We cannot assure you that an active trading market for our common stock will exist at any time. Holders of our common stock may not be able to sell shares quickly or at the market price if trading in our common stock is not active. During the 52-week period ended March 2, 2015, our average daily trading volume was approximately 332,000 shares and the intra-day sales prices per share of our common stock on The NASDAQ Stock Market ranged from \$1.69 to \$4.49. As of March 2, 2015, our officers, directors and principal stockholders controlled 34 percent of our common stock. The trading price of our common stock has been and is likely to continue to be highly volatile and could be subject to wide fluctuations in price in response to various factors, many of which are beyond our control, including:

- the pace of market acceptance of Korlym or the timing and level of coverage and reimbursement attained;
- our cash and short-term investment position;
- actual or anticipated timing and results of our clinical trials;
- new products or services introduced or announced by us or our competitors;
- actual or anticipated regulatory approvals of our product candidates or of competing products;
- changes in laws or regulations applicable to our product candidates or our competitors' products;
- changes in the expected or actual timing of our development programs or our competitors' potential development programs;
- actual or anticipated variations in quarterly operating results, including potential product returns and timing of revenue recognition;

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- announcements of technological innovations by us, our collaborators or our competitors;
- general market and economic conditions;
- changes in financial estimates or recommendations by securities analysts;
- conditions or trends in the biotechnology and pharmaceutical industries;
- changes in the market valuations of similar companies;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- additions or departures of key personnel;
- disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- developments concerning collaborations;
- trading volume of our common stock;
- limited number of shares of our common stock held by our non-affiliates;
- maintaining compliance with the listing requirements of the stock exchange on which we are listed;
- success of additional financing efforts; and
- purchases or sales of our common stock by us, our officers, directors or our stockholders.

In addition, the stock market in general, The NASDAQ Stock Market and the market for biotechnology and life sciences companies in particular have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance. In the past, following periods of volatility in the market, securities class-action litigation has often been instituted against companies. Such litigation, if instituted against us, could result in substantial costs and diversion of management's attention and resources.

If our operating and financial performance in any given period does not meet the guidance that we provide to the public, estimates published by research analysts or other investor expectations, our stock price may decline.

We have provided guidance as to our expected 2015 net revenue. Our guidance is only an estimate of what management believes is realizable as of the date of the release of such guidance. Our actual results may vary from our guidance and the variations may be material.

There are a number of reasons why we might fail to meet our financial guidance or other expectations about our business, including, but not limited to, the risks and uncertainties described in this report and in our other public filings and public statements. In particular, there are inherent difficulties in predicting the amount of Korlym that will be sold. For example, the rate of physician adoption of Korlym is uncertain. Research analysts who cover our business have put forth a range of revenue estimates, based on their own analyses. We believe research analysts will consider the guidance we have provided as one factor in determining their own annual revenue estimates. Estimating our net revenue for future periods is difficult and you should rely on our guidance and the estimates of research analysts at your own discretion. If, in the future, our operating or financial results for a particular period do not meet

our guidance, analyst estimates or the expectations of investors, or if we reduce our guidance for future periods, our stock price may decline.

Research analysts may not continue to provide or initiate coverage of our common stock or may issue negative reports, which may have a negative impact on our common stock's market price.

Securities analysts currently covering our common stock may discontinue research coverage. Additional securities analysts may elect not to provide research coverage of our common stock. A lack of research coverage may adversely affect our common stock's market price. The trading market for our common stock may be affected in part by the research and reports that industry or financial analysts publish about us or our business. If one or more of the analysts who elects to cover us downgrades our stock, our stock price would likely decline rapidly and significantly. If one or more of these analysts ceases coverage of our company, we could lose visibility in the market, which in turn could cause our stock price to decline. In addition, rules mandated by the Sarbanes-Oxley Act of 2002, and a global settlement reached in 2003 between the SEC, other regulatory analysts and a number of investment banks have led to a number of fundamental changes in how analysts are reviewed and compensated. In particular, many investment banking firms are required to contract with independent financial analysts for their stock research. It may be difficult for companies such as ours with smaller market capitalizations to attract independent financial analysts that will cover our common stock. This could have a negative effect on our market price.

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Sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

Sales of a substantial number of shares of our common stock in the public market could harm the market price of our common stock. As additional shares of our common stock become available for resale in the public market, whether as a result of equity financings by us or due to the release of trading restrictions, the supply of our common stock will increase, which could decrease the price. Substantially all of the shares of our common stock are eligible for sale, subject to applicable volume and other resale restrictions.

We may be required to pay significant penalties if we are not able to meet our obligations under our outstanding registration rights agreements.

We have entered into registration rights agreements in connection with certain of our securities offerings. We may be obligated to pay liquidated damages if we do not meet our obligations under those agreements.

If we are required to pay significant amounts, such as the liquidated damages described above, under these or future registration rights agreements, it could have a material adverse effect on our financial condition and ability to finance our operations.

Our officers, directors and principal stockholders, acting as a group, will be able to significantly influence corporate actions.

As of March 2, 2015, our officers, directors and principal stockholders control 34 percent of our common stock. As a result, these stockholders, acting together, will be able to significantly influence all matters requiring approval by our stockholders, including the election of directors and the approval of mergers or other business combination transactions. The interests of this group of stockholders may not always coincide with our interests or the interests of other stockholders and may prevent or delay a change in control. This significant concentration of share ownership may adversely affect the trading price of our common stock because investors often perceive disadvantages to owning stock in companies with controlling stockholders.

Changes in laws and regulations may result in increased costs to us, which may harm our financial results.



New laws and regulations, as well as changes to existing laws and regulations, affecting our company, including the provisions of the PPACA requiring the reporting of aggregate spending related to health care professionals, the provisions of the Sarbanes-Oxley Act of 2002 and rules adopted by the SEC and by The NASDAQ Stock Market have and will likely continue to result in increased costs to us as we respond to their requirements. We are investing resources to comply with evolving laws and regulations, and this investment may result in increased selling, general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities.

In addition, new rules and regulations could make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our Board of Directors, or our board committees, or as executive officers. At present, we cannot predict or estimate the amount of the additional costs related to new rules and regulations or the timing of such costs.

Compliance with public company obligations, including the securities laws and regulations, is costly and requires significant management resources, and we may fail to comply.

We are a small company with limited resources.

The federal securities laws and regulations, including the corporate governance and other requirements of the Sarbanes-Oxley Act of 2002, impose complex and continually changing regulatory requirements on our operations and reporting. These requirements have increased and will continue to increase our legal compliance costs.

Section 404 of the Sarbanes-Oxley Act of 2002 requires that we evaluate and determine the effectiveness of our internal controls over financial reporting and provide a management report on the internal control over financial reporting. This same legislation also requires that the independent registered public accounting firm auditing our financial statements must attest to and report on the effectiveness of our internal controls over financial reporting. If we are unable to complete the required assessment as to the adequacy of our internal control over financial reporting in future years or if our independent registered public accounting firm is unable to provide us with an unqualified report as to the effectiveness of our internal control over financial reporting as of future year ends, investors could lose confidence in the reliability of our financial reporting.

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Changes in or interpretations of accounting rules and regulations could result in unfavorable accounting charges or require us to change our accounting policies or operating practices.

Accounting methods and policies for business and marketing practices of pharmaceutical companies are subject to continual review, interpretation and guidance from relevant accounting authorities, including the SEC. Although we believe that our accounting practices are consistent with current accounting pronouncements, changes to or interpretations of accounting methods or policies in the future may require us to reclassify, restate or otherwise change or revise our financial statements. Any such changes could result in corresponding changes to the amounts of assets, liabilities, revenues, expenses and income. Any such changes could have a material adverse effect on our business, financial position and results of operations and could cause the market value of our common stock to decline.

If we fail to continue to meet all applicable NASDAQ Stock Market requirements, our stock could be delisted by The NASDAQ Stock Market. If delisting occurs, it would adversely affect the market liquidity of our common stock and harm our business.

If we are unable to meet any of The NASDAQ listing requirements in the future, including, for example, if the closing bid price for our common stock is below \$1 per share for 30 consecutive trading days, The NASDAQ Stock Market could determine to delist our common stock, the delisting could adversely affect the market liquidity of our common stock and the market price of our common stock could decrease. During the 52-week period ended March 2, 2015, the intra-day sales prices per share of our common stock on The NASDAQ Stock Market ranged from \$1.69 to \$4.49. Such delisting could also adversely affect our ability to obtain financing for the continuation of our operations and could result in the loss of confidence by investors, suppliers and employees.

Anti-takeover provisions in our charter and bylaws and under Delaware law and payment acceleration provisions under the Biopharma Financing Agreement may make an acquisition of us or a change in our management more expensive or difficult, even if an acquisition or a management change would be beneficial to our stockholders.

Provisions in our charter and bylaws may delay or prevent an acquisition of us or a change in our management. Some of these provisions allow us to issue preferred stock without any vote or further action by the stockholders, require advance notification of stockholder proposals and nominations of candidates for election as directors and prohibit stockholders from acting by written consent. In addition, a supermajority vote of stockholders is required to amend our bylaws. Our bylaws provide that special meetings of the stockholders may be called only by our Chairman, President or the Board of Directors and that the authorized number of directors may be changed only by resolution of the Board of Directors. These provisions may prevent or delay a change in our Board of Directors or our management, which is appointed by our Board of Directors. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law. Section 203 may prohibit large stockholders, in particular those owning 15 percent or more of our outstanding voting stock, from merging or

combining with us. In addition, our payment obligations to Biopharma accelerate in the event of a change of control transaction. See “Risk Factors – Failure to meet our obligations under our Financing Agreement with Biopharma Secured Debt Fund II Sub, S.à.r.l, could adversely affect our financial results and liquidity.” These provisions in our charter and bylaws and under Delaware law and the Financing Agreement could reduce the price that investors might be willing to pay for shares of our common stock in the future and result in the market price being lower than it would be without these provisions.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We lease 16,955 square feet of office space in Menlo Park, California for our corporate facilities. Our current lease extended our occupancy through December 2015. We expect that these facilities will accommodate our operations for the next year.

ITEM 3. LEGAL PROCEEDINGS

We are not currently involved in any material legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.



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## PART II

## ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

## Market Information

Our common stock is traded on The NASDAQ Capital Market under the symbol “CORT”. The following table sets forth the high and low intra-day sale prices per share of our common stock on The NASDAQ Capital Market for the periods indicated. These prices represent quotations among dealers without adjustments for retail mark-ups, markdowns or commissions, and may not represent prices of actual transactions.

2014	High	Low
First Quarter	\$ 4.47	\$ 2.70
Second Quarter	\$ 4.49	\$ 1.69
Third Quarter	\$ 3.02	\$ 2.27
Fourth Quarter	\$ 3.56	\$ 2.59

2013	High	Low
First Quarter	\$ 2.23	\$ 1.43
Second Quarter	\$ 2.01	\$ 1.60
Third Quarter	\$ 2.20	\$ 1.47
Fourth Quarter	\$ 3.24	\$ 1.57

## Stockholders of Record and Dividends

As of March 2, 2015, we had 101,405,250 shares of common stock outstanding held by 88 stockholders of record.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the growth and development of our business and therefore, do not anticipate paying any cash dividends in the foreseeable future. In addition, the Biopharma Financing Agreement prohibits payment of dividends unless we have cash and cash equivalents in excess of \$50 million after such payment.

Sale of Unregistered Securities

None.

Repurchases of Securities

None.

Market Performance Graph

The graph and the accompanying text below is not “soliciting material,” is not deemed filed with the SEC and is not to be incorporated by reference in any filings by us under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in such filing.

The rules of the SEC require that we include a line-graph comparing cumulative stockholder returns on our common stock with the NASDAQ Composite Index (which tracks the aggregate price performance of equity securities of companies traded on NASDAQ) and either a published industry or line-of-business standard index or an index of peer companies selected by us. We have elected to use the NASDAQ Biotechnology Index (consisting of a group of 120 companies in the biotechnology sector, including us) for purposes of the performance comparison that appears below.

The graph shows the cumulative total stockholder return assuming the investment of \$100.00 and the reinvestment of dividends and is based on the returns of the component companies weighted according to their market capitalizations as of the end of the period for which returns are indicated. No dividends have been declared on our common stock.

The stockholder return shown on the graph below is not necessarily indicative of future performance, and we do not make or endorse any predictions as to future stockholder returns.



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COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\* AMONG  
CORCEPT THERAPEUTICS, THE NASDAQ STOCK MARKET (U.S.) INDEX  
THE NASDAQ US BENCHMARK TOTAL RETURN (TR) INDEX  
AND THE NASDAQ BIOTECHNOLOGY INDEX

\* \$100 invested on December 31, 2009 including reinvestment of dividends. Fiscal year ended December 31.



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## ITEM 6. SELECTED FINANCIAL DATA

## SELECTED FINANCIAL DATA

(in thousands, except per share data)

The selected financial data set forth below are derived from our financial statements. The statement of operations data for the years ended December 31, 2014, 2013, and 2012 and the balance sheet data as of December 31, 2014 and 2013 are derived from our audited financial statements included in this Annual Report on Form 10-K (Form 10-K).

The statements of operations data for the years ended December 31, 2011 and 2010, and the balance sheet data as of December 31, 2012, 2011 and 2010 have been derived from our audited financial statements, which are not included in this Form 10-K. Our historical results are not necessarily indicative of our results to be expected for 2015 or for any future period. The selected financial data set forth below should be read in conjunction with our financial statements, the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this Form 10-K.

	Year Ended December 31,				
	2014	2013	2012	2011	2010
	(In thousands, except per share data)				
Statement of Operations Data:					
Product sales, net	\$ 26,551	\$ 10,357	\$ 3,307	\$ —	\$ —
Operating expenses:					
Cost of sales	882	143	91	—	—
Research and development*	18,372	20,470	14,074	21,001	18,949
Selling, general and administrative*	34,916	31,240	25,414	11,331	8,488
Total operating expenses	54,170	51,853	39,579	32,332	27,437
Loss from operations	(27,619)	(41,496)	(36,272)	(32,332)	(27,437)
Non-operating income (expense), net*	(3,764)	(4,515)	(1,776)	(22)	1,471
Net loss	\$ (31,383)	\$ (46,011)	\$ (38,048)	\$ (32,354)	\$ (25,966)
Net loss per share:					
Basic and diluted	\$ (0.31)	\$ (0.46)	\$ (0.41)	\$ (0.39)	\$ (0.38)
Weighted average shares – basic and diluted	100,978	99,819	93,015	83,309	68,336

\* Includes non-cash expenses, of the following:  
Stock-based compensation

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Research and development	\$ 723	\$ 618	\$ 546	\$ 547	\$ 220
Selling, general and administrative	4,478	4,578	4,764	2,888	1,896
Total stock-based compensation	5,201	5,196	5,310	3,435	2,116
Non-operating expense related to accretion of interest on long-term obligation	3,678	4,410	1,680	—	—
Total non-cash expenses	\$ 8,879	\$ 9,606	\$ 6,990	\$ 3,435	\$ 2,116

As of December 31,  
2014      2013      2012      2011      2010  
(In thousands)

Balance Sheet Data:

Cash, cash equivalents and investments	\$ 24,248	\$ 54,877	\$ 93,032	\$ 39,635	\$ 24,578
Working capital	16,675	45,573	86,703	34,749	21,136
Total assets	34,630	63,077	99,166	39,833	25,104
Long-term obligation - current portion	9,424	5,743	2,650	—	—
Long-term obligation, net of current portion	24,463	29,322	29,030	—	—
Total stockholders' equity (deficit)	(3,388)	21,017	61,777	34,807	21,244

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Management Discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report. We make statements in this section that are forward-looking statements within the meaning of the federal securities laws. For a complete discussion of such forward-looking statements and the potential risks and uncertainties that may impact upon their accuracy, see "Forward-Looking Statements" included in "Risk Factors" in Part I, Item 1A of this Form 10-K and the "Overview" and "Liquidity and Capital Resources" sections of this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

We are a pharmaceutical company engaged in the discovery, development and commercialization of drugs for the treatment of severe metabolic, oncologic and psychiatric disorders. Our focus is on disorders associated with the steroid hormone cortisol. Elevated levels and abnormal release patterns of cortisol have been implicated in a broad range of human disorders.

Since our inception in 1998, we have been developing mifepristone, a competitive glucocorticoid receptor (GR) antagonist. In February 2012, the FDA approved Korlym® (mifepristone) 300 mg Tablets as a once-daily oral medication for treatment of hyperglycemia secondary to hypercortisolism in adult patients with endogenous Cushing's syndrome who have type 2 diabetes mellitus or glucose intolerance and have failed surgery or are not candidates for surgery. We made the drug available to patients in the United States in April 2012.

We have begun a Phase 1/2 safety and efficacy study of mifepristone in combination with chemotherapy in the treatment of GR-positive triple-negative breast cancer – a form of cancer with a particularly poor prognosis. We have discovered and patented three series of selective GR antagonists that, like mifepristone, competitively block GR but do not bind to the progesterone receptor and thus do not interfere with pregnancy.

On May 7, 2014, we announced the discontinuation of our Phase 3 study of mifepristone, the active ingredient in Korlym, for treatment of psychotic depression (Study 14) after receiving the report of the study's data monitoring committee that the trial was unlikely to meet its primary endpoint with statistical significance based on an analysis of

interim data. We began this study in 2008. See further discussion under “Psychotic Depression” below.

**Cushing’s Syndrome.** Cushing’s syndrome is a disorder caused by prolonged exposure of the body’s tissues to high levels of the hormone cortisol. Sometimes called “hypercortisolism,” it is uncommon and most often affects adults aged 20 to 50. An estimated 10 to 15 of every one million people are newly diagnosed with this syndrome each year, resulting in approximately 3,000 new patients and an estimated prevalence of 20,000 patients with Cushing’s syndrome in the United States.

The FDA approval of Korlym allows us to market Korlym in the United States for its approved indication. Since Korlym’s approval in February 2012, we have been carrying out our commercialization plans, including deploying medical science liaisons (MSLs) and sales representatives. We have also developed digital marketing capabilities and patient assistance programs to support physicians and patients.

We have Orphan Drug designations for Korlym from the FDA for the approved indication and from the European Commission for the treatment of endogenous Cushing’s syndrome. Orphan Drug designation in the United States is a special status granted by the FDA to encourage the development of treatments for diseases or conditions that affect fewer than 200,000 patients in the United States. Drugs that receive Orphan Drug designation obtain seven years of marketing exclusivity for the approved indication from the date of drug approval, as well as tax credits for clinical trial costs, marketing application filing fee waivers and assistance from the FDA in the drug development process. Benefits of Orphan Drug designation in the EU are similar to those in the United States, but include ten years of marketing exclusivity for the approved indication in all 28 member states, free scientific advice during drug development, access to a centralized review process and a reduction or complete waiver of fees levied by the European Medicines Agency (EMA). We submitted our Marketing Authorization Application request to the EMA in October 2013.

**Triple-Negative Breast Cancer.** In January 2014, we began a Phase 1/2 study of mifepristone in combination with the chemotherapy drug eribulin in the treatment of triple-negative breast cancer.

In January 2015, we completed the dose-finding phase of our Phase 1/2 study. In February 2015 we began the final, efficacy phase. This phase will enroll 20 patients with relapsed, metastatic, GR-positive triple-negative breast cancer. These patients will receive one 300 mg Korlym tablet each day, combined with eribulin administered on days one and eight of a 21-day cycle. We expect to have results of this study by the end of 2015.

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Selective GR Receptor Antagonists. In 2003, we initiated a discovery research program to identify and patent selective GR antagonists with the intent of developing a pipeline of products for proprietary use. Three distinct series of GR antagonists were identified. These compounds, like mifepristone, competitively antagonize the cortisol receptor (GR) but do not block the PR (progesterone), ER (estrogen), AR (androgen) or GR-I (mineralocorticoid) receptors. Both the United States Patent & Trademark Office (USPTO) and the European Patent Office (EPO) have issued composition of matter patents to us in each of the three series.

Several of our new compounds have demonstrated positive results in animal or in vitro models for the prevention and reversal of alcohol dependence, amyotrophic lateral sclerosis (Lou Gehrig's disease), Alzheimer's disease, anti-psychotic-induced weight gain, breast, ovarian and prostate cancer in combination with a chemotherapeutic agent, electroconvulsive shock-induced retrograde amnesia, metabolic syndrome, muscular dystrophy, obesity, prevention of glucocorticoid-induced neurological damage in premature infants, and stress disorders. We intend to continue our discovery research program with the goal of identifying new selective GR antagonists, to manufacture and conduct pre-clinical development of one or more of these compounds and to study the most promising of them in humans.

In September 2014, we commenced enrollment in a Phase 1 clinical study with CORT125134, one of these new compounds. The primary objectives of the study are to assess the safety, tolerability and pharmacokinetics of CORT125134 in healthy human volunteers. We expect to have results from this study in the second quarter of 2015.

We plan to advance at least one additional new compound to the clinic over the next year.

Psychotic Depression. On May 5, 2014, an independent data monitoring committee informed us that its analysis of data from the first 226 patients to enroll in our Phase 3 trial of mifepristone for the treatment of psychotic depression (Study 14) showed that the study had failed to reach its primary endpoint – a rapid and sustained reduction in the patients' psychotic symptoms – with statistical significance. The committee advised us that continuing the study to its full enrollment of 450 patients would be unlikely to generate a statistically significant result. On May 7, 2014, we announced our decision to discontinue Study 14 and redeploy resources to more promising programs.

General

Our activities to date have included:

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- product development, including drug formulation and manufacturing, designing, funding and overseeing clinical trials, and conducting non-human clinical investigatory activities, such as toxicological testing;
- commercialization of Korlym, including hiring and training medical science liaisons and sales representatives, retention and management of third-party distribution partners, establishment of third-party coverage and reimbursement and patient assistance programs and marketing activities;
- regulatory affairs;
  - discovery research; and
- intellectual property prosecution and expansion.

Historically, we have financed our operations and internal growth primarily through private placements of our preferred and common stock, the public sale of common stock and through our Financing Agreement with Biopharma, rather than through collaborative or partnership agreements.

As of December 31, 2014, we had an accumulated deficit of \$324.0 million. Our historical operating losses have resulted principally from our research and development activities, including clinical trial activities for mifepristone, discovery research, non-clinical activities such as toxicology and carcinogenicity studies, manufacturing and regulatory activities, as well as selling, general and administrative expenses, including expenses related to the commercial launch of Korlym. We may continue to incur net losses as we continue our mifepristone and selective GR antagonist discovery and clinical development programs, apply for regulatory approvals, acquire and / or develop treatments in other therapeutic areas, establish sales and marketing capabilities and expand our operations.

Unless otherwise stated, all references in this document to “we,” “us,” “our,” “Corcept,” the “Company,” “our company” and similar designations refer to Corcept Therapeutics Incorporated.

Our business is subject to significant risks, including the risks inherent in our research and development efforts, the results of our mifepristone and other clinical trials, uncertainties associated with securing financing, uncertainties associated with obtaining and enforcing patents, our investment in manufacturing set-up, the management of our supply chain, the lengthy and expensive regulatory

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approval process and competition from other products. Our ability to successfully generate revenues in the foreseeable future is dependent upon our ability, alone or with others, to develop, obtain regulatory approval for, manufacture and market our products.

Results of Operations

Net Product Sales – Net product sales includes product revenue resulting from sales to our customers, reduced by (1) trade allowances, such as discounts for prompt payment, (2) estimated government rebates and chargebacks, (3) reserves for expected product returns and 4) estimated costs of our patient co-pay assistance program. We made Korlym commercially available in the United States in April 2012.

For the year ended December 31, 2014, we recorded \$ 26.6 million in net product sales, as compared to \$10.4 million for the year ended December 31, 2013 and \$3.3 million for the year ended December 31, 2012. To calculate net product sales, we deducted from gross sales estimates of prompt-pay discounts (which we ceased to incur with respect to our specialty pharmacy customer beginning in the third quarter of 2013), rebates and chargebacks owed to government payors and patient assistance program costs, which amounts are not material for any of the periods presented.

We provide cash donations to a non-profit third party organization that supports patients who meet certain eligibility requirements with financial assistance for the treatment of Cushing's syndrome, which treatment may include Korlym. We do not include as net product revenues sales of Korlym tablets to uninsured patients funded through this source.

Cost of sales – Cost of sales includes the cost to manufacture Korlym (which includes material, third-party manufacturing costs and indirect personnel and other overhead costs) based on units sold in the current period, as well as the cost of stability testing and distribution. We began capitalizing Korlym production costs as inventory following approval by the FDA to market Korlym in February 2012. Prior to Korlym's approval, we expensed all costs related to the manufacturing of product (including stability costs and manufacturing overhead) as incurred, classifying these costs as research and development expense. A portion of the product manufactured prior to FDA approval was available for us to use commercially; the majority of this inventory was fully consumed by the end of 2014.

Cost of sales was \$882,000 for the year ended December 31, 2014, which equals 3.3 percent of net product sales. This compared to \$143,000 for the year ended December 31, 2013 and \$91,000 for the year ended December 31, 2012, which represented 1.4 percent and 2.8 percent of net product sales for the respective periods. Direct product cost for tablets sold during the year ended December 31, 2014 represented approximately

2.7 percent of net product sales, as compared to less than 1 percent of net product sales for the year ended December 31, 2013. The remainder of the cost of sales during each period consisted of stability testing and distribution costs. Product sold during the year ended December 31, 2014, included the cost to manufacture the Korlym tablets and indirect personnel and other overhead costs but did not include the cost of the active pharmaceutical ingredient (API) as that had been expensed prior to the FDA's approval of Korlym. Product sold during the years ended December 30, 2013, did not include either the cost to manufacture Korlym tablets or the API costs, because these tablets were manufactured prior to FDA approval.

Although the cost of manufacturing Korlym reflected in our cost of sales through December 31, 2014 did not reflect the full cost of raw materials, labor and overhead costs incurred to produce the product sold during these periods, we do not expect that the inclusion of these previously expensed costs in future periods will materially increase our cost of sales, because we expect the added costs will be offset by production efficiencies. In addition, because the extent and timing of stability testing varies from period to period and is not a fixed percentage of our sales volumes, our cost of sales of Korlym as a percentage of net product sales will likely fluctuate from period to period.

Research and development expenses – Research and development expenses include (1) personnel costs related to our development activities, including facilities costs and non-cash stock-based compensation, (2) costs of discovery research, (3) costs associated with IND-enabling activities and pre-clinical studies, (4) costs of clinical trials, including trial preparation, enrollment, site monitoring and data management and analysis expenses, (5) regulatory costs, (6) costs of manufacturing development, including the development and activities to qualify a tablet manufacturing site, (7) costs of manufacture and / or acquisition of clinical trial materials and material used in registration and validation batches included in regulatory submissions and (8) other costs associated with the preparation and prosecution of the regulatory submissions related to Korlym or other product candidates.

Research and development expenses decreased 10.2 percent to \$18.4 million for the year ended December 31, 2014 from \$20.5 million in 2013.

During the year ended December 31, 2014, as compared to 2013, there was a net increase of \$755,000 in staffing and consultancy costs. The year ended December 31, 2014 included cash bonuses awarded to employees working in research and development in the amount of \$815,000 in February 2014. After adjusting for the effect of these bonuses, there was a net decrease of \$60,000 in staffing and consulting costs between the year ended December 31, 2014 and 2013. Decreases in staffing and consultancy costs between periods were primarily due to the discontinuation of the psychotic depression study.



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Clinical trial costs reflected net decreases of \$1.1 million during the year ended December 31, 2014, as compared to 2013. During the year ended December 31, 2014 as compared to 2013, there were decreases of \$3.7 million related to our Phase 3 study with mifepristone for the treatment of psychotic depression, which were partially offset by increases of \$1.6 million related to our oncology study and \$1.1 million related to the initiation of our phase 1 study with CORT125134.

In addition, during the year ended December 31, 2014, as compared to 2013, there were decreases of \$955,000 related to research and pre-clinical work on new compounds as these programs completed those activities and moved into the clinic, \$526,000 related to development of other products and \$70,000 related to the completion of certain manufacturing process development efforts.

Research and development expenses increased 45.4 percent to \$20.5 million for the year ended December 31, 2013 from \$14.1 million in 2012.

During the year ended December 31, 2013, as compared to 2012, there was a net increase of \$983,000 in staffing and consultancy costs. The year ended December 31, 2012 included cash bonuses awarded on FDA approval of Korlym to employees working in research and development in the amount of \$474,000. After adjusting for the effect of these bonuses, there was a net increase of \$1.5 million in staffing and consulting costs between the year ended December 31, 2013 and 2012, \$73,000 of which represented increases in non-cash stock-based compensation costs. Increases in staffing and consultancy costs between periods was due to the increased psychotic depression study activities, preparations for a submission to the EMA for approval of mifepristone for Cushing's syndrome in Europe and other research and development activities.

Clinical trial costs related to our Phase 3 product candidate reflected net increases of \$4.6 million during the year ended December 31, 2013, as compared to 2012. During the year ended December 31, 2013 as compared to 2012, there were increases of \$6.2 million related to our Phase 3 study with mifepristone for the treatment of psychotic depression, which were partially offset by decreases of \$182,000 related to the clinical trials with Korlym in the treatment of Cushing's syndrome and \$1.4 million related to drug-drug interaction and other NDA-supportive studies with Korlym that occurred in the prior year.

During the year ended December 31, 2013, as compared to 2012, there were also net increases of \$701,000 related to research and development of our new GR antagonists, \$220,000 in academic research grants to further basic scientific research regarding GR antagonism and \$413,000 related to research regarding other products.

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During the year ended December 31, 2013 as compared to 2012, there was a decrease of \$784,000 related to our manufacturing costs of Korlym due to the completion of certain manufacturing process development efforts.

Below is a summary of our research and development expenses by major project:

Project	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Development programs:			
Psychotic depression	\$ 5,971	\$ 9,755	\$ 2,613
Cushing's syndrome	2,157	2,740	4,093
Cancer	2,455	301	—
Selective GR antagonists	5,607	5,250	4,249
Unallocated activities, including NDA supportive studies and manufacturing, regulatory and pre-clinical activities	1,459	1,806	2,573
Stock-based compensation	723	618	546
Total research and development expense	\$ 18,372	\$ 20,470	\$ 14,074

We expect research and development expenditures in 2015 to be lower than they were in 2014, as the costs associated with the continuation of the oncology study and the phase 1 study with CORT125134 will only partially offset the decrease in cost due to the cessation of the Phase 3 study in psychotic depression. Research and development expenses in 2016 and beyond will depend on our strategic priorities. See also, "Liquidity and Capital Resources".

Many factors can affect the cost and timing of our trials including inconclusive results requiring more clinical trials, slow patient enrollment, adverse side effects in study patients, insufficient supplies of medicine for our clinical trials and real or perceived lack of effectiveness or safety of the drug in our trials. The cost and timing of development of our selective GR antagonists will depend on the success of our efforts and any difficulties that we may encounter. In addition, the development of all of our product candidates will be subject to extensive governmental regulation. These factors make it difficult for us to predict the timing and costs of the further development and approval of our product candidates.

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Selling, general and administrative expenses – Selling, general and administrative expenses include (1) internal personnel, a contracted sales force and other consultancy costs related to administrative and commercialization activities, including facilities costs and non-cash stock-based compensation, (2) expenses of third-party vendors that we engage to execute our commercial plans related to Korlym, including marketing and promotion, strategy development, market research and analytics, reimbursement support services, pharmacovigilance, distribution of marketing materials and other logistical needs, (3) medical educational grants and donations and (4) legal, accounting and other professional fees.

For the year ended December 31, 2014, selling, general and administrative expenses increased 11.8 percent to \$34.9 million from \$31.2 million for 2013.

During the year ended December 31, 2014, as compared to 2013, staffing and consultancy costs reflected a net increase of \$3.8 million, which included \$2.5 million related to cash bonuses awarded to employees and officers working in selling, general and administrative functions in February 2014. After adjusting for the effect of these bonuses, there was a \$1.3 million increase in staffing and consultancy costs during 2014 as compared to 2013, due primarily to additional resources necessary to commercialize Korlym.

During the year ended December 31, 2014, as compared to 2013, there were net decreases in other professional services costs related to commercialization activities of \$1.3 million, primarily related to marketing and marketing materials. In addition, there were net increases of \$1.2 million between the respective years in other commercial and non-commercial support costs, such as education, training and conference costs, medical education grants and donations, facilities and technology costs, travel and fleet vehicle costs, legal, insurance and other service fees.

For the year ended December 31, 2013, selling, general and administrative expenses increased 22.9 percent to \$31.2 million from \$25.4 million for 2012.

During the year ended December 31, 2013, as compared to 2012, staffing and consultancy costs reflected a net decrease of \$312,000. The year ended December 31, 2012 included \$1.6 million related to cash bonuses awarded to employees and officers working in selling, general and administrative functions and \$1.3 million of non-cash stock-based compensation related to awards that vested in February 2012 upon the FDA approval of Korlym. After adjusting for these items, there was a \$2.6 million increase in staffing and consultancy costs during 2013 as compared to 2012, due primarily to additional resources necessary to commercialize Korlym, of which \$1.1 million represented increases in non-cash stock-based compensation costs.

During the year ended December 31, 2013, as compared to 2012, there were increases in other professional services costs related to commercialization activities of \$3.6 million, which included \$2.2 million related to our contracted sales force and \$944,000 related to market research and marketing materials. In addition, there were increases of \$2.6 million between the respective years in other commercial and non-commercial support costs, such as education, training and conference costs, medical education grants and donations, facilities and technology costs, travel and fleet vehicle costs, legal, insurance and other service fees.

Selling, general and administrative expenses included stock-based compensation expense related to option grants to individuals performing these functions of \$4.5 million, \$4.6 million and \$4.8 million for the years ended December 31, 2014, 2013 and 2012, respectively.

We expect that selling, general and administrative expenses will be slightly higher during 2015 as compared to 2014 in regard to activities directly associated with product commercialization. The level of selling, general and administrative activities and related expenses in 2016 and future years will be largely dependent on our assessment of the staff and other services necessary to support product commercialization and our continued clinical development activities and the availability of additional funds. See also, "Liquidity and Capital Resources."

Interest and other expense – Interest and other expense for the year ended December 31, 2014 was \$3.8 million as compared to \$4.5 million for the year ended December 31, 2013 and \$1.8 million for the year ended December 31, 2012. These increases were primarily due to the inclusion in 2014 and 2013 of interest expense related to our Financing Agreement with Biopharma, which was entered into in August 2012. Interest expense for 2014 and future years will decrease from the levels of 2013 due to quarterly payments against the outstanding obligation.

#### Non-GAAP Financial Measures

Our financial statements and footnotes thereto are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and are included in Part IV, Item 15 of this Annual Report on Form 10-K. To supplement our financial results presented on a GAAP basis, we use non-GAAP measures of net loss and net loss per share that exclude non-cash expenses related to stock-based compensation expense and the accretion of interest expense under our Financing Agreement with Biopharma. We use this non-GAAP measure of net loss to manage our business and believe that it may help investors better evaluate our past financial performance and

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potential future results. Non-GAAP measures should not be considered in isolation or as a substitute for comparable GAAP accounting and investors should read them in conjunction with our financial statements and notes thereto prepared in accordance with GAAP. The non-GAAP measure of net loss and net loss per share that we use may be different from, and not directly comparable to, similarly titled measures used by other companies.

On the following page is a table that reflects the reconciliation of GAAP net loss and net loss per share to non-GAAP net loss and net loss per share for the periods presented.

	Year Ended December 31,		
	2014	2013	2012
	(in thousands, except per share data)		
GAAP net loss	\$ 31,383	\$ 46,011	\$ 38,048
Non-cash expenses:			
Stock-based compensation			
Research and development	723	618	546
Selling, general and administrative	4,478	4,578	4,764
Total stock-based compensation	5,201	5,196	5,310
Accretion of interest expense related to long-term obligation	3,678	4,410	1,680
Non-GAAP net loss, as adjusted for non-cash expenses	\$ 22,504	\$ 36,405	\$ 31,058
GAAP basic and diluted net loss per share	\$ (0.31)	\$ (0.46)	\$ (0.41)
Non-GAAP basic and diluted net loss per share, as adjusted for non-cash expenses	\$ (0.22)	\$ (0.36)	\$ (0.33)
Shares used in computing basic and diluted net loss per share	100,978	99,819	93,015

## Liquidity and Capital Resources

We have incurred operating losses since inception, and at December 31, 2014, we had an accumulated deficit of \$324.0 million. Since our inception, we have relied primarily on the proceeds from public and private sales of our equity securities and our Financing Agreement with Biopharma to fund our operations.

At December 31, 2014, we had cash and cash equivalents of \$24.2 million, compared to \$54.9 million at December 31, 2013. Net cash used in operating activities for the years ended December 31, 2014 and 2013 were \$27.4 million and \$37.1 million, respectively. We used cash in each period primarily for the commercialization of Korlym and for research and development activities. In addition, we made payments under the Biopharma Financing Agreement of \$4.9 million in the aggregate during the year ended December 31, 2014. During the year ended December 31, 2013, we made only two payments under this agreement in the aggregate amount of \$1.0 million, which payments were made in July and October 2013. No payments were required under this agreement prior to that time.

We expect net cash used during 2015 and future periods will be significantly lower than in corresponding period of 2014 because cash generated from the sale of Korlym will increase more than our spending to commercialize Korlym, continue our Phase 1/2 trial of Korlym for triple-negative breast cancer and our Phase 1 study of CORT125134, develop our other selective GR antagonists and make payments under our Biopharma Financing Agreement.

As discussed below under the caption Contractual Obligations and Commercial Commitments, we are required to make aggregate payments under the Biopharma Financing Agreement of \$45.0 million, with \$5.9 million paid through December 31, 2014 and an additional payment of \$1.9 million made in February 2015. Future individual payment amounts will be variable.

We believe that we will reach cash-flow breakeven without needing to raise additional funds. However, we may choose to raise additional funds to finance our strategic priorities. We cannot be certain that additional funding will be available on acceptable terms or at all. Any additional equity financing may be dilutive to stockholders, and any debt financing, if available, may involve restrictive covenants. If we obtain funds through collaborations with others, these arrangements may be on unfavorable terms or may require us to relinquish certain rights to our technologies or product candidates that we would otherwise seek to develop on our own.

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While we monitor the cash balance in our checking account and transfer the funds into it only as needed, these cash balances and our money market fund could be affected if the underlying financial institution were to fail or were subject to other adverse conditions in the financial markets. We have never experienced a loss or lack of access to cash in our checking account or money market fund.

## Contractual Obligations and Commercial Commitments

The following table presents our estimates of obligations under contractual agreements as of December 31, 2014.

Contractual Obligations	Total	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years
	(in thousands)				
Long-term obligation (1)	\$ 39,119				
Other contractual obligations:					
Research and development studies (2 to 4)	\$ 3,097	\$ 3,000	\$ 97	\$ —	\$ —
Operating leases (5 and 6)	811	731	80	—	—
Minimum royalty and license fee payments (7)		65	130	130	15 per year
Total other contractual obligations		\$ 3,796	\$ 307	\$ 130	\$ 15 per year

(1) As discussed above under the caption “Liquidity and Capital Resources”, in August 2012, we entered into a Financing Agreement with Biopharma under which we received \$30.0 million from Biopharma. In consideration of the \$30.0 million payment, we are obligated to make payments to Biopharma totaling \$45.0 million, of which \$5.9 million has been paid through December 31, 2014. The remaining payment obligations will be calculated as follows:

- 20 percent of our net product sales of Covered Products, subject to quarterly payment caps of \$3.75 million during 2015. There is no quarterly cap on payments with respect to net product sales in 2016 and later. Payments are due within 30 days of quarter-end for the first, second and third calendar quarters and within 45 days of year-end.
- 20 percent of payments received for upfront, milestone or other contingent fees under co-promotion and out-license agreements for Covered Products (without application of quarterly caps).
- The percentage used to calculate our payments to Biopharma would increase to 50 percent and any applicable payment caps would lapse if we (i) fail to provide Biopharma with certain information regarding our promotion and sales of Covered Products, (ii) do not devote a commercially reasonable amount of resources to the promotion and marketing of the Covered Products or (iii) violate the indebtedness covenant by incurring indebtedness greater than the sum of earnings before interest, taxes, depreciation and amortization, including such items as non-cash stock-based compensation, for the four calendar quarters preceding such incurrence and, in each case, fail to cure within the applicable cure period.

Upon the occurrence of a Corcept change of control transaction or the licensing of Korlym to a third-party for promotion and sale in the United States, the entire \$45 million, less any amounts already paid by us, would become due.

Under the terms of the Financing Agreement, our payments are entirely variable, with no fixed minimums. The timing of our payments is determined by future sales and other receipts. If there are no net sales, upfront, milestone or other contingent payments in a period with respect to Covered Products, then no payment will be due for that period. As noted above, through December 31, 2014, we have made payments of \$5.9 million, with an additional payment in the amount of \$1.9 million in February 2015. Biopharma's right to receive payments will expire once it has received cumulative payments of \$45 million.

- (2) Amounts reflected for research and development studies exclude amounts included in accounts payable and accrued clinical costs reflected on the balance sheet as of December 31, 2014.
- (3) In December 2013, we entered into an agreement with Chiltern to assist in the management and conduct of a clinical trial evaluating mifepristone for treatment of triple-negative breast cancer. The total commitment under this agreement is \$2.9 million, but the actual amount to be paid is dependent on actual services provided under this agreement. Approximately \$1.0 million of the costs under this agreement were incurred through December 31, 2014, with the remainder to be incurred over the course of the trial.
- (4) In March 2014, we entered into an agreement with Quotient Clinical Limited, a clinical research organization, to assist in the management and conduct of our Phase 1 study of CORT125134, one of our new compounds. The total commitment under the agreement is approximately \$2.6 million. Approximately \$1.5 million of the costs under this agreement were incurred through December 31, 2014, with the remainder to be incurred over the course of the trial.
- (5) In May 2014, we exercised our option to extend the lease for our office space through December 2015. At December 31, 2014, the remaining minimum rental payments under this operating lease were \$631,000.
- (6) Through 2014, we have entered into operating leases for automobiles provided to our sales force and MSLS. The leases are for periods of three years each. At December 31, 2014, the remaining obligation for base rental payments under these leases was \$180,000.
- (7) Under our cancellable license agreement with the University of Chicago, we are obligated to pay nonrefundable annual license fees of \$15,000. Under our cancellable license agreement with Stanford University, we are obligated to make nonrefundable minimum royalty payments of \$50,000 annually for as long as we maintain these licenses; however, a portion of these payments are creditable against future royalties. The license agreement with Stanford University expires in 2019 with the expiration of the patents.

We also have other contractual payment obligations and purchase commitments, the timing of which are contingent on future events. In March 2014, we entered into an agreement with PCAS for the manufacture of mifepristone, the API in Korlym, for an initial term of five years, with an automatic extension of one year unless either party gives 12 months' prior written notice that it does not want an extension. In April 2014, we entered into a manufacturing agreement with AAI for the manufacture and packaging of Korlym tablets for an initial term of three years, with consecutive automatic extensions of two years unless either party gives written notice - in the case of AAI, 18 months prior to the end of the applicable term, and in our case 12 months prior to the end of the



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applicable term - that it does not want such an extension. Purchase commitments under these agreements will depend on our future needs; neither agreement requires a fixed minimum.

Net Operating Loss Carryforwards

At December 31, 2014 we had net operating loss carryforwards available to offset any future taxable income that we may generate for federal income tax purposes of \$167.8 million, which expire in the years 2019 through 2034, California net operating loss carryforwards of \$131.0 million, which expire in the years 2015 through 2034, and net operating loss carryforwards from other states of \$18.8 million, which expire in the years 2024 through 2034. We also had federal and California research and development tax credits of \$21.0 million and \$2.6 million, respectively. The federal research credits will expire in the years 2019 through 2033 and the California research credits have no expiration date. Our deferred tax assets have been offset by a full valuation allowance as the realization of such assets is uncertain. Utilization of our net operating losses and tax credit carryforwards may be subject to substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code and similar state provisions. Such limitations could result in the expiration of the net operating losses and tax credit carryforwards before utilization.

Off-Balance Sheet Arrangements

None.

Critical Accounting Policies and Estimates

Our financial statements have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Net Product Sales

Korlym is not available in retail pharmacies. From our initial launch in April 2012 through June 30, 2013, we sold Korlym primarily to a specialty pharmacy and a specialty distributor, which subsequently resold Korlym to patients and healthcare providers. In July 2013, we began using a specialty pharmacy that operates on a consignment basis, without carrying any Korlym inventory, resulting in product sales being made directly to patients. (See discussion in forth in Part IV – Item 15(1) - Financial Statements, Notes to Financial Statements, Note 2, Significant Agreements – Commercial Agreements.)

We recognize product revenues from sales of Korlym upon delivery to our customers as long as (i) there is persuasive evidence that an arrangement exists between ourselves and the customer, (ii) collectability is reasonably assured and (iii) the price is fixed or determinable. Prior authorization or confirmation of coverage level by the patient's private insurance plan or government payor is a prerequisite to the shipment of product to a patient. In order to conclude that the price is fixed or determinable, we must be able to (i) calculate gross product revenues from the sales to our customers and (ii) reasonably estimate net product revenues.

We provide cash donations to a non-profit third party organization that supports patients who meet certain eligibility requirements with financial assistance for the treatment of Cushing's syndrome, which treatment may include Korlym. We do not include as net product revenues sales of Korlym tablets to uninsured patients funded through this source.

We calculate gross product revenues based on the price that we charge our customers. We estimate our net product revenues by deducting from our gross product revenues (a) trade allowances, such as discounts for prompt payment, (b) estimated government rebates and chargebacks, (c) reserves for expected product returns and (d) estimated costs of patient co-pay assistance programs. We initially record estimates for these deductions at the time we recognize the gross revenue. We update our estimates on a recurring basis as new information becomes available.

**Trade Allowances:** We offer our specialty distributor customer a discount on Korlym sales for payment within 30 days. We expect our customers to earn these discounts and accordingly deduct them in full from gross product revenues and trade receivables at the time we recognize such revenues.

**Rebates and Chargebacks:** We contract with Medicaid and other government agencies so that Korlym will be eligible for purchase by, or qualify for partial or full reimbursement from, such government programs. We estimate the rebates and chargebacks that we will be obligated to provide to government programs and deduct these estimated amounts from our gross product sales at the time the revenues are recognized. We base our estimates of these rebates and chargebacks upon (i) the discount amounts applicable to government-funded programs and (ii) information regarding the percentage of sales by our customers to patients who are covered by entities or programs that are eligible for such rebates and chargebacks.



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**Allowances for Patient Co-pay Assistance Program:** We provide financial assistance to eligible patients whose insurance policies require them to pay high deductibles and co-pays. We estimate the cost of assistance to be provided under this program by applying our actual experience regarding such assistance to our estimate of the percentage of our sales in the period that will be provided to patients covered by the program.

**Sales Returns:** We estimate the amount of Korlym that we believe will be returned and deduct that estimated amount from gross revenue at the time we recognize such revenue. When estimating future returns, we analyze quantitative and qualitative information including, but not limited to, actual return rates, the amount of product in the distribution channel, the expected shelf life of such product, current and projected product demand, the introduction of competing products that may erode demand, and broad economic and industry-wide indicators. If we cannot reasonably estimate product returns with respect to a particular sale, we defer recognition of revenue from that sale until we can make a reasonable estimate. Because the majority of our sales are made to individual patients who do not have the right to return the product, our exposure to product returns is limited to the specialty distributor channel and is not expected to be material.

**Inventory and Cost of Sales**

We consider regulatory approval of product candidates to be uncertain, and product manufactured prior to regulatory approval may not be sold unless regulatory approval is obtained. We expense manufacturing costs for product candidates incurred prior to regulatory approval as research and development expenses as we incur them. When regulatory approval of a product is obtained, we begin capitalizing manufacturing costs related to the approved product into inventory, provided such product is produced by a facility the FDA has approved to manufacture Korlym for distribution as commercial product.

We value our inventories at the lower of cost or net realizable value. We determine the cost of inventory using the specific identification method, which approximates a first-in, first-out basis. We analyze our inventory levels quarterly and write down inventory that has become obsolete or has a cost basis in excess of its expected net realizable value, as well as any inventory quantities in excess of expected requirements. Any expired inventory is disposed of and the related costs are recognized as cost of sales.

Cost of sales includes the cost of product (the cost to manufacture Korlym, which includes material, third-party manufacturing costs and indirect personnel and other overhead costs) based on units for which revenue is recognized in the current period, as well as costs of stability testing, logistics and distribution of the product. We began capitalizing Korlym production costs and the cost to acquire mifepristone, the active ingredient (API) in Korlym, as inventory following approval by the FDA in February 2012. Prior to receiving FDA approval for Korlym, we

expensed all such costs when incurred as research and development expense. A portion of the product manufactured prior to FDA approval is available for us to use commercially. As of December 31, 2014, the majority of this pre-approval material has been consumed and the cost of sales for 2015 and future years will include the full cost of the product.

Inventory amounts that are not expected to be consumed within twelve months following the balance sheet date are classified as strategic inventory, a noncurrent asset.

#### Accruals of Research and Development Costs

We recorded accruals for estimated costs of research, pre-clinical and clinical studies, and manufacturing development, which activities represent a significant component of our research and development expenses. We make significant judgments and estimates in determining the accrual balance in each reporting period. Accrued clinical trial costs are based on estimates of the work completed under the service agreements, milestones achieved, patient enrollment and past experience with similar contracts and service providers. Our estimate of the work completed, and associated costs to be accrued, includes our assessment of the information received from our third-party contract research organizations and the overall status of our clinical trial activities. In the past, we have not experienced any material deviations between accrued and actual clinical trial expenses. However, actual services performed, number of patients enrolled and the rate of patient enrollment may vary from our estimates, resulting in adjustments to clinical trial expense in future periods.

#### Stock-based compensation

Stock-based compensation arises from the granting of stock options to employees and directors, as well as to non-employees.

#### Employees and directors

Our accounting practices and the estimates and judgments that are considered in determining fair value in regard to stock option grants to employees and directors are as follows:

- We base the expected volatility of our common stock used in determining the fair value-based measurement of option grants to employees, officers and directors on a weighted-average combination of the volatility of our own stock price and



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that of a group of peer companies for those grants with expected terms longer than the period of time that we have been a public company. For stock options granted to employees with expected terms of less than the period of time that we have been a public company, the volatility is based on historical data of the price for our common stock for periods of time equivalent to the expected term of these grants.

- For service-based awards, we recognize the expense over the requisite service period utilizing the straight-line amortization method. For options with performance-based vesting criteria, we recognize the expense at such time as there is a high degree of probability (i.e., greater than 70%) of achieving the required vesting criteria.
- Because we have a limited base of employees and directors and have experienced minimal turnover, we apply a forfeiture rate of zero. When an employee terminates, we will record a change in accounting estimate that represents the difference between the expense recorded in the financial statements and the expense that would have been recorded based upon the rights to options that vested during the individual's service as an employee.

As of December 31, 2014, we had \$7.1 million of unrecognized compensation expense for employee and director options outstanding as of that date, which had a remaining weighted-average vesting period of 2.5 years.

### Non-employees

All stock option grants to non-employee consultants vest solely based upon continuing service, with the exception of a performance-based award granted during 2010 for 50,000 shares, and an award granted in December 2012 for 10,000 shares. Stock-based compensation related to service-based option grants to non-employees is charged to expense on a straight line basis over the vesting period of the options, which approximates the period over which the related services are rendered, based on the fair value-based measurement of the options using the Black-Scholes option pricing model. The assumptions used in these calculations are similar to those used for the determination of fair value-based measurements for options granted to employees, with the exception that, for non-employee options, we are required to use the remaining contractual term as the life of the option and the fair value-based measurement related to unvested non-employee options is re-measured quarterly, based on the then current stock price as reflected on the NASDAQ Capital Market. For options with performance-based vesting criteria, we recognize expense based on the minimum number of shares that will vest over time as the criteria are met based on the Black-Scholes valuation of the vested shares.

### Long-term obligation

The accounting for the Financing Agreement with Biopharma requires us to make certain estimates and assumptions, including the timing of royalty payments due to Biopharma, the expected rate of return to Biopharma, the split between current and long-term portions of the obligation, and the accretion of related interest expense. Korlym has only been marketed since April 2012 and the magnitude and timing of Korlym revenue is difficult to predict. Therefore, these estimates and assumptions are subject to significant variability and are likely to change as

we gain experience marketing Korlym, which will result in changes in our classification of the current and long-term portions of the amounts payable pursuant to this financing agreement, as well as the internal rate of return paid to Biopharma and the accretion of interest expense related to this obligation. Actual payment amounts will be based on Korlym receipts over the term of the Financing Agreement but in no event will the total amount paid to Biopharma exceed \$45.0 million.

#### Recently Issued Accounting Pronouncements

##### Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers. ASU 2014-09 supersedes the revenue recognition requirements in Revenue Recognition (Topic 605), and requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In applying this new guidance to contracts within its scope, an entity will: (1) identify the contract(s) with a customer, (2) identify the performance obligation in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. Additionally, this new guidance will require significantly expanded revenue recognition disclosures. This guidance, which will become effective for us as of January 1, 2017, is to be applied retrospectively. Early application is not permitted. We are currently evaluating the new standard, but do not anticipate a material impact to our financial statements once implemented.

In August 2014, the FASB issued ASU No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, which requires an entity to evaluate whether conditions or events, in the aggregate, raise substantial doubt about the entity's ability to continue as a going concern for one year from the date the financial statements are issued or are available to be issued. The guidance will become effective January 1, 2017. The adoption of ASU 2014-15 is not expected to have an impact on our financial statements.



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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

The primary objective of our investment activities is to preserve principal while at the same time maximizing the income we receive from our investments without significantly increasing risk of loss. As of December 31, 2014, the fair value of our cash and cash equivalents was \$24.2 million and consisted primarily of a money market fund maintained at a major U.S. financial institution that invests primarily in short-term U.S. Treasury notes and bills. To minimize our exposure to interest rate risk, we have limited the maturities of our investments to less than two years with an average maturity not to exceed one year. Due to the short-term nature of these instruments, a 10% increase or decrease in market interest rates would not have a material impact on the total value of our portfolio as of December 31, 2014.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required by this item are set forth beginning at page F-1 of this report and are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic and current reports that we file with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and discussed with our management, including our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable and not absolute assurance of achieving the desired control objectives. In reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. In addition, the design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and we cannot assure you that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

As of December 31, 2014, our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer have evaluated our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) which were designed to ensure that the information required to be disclosed by us in this Annual Report on Form 10-K was recorded, processed, summarized and reported within the time periods specified in the SEC's rules and on Form 10-K. Our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met. Based on the evaluation, our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer have concluded that our disclosure controls and procedures are effective.

There were no changes in our internal controls over financial reporting during the quarter ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### (b) Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control system is designed to provide reasonable assurance regarding the preparation and fair presentation of financial statements for external purposes in accordance with generally accepted accounting principles. All internal control systems, no matter how well designed, have inherent limitations and can provide only reasonable assurance that the objectives of the internal control system are met.



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Our management, including our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 1992. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2014.

Our independent registered public accounting firm has issued an attestation report on our internal control over financial reporting as included below.

(c) Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Corcept Therapeutics Incorporated

We have audited Corcept Therapeutics Incorporated's internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (the COSO criteria). Corcept Therapeutics Incorporated's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally

accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Corcept Therapeutics Incorporated maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2014 financial statements of Corcept Therapeutics Incorporated and our report dated March 13, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Redwood City, California

March 13, 2015

#### ITEM 9B. OTHER INFORMATION

None.

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PART III

Certain information required by Part III is omitted from this Annual Report on Form 10-K because we expect to file with the U.S. Securities and Exchange Commission, not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, a definitive proxy statement (the Proxy Statement), pursuant to Regulation 14A in connection with the solicitation of proxies for our 2015 Annual Meeting of Stockholders, and certain information included therein is incorporated herein by reference.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item concerning our executive officers is set forth in Part I of this Annual Report on Form 10-K. The remaining information required by this Item will be included in the Proxy Statement and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The information required by this Item will be included in the Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item will be included in the Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item will be included in the Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item will be included in the Proxy Statement and is incorporated herein by reference.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this Form 10-K

(1) Financial Statements:

	Page
<u>Report of Independent Registered Public Accounting Firm</u>	F-2
<u>Audited Financial Statements</u>	F-3
<u>Balance Sheets</u>	F-3
<u>Statements of Comprehensive Loss</u>	F-4
<u>Statement of Stockholders' Equity (Deficit)</u>	F-5
<u>Statements of Cash Flows</u>	F-6
<u>Notes to Financial Statements</u>	F-7

(2) Financial Statement Schedules:

All schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

(3) Exhibits:

Item 601 of Regulation S-K requires the exhibits listed below. Each management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K has been identified.

(A) EXHIBITS



Exhibit Number	Description of Document
3.1	Amended and Restated Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.1 to the registrant's Quarterly Report on Form 10-Q filed on August 9, 2012).
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on September 27, 2007).
4.1	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the registrant's Registration Statement on Form S-1 (Registration No. 333-112676) filed on February 10, 2004).
4.2	Registration Rights Agreement by and among Corcept Therapeutics Incorporated and the investors signatory thereto, dated March 14, 2008 (incorporated by reference to Exhibit 10.25 to the registrant's Annual Report on Form 10-K filed on March 31, 2008).
4.3	Amendment to Registration Rights Agreement by and among Corcept Therapeutics Incorporated and the investors signatory thereto, dated November 11, 2008 (incorporated by reference to Exhibit 10.30 to the registrant's Annual Report on Form 10-K filed on March 31, 2009).
4.4	Registration Rights Agreement dated as of April 21, 2010 by and among Corcept Therapeutics Incorporated and the investors signatory thereto (incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed on April 23, 2010).
4.5	Registration Rights Agreement, dated as of March 29, 2012, by and among Corcept Therapeutics Incorporated and the investors signatory thereto (incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed on March 29, 2012).
4.6	Form of Warrant issued in connection with the Securities Purchase Agreement by and among Corcept Therapeutics Incorporated and the purchasers named therein, dated March 14, 2008 (incorporated by reference to Exhibit 4.4 to the registrant's Annual Report on Form 10-K filed on March 31, 2008).
4.7	Form of Warrant issued in connection with Warrant Purchase Agreement dated as of March 25, 2012 by and among Corcept Therapeutics Incorporated and the purchasers named therein (incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed on March 29, 2012).
10.1†	2000 Stock Option Plan (incorporated by reference to Exhibit 10.1 to the registrant's Registration Statement on Form S-1 (Registration No. 333-112676) filed on February 10, 2004).
10.2	License Agreement by and between The Board of Trustees of the Leland Stanford Junior University and Corcept Therapeutics Incorporated, dated as of July 1, 1999 (incorporated by reference to Exhibit 10.6 to the registrant's Registration Statement on Form S-1 (Registration No. 333-112676) filed on February 10, 2004).

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- 10.3 Master Services Agreement by and between Corcept Therapeutics Incorporated and PPD Development, LP, dated as of January 17, 2003 (incorporated by reference to Exhibit 10.12 to the registrant's Registration Statement on Form S-1/A (File No. 333-112676) filed on March 19, 2004).
- 10.4# Manufacturing Agreement with Produits Chimiques Auxiliaires et de Synthese SA, dated November 8, 2006 (incorporated by reference to Exhibit 10.15 to the registrant's Annual Report on Form 10-K filed on April 2, 2007).
- 10.5† Form of Indemnification Agreement for directors and officers approved by the Board of Directors on September 24, 2007 (incorporated by reference to Exhibit 10.7 to the registrant's Quarterly Report on Form 10-Q filed on November 14, 2007).
- 10.6 Securities Purchase Agreement by and among Corcept Therapeutics Incorporated and the purchasers named therein, dated March 14, 2008 (incorporated by reference to Exhibit 10.24 to the registrant's Annual Report on Form 10-K filed on March 31, 2008).
- 10.7# Master Service Agreement by and among Corcept Therapeutics Incorporated and ICON Clinical Research, L.P., signed on June 4, 2008 (incorporated by reference to Exhibit 10.5 to the registrant's Quarterly Report on Form 10-Q filed on August 14, 2008).
- 10.8† Amended and Restated Severance and Change in Control Agreement by and between Corcept Therapeutics Incorporated and Joseph K. Belanoff, M. D., dated September 19, 2008 (incorporated by reference to Exhibit 10.25 to the registrant's Annual Report on Form 10-K filed on March 31, 2009).
- 10.9† Amended and Restated Severance and Change in Control Agreement by and between Corcept Therapeutics Incorporated and Robert L. Roe, M. D., dated September 19, 2008 (incorporated by reference to Exhibit 10.26 to the registrant's Annual Report on Form 10-K filed on March 31, 2009).
- 10.10† Amended and Restated Severance and Change in Control Agreement by and between Corcept Therapeutics Incorporated and Anne M. LeDoux, dated September 19, 2008 (incorporated by reference to Exhibit 10.27 to the registrant's Annual Report on Form 10-K filed on March 31, 2009).
- 10.11† Amended and Restated Severance and Change in Control Agreement by and between Corcept Therapeutics Incorporated and James N. Wilson, dated September 19, 2008 (incorporated by reference to Exhibit 10.28 to the registrant's Annual Report on Form 10-K filed on March 31, 2009).
- 10.12 Securities Purchase Agreement by and among Corcept Therapeutics Incorporated and the purchasers named therein, dated October 12, 2009 (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on November 12, 2009).
- 10.13† Amended and Restated 2004 Equity Incentive Plan (incorporated by reference to the registrant's Proxy Statement on Schedule 14A filed on May 7, 2009).
- 10.14† Form of Option Agreement for options granted pursuant to the Amended and Restated 2004 Equity Incentive Plan (incorporated by reference to Exhibit 10.25 to the registrant's Annual Report on Form 10-K filed on March 15, 2011).
- 10.15# Development Agreement by and between Corcept Therapeutics Incorporated and Formulation Technologies L.L.C. d/b/a PharmaForm, dated as of December 14, 2006 (incorporated by reference to Exhibit 10.28 to the registrant's Annual Report on Form 10-K filed on March 15, 2011).
- 10.16# Master Services Agreement by and between Corcept Therapeutics Incorporated and United BioSource Corporation, dated as of June 29, 2010 (incorporated by reference to Exhibit 10.29 to the registrant's Annual Report on Form 10-K filed on March 15, 2011).
- 10.17† Employment offer letter to Steven Lo, dated August 9, 2010 (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on November 12, 2010).
- 10.18† Severance and Change in Control Agreement by and between Corcept Therapeutics Incorporated and Steven Lo, dated September 15, 2010 (incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q filed on November 12, 2010).
- 10.19†

- Severance and Change in Control Agreement by and between Corcept Therapeutics Incorporated and G. Charles Robb, dated September 1, 2011 (incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q filed on November 8, 2011).
- 10.20† Employment offer letter to G. Charles Robb dated August 12, 2011 (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on November 8, 2011).
- 10.21# Manufacturing and Supply Agreement with Formulation Technologies, LLC D/B/A PharmaForm, LLC, dated March 21, 2012 (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on May 10, 2012).
- 10.22 Warrant Purchase Agreement, dated as of March 25, 2012, by and among Corcept Therapeutics Incorporated and the purchasers named therein (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on March 29, 2012).
- 10.23# Commercial Outsourcing Services Agreement with Integrated Commercialization Solutions, Inc., dated as of April 14, 2011 (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on August 9, 2012).
- 10.24# Amended and Restated Exclusive Pharmacy Product Purchase and Services Agreement with CuraScript, Inc., dated August 8, 2012 (incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q filed on August 9, 2012).
- 10.25† Corcept Therapeutics Incorporated 2012 Incentive Award Plan (incorporated by reference to Appendix A to the registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on May 21, 2012).

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- 10.26† Form of 2012 Incentive Award Plan Stock Option Grant Notice and Agreement (incorporated by reference to Exhibit 4.5 to the registrant’s Registration Statement on Form S-8 filed with the SEC on August 13, 2012).
- 10.27# Purchase and Sale Agreement with between Corcept Therapeutics Incorporated and Biopharma Secured Debt Fund II Sub, S.à r.l., dated as of August 2, 2012 (incorporated by reference to Exhibit 10.4 to the registrant’s Quarterly Report on Form 10-Q filed on November 8, 2012).
- 10.28 Amendment to Manufacturing Agreement with Produits Chimiques Auxiliaires et de Synthese SA, dated February 21, 2013 (incorporated by reference to Exhibit 10.31 to the registrant’s Annual Report on Form 10 K filed on March 15, 2013).
- 10.29# Pharmaceutical Manufacturer Services Agreement with Centric Health Resources, Inc., dated May 21, 2013 (incorporated by reference to Exhibit 10.1 to the registrant’s Quarterly Report on Form 10-Q filed on August 9, 2013).
- 10.30† Letter agreement with Robert L. Roe, M.D. regarding terms of retirement and consulting arrangement, dated June 21, 2013 (incorporated by reference to Exhibit 10.2 to the registrant’s Quarterly Report on Form 10-Q filed on August 9, 2013).
- 10.31# Amendment to Pharmaceutical Manufacturer Services Agreement with Centric Health Resources, Inc., dated July 22, 2013 (incorporated by reference to Exhibit 10.3 to the registrant’s Quarterly Report on Form 10-Q filed on August 9, 2013).
- 10.32 Amendment to Manufacturing Agreement with Produits Chimiques Auxiliaires et de Synthese SA, dated August 1, 2013 (incorporated by reference to Exhibit 10.4 to the registrant’s Annual Report on Form 10 K filed on August 9, 2013).
- 10.33 Amendment to Manufacturing Agreement with Produits Chimiques Auxiliaires et de Synthese SA, dated November 7, 2013 (incorporated by reference to Exhibit 10.1 to the registrant’s Quarterly Report on Form 10-Q filed on November 12, 2013).
- 10.34 Amendment to Manufacturing Agreement with Produits Chimiques Auxiliaires et de Synthese SA, dated January 27, 2014.
- 10.35 Consulting agreement with Robert L. Roe, M.D., dated January 7, 2014 (incorporated by reference to Exhibit 10.1 to the registrant’s Quarterly Report on Form 10-Q filed on May 12, 2014).
- 10.36# Manufacturing and Supply Agreement with Produits Chimiques Auxiliaires et de Synthese SA, dated March 20, 2014 (incorporated by reference to Exhibit 10.2 to the registrant’s Quarterly Report on Form 10-Q filed on May 12, 2014).
- 10.37 First Amendment to the Commercial Outsourcing Services Agreement with Integrated Commercialization Solutions, Inc., effective as of April 14, 2014 (incorporated by reference to Exhibit 10.1 to the registrant’s Quarterly Report on Form 10-Q filed on August 8, 2014).
- 10.38# Manufacturing Agreement with AAI Pharma Services Corp., dated April 7, 2014 (incorporated by reference to Exhibit 10.2 to the registrant’s Quarterly Report on Form 10-Q filed on August 8, 2014).
- 10.39 Second Amendment to the Commercial Outsourcing Services Agreement with Integrated Commercialization Solutions, Inc., effective as of June 11, 2014 (incorporated by reference to Exhibit 10.3 to the registrant’s Quarterly Report on Form 10-Q filed on August 8, 2014).
- 10.40 Third Amendment to the Commercial Outsourcing Services Agreement with Integrated Commercialization Solutions, Inc., effective as of August 11, 2014 (incorporated by reference to Exhibit 10.3 to the registrant’s Quarterly Report on Form 10-Q filed on November 7, 2014).
- 10.41## Second Amendment to Pharmaceutical Manufacturer Services Agreement with Dohmen Life Science Services, LLC (as successor in interest to Centric Health Resources, Inc.) dated October 6, 2014.
- 23.1 Consent of Independent Registered Public Accounting Firm
- 24.1 Power of Attorney (See signature page)
- 31.1 Certification pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 of Joseph K. Belanoff, M.D.

- 31.2 Certification pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 of G. Charles Robb
- 32.1 Certification pursuant to 18 U.S.C. Section 1350 of Joseph K. Belanoff, M.D.
- 32.2 Certification pursuant to 18 U.S.C. Section 1350 of G. Charles Robb
- 101 The following materials from the registrant's Annual Report on Form 10-K for the year ended December 31, 2014, formatted in Extensible Business Reporting Language (XBRL): (i) Balance Sheets at December 31, 2014 and 2013, (ii) Statements of Comprehensive Loss for the Years Ended December 31, 2014, 2013 and 2012, (iii) Statements of Stockholders' Equity for the Years Ended December 31, 2014, 2013 and 2012, (iv) Statements of Cash Flows for the Years Ended December 31, 2014, 2013 and 2012, and (v) Notes to Financial Statements.

##Confidential treatment requested

#Confidential treatment granted

†Management contract or compensatory plan or arrangement

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CORCEPT  
THERAPEUTICS  
INCORPORATED

By: /s/ JOSEPH  
K.  
BELANOFF  
Joseph K.  
Belanoff,  
M.D.,  
Chief  
Executive  
Officer and  
President  
March 13,  
Date: 2015

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Joseph K. Belanoff and G. Charles Robb, and each of them acting individually, as his or her true and lawful attorneys-in-fact and agents, each with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, with full power of each to act alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Exchange Act, this Annual Report on Form 10-K has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ JOSEPH K. BELANOFF	Chief Executive Officer, President and Director (Principal Executive Officer)	March 13, 2015
Joseph K. Belanoff, M.D. /s/ G. CHARLES ROBB	Chief Financial Officer and Secretary (Principal Financial Officer)	March 13, 2015
G. Charles Robb /s/ ANNE M. LEDOUX	Vice President and Controller (Principal Accounting Officer)	March 13, 2015
Anne M. LeDoux /s/ JAMES N. WILSON	Director and Chairman of the Board of Directors	March 13, 2015
James N. Wilson /s/ G. LEONARD BAKER, JR.	Director	March 13, 2015
G. Leonard Baker, Jr. /s/ DANIEL M. BRADBURY	Director	March 13, 2015
Daniel M. Bradbury /s/ JOSEPH C. COOK, JR.	Director	March 13, 2015
Joseph C. Cook, Jr. /s/ PATRICK G. ENRIGHT	Director	March 13, 2015
Patrick G. Enright /s/ DAVID L. MAHONEY	Director	March 13, 2015
David L. Mahoney /s/ JOSEPH L. TURNER	Director	March 13, 2015
Joseph L. Turner		

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CORCEPT THERAPEUTICS INCORPORATED

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Corcept Therapeutics Incorporated

We have audited the accompanying balance sheets of Corcept Therapeutics Incorporated as of December 31, 2014 and 2013 and the related statements of comprehensive loss, stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States.) Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Corcept Therapeutics Incorporated at December 31, 2014 and 2013, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Corcept Therapeutics Incorporated's internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated March 13, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Redwood City, California

March 13, 2015

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## CORCEPT THERAPEUTICS INCORPORATED

## BALANCE SHEETS

(in thousands, except per share amounts)

	December 31,	
	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 24,248	\$ 54,877
Trade receivables	3,334	1,428
Inventory	1,207	1,096
Prepaid expenses and other current assets	1,441	910
Total current assets	30,230	58,311
Strategic inventory	4,090	4,450
Property and equipment, net of accumulated depreciation	236	203
Other assets	74	113
Total assets	\$ 34,630	\$ 63,077
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable	\$ 1,886	\$ 2,381
Accrued clinical expenses	336	3,288
Other accrued liabilities	1,876	1,301
Long-term obligation - current portion	9,424	5,743
Deferred revenue	33	25
Total current liabilities	13,555	12,738
Long-term obligation, net of current portion	24,463	29,322
Commitments		
Stockholders' equity (deficit):		
Preferred stock, \$0.001 par value, 10,000 shares authorized and no shares outstanding at December 31, 2014 and 2013	—	—
Common stock, \$0.001 par value, 280,000 shares authorized and 101,395 and 99,849 shares issued and outstanding at December 31, 2014 and 2013, respectively	101	100
Additional paid-in capital	320,511	313,534
Accumulated deficit	(324,000)	(292,617)
Total stockholders' equity (deficit)	(3,388)	21,017
Total liabilities and stockholders' equity (deficit)	\$ 34,630	\$ 63,077

The accompanying notes are an integral part of these financial statements.

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## CORCEPT THERAPEUTICS INCORPORATED

## STATEMENTS OF COMPREHENSIVE LOSS

(in thousands, except per share amounts)

	Year Ended December 31,		
	2014	2013	2012
Product sales, net	\$ 26,551	\$ 10,357	\$ 3,307
Operating expenses:			
Cost of sales	882	143	91
Research and development	18,372	20,470	14,074
Selling, general and administrative	34,916	31,240	25,414
Total operating expenses	54,170	51,853	39,579
Loss from operations	(27,619)	(41,496)	(36,272)
Interest and other expense	(3,764)	(4,515)	(1,776)
Net loss and comprehensive loss	\$ (31,383)	\$ (46,011)	\$ (38,048)
Basic and diluted net loss per share	\$ (0.31)	\$ (0.46)	\$ (0.41)
Shares used in computing basic and diluted net loss per share	100,978	99,819	93,015

The accompanying notes are an integral part of these financial statements.

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## CORCEPT THERAPEUTICS INCORPORATED

## Statements of Stockholders Equity (DEFICIT)

( in thousands )

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	Common Stock Shares	Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Balance at December 31, 2011	84,231	\$ 84	\$ 243,281	\$ (208,558)	\$ 34,807
Sale of common stock in public financing transaction	11,000	11	46,119	—	46,130
Issuance of common stock upon exercise of warrants and issuance of new warrants in private equity transaction	4,202	4	12,815	—	12,819
Issuance of common stock upon exercise of warrants	216	—	470	—	470
Issuance of common stock upon exercise of options	165	1	288	—	289
Stock-based compensation related to employee and director options	—	—	5,102	—	5,102
Stock-based compensation related to non-employee options	—	—	208	—	208
Net loss and comprehensive loss				(38,048)	(38,048)
Balance at December 31, 2012	99,814	100	308,283	(246,606)	61,777
Issuance of common stock upon exercise of options	35	—	55	—	55
Stock-based compensation related to employee and director options	—	—	5,069	—	5,069

## Stock-based compensation related to

non-employee options	—	—	127	—	127
Net loss and comprehensive loss				(46,011)	(46,011)
Balance at December 31, 2013	99,849	100	313,534	(292,617)	21,017
Issuance of common stock upon exercise of					
options	1,381	1	1,776	—	1,777
Issuance of common stock upon exercise of					
warrants	165	—	—	—	—
Stock-based compensation related to employee					
and director options	—	—	4,731	—	4,731
Stock-based compensation related to					
non-employee options	—	—	470	—	470
Net loss and comprehensive loss				(31,383)	(31,383)
Balance at December 31, 2014	101,395	\$ 101	\$ 320,511	\$ (324,000)	\$ (3,388)

The accompanying notes are an integral part of these financial statements

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## CORCEPT THERAPEUTICS INCORPORATED

## STATEMENTS OF CASH FLOWS

(in thousands)

	Year ended December 31,		
	2014	2013	2012
Operating activities			
Net loss	\$ (31,383)	\$ (46,011)	\$ (38,048)
Adjustments to reconcile net loss to net cash used in operations:			
Stock-based compensation	5,201	5,196	5,310
Accretion of interest expense	3,678	4,410	1,680
Amortization of debt financing costs	29	35	17
Depreciation and amortization of property and equipment	141	74	27
Changes in operating assets and liabilities:			
Trade receivables	(1,906)	(871)	(557)
Inventory	249	(883)	(4,663)
Prepaid expenses and other current assets	(531)	(290)	(480)
Other assets	10	(4)	11
Accounts payable	(495)	(1,423)	193
Accrued clinical expenses	(2,952)	2,445	199
Other accrued liabilities	575	255	275
Deferred revenue	8	9	16
Net cash used in operating activities	(27,376)	(37,058)	(36,020)
Investing activities			
Purchases of property and equipment	(174)	(127)	(151)
Cash used in investing activities	(174)	(127)	(151)
Financing activities			
Proceeds from issuance of common stock and warrants, net of issuance costs	—	—	59,419
Proceeds from exercise of stock options, net of issuance costs	1,777	55	289
Proceeds from issuance of long-term obligation, net of issuance costs	—	—	29,860
Payments related to long-term obligation	(4,856)	(1,025)	—
Net cash (used in) provided by financing activities	(3,079)	(970)	89,568
Net (decrease) increase in cash and cash equivalents	(30,629)	(38,155)	53,397
Cash and cash equivalents at beginning of period	54,877	93,032	39,635
Cash and cash equivalents at end of period	\$ 24,248	\$ 54,877	\$ 93,032

The accompanying notes are an integral part of these financial statements



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CORCEPT THERAPEUTICS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

1. Basis of Presentation and Summary of Significant Accounting Policies

Description of Business

Corcept Therapeutics Incorporated was incorporated in the state of Delaware in May 1998, and our facilities are located in Menlo Park, California. Corcept is a pharmaceutical company engaged in the discovery, development and commercialization of drugs for the treatment of severe metabolic, oncologic and psychiatric disorders. Since our inception, we have been developing our lead product, Korlym®. Mifepristone, the active ingredient in Korlym, is a potent competitive antagonist of the glucocorticoid receptor (GR), which means that it competitively blocks the effects of cortisol throughout the body at one of its two receptors. In February 2012, the United States Food and Drug Administration (FDA) approved Korlym (mifepristone) 300 mg Tablets as a once-daily oral medication for treatment of hyperglycemia secondary to hypercortisolism in adult patients with endogenous Cushing's syndrome who have type 2 diabetes mellitus or glucose intolerance and have failed surgery or are not candidates for surgery. We released Korlym for sale in the United States in April 2012. In December 2013, we initiated a study of mifepristone for the treatment of triple-negative breast cancer. In addition, we have discovered and patented three series of novel selective GR antagonists. Unless otherwise stated, all references in these financial statements to "we," "us," "our," "Corcept," the "Company," "our company" and similar designations refer to Corcept Therapeutics Incorporated.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to use assumptions and make estimates to form judgments that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ materially from those estimates.

We evaluate our estimates and assumptions on an ongoing basis, including those related to our reserves for chargebacks and rebates, patient assistance, potential product returns, excess/obsolete inventories, allowances for doubtful accounts, accruals of clinical and preclinical expenses, contingent liabilities, and the timing of payments with respect to our long-term financing agreement, which determine its effective interest rate. We base our estimates on relevant experience and on other specific assumptions that we believe are reasonable.

We update our assumptions and estimates on a recurring basis as new information becomes available. Any changes in estimates are recorded in the period of the change.

### Cash and Cash Equivalents

We invest our cash in bank deposits, money market accounts, corporate debt securities and obligations of the U.S. government and U.S. government sponsored entities. We consider all highly liquid investments purchased with maturities of three months or less from the date of purchase to be cash equivalents. Cash equivalents are carried at fair value, which approximates cost and, as of December 31, 2014 and 2013, all of our funds were invested in cash and cash equivalents that consist of a money market fund maintained at a major U.S. financial institution.

### Credit Risks and Concentrations

We have a concentration of credit risk related to our cash and cash equivalents. We are exposed to credit risk in the event of default by the financial institution holding these funds or by the entity or entities that issued the securities held by the fund to the extent of the amount recorded on our balance sheet. We mitigate this risk by investing in a money market fund that invests primarily in short-term U.S. Treasury notes and bills. We have never experienced a loss or lack of access to cash and cash equivalents in our operating or investment accounts.

Since the commercialization of Korlym in April 2012, we have been exposed to credit risk in regard to our trade receivables. From the launch of Korlym through June 30, 2013, 97% of our sales were to one specialty pharmacy customer, from whom we have fully collected all receivables. As discussed in Note 2, Significant Agreements – Commercial Agreements, in mid-2013 we transitioned all of our specialty pharmacy business to a new provider, Dohmen Life Science Services (Dohmen), formerly known as Centric Health Resources, Inc.. Among other services, Dohmen dispenses Korlym to patients for us, with title to the medicine passing from us to the patient upon the patient's receipt of the drug. Accordingly, our receivables risk is spread among various third-party payors – pharmacy benefit managers, insurance companies, private charities, government programs – and individual patients. We extend credit to third-party payors based on their creditworthiness. We monitor our exposure and record an allowance against uncollectible trade receivables as necessary. To date, we have not incurred any credit losses.

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CORCEPT THERAPEUTICS INCORPORATED

NOTES TO FINANCIAL STATEMENTS, Continued

We have a concentration of risk in regard to the manufacture of our product. As of December 31, 2014, we had one tablet manufacturer for Korlym— AAI Pharma Services Corp. (AAI). In addition, we have a single-source manufacturer of mifepristone, the active pharmaceutical ingredient (API), in Korlym - Produits Chimiques Auxiliaires et de Synthèse SA (PCAS). If either of these companies is unable to manufacture API or Korlym tablets in the quantities and time frame required, we may not be able to manufacture our product in a timely manner. In order to mitigate these risks related to the manufacture of our product, we purchased and hold in inventory additional quantities of mifepristone API and Korlym tablets.

Fair Value Measurements

We categorize financial instruments in a fair value hierarchy that prioritizes the information used to develop assumptions for measuring fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 input), then to quoted prices in non-active markets or in active markets for similar assets or liabilities, inputs other than quoted prices that are observable for the asset or liability, and inputs that are not directly observable, but that are corroborated by observable market data for the asset or liability (Level 2 input), then the lowest priority to unobservable inputs, for example, our own data about the assumptions that market participants would use in pricing an asset or liability (Level 3 input). Fair value is a market-based measurement, not an entity-specific measurement, and a fair value measurement should therefore be based on the assumptions that market participants would use in pricing the asset or liability.

No assets or liabilities in our financial statements are required to be reported at fair value other than our cash equivalents.

Trade Receivables

Trade receivables are recorded net of customer allowances for co-pay assistance, doubtful accounts and sales returns. See the discussion below under “Net Product Sales” regarding the methods for estimation of these allowances and sales returns. We determine our allowance for doubtful accounts based on existing contractual payment terms, actual payment patterns of our customers and individual customer circumstances. To date, we have determined that an allowance for uncollectible trade receivables is not required.

## Inventory

We consider regulatory approval of product candidates to be uncertain, and product manufactured prior to regulatory approval may not be sold unless regulatory approval is obtained. We expense the manufacturing costs for product candidates incurred prior to regulatory approval as research and development expense as we incur them. When regulatory approval of a product is obtained, we begin capitalizing manufacturing costs related to the approved product into inventory, provided such product is produced by a facility the FDA has approved to manufacture the commercial product.

We value our inventories at the lower of cost or net realizable value. We determine the cost of inventory using the specific identification method, which approximates a first-in, first-out basis. We analyze our inventory levels quarterly and write down inventory that has become obsolete or has a cost basis in excess of its expected net realizable value, as well as any inventory quantities in excess of expected requirements. Any expired inventory is disposed of and the related costs are recognized as cost of sales in the statement of comprehensive loss.

Inventory amounts that are not expected to be consumed within twelve months following the balance sheet date are classified as strategic inventory, a noncurrent asset.

## Property and Equipment

We state property and equipment at cost less accumulated depreciation. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, ranging from three to five years.

## Long-term Obligation

In August 2012, we entered into a Purchase and Sale Agreement (Financing Agreement) with Biopharma Secured Debt Fund II Sub, S.à r.l. (Biopharma), a private limited liability company organized under the laws of Luxembourg. Under the terms of the Financing Agreement, we received \$30.0 million from Biopharma, which was recorded as a long-term obligation at issuance. We are obligated to make payments calculated as a percentage of (i) any licensing or other contingent payments arising from Korlym and any other products containing mifepristone or any of our proprietary selective GR antagonists (Covered Products) and (ii) net Covered Product revenues earned in the calendar quarter ended June 30, 2013 and thereafter (together, Korlym Receipts), until such time as we have paid Biopharma a total of \$45.0 million.



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Interest expense related to the Financing Agreement is calculated based on the internal interest rate to Biopharma that would result from these assumed payment streams.

The accounting for the Financing Agreement requires us to make certain estimates and assumptions, including the timing of royalty payments due to Biopharma, the expected rate of return to Biopharma, the split between current and long-term portions of the obligation and the accretion of related interest expense. Korlym has only been marketed since April 2012 and the magnitude and timing of Korlym revenue is difficult to predict. Therefore, these estimates and assumptions are subject to significant variability and are likely to change as we gain experience marketing Korlym, which will result in changes in our classification of the current and long-term portions of the amounts payable pursuant to the Financing Agreement, as well as the internal rate of return paid to Biopharma and the accretion of interest expense related to this obligation. The amount of our payment with respect to each quarter will be based on Korlym Receipts recorded in that quarter and may differ from our estimates. While changes in timing of Korlym revenue may affect the timing of recognition of interest expense and the split between the current and long-term portions of the obligation at any balance sheet date, the aggregate amount to be repaid to Biopharma is fixed at \$45.0 million.

The amount shown as the current portion of the obligation is an estimate of the total amount under the Financing Agreement that would be paid to Biopharma within 12 months following December 31, 2014.

See Note 6, Long-Term Obligation, for additional information regarding this agreement.

Net Product Sales

Korlym is not available in retail pharmacies. From our initial launch in April 2012 through June 30, 2013, we sold Korlym primarily to a specialty pharmacy and a specialty distributor, which subsequently resold Korlym to patients and healthcare providers. As of July 1, 2013, we began using Dohmen as our specialty pharmacy. Dohmen operates on a consignment basis, without carrying any Korlym inventory. Accordingly, all of our sales through Dohmen are made directly to patients.

We recognize product revenues from sales of Korlym upon delivery to patients as long as (i) there is persuasive evidence that an arrangement exists between ourselves and the customer, (ii) collectability is reasonably assured and (iii) the price is fixed or determinable. Prior authorization or confirmation of coverage level by the patient's private insurance plan or government payor is a prerequisite to the shipment of product to a patient. In order to conclude that the price is fixed or determinable, we must be able to (i) calculate gross product revenues from the sales to our customers and (ii) reasonably estimate net product revenues.

We make cash donations to a non-profit third party organization that provides patients who meet certain eligibility requirements with financial assistance for the treatment of Cushing's syndrome, which treatment may include Korlym. We do not include in net product revenues sales of Korlym tablets to uninsured patients funded through this source.

We calculate gross product revenues based on the price that we charge our customers. We estimate our net product revenues by deducting from our gross product revenues (a) trade allowances, such as discounts for prompt payment, (b) estimated government rebates and chargebacks, (c) reserves for expected product returns and (d) estimated costs of our patient co-pay assistance program. We initially record estimates for these deductions at the time we recognize the gross revenue. We update our estimates on a recurring basis as new information becomes available.

**Trade Allowances:** Through June 30, 2013, we offered our specialty pharmacy and specialty distributor customers a discount on Korlym sales for payment within 30 days and a small discount for providing data services. We expected these customers to earn these discounts and, accordingly, deducted them in full from gross product revenues and trade receivables at the time we recognized such revenues. Beginning in the third quarter of 2013, with the change in our sales model discussed above, we ceased incurring a prompt-payment discount on product sold through our specialty pharmacy and the cost of data services is now recorded as operating expense.

**Rebates and Chargebacks:** We contract with Medicaid and other government programs so that Korlym will be eligible for purchase by, or qualify for partial or full reimbursement from, such government programs. We estimate the rebates and chargebacks that we are obligated to provide to government programs and deduct these estimated amounts from our gross product sales at the time the revenues are recognized. We base our estimates of these rebates and chargebacks upon (i) the discount amounts applicable to government-funded programs and (ii) the percentage of sales by our customers to patients who are covered by entities or programs that are eligible for such rebates and chargebacks.

**Allowances for Patient Co-pay Assistance Program:** We provide financial assistance to eligible patients whose insurance policies require them to pay high deductibles and co-pays. We estimate the cost of assistance to be provided under this program by





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applying our actual experience regarding such assistance to our estimate of the percentage of our sales in the period that will be provided to patients covered by the program.

**Sales Returns:** We estimate the amount of Korlym that we believe will be returned and deduct that estimated amount from gross revenue at the time we recognize such revenue. When estimating future returns, we analyze quantitative and qualitative information including, but not limited to, actual return rates, the amount of product in the distribution channel, the expected shelf life of such product, current and projected product demand, the introduction of competing products that may erode demand, and broad economic and industry-wide indicators. If we cannot reasonably estimate product returns with respect to a particular sale, we defer recognition of revenue from that sale until we can make a reasonable estimate.

Because our sales through Dohmen, our specialty pharmacy, which represents the majority of our sales from July 1, 2015 forward, are made to individual patients who do not have the right to return the product, our exposure to product returns is limited to the specialty distributor channel and is not expected to be material.

Cost of Sales

Cost of sales includes the cost of product (the cost to manufacture Korlym, which includes material, third-party manufacturing costs and indirect personnel and other overhead costs) based on units for which revenue is recognized in the current period, as well as costs of stability testing, logistics and distribution of the product. We began capitalizing Korlym production costs and the cost to acquire mifepristone, the active ingredient (API) in Korlym, as inventory following approval by the FDA in February 2012. Prior to receiving FDA approval for Korlym, we expensed all such costs when incurred as research and development expense. A portion of the product manufactured and the API acquired prior to FDA approval was available for commercial use. As of December 31, 2014, the majority of this pre-approval material has been consumed and the cost of sales for 2015 and future years will include the full cost of the product.

Research and Development

Research and development expenses consist of costs incurred for research and development activities that we sponsor. These costs include direct expenses, such as the cost of clinical trials, pre-clinical studies, manufacturing

development, preparations for submissions to the FDA and other regulatory bodies and efforts to prosecute and defend those submissions and the development of second-generation compounds, as well as research and development-related overhead expenses. We expense as incurred nonrefundable payments to third parties and our cost of acquiring technologies and materials used in research and development that have no alternative future use.

We base our cost accruals for clinical trials, research and preclinical activities on estimates of work completed under service agreements, milestones achieved, patient enrollment and past experience with similar contracts. Our estimates of work completed and associated cost accruals include our assessments of information from third-party contract research organizations and the overall status of clinical trial and other development and administrative activities.

### Segment Reporting

We determine our operating segments based on the way we organize our business to make operating decisions and assess performance. We have only one operating segment, which concerns the discovery, development and commercialization of pharmaceutical products.

### Stock-Based Compensation

#### Stock-based compensation for employee and director options

We account for stock-based compensation related to option grants to employees and directors under the fair value method, based on the value of the award at the grant date as determined using the Black-Scholes option valuation model. For service-based awards, we recognize expense over the requisite service period. For options with performance-based vesting criteria, we begin to recognize expense when we believe there is a high degree of probability (i.e., greater than 70%) of achieving the vesting criteria.

#### Stock-based compensation expense related to non-employees

We recognize the expense of options granted to non-employees based on the fair-value based measurement of the option grants at the time of vesting. For service-based awards, we recognize expense over the requisite service period. For options with



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performance-based vesting criteria, we recognize expense based on the minimum number of shares that will vest over time as the criteria are met based on the Black-Scholes valuation of the vested shares.

See Note 8 for a detailed discussion of stock-based compensation expense.

Income Taxes

We determine deferred tax assets and liabilities based on the differences between the financial reporting and tax bases of assets and liabilities, measured using the enacted tax rates that will be in effect when the differences are expected to reverse. A valuation allowance is recorded when it is more likely than not that the deferred tax asset will not be realized.

No amounts have been recognized as interest or penalties on income tax related matters. The determination of an accounting policy as to the classification of such costs has been deferred until such time as any such costs are incurred.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers. ASU 2014-09 supersedes the revenue recognition requirements in Revenue Recognition (Topic 605), and requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In applying this new guidance to contracts within its scope, an entity will: (1) identify the contract(s) with a customer, (2) identify the performance obligation in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. Additionally, this new guidance will require significantly expanded revenue recognition disclosures. This guidance, which will become effective for us as of January 1, 2017, is to be applied retrospectively. Early application is not permitted. We are currently evaluating the new standard, but do not anticipate a material impact to our financial statements once implemented.

In August 2014, the FASB issued ASU No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, which requires an entity to evaluate whether conditions or events, in the aggregate, raise substantial doubt about the entity's ability to continue as a going concern for one year from the date the financial statements are issued or are available to be issued. The guidance will become effective January 1, 2017. The adoption of ASU 2014-15 is not expected to have an impact on our financial statements.

## 2. Significant Agreements

### Commercial Agreements

In May 2013, we entered into a services agreement with Dohmen to provide exclusive specialty pharmacy and patient services programs for Korlym beginning July 1, 2013. Under the terms of this agreement, Dohmen acts as the exclusive specialty pharmacy distributor of Korlym in the United States, subject to certain exceptions. Among other services, Dohmen provides services related to pharmacy operations; patient intake, access and reimbursement; patient support; claims management and accounts receivable; and data and reporting. We provide Korlym to Dohmen, which it dispenses to patients. Dohmen does not take title to the product, which passes directly from us to the patient at the time the patient receives the medicine.

The initial term of the agreement is a period of three years, with successive automatic renewal terms of three years unless either party gives at least 180 days' prior notice of non-renewal. The agreement contains customary termination provisions, representations, warranties and covenants. Subject to certain limitations, we have agreed to indemnify Dohmen for certain third party claims related to the product, and we have each agreed to indemnify the other for certain breaches of representations, warranties, covenants and other specified matters.

In May 2013, we gave notice to CuraScript, our previous specialty pharmacy provider, of our intent to terminate our agreement with them effective July 20, 2013. In June 2013, we recorded a return reserve estimate of \$300,000 for inventory that CuraScript had purchased from us but had the right to return as a result of this termination. This amount, which was reflected as an adjustment to net revenue in our Statement of Comprehensive Loss for the year ended December 31, 2013, was settled and paid to CuraScript during 2014. Our exposure to product returns is now limited to the specialty distributor channel and is not expected to be material.

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Manufacturing Agreements Related to Korlym

Active Pharmaceutical Ingredient

In March 2014, we entered into a new long-term manufacturing and supply agreement with PCAS for the manufacture of mifepristone, the active pharmaceutical agreement in Korlym. We have agreed to purchase a minimum percentage of our mifepristone requirements from PCAS; the amount of the commitment will depend on our future needs. The initial term of the agreement is five years, with an automatic extension of one year unless either party gives 12 months' prior written notice that it does not want an extension. We have the right to terminate the agreement if PCAS is unable to manufacture the product for a consecutive nine-month period.

Tablet Manufacture

In April 2014, we entered into a new manufacturing agreement with AAI Pharma for the manufacture and package Korlym tablets. The initial term of this agreement is a period of three years, with consecutive automatic extensions of two years unless either party gives written notice - in the case of AAI Pharma, 18 months prior to the end of the applicable term, and in our case 12 months prior to the end of the applicable term - that it does not want such an extension. We have the right to terminate the agreement if AAI Pharma is unable to manufacture the product for a consecutive four-month period or if the product is withdrawn from the market. There are no minimum purchase obligations under this agreement.

See the discussion above in Note 1, Basis of Presentation and Summary of Significant Accounting Policies - Credit Risks and Concentrations, for a further discussion of the business risks and mitigation measures taken in regard to tablet manufacture.

Research and Development Agreements

In 1998, we entered into an agreement with The Board of Trustees of Leland Stanford Junior University (Stanford) in which Stanford granted us an exclusive option to acquire an exclusive license for inventions and patents related to

“Mifepristone for Psychotic Major Depression” and “Mifepristone and Alzheimer’s Disease” owned by Stanford. (“Psychotic major depression” is referred to in this document as “psychotic depression.”) In 1999, we exercised our option to acquire an exclusive license to patents covering the use of glucocorticoid receptor antagonists for the treatment of psychotic depression, early dementia, and cocaine-induced psychosis, as specified in the license agreement. This license agreement expires upon the expiration of the related patents or upon notification by us to Stanford. In exchange for the license, we paid Stanford an initial non-refundable fee, immediately issued 30,000 shares of our common stock to Stanford and are obligated to pay Stanford \$50,000 per year as a nonrefundable royalty payment. In addition, we are obligated to pay additional milestone payments in the future, which are not material and which are creditable against future royalties and will pay a royalty based on net revenue generated by any product arising from the patent until its expiration.

In 2003, we entered into a contract research agreement with Argenta Discovery Limited (Argenta) in which Argenta agreed to conduct research toward identifying a novel small molecule glucocorticoid receptor antagonist for the treatment of psychotic depression, Alzheimer’s disease, and other metabolic and psychiatric disorders. We continued our relationship with Argenta through the end of 2011, requesting them to conduct research projects on a regular basis. Under the agreements with Argenta, we may be obligated to make milestone payments upon the occurrence of certain events, the amounts of which are not material. These obligations remain in force after the conclusion of work under the agreement. In January 2012, we entered into a Master Services Agreement with Sygnature Discovery Limited, a contract research company located in the United Kingdom, which does not obligate us to any milestone payments.

Through 2014, we entered into agreements for services in connection with our ongoing Phase 3 trial of psychotic depression with ICON Clinical Research, L.P. (ICON) and MedAvante, Inc. (MedAvante) to manage the trial and conduct patient screening and evaluation services, which have been amended from time to time. This clinical trial was terminated during 2014 and all amounts due under this agreement have been paid or accrued as of December 31, 2014.

In November 2013, we licensed from the University of Chicago exclusive rights to the University’s U.S. Patent No. 8,710,035 “Methods and Compositions Related to Glucocorticoid Receptor Antagonists and Breast Cancer”. In exchange for the license, we paid an initial non-refundable fee to the University of Chicago and are committed to additional annual and milestone payments in the future, which are not material and which are creditable against future royalties and will pay a royalty based on net revenue generated by any product arising from the patent until its expiration.

In December 2013, we entered into an agreement with Chiltern to assist in the management and conduct of a clinical trial evaluating mifepristone for treatment of triple-negative breast cancer. The total commitment under this agreement is \$2.9 million, but



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the actual amount to be paid is dependent on actual services provided under this agreement. Approximately \$1.0 million of the costs under this agreement were incurred through December 31, 2014, with the remainder to be incurred over the course of the trial.

In March 2014, we entered into an agreement with Quotient Clinical Limited, a clinical research organization, to assist in the management and conduct of our Phase 1 study of CORT125134, one of our new compounds. The total commitment under the agreement is approximately \$2.6 million, which is expected to be expended over approximately a 1-year period. Approximately \$1.5 million of the costs under this agreement were incurred through December 31, 2014, with the remainder to be incurred over the course of the trial.

3. Fair Value of Financial Instruments

As of December 31, 2014 and 2013, we had invested our financial assets in a money market fund that can be converted to cash at par on demand. We measured these funds, which totaled \$21.9 million and \$52.9 million as of December 31, 2014 and 2013, respectively, at fair value, which approximates cost, as of the respective dates and classified them as Level 1 assets in the fair value hierarchy for financial assets.

All cash equivalents and short-term investments held as of December 31, 2014 and 2013 were in active markets and valued based upon their quoted prices. We did not recognize any realized gains or losses on sales of investments for any period presented.

4. Composition of Certain Balance Sheet Items

Inventory

The composition of inventory was as follows:

	December 31, 2014	December 31, 2013
	(in thousands)	
Raw materials	\$ 3,595	\$ 4,318
Work in progress	15	2
Finished goods	1,687	1,226
Total inventory	5,297	5,546
Less strategic inventory classified as non-current	(4,090)	(4,450)
Total inventory classified as current	\$ 1,207	\$ 1,096

The majority of the finished goods inventory as of December 31, 2014 and 2013 includes all costs of manufacture and packaging with the exception of the cost of raw materials that were expensed prior to FDA approval.

In order to be prepared for potential demand for Korlym and because we have single-source manufacturers of both the API for Korlym and Korlym tablets, we have invested in inventory of both of these materials. Inventory amounts that are not expected to be consumed within twelve months following the balance sheet date are referred to as “Strategic Inventory” and classified as a noncurrent asset.

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## NOTES TO FINANCIAL STATEMENTS, Continued

## Property and Equipment

Property and equipment consisted of the following:

	December 31,	
	2014	2013
	(in thousands)	
Furniture and equipment	\$ 253	\$ 183
Vehicles	65	38
Software	193	116
Leasehold improvements	14	14
	525	351
Less: accumulated depreciation	(289)	(148)
	\$ 236	\$ 203

## Other Accrued Liabilities

Other accrued liabilities consisted of the following:

	December 31,	
	2014	2013
	(in thousands)	
Accrued compensation	\$ 564	\$ 466
Professional fees	330	369
Commercialization costs	556	288
Government rebates	275	40

Legal fees	120	110
Other	31	28
	\$ 1,876	\$ 1,301

## 5. Long-Term Obligation

As discussed in Note 1, Basis of Presentation and Summary of Significant Accounting Policies - Long-term Obligation, under the Financing Agreement with Biopharma, we are obligated to make payments, calculated as a percentage of our net sales of Korlym, any future mifepristone-based products, our selective GR antagonists (together referred to as Covered Products) and any upfront, milestone or other contingent payments with respect to Covered Products. Biopharma's right to receive payments will expire once it has received cumulative payments of \$45.0 million. We have made aggregate payments to Biopharma in the amount of \$5.9 million through December 31, 2014, with an additional payment in the amount of \$1.9 million made in February 2015.

Under the terms of the Financing Agreement, our payments are variable, with no fixed minimums. If there are no net sales, upfront, milestone or other contingent payments in a period with respect to Covered Products, then no payment will be due for that period.

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NOTES TO FINANCIAL STATEMENTS, Continued

We are obligated to make future payments as follows:

- 20 percent of our net product sales of Covered Products, subject to quarterly payment caps of \$3.75 million during 2015. There is no quarterly cap on payments with respect to net product sales in 2016 and later.
- 20 percent of payments received for upfront, milestone or other contingent fees under co-promotion and out-license agreements for Covered Products (without application of quarterly caps).
- The percentage used to calculate our payments to Biopharma would increase to 50 percent and any applicable payment caps would lapse if we (i) fail to provide Biopharma with certain information regarding our promotion and sales of Covered Products, (ii) do not devote a commercially reasonable amount of resources to the promotion and marketing of the Covered Products or (iii) violate the indebtedness covenant by incurring indebtedness greater than the sum of earnings before interest, taxes, depreciation and amortization, including such items as non-cash stock-based compensation, for the four calendar quarters preceding such incurrence and, in each case, fail to cure within the applicable cure period.
- Upon the occurrence of a Corcept change of control transaction or the licensing of Korlym to a third-party for promotion and sale in the United States, the entire \$45.0 million, less any amounts already paid by us, would become due.

To secure our obligations in connection with this Financing Agreement, we granted Biopharma a security interest in our rights in patents, trademarks, trade names, domain names, copyrights, know-how and regulatory approvals related to the Covered Products, all books and records relating to the foregoing and all proceeds of the foregoing (together, the Collateral). If we (i) fail to deliver a royalty payment when due and do not remedy that failure within 30 days, (ii) fail to maintain a first-priority perfected security interest in the Collateral in the United States and do not remedy that failure within five business days of receiving notice of such failure or (iii) become subject to an event of bankruptcy, then Biopharma may attempt to recover up to \$45.0 million (after deducting any payments we have already made). In addition, pursuant to this agreement, we are not allowed to pay a dividend or other cash distribution, unless we will have cash and cash equivalents in excess of \$50.0 million after such payment.

The cash payment of \$30.0 million received from Biopharma was recorded as a long-term obligation at issuance in August 2012. As discussed in Note 1, Basis of Presentation and Summary of Significant Accounting Policies, Long-term Obligation, we make estimates of the timing of payments during the term of this agreement for purposes of calculating the expected rate of return to Biopharma, the accretion of related interest expense and the current portion of our obligation. Interest expense of \$3.7 million and \$4.4 million for the years ended December 31, 2014 and 2013, respectively, and total accreted interest of \$9.8 million for the period from August 16, 2012, the date of funding of the Financing Agreement, through December 31, 2014, was calculated based on the internal interest rate to Biopharma that would result from these assumed payment streams. The timing of payment amounts will be based on actual Korlym Receipts recorded in the financial statements over the term of this agreement and may differ from these estimates. While changes in the timing of Korlym revenue may affect the timing of recognition of interest expense and the split between the current and long-term portions of the obligation at any balance sheet date, the aggregate amount to be repaid to Biopharma is fixed at \$45.0 million.

The carrying value of the long-term obligation was \$33.9 million and \$35.1 million as of December 31, 2014 and December 31, 2013, respectively. The long-term obligation, including accreted interest, is presented on the balance sheet in two components; the Long-term obligation - current portion, which equates to the estimated amount due under the agreement to be paid within twelve months following the balance sheet date, and the remaining amount, which is included in Long-term obligation, net of current portion.

The following table provides a summary of the payment obligations under the Financing Agreement as of December 31, 2014 and 2013, utilizing the payment assumptions discussed above.

	December 31, 2014	December 31, 2013
	(in thousands)	
Total repayment obligation	\$ 45,000	\$ 45,000
Less interest to be accreted in future periods	(5,232)	(8,910)
Less payments made	(5,881)	(1,025)
Less current portion	(9,424)	(5,743)
Long-term obligation, net of current portion	\$ 24,463	\$ 29,322

The estimated fair value of the long-term obligation, as measured using Level 3 inputs, approximates the carrying amounts as presented on the balance sheet as of December 31, 2014 and 2013. The estimated fair value was calculated using the income method of valuation. The key assumptions required for the calculation were an estimate of the amount and timing of future product revenues and an estimated cost of capital. Management's estimate of the future product revenues is subject to significant uncertainty due to the

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fact that Korlym has been available for less than three years and there is an extended time period associated with the Financing Agreement.

We capitalized \$140,000 of issuance costs related to the Financing Agreement, which are being amortized over the estimated term of the obligation, based on the assumptions discussed above. At December 31, 2014, the unamortized issuance costs were \$58,000, and are included in other assets on our balance sheet.

6. Lease Obligations

In May 2014, we exercised our option to extend the lease for our office space through December 2015. At December 31, 2014, the remaining minimum rental payments under this operating lease were \$631,000.

Through December 31, 2014, we have entered into operating leases for automobiles provided to our sales force and medical science liaisons. The leases are for periods of three years each. At December 31, 2014, the remaining obligation for base rental payments under these leases was \$180,000.

Rent expense amounted to \$609,000, \$428,000 and \$360,000, for the years ended December 31, 2014, 2013 and 2012, respectively.

7. Related Party Transactions

See discussion below in Note 8, Preferred Stock and Stockholders' Equity, under the caption Common Stock, regarding the sale of securities in March 2012 to various investors, including members of our board of directors and related entities.

## 8. Preferred Stock and Stockholders' Equity

### Preferred Stock

The board of directors is authorized, subject to any limitations prescribed by law, without stockholder approval, to issue up to an aggregate of 10,000,000 shares of preferred stock at \$0.001 par value in one or more series and to fix the rights, preferences, privileges and restrictions granted to or imposed upon the preferred stock, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences. The rights of the holders of common stock will be subject to the rights of holders of any preferred stock that may be issued in the future.

As of December 31, 2014 and 2013, we had no outstanding shares of preferred stock.

### Common Stock

#### Significant stock transactions

There were no transactions relating to the sale and issuance of common stock or the exercise and issuance of warrants during the two years ended December 31, 2014 and 2013, other than the exercise of a warrant in May 2014 that had been issued in a private placement in March 2008 (the March 2008 Financing). This warrant was exercised on a cashless net-exercise basis, wherein the investor surrendered a warrant for 529,567 shares in exchange for the issuance of 164,666 shares of common stock. The following paragraphs describe significant transactions relating to the sale and issuance of common stock and the exercise and issuance of warrants during the year ended December 31, 2012. Information regarding the issuance of common stock upon the exercise of stock options is discussed below under the caption, Stock Option Plans.

#### Transactions during 2012

On March 29, 2012, we issued 4.2 million shares of our common stock upon the exercise of warrants that we had issued in a private placement transaction in April 2010 at an exercise price of \$2.96 per share and sold new warrants to the same investors to purchase 4.2 million shares of common stock at an exercise price of \$4.05 per share. The new warrants are exercisable through March 29, 2015. We generated net proceeds in these transactions of \$12.8 million, after the deduction of issuance costs. Venture capital funds, trusts and other entities affiliated with members of our Board of Directors purchased 40 percent of the securities sold in this transaction, with the remainder being purchased by other qualified investors.



On July 6, 2012, we sold 11.0 million shares of our common stock in an underwritten public offering at a price to the public of \$4.49 per share, generating net proceeds of \$46.1 million after deducting expenses of the offering.

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During the year ended December 31, 2012, investors exercised additional warrants for the purchase of our common stock with exercise prices ranging from \$1.66 to \$2.96 per share. As a result, we issued an aggregate of 216,000 shares of common stock and generated aggregate proceeds of \$470,000.

Registration Rights related to March 2008 Financing

In March 2008, we sold 8.9 million shares of our common stock and warrants to purchase 4.5 million shares of our common stock in the March 2008 Financing. The registration rights agreement covering securities issued in the March 2008 Financing provides that if we do not fulfill certain of our obligations under the registration rights agreement, we will be required to pay liquidated damages to the holders of the shares and warrants. We filed the registration statement covering the resale of the shares sold and shares underlying the warrants sold in this transaction with the Securities and Exchange Commission (SEC) on April 11, 2008, and it was declared effective by the SEC on November 10, 2008. During 2008, we recorded \$1.3 million in liquidated damages to other non-operating expense because of the delay in the effectiveness of the registration statement, which represented 5% of the purchase price. No separate contingent obligation has been recorded since that time as no additional liquidated damages have become probable of payment.

No dividends have been declared or paid by us.

Shares of common stock reserved for future issuance as of December 31, 2014 are as follows:

Common stock:	(in thousands)
Exercise of outstanding options	14,704
Exercise of warrants	8,044
Shares available for grant under stock option plans	7,546
	30,294

On February 18, 2015, our Board of Directors authorized an increase of 4.1 million shares in the number of shares available under the 2012 Incentive Award Plan (the 2012 Plan), which was equivalent to 4% of the shares of our common stock outstanding as of December 31, 2014, pursuant to the terms of the 2012 Plan.

### Stock Option Plans

We have three stock option plans – the 2000 Stock Option Plan (the 2000 Plan), the 2004 Equity Incentive Plan (the 2004 Plan) and the 2012 Plan. As of December 31, 2014, all option grants under the 2000 Plan were fully vested and have either been exercised or expired at the end of their contractual life.

In 2004, our board of directors and stockholders approved the 2004 Plan, which became effective upon the completion of our Initial Public Offering (IPO), after which time, no additional options have been or will be issued under the 2000 Plan. Under the 2004 Plan, options, stock purchase and stock appreciation rights and restricted stock awards can be issued to our employees, officers, directors and consultants. The 2004 Plan provided that the exercise price for incentive stock options will be no less than 100% of the fair value of the Company's common stock, as of the date of grant. Options granted under the 2004 Plan vest over periods ranging from one to five years. The vesting period of the options is generally equivalent to the requisite service period.

In 2012, our board of directors and stockholders approved the 2012 Plan. As of the effective date of the 2012 Plan, 5.3 million shares that remained available for issuance of new grants under the 2004 Plan were transferred to the 2012 Plan. After that date, no additional options were or will be issued under the 2004 Plan. Vested options under the 2000 Plan and the 2004 Plan that are not exercised within the remaining contractual life and any options under the 2004 Plan that do not vest because of terminations after the effective date of the 2012 Plan will be added to the pool of shares available for future grants under the 2012 Plan.

Under the 2012 Plan, we can issue options, stock purchase and stock appreciation rights and restricted stock awards to our employees, officers, directors and consultants. The 2012 Plan provides that the exercise price for incentive stock options will be no less than 100 percent of the fair value of our common stock, as of the date of grant. Options granted under the 2012 Plan are expected to vest over periods ranging from one to four years. We expect the vesting period of the options that we grant under the 2012 Plan to be generally equivalent to the requisite service period.

Upon exercise of options, new shares are issued.



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## CORCEPT THERAPEUTICS INCORPORATED

## NOTES TO FINANCIAL STATEMENTS, Continued

On February 6, 2014, our board of directors authorized an increase of 4.0 million shares in the number of shares available under the 2012 Plan, which was equivalent to 4% of the shares of our common stock outstanding as of December 31, 2013, pursuant to the terms of the 2012 Plan. As of December 31, 2014, 7.5 million shares remained available for future grants under the 2012 Plan. See the discussion above under Common Stock regarding an additional increase to the shares available for grant under the 2012 Plan that was authorized by the Board of Directors in February 2015.

Option activity during 2012, 2013 and 2014

The following table summarizes all stock plan activity:

	Shares Available For Future Grant (in thousands)	Outstanding Options Subject to Options Outstanding (in thousands)	Weighted-Average Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Balance at December 31, 2011	2,251	10,308	\$ 2.86		
Increase in shares authorized for grant	3,369	—	—		
Shares granted	(1,695)	1,695	\$ 3.26		
Shares exercised	—	(165)	\$ 1.91		
Shares expired under 2000 Plan	11	(93)	\$ 7.00		
Shares cancelled and forfeited under 2004 and 2012 Plans	119	(119)	\$ 3.26		
Balance at December 31, 2012	4,055	11,626	\$ 2.90		
Increase in shares authorized for grant	3,992	—	—		
Shares granted	(3,565)	3,565	\$ 1.98		
Shares exercised	—	(35)	\$ 1.58		

Shares cancelled and forfeited	444	(444)	\$ 4.58		
Balance at December 31, 2013	4,926	14,712	\$ 2.63		
Increase in shares authorized for grant	3,993	—	—		
Shares granted	(2,140)	2,140	\$ 2.62		
Shares exercised	—	(1,381)	\$ 1.34		
Shares cancelled and forfeited	767	(767)	\$ 5.03		
Balance at December 31, 2014	7,546	14,704	\$ 2.62	6.22	\$ 10,424
Options exercisable at December 31, 2014		10,489	\$ 2.67	5.29	\$ 7,866
Options fully vested and expected to vest at December 31, 2014		14,704	\$ 2.62	6.22	\$ 10,424

The total intrinsic value of options exercised during the years ended December 31, 2014, 2013 and 2012 was \$3.0 million, \$55,000 and \$303,000, respectively, based on the difference between the closing price of our common stock on the date of exercise of the options and the exercise price.

The total grant date fair value of options to employees and directors that vested during the years ended December 31, 2014, 2013 and 2012 was \$4.6 million, \$5.0 million and \$5.0 million, respectively.

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## CORCEPT THERAPEUTICS INCORPORATED

## NOTES TO FINANCIAL STATEMENTS, Continued

The following is a summary of options outstanding and options exercisable at December 31, 2014.

Exercise Prices Of Options	Options Outstanding		Weighted Average Exercise Price	Aggregate Intrinsic Value  (in thousands)	Options Exercisable		Weighted Average Exercise Price	Aggregate Intrinsic Value  (in thousands)
	Number of Shares  (in thousands)	Weighted Average Remaining Contractual Life  (in years)			Number of Shares  (in thousands)			
\$ 0.96 - \$ 2.00	4,885	5.0	\$ 1.49	\$ 7,355	3,907	\$ 1.42	\$ 6,156	
\$ 2.01 - \$ 3.00	4,779	7.4	\$ 2.36	3,069	2,678	\$ 2.36	1,710	
\$ 3.01 - \$ 4.50	4,844	6.5	\$ 3.92	—	3,709	\$ 4.08	—	
\$ 4.51 - \$ 5.70	196	0.5	\$ 5.02	—	195	\$ 5.02	—	
	14,704	6.2	\$ 2.62	\$ 10,424	10,489	\$ 2.67	\$ 7,866	

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value that option holders would have received had all option holders exercised their options on December 31, 2014. The aggregate intrinsic value is the difference between our closing stock price on December 31, 2014 and the exercise price, multiplied by the number of in-the-money options.

## Stock-Based Compensation related to Employee and Director Options

## Assumptions used in determining fair value-based measurements for options to employees and directors

The following table summarizes the weighted-average assumptions and resultant fair value-based measurements for options granted to employees and directors.

	Year Ended December 31,		
	2014	2013	2012
Weighted-average assumptions for stock options granted:			
Risk-free interest rate	1.80%	1.76%	1.06%
Expected term	6 years	8.3 years	6.7 years
Expected volatility of stock price	79.0%	83.9%	86.6%
Dividend rate	0%	0%	0%
Weighted average grant date fair value-based measurement	\$ 1.77	\$ 1.54	\$ 2.41

The expected term of options reflected in the table above has been based on a formula that considers the expected service period and expected post-vesting termination behavior differentiated by whether the grantee is an employee, an officer or a director.

The expected volatility of our stock used in determining the fair value-based measurement of option grants to employees, officers and directors is based on a weighted-average combination of the volatility of our own stock price and that of a group of peer companies for those grants with expected terms longer than the period of time that we have been a public company. For stock options granted to employees with expected terms of less than the period of time that we have been a public company, the volatility is based on historical data of the price for our common stock for periods of time equivalent to the expected term of these grants.

We apply a forfeiture rate of zero in our stock option expense calculations as we have a limited employee base and have experienced minimal turnover. When an employee terminates, we will record a change in accounting estimate that represents the difference between the expense recorded in the financial statements and the expense that would have been recorded based upon the rights to options that vested during the individual's service as an employee.

#### Summary of compensation expense related to options to employees and directors

We recognized compensation expense of \$4.7 million, \$5.1 million and \$5.1 million, related to options to employees and directors during the years ended December 31, 2014, 2013, and 2012, respectively. The data for the year ended December 31, 2012 include \$1.3 million of expense related to performance-based option awards to officers that vested upon the FDA approval of Korlym in February 2012, which is classified as selling, general and administrative expense.



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CORCEPT THERAPEUTICS INCORPORATED

NOTES TO FINANCIAL STATEMENTS, Continued

As of December 31, 2014, we had \$7.1 million of unrecognized compensation expense for employee and director options outstanding as of that date, which had a remaining weighted-average vesting period of 2.5 years.

Stock Options to Non-Employees

We expense stock-based compensation related to service-based option grants to non-employees on a straight line basis over the vesting period of the options, which approximates the period over which the related services are rendered, based on the fair value-based measurement of the options using the Black-Scholes option pricing model. The assumptions used in these calculations are similar to those used for the determination of fair value-based measurement for options granted to employees and directors, with the exception that, for non-employee options, the remaining contractual term is utilized as the expected term of the option and the fair value-based measurement related to unvested non-employee options is re-measured quarterly, based on the then current stock price as reflected on the NASDAQ Capital Market. For options with performance-based vesting criteria, we recognize expense based on the minimum number of shares that will vest over time as the criteria are met based on the Black-Scholes valuation of the vested shares.

We recorded charges to expense for non-employee stock options of \$470,000, \$127,000 and \$208,000 for the years ended December 31, 2014, 2013 and 2012, respectively.

As of December 31, 2014, there are three awards outstanding to non-employees with an aggregate total of 149,000 shares unvested as of that date.

Summary of Stock-based Compensation Expense

The following table presents a summary of non-cash stock-based compensation by financial statement classification.

	Year ended December 31,		
	2014	2013	2012
	(in thousands)		
Research and development expense	\$ 723	\$ 618	\$ 546
Selling, general and administrative expense	4,478	4,578	4,764
Total	\$ 5,201	\$ 5,196	\$ 5,310

## Warrants

Outstanding warrants at December 31, 2014 were as follows:

	Number of Shares (in thousands)	Exercise Price	Expiration Date
March 2008 Financing	3,842	\$ 2.77	3/24/2015
March 2012 Warrant Exchange	4,202	\$ 4.05	3/29/2015
Total warrants outstanding	8,044		

All of our warrants may be exercised for cash at any time up to the expiration dates noted in the table above. In these instances, the number of shares issued will be equal to the number of warrant shares shown on each respective warrant.

The warrants issued under the March 2008 Financing may be exercised pursuant to a cashless net-exercise, whereby the exercise cost is satisfied through a reduction in the number of shares to be issued. In a net-exercise, the number of shares to be issued would be based on the differential between the market value of our common stock at the time of the exercise and the exercise price of the shares underlying the original warrant. The warrants issued under the March 2012 Warrant Exchange do not contain a net-exercise provision.

## 9. Net Loss Per Share

Basic and diluted net loss per share is computed by dividing the net loss by the weighted-average number of common shares outstanding during the period. The computation of net loss per share for each period, including the number of weighted-average shares outstanding, is shown on the face of the statements of comprehensive loss.

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## CORCEPT THERAPEUTICS INCORPORATED

## NOTES TO FINANCIAL STATEMENTS, Continued

We have excluded the impact of common stock equivalents relating to shares underlying outstanding options and warrants from the calculation of diluted net loss per common share because all such securities are antidilutive for all periods presented.

The following table presents information on securities outstanding as of the end of each period that could potentially dilute the per share data in the future.

	December 31,		
	2014	2013	2012
	(in thousands)		
Stock options outstanding	14,704	14,712	11,626
Warrants outstanding	8,044	8,574	8,904
Total	22,748	23,286	20,530

## 10. Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of our deferred tax assets are as follows:

	December 31,	
	2014	2013
Deferred tax assets:	(in thousands)	
Federal and state net operating losses	\$ 65,012	\$ 55,955
Capitalized research and patent costs	25,567	23,395
Research credits	22,789	21,252
Biopharma Financing Agreement	13,296	13,021
Stock-based compensation costs	6,410	5,398
Other	2,995	1,148
Total deferred tax assets	136,069	120,169
Valuation allowance	(136,069)	(120,169)
Net deferred tax assets	\$ —	\$ —

Realization of deferred tax assets is dependent upon future earnings, if any, the timing and amount of which are uncertain. Accordingly, the net deferred tax assets have been fully offset by a valuation allowance. The valuation allowance increased by \$15.9 million, \$15.9 million and \$14.0 million, respectively, for the years ended December 31, 2014, 2013 and 2012, respectively.

At December 31, 2014, we had net operating loss carryforwards available to offset any future taxable income that we may generate for federal income tax purposes of \$167.8 million, which expire in the years 2019 through 2034; California net operating loss carryforwards of \$131.0 million, which expire in the years 2015 through 2034 and net operating losses carryforwards from other states of \$18.8 million, which expire in the years 2024 through 2034. Our federal and state net operating loss carryforwards as of December 31, 2014 include amounts resulting from exercises and sales of stock option awards to employees and non-employees. When we realize the tax benefit associated with these stock option exercises as a reduction to taxable income in our returns, we will account for the tax benefit as a credit to stockholders' equity rather than as a reduction of our income tax provision in our financial statements. Based upon our stock option exercise history, we believe such amounts are not a material component of our total net operating loss carryforwards as of December 31, 2014.

We also had federal and California research tax credits of \$21.0 million and \$2.6 million, respectively. The federal research credits will expire in the years 2019 through 2033 and the California research credits have no expiration date. Our deferred tax assets have been offset by a full valuation allowance as the realization of such assets is uncertain.

Utilization of our net operating losses and tax credit carryforwards may be subject to substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code and similar state provisions. Such limitations could result in the expiration of the net operating losses and tax credit carryforwards before utilization.

All tax years from inception remain open to examination by the Internal Revenue Service, the California Franchise Tax Board and other state taxing authorities until such time as the net operating losses and research credits are either fully utilized or expire.

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## CORCEPT THERAPEUTICS INCORPORATED

## NOTES TO FINANCIAL STATEMENTS, Continued

The following table presents a reconciliation from the statutory federal income tax rate to the effective rate.

	Year ended December 31,		
	2014	2013	2012
	(in thousands)		
U.S. federal taxes (benefit) at statutory rate	\$ (10,670)	\$ (15,644)	\$ (12,936)
Unutilized net operating loss	11,002	16,181	13,853
Unutilized research credits	(1,308)	(1,515)	(2,190)
Non-deductible offset of Orphan Drug Credit	249	383	827
Non-deductible stock based compensation	673	567	404
Other	54	28	42
Total	\$ —	\$ —	\$ —

## 11. Commitments

We have entered into a number of agreements to conduct clinical trials and pre-clinical studies for further development of our lead product, Korlym, and our proprietary, selective GR antagonists. See the discussion in Note 2, Significant Agreements, for further discussion regarding the commitments under these agreements.

In the ordinary course of our business, we make certain indemnities, commitments and guarantees under which we may be required to make payments in relation to certain transactions. These include indemnities of clinical investigators and contract research organizations involved in the development of our clinical stage product candidates, indemnities of contract manufacturers and indemnities to our directors and officers to the maximum extent permitted under the laws of the State of Delaware. The duration of these indemnities, commitments and guarantees varies, and in certain cases, is indefinite. The majority of these indemnities, commitments and guarantees do not provide for any limitation of the maximum potential future payments that we could be obligated to make. We have not recorded any liability for these indemnities, commitments and guarantees in the accompanying balance sheets. However, we would accrue for losses for any known contingent liability, including those that may arise from indemnification provisions, when future payment is probable. No such losses have been recorded to date.

## 12. Quarterly Financial Data (Unaudited)

The following table is in thousands, except per share amounts:

Quarter Ended	March 31	June 30	September 30	December 31
2014				
Product sales, net	\$ 4,405	\$ 5,851	\$ 7,282	\$ 9,013
Gross profit on product sales	4,231	5,636	7,047	8,755
Net loss	(13,930)	(7,552)	(6,006)	(3,895)
Basic and diluted net loss per share	(0.14)	(0.07)	(0.06)	(0.04)
2013				
Product sales, net	\$ 1,717	\$ 1,891	\$ 2,634	\$ 4,115
Gross profit on product sales	1,697	1,868	2,594	4,055
Net loss	(12,084)	(11,897)	(10,906)	(11,124)
Basic and diluted net loss per share	(0.12)	(0.12)	(0.11)	(0.11)



Exhibit Index

Exhibit Number	Description of Document
3.1	Amended and Restated Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.1 to the registrant's Quarterly Report on Form 10-Q filed on August 9, 2012).
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on September 27, 2007).
4.1	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the registrant's Registration Statement on Form S-1 (Registration No. 333-112676) filed on February 10, 2004).
4.2	Registration Rights Agreement by and among Corcept Therapeutics Incorporated and the investors signatory thereto, dated March 14, 2008 (incorporated by reference to Exhibit 10.25 to the registrant's Annual Report on Form 10-K filed on March 31, 2008).
4.3	Amendment to Registration Rights Agreement by and among Corcept Therapeutics Incorporated and the investors signatory thereto, dated November 11, 2008 (incorporated by reference to Exhibit 10.30 to the registrant's Annual Report on Form 10-K filed on March 31, 2009).
4.4	Registration Rights Agreement dated as of April 21, 2010 by and among Corcept Therapeutics Incorporated and the investors signatory thereto (incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed on April 23, 2010).
4.5	Registration Rights Agreement, dated as of March 29, 2012, by and among Corcept Therapeutics Incorporated and the investors signatory thereto (incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed on March 29, 2012).
4.6	Form of Warrant issued in connection with the Securities Purchase Agreement by and among Corcept Therapeutics Incorporated and the purchasers named therein, dated March 14, 2008 (incorporated by reference to Exhibit 4.4 to the registrant's Annual Report on Form 10-K filed on March 31, 2008).
4.7	Form of Warrant issued in connection with Warrant Purchase Agreement dated as of March 25, 2012 by and among Corcept Therapeutics Incorporated and the purchasers named therein (incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed on March 29, 2012).
10.1†	2000 Stock Option Plan (incorporated by reference to Exhibit 10.1 to the registrant's Registration Statement on Form S-1 (Registration No. 333-112676) filed on February 10, 2004).
10.2	License Agreement by and between The Board of Trustees of the Leland Stanford Junior University and Corcept Therapeutics Incorporated, dated as of July 1, 1999 (incorporated by reference to Exhibit 10.6 to the registrant's Registration Statement on Form S-1 (Registration No. 333-112676) filed on February 10, 2004).
10.3	Master Services Agreement by and between Corcept Therapeutics Incorporated and PPD Development, LP, dated as of January 17, 2003 (incorporated by reference to Exhibit 10.12 to the registrant's Registration Statement on Form S-1/A (File No. 333-112676) filed on March 19, 2004).
10.4#	Manufacturing Agreement with Produits Chimiques Auxiliaires et de Synthese SA, dated November 8, 2006 (incorporated by reference to Exhibit 10.15 to the registrant's Annual Report on Form 10-K filed on April 2, 2007).
10.5†	Form of Indemnification Agreement for directors and officers approved by the Board of Directors on September 24, 2007 (incorporated by reference to Exhibit 10.7 to the registrant's Quarterly Report on Form 10-Q filed on November 14, 2007).
10.6	Securities Purchase Agreement by and among Corcept Therapeutics Incorporated and the purchasers named therein, dated March 14, 2008 (incorporated by reference to Exhibit 10.24 to the registrant's Annual Report on Form 10-K filed on March 31, 2008).

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- 10.7# Master Service Agreement by and among Corcept Therapeutics Incorporated and ICON Clinical Research, L.P., signed on June 4, 2008 (incorporated by reference to Exhibit 10.5 to the registrant's Quarterly Report on Form 10-Q filed on August 14, 2008).
- 10.8† Amended and Restated Severance and Change in Control Agreement by and between Corcept Therapeutics Incorporated and Joseph K. Belanoff, M. D., dated September 19, 2008 (incorporated by reference to Exhibit 10.25 to the registrant's Annual Report on Form 10-K filed on March 31, 2009).
- 10.9† Amended and Restated Severance and Change in Control Agreement by and between Corcept Therapeutics Incorporated and Robert L. Roe, M. D., dated September 19, 2008 (incorporated by reference to Exhibit 10.26 to the registrant's Annual Report on Form 10-K filed on March 31, 2009).
- 10.10† Amended and Restated Severance and Change in Control Agreement by and between Corcept Therapeutics Incorporated and Anne M. LeDoux, dated September 19, 2008 (incorporated by reference to Exhibit 10.27 to the registrant's Annual Report on Form 10-K filed on March 31, 2009).
- 10.11† Amended and Restated Severance and Change in Control Agreement by and between Corcept Therapeutics Incorporated and James N. Wilson, dated September 19, 2008 (incorporated by reference to Exhibit 10.28 to the registrant's Annual Report on Form 10-K filed on March 31, 2009).
- 10.12 Securities Purchase Agreement by and among Corcept Therapeutics Incorporated and the purchasers named therein, dated October 12, 2009 (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on November 12, 2009).

- 10.13† Amended and Restated 2004 Equity Incentive Plan (incorporated by reference to the registrant’s Proxy Statement on Schedule 14A filed on May 7, 2009).
- 10.14† Form of Option Agreement for options granted pursuant to the Amended and Restated 2004 Equity Incentive Plan (incorporated by reference to Exhibit 10.25 to the registrant’s Annual Report on Form 10-K filed on March 15, 2011).
- 10.15# Development Agreement by and between Corcept Therapeutics Incorporated and Formulation Technologies L.L.C. d/b/a PharmaForm, dated as of December 14, 2006 (incorporated by reference to Exhibit 10.28 to the registrant’s Annual Report on Form 10-K filed on March 15, 2011).
- 10.16# Master Services Agreement by and between Corcept Therapeutics Incorporated and United BioSource Corporation, dated as of June 29, 2010 (incorporated by reference to Exhibit 10.29 to the registrant’s Annual Report on Form 10-K filed on March 15, 2011).
- 10.17† Employment offer letter to Steven Lo, dated August 9, 2010 (incorporated by reference to Exhibit 10.1 to the registrant’s Quarterly Report on Form 10-Q filed on November 12, 2010).
- 10.18† Severance and Change in Control Agreement by and between Corcept Therapeutics Incorporated and Steven Lo, dated September 15, 2010 (incorporated by reference to Exhibit 10.2 to the registrant’s Quarterly Report on Form 10-Q filed on November 12, 2010).
- 10.19† Severance and Change in Control Agreement by and between Corcept Therapeutics Incorporated and G. Charles Robb, dated September 1, 2011 (incorporated by reference to Exhibit 10.2 to the registrant’s Quarterly Report on Form 10-Q filed on November 8, 2011).
- 10.20† Employment offer letter to G. Charles Robb dated August 12, 2011 (incorporated by reference to Exhibit 10.1 to the registrant’s Quarterly Report on Form 10-Q filed on November 8, 2011).
- 10.21# Manufacturing and Supply Agreement with Formulation Technologies, LLC D/B/A PharmaForm, LLC, dated March 21, 2012 (incorporated by reference to Exhibit 10.1 to the registrant’s Quarterly Report on Form 10-Q filed on May 10, 2012).
- 10.22 Warrant Purchase Agreement, dated as of March 25, 2012, by and among Corcept Therapeutics Incorporated and the purchasers named therein (incorporated by reference to Exhibit 10.1 to the registrant’s Current Report on Form 8-K filed on March 29, 2012).
- 10.23# Commercial Outsourcing Services Agreement with Integrated Commercialization Solutions, Inc., dated as of April 14, 2011 (incorporated by reference to Exhibit 10.1 to the registrant’s Quarterly Report on Form 10-Q filed on August 9, 2012).
- 10.24# Amended and Restated Exclusive Pharmacy Product Purchase and Services Agreement with CuraScript, Inc., dated August 8, 2012 (incorporated by reference to Exhibit 10.2 to the registrant’s Quarterly Report on Form 10-Q filed on August 9, 2012).
- 10.25† Corcept Therapeutics Incorporated 2012 Incentive Award Plan (incorporated by reference to Appendix A to the registrant’s Definitive Proxy Statement on Schedule 14A filed with the SEC on May 21, 2012).
- 10.26† Form of 2012 Incentive Award Plan Stock Option Grant Notice and Agreement (incorporated by reference to Exhibit 4.5 to the registrant’s Registration Statement on Form S-8 filed with the SEC on August 13, 2012).
- 10.27# Purchase and Sale Agreement with between Corcept Therapeutics Incorporated and Biopharma Secured Debt Fund II Sub, S.à r.l., dated as of August 2, 2012 (incorporated by reference to Exhibit 10.4 to the registrant’s Quarterly Report on Form 10-Q filed on November 8, 2012).
- 10.28 Amendment to Manufacturing Agreement with Produits Chimiques Auxiliaires et de Synthese SA, dated February 21, 2013 (incorporated by reference to Exhibit 10.31 to the registrant’s Annual Report on Form 10 K filed on March 15, 2013).
- 10.29# Pharmaceutical Manufacturer Services Agreement with Centric Health Resources, Inc., dated May 21, 2013 (incorporated by reference to Exhibit 10.1 to the registrant’s Quarterly Report on Form 10-Q filed on August 9, 2013).
- 10.30† Letter agreement with Robert L. Roe, M.D. regarding terms of retirement and consulting arrangement, dated June 21, 2013 (incorporated by reference to Exhibit 10.2 to the registrant’s Quarterly Report on Form 10-Q filed on August 9, 2013).

- 10.31# Amendment to Pharmaceutical Manufacturer Services Agreement with Centric Health Resources, Inc., dated July 22, 2013 (incorporated by reference to Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q filed on August 9, 2013).
- 10.32 Amendment to Manufacturing Agreement with Produits Chimiques Auxiliaires et de Synthese SA, dated August 1, 2013 (incorporated by reference to Exhibit 10.4 to the registrant's Annual Report on Form 10 K filed on August 9, 2013).
- 10.33 Amendment to Manufacturing Agreement with Produits Chimiques Auxiliaires et de Synthese SA, dated November 7, 2013 (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on November 12, 2013).
- 10.34 Amendment to Manufacturing Agreement with Produits Chimiques Auxiliaires et de Synthese SA, dated January 27, 2014.
- 10.35 Consulting agreement with Robert L. Roe, M.D., dated January 7, 2014 (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on May 12, 2014).
- 10.36# Manufacturing and Supply Agreement with Produits Chimiques Auxiliaires et de Synthese SA, dated March 20, 2014 (incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q filed on May 12, 2014).
- 10.37 First Amendment to the Commercial Outsourcing Services Agreement with Integrated Commercialization Solutions, Inc., effective as of April 14, 2014 (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on August 8, 2014).

- 10.38# Manufacturing Agreement with AAI Pharma Services Corp., dated April 7, 2014 (incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q filed on August 8, 2014).
- 10.39 Second Amendment to the Commercial Outsourcing Services Agreement with Integrated Commercialization Solutions, Inc., effective as of June 11, 2014 (incorporated by reference to Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q filed on August 8, 2014).
- 10.40 Third Amendment to the Commercial Outsourcing Services Agreement with Integrated Commercialization Solutions, Inc., effective as of August 11, 2014 (incorporated by reference to Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q filed on November 7, 2014).
- 10.41## Second Amendment to Pharmaceutical Manufacturer Services Agreement with Dohmen Life Science Services, LLC (as successor in interest to Centric Health Resources, Inc.), dated October 6, 2014.
- 23.1 Consent of Independent Registered Public Accounting Firm
- 24.1 Power of Attorney (See signature page)
- 31.1 Certification pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 of Joseph K. Belanoff, M.D.
- 31.2 Certification pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 of G. Charles Robb
- 32.1 Certification pursuant to 18 U.S.C. Section 1350 of Joseph K. Belanoff, M.D.
- 32.2 Certification pursuant to 18 U.S.C. Section 1350 of G. Charles Robb
- 101 The following materials from the registrant's Annual Report on Form 10-K for the year ended December 31, 2014, formatted in Extensible Business Reporting Language (XBRL): (i) Balance Sheets at December 31, 2014 and 2013, (ii) Statements of Comprehensive Loss for the Years Ended December 31, 2014, 2013 and 2012, (iii) Statements of Stockholders' Equity for the Years Ended December 31, 2014, 2013, and 2012, (iv) Statements of Cash Flows for the Years Ended December 31, 2014, 2013 and 2012, and (v) Notes to Financial Statements.

##Confidential treatment requested

#Confidential treatment granted

†Management contract or compensatory plan or arrangement

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