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As filed with the Securities and Exchange Commission on February 10, 2004

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

CORCEPT THERAPEUTICS INCORPORATED

(Exact Name of Corporation as Specified in Its Charter)

Delaware	**2834**	**77-0487658**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

Corcept Therapeutics Incorporated
275 Middlefield Road, Suite A
Menlo Park, CA 94025
(650) 327-3270

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Joseph K. Belanoff, M.D.
Chief Executive Officer
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Menlo Park, CA 94025
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(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable following the effectiveness of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering: ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: ☐

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box: ☐

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee (2)
Common Stock, $0.001 par value	$ 80,000,000.00	$ 10,136

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) The currently due filing fee of $10,136 is being offset by $8,280 of the aggregate amount of $21,510 paid in connection with the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on December 21, 2001 (Registration No. 333-75790).

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS

SUBJECT TO COMPLETION, DATED FEBRUARY 10, 2004

Shares
Common Stock

Corcept Therapeutics Incorporated is selling shares of our common stock and the selling stockholder identified in this prospectus is selling an additional shares. We will not receive any proceeds from the sale of the shares sold by the selling stockholder. We have granted the underwriters a 30-day option to purchase up to an additional shares from us to cover over-allotments, if any.

This is an initial public offering of our common stock. We currently expect the initial public offering price to be between $ and $ per share. We plan to apply for approval for quotation of our common stock on the Nasdaq National Market under the symbol “CORT”.

INVESTING IN OUR COMMON STOCK INVOLVES RISKS. SEE “ RISK FACTORS” BEGINNING ON PAGE 6.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$
Proceeds to the selling stockholder	$	$

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Thomas Weisel Partners LLC **Piper Jaffray**

Legg Mason Wood Walker
Incorporated

The date of this prospectus is , 2004

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. This prospectus is not an offer to sell, nor is it seeking an offer to buy, these securities in any state where the offer or sale is not permitted. The information in this prospectus is complete and accurate as of the date on the front cover, but the information may have changed since that date.

In this prospectus, "Corcept," "we," "us" and "our" refer to Corcept Therapeutics Incorporated.

PROSPECTUS SUMMARY

The items in the following summary are described in more detail later in this prospectus. This summary provides an overview of the key aspects of this offering and does not contain all of the information you should consider. Therefore, you should also read the more detailed information set out in this prospectus, the financial statements and the other information contained in this prospectus.

Overview

We are a pharmaceutical company engaged in the development of drugs for the treatment of severe psychiatric and neurological diseases. Our lead product candidate, CORLUX™, is currently in Phase III clinical trials and has been granted "fast track" status by the FDA for the treatment of the psychotic features of psychotic major depression, a disorder that affects approximately three million people in the United States each year and for which there are no FDA-approved treatments. We have also initiated a clinical proof of concept study to evaluate the tolerability and efficacy of CORLUX in improving cognition in patients with mild to moderate Alzheimer's disease.

Market Opportunity

Psychotic major depression, or PMD, is a serious psychiatric disorder that is more prevalent than either schizophrenia or manic depressive illness. The disorder is characterized by severe depression accompanied by psychosis. Psychosis is delusional thinking, hallucinations or both. PMD is not a simple combination of psychosis and depression, but rather a complex interaction between a predisposition to become psychotic and a predisposition to become severely depressed. People with PMD are approximately 70 times more likely to commit suicide in their lifetime than the rest of the general population.

There is no treatment for PMD approved by the FDA. However, there are two treatment approaches currently used by psychiatrists: electroconvulsive therapy, or ECT, and combination drug therapy. Both of these approaches can have debilitating side effects. Even using these approaches, PMD patients often require lengthy and expensive hospital stays. Of the two approaches, ECT is generally considered more effective.

ECT involves passing an electrical current through the brain until the patient has a seizure. ECT requires the use of an operating room as well as the participation of a psychiatrist, an anesthesiologist and a nurse. General anesthesia and paralytic agents are necessary to avoid fractures of the spine that otherwise could result from the seizures caused by ECT. Although ECT can reduce depressive and psychotic symptoms, the procedure can result in cognitive impairment including permanent memory loss, cardiovascular complications, headache, muscle ache and nausea. In addition, complications can arise from general anesthesia. At least 100,000 patients receive ECT each year in the United States, with each patient requiring approximately six to twelve procedures over a period of three to five weeks.

Combination drug therapy involves the simultaneous administration of antidepressant and antipsychotic medications. Combination drug therapy is not as effective as ECT in relieving the symptoms of PMD and often requires three or more weeks before patients show improvement in their condition. In addition, combination drug therapy is associated with significant side effects, including weight gain, diabetes, sedation, permanent movement disorders and sexual dysfunction.

CORLUX for the Treatment of PMD

CORLUX, also known as mifepristone, works by selectively blocking the binding of cortisol, a steroid hormone, to one of its two known receptors. Elevated levels and abnormal release patterns of cortisol have been implicated in a broad range of human disorders, including PMD. We have an

exclusive license to a method of use patent covering the use of CORLUX for the treatment of the psychotic features of PMD. By modifying the level and release pattern of cortisol within the human body, we believe that CORLUX will be able to treat the psychotic features of PMD more quickly and effectively and with fewer side effects than is possible with currently available treatments.

We have completed four clinical trials with CORLUX for the treatment of the psychotic features of PMD. In January 2001, we completed a dose finding clinical trial evaluating the efficacy, tolerability and dose response of CORLUX for the treatment of the psychotic features of PMD. After one week of treatment, approximately two-thirds of the patients in the two higher dosage groups experienced clinically meaningful reductions in psychosis, as measured by a widely-used psychiatric rating scale, the BPRS.

Based on the encouraging results from our dose finding trial, we initiated two clinical trials designed to evaluate the safety and efficacy of CORLUX for the treatment of PMD. The two trials, which we call the ’02 study and ’03 study, were double-blind, placebo-controlled safety and efficacy studies in which a total of 429 patients were enrolled. The ’02 study showed that CORLUX was well tolerated and that there were no discernable problems with drug interactions between CORLUX and commonly prescribed antipsychotic and antidepressant medications. The ’03 study demonstrated with statistical significance that patients in the CORLUX group were more likely to achieve a rapid and sustained reduction in psychotic symptoms than patients in the control group, as measured by a 30% reduction in the BPRS at 7 days sustained to 28 days. The ’03 study also showed with statistical significance that patients in the CORLUX group were more likely than patients in the placebo group to achieve a 50% reduction in the BPRS positive symptom subscale at day 7 sustained to day 28.

In our fourth trial, we evaluated the safety of retreatment in patients with a favorable response to treatment in the ’02 and ’03 studies, and our analysis indicates that patients tolerated their retreatment well.

We do not expect that the results of the ’02 and ’03 studies will be sufficient for them to be considered as pivotal clinical trials. We plan to initiate two pivotal clinical trials to support a New Drug Application, or NDA, to market CORLUX in the United States. We expect these two pivotal trials to be completed in the first half of 2006. We plan to submit the protocol for our first pivotal clinical study to the FDA for a special protocol assessment in the first half of 2004.

Alzheimer’s Program

Alzheimer’s disease is the most common form of dementia, accounting for approximately 50% of patients in the United States with progressive cognitive decline. More than 3.5 million people in the United States have Alzheimer’s disease. With the aging of the population, this number continues to grow each year. Published studies have suggested that higher cortisol levels are associated with a more rapid decline in Alzheimer’s patients.

We believe that CORLUX will improve cognition in patients with mild to moderate Alzheimer’s disease and we are conducting a proof of concept clinical trial under an Investigational New Drug application, or IND. The primary objective of this study is to assess the efficacy and tolerability of CORLUX in this group of patients. The study is a randomized, double-blind, parallel group comparison of the effects of CORLUX and placebo.

GR-II Antagonist Platform

We believe that CORLUX exerts its effects by blocking the action of cortisol at one of its two known receptors, known as the GR-II receptor. A receptor is a structure that accepts a chemical messenger and creates a signal for biologic action. We also believe that elevated levels and abnormal release patterns of cortisol are involved in several other psychiatric and neurological diseases. We have assembled a patent portfolio covering the treatment of psychiatric and neurological disorders that may benefit from drugs

that block, or antagonize, the GR-II receptor. In addition to PMD, we own or have exclusively licensed issued patents for the use of GR-II antagonists to treat other disorders, including early dementia, mild cognitive impairment, psychosis associated with cocaine addiction and weight gain following treatment with antipsychotic medication. We also have patent applications filed for the use of GR-II antagonists in nine other diseases.

In addition, we have discovered, and filed patent applications for, two series of more selective GR-II antagonists that may eventually serve as follow-on compounds to CORLUX. These proprietary compounds bind to the GR-II receptor with a potency similar to that of CORLUX.

Company Information

We were incorporated in the State of Delaware on May 13, 1998. Our trademarks include Corcept™ and CORLUX. We have applied to register these trademarks with the U.S. Patent and Trademark Office. Other service marks, trademarks and tradenames referred to in this prospectus are the property of their respective owners.

Our principal executive offices are located at 275 Middlefield Road, Suite A, Menlo Park, California 94025, and our telephone number is (650) 327-3270.

THE OFFERING

Common stock offered	shares
Common stock offered by selling stockholder	shares
Common stock to be outstanding after this offering	shares
Over-allotment option	shares
Use of proceeds	We intend to use the net proceeds of this offering to fund clinical trials, preclinical testing and other research and development activities; selling, manufacturing and general and administrative expenses; and working capital and other general corporate purposes. We will not receive any proceeds from the shares of common stock sold by the selling stockholder. See the discussion of "Use of Proceeds" for a more detailed description.
Proposed Nasdaq National Market symbol	CORT

The number of shares of our common stock outstanding after this offering is based on 18,142,128 shares outstanding on February 9, 2004 and does not take into account:

- 670,500 shares issuable upon exercise of outstanding options to purchase our common stock at a weighted average exercise price of $5.92 per share;
- shares available for future issuance under our stock option plans; and
- shares of our common stock issuable upon conversion of a promissory note.

Unless otherwise indicated, all information in this prospectus:

- assumes no exercise of the underwriters' over-allotment option to purchase up to shares;
- reflects the conversion of all outstanding shares of our preferred stock into 8,807,146 shares of our common stock upon the completion of this offering; and
- assumes the filing of our amended and restated certificate of incorporation.

SUMMARY FINANCIAL DATA
(in thousands, except per share data)

	Years Ended December 31,					Period from inception (May 13, 1998) to December 31, 2003
	1999	2000	2001	2002	2003	
Statements of Operations Data:						
Operating expenses:						
Research and development*	$ 140	$ 1,319	$ 5,390	$ 13,150	$ 8,051	$ 28,051
General and administrative*	174	577	2,616	5,653	1,825	10,855
Total operating expenses	314	1,896	8,006	18,803	9,876	38,906
Loss from operations	(314)	(1,896)	(8,006)	(18,803)	(9,876)	(38,906)
Interest and other income, net	4	50	552	299	182	1,087
Net loss	$ (310)	$ (1,846)	$ (7,454)	$ (18,504)	$ (9,694)	$ (37,819)
Net loss per share:						
Basic and diluted	$ (0.09)	$ (0.35)	$ (1.25)	$ (2.50)	$ (1.12)	
Weighted average shares—basic and diluted	3,569	5,305	5,981	7,392	8,650	
Pro forma net loss per share:						
Basic and diluted					$ (0.55)	
Weighted average shares—basic and diluted					17,758	
* Includes non-cash stock-based compensation of the following:						
Research and development	$ 7	$ 90	$ 1,214	$ 1,957	$ 495	$ 3,763
General and administrative	—	—	680	2,145	(370)	2,455
Total stock-based compensation	$ 7	$ 90	$ 1,894	$ 4,102	$ 125	$ 6,218

	As of December 31, 2003	
	Actual	As Adjusted
Balance Sheet Data:		
Cash, cash equivalents and short-term investments	$ 11,577	$
Working capital	10,729	
Total assets	11,781	
Long-term liabilities	524	524
Convertible preferred stock	41,716	—
Deficit accumulated during the development stage	(37,819)	(37,819)
Total stockholders' equity (net capital deficiency)	(31,473)	

The as adjusted balance sheet data above assumes the issuance of shares of our common stock in this offering at an assumed initial public offering price of $ per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, and the automatic conversion of all of the outstanding shares of our convertible preferred stock into 8,807,146 shares of common stock upon the completion of this offering.

See our financial statements and related notes for a description of the calculation of the historical and pro forma net loss per common share and weighted-average number of shares used in computing the historical and pro forma per common share data.

RISK FACTORS

You should carefully consider the risks described below before making an investment decision. The risks described below are not the only ones we face. Additional risks we are not presently aware of or that we currently believe are immaterial may also impair our business operations. Our business could be harmed by any of these risks. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. In assessing these risks, you should also refer to the other information contained in this prospectus, including our financial statements and related notes.

Risks Related to Our Business

We have incurred losses since inception and anticipate that we will incur continued losses for the foreseeable future.

We are a development stage company with no current source of product revenue. We have a limited history of operations and have focused primarily on clinical trials, and if the outcome of future clinical trials support it, we plan to seek FDA regulatory clearance to market CORLUX for the treatment of the psychotic features of PMD. 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, 2003, we had an accumulated deficit of approximately $37.8 million. We do not know when or if we will generate product revenue. We expect our research and development expenses to increase in connection with the planned pivotal clinical trials and other development activities for other product candidates. We expect to incur significant sales and marketing expenses related to our market research activities for CORLUX and our development of a sales and marketing staff. As a result, we expect that our losses will increase for the foreseeable future. We are unable to predict the extent of any future losses or whether or when we will become profitable.

We depend heavily on the success of our lead product candidate, CORLUX, which is still in development. If we are unable to commercialize CORLUX, or experience significant delays in doing so, we may be unable to generate revenues and our stock price may decline.

We have invested a significant portion of our time and financial resources since our inception in the development of CORLUX. We currently do not have any commercial products and we anticipate that for the foreseeable future our ability to generate revenues and achieve profitability will be solely dependent on the successful development, approval and commercialization of CORLUX. We plan to conduct, in the United States, at least two pivotal clinical trials for CORLUX for the treatment of the psychotic features of PMD before submitting an application for FDA approval. While we expect that these trials will be completed before the end of the first half of 2006, we cannot assure you that this will occur. We may decide, or the FDA may require us, to pursue additional clinical trials or other studies on CORLUX. If we are unable to successfully conclude our clinical development program and obtain regulatory approval for CORLUX for the treatment of the psychotic features of PMD, we may be unable to generate revenue and our stock price may decline.

Many factors could harm our efforts to develop and commercialize CORLUX, including:

- negative, inconclusive or otherwise unfavorable results from our clinical development program;
- delays in our clinical development program;
- rapid technological change making CORLUX obsolete;
- increases in the costs of our clinical trials;
- an inability to obtain, or delay in obtaining, regulatory approval for the commercialization of CORLUX for the treatment of the psychotic features of PMD;

- an inability to manufacture CORLUX or the active ingredient in CORLUX in commercial quantities and at an acceptable cost; and
- political concerns relating to other uses of mifepristone that could limit the market acceptance of CORLUX.

Our clinical trials may not demonstrate that CORLUX is safe and effective. If our clinical trials of CORLUX for the treatment of the psychotic features of PMD do not demonstrate safety and efficacy, or if the clinical trials are delayed or terminated, our business will be harmed.

To gain regulatory approval from the FDA to market CORLUX, our planned pivotal clinical trials must demonstrate the safety and efficacy of CORLUX for the treatment of the psychotic features of PMD. Clinical development is a long, expensive and uncertain process and is subject to delays. Favorable results of preclinical studies and initial clinical trials of CORLUX are not necessarily indicative of the results we will obtain in later clinical trials. While we have obtained favorable results in some of our clinical trials, these results have not been sufficient to support an application for FDA approval. Our future clinical trials may not demonstrate that CORLUX is effective.

In addition, data obtained from pivotal clinical trials are susceptible to varying interpretations, which could delay, limit or prevent regulatory approval. To obtain marketing approval, we may decide, or the FDA or other regulatory authorities may require us, to pursue additional pivotal clinical or other studies. These trials could significantly delay the approval and commercialization of CORLUX and would require us to commit significant additional financial resources. Even after we conduct these additional clinical trials, we may not receive regulatory approval to market CORLUX.

We intend to submit the protocol for our first pivotal clinical trial to the FDA for a special protocol assessment, or SPA, pursuant to which the FDA will assess whether the protocol is adequate to meet the scientific and regulatory requirements necessary to support marketing approval of CORLUX for the treatment of the psychotic features of PMD. In connection with the assessment, we may decide, or the FDA may require us, to modify the protocol by, for example, changing the proposed primary endpoint, the size of the study or otherwise, which may result in a delay in the completion of our clinical trials.

Many other factors could delay or result in termination of our clinical trials, including:

- negative or inconclusive results;
- slow patient enrollment or patient noncompliance with the protocol;
- adverse medical events or side effects among patients during the clinical trials;
- FDA inspections of our clinical operations; and
- real or perceived lack of effectiveness or safety of CORLUX.

In addition to our pivotal trials, we plan to conduct carcinogenicity studies and toxicology tests in support of our planned NDA to market CORLUX for the treatment of the psychotic features of PMD. We cannot assure you that these studies and tests will produce results that support our planned NDA, or these studies and tests may delay commercialization of CORLUX.

We have agreements with a number of third parties relating to our human clinical trials for CORLUX. Because we rely on third parties for our clinical trials, we do not control every aspect of these activities. Third parties may not devote sufficient time and resources to our clinical trials, complete testing activities on schedule, conduct our clinical trials in accordance with regulatory requirements or enroll a sufficient number of patients. The failure of these third parties to carry out their contractual duties could delay or prevent the development and commercialization of CORLUX.

If we are unable to obtain or maintain regulatory approval, we will be limited in our ability to commercialize our products, including CORLUX, and our business will be harmed.

The research, testing, manufacturing, selling and marketing of product candidates are subject to extensive regulation by the FDA and other regulatory authorities in the United States and other countries, which regulations differ from country to country. Obtaining and maintaining regulatory approval typically is an uncertain process, is costly and takes many years. In addition, failure to comply with the FDA and other applicable foreign and U.S. regulatory requirements may subject us to administrative or judicially imposed sanctions. These include warning letters, civil and criminal penalties, injunctions, product seizure or detention, product recalls, total or partial suspension of production, and refusal to approve pending NDAs, or supplements to approved NDAs.

Regulatory approval of an NDA or NDA supplement is never guaranteed. Despite the time, resources and effort expended, failure can occur at any stage. The FDA has substantial discretion in the drug approval process. The FDA can deny, delay or limit approval of a product candidate for many reasons including:

- the failure to demonstrate that the candidate is safe;
- the FDA may not find data from the clinical or preclinical testing to be sufficient; or
- the FDA may not approve our or our third party manufacturers' processes or facilities.

Future governmental action or changes in FDA policy or personnel may also result in delays or rejection of an NDA in the United States. In addition, because the only currently FDA-approved use of mifepristone is the termination of pregnancy, we expect that the label for CORLUX will include some limitations, including a warning that it should not be used by pregnant women.

If we receive regulatory approval for our product candidates, including CORLUX, we will also 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 obligations. If we are not able to maintain regulatory compliance, we may not be permitted to market our products.

Any regulatory approvals that we receive for our product candidates may also be subject to limitations on the indicated uses for which the drug 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, the labeling, packaging, adverse event reporting, storage, advertising, promotion and record-keeping for the drug will be subject to extensive regulatory requirements. The subsequent discovery of previously unknown problems with the drug, including adverse events of unanticipated severity or frequency, may result in restrictions on the marketing of the drug, and could include withdrawal of the drug from the market.

Failure to obtain regulatory approval in foreign jurisdictions will prevent us from marketing our products abroad.

We intend to market our products in international markets. Outside the United States, we can market a product only if we receive a marketing authorization and, in some cases, pricing approval, from the appropriate regulatory authorities. This foreign regulatory approval process includes all of the risks, and in some cases, additional risks, associated with the FDA approval process. 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. We may not 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. We may not be able to file for regulatory approvals and may not receive necessary approvals to commercialize our products in any market.

The "fast track" designation for development of CORLUX for the treatment of the psychotic features of PMD may not lead to a faster development or regulatory review or approval process.

If a drug is intended for the treatment of a serious or life-threatening condition and the drug demonstrates the potential to address unmet medical needs for this condition, the drug sponsor may apply for FDA "fast track" designation for a particular indication. Marketing applications filed by sponsors of products in fast track development may qualify for expedited FDA review under the policies and procedures offered by the FDA, but the fast track designation does not assure any such qualification. Although we have obtained a fast track designation from the FDA for CORLUX for the treatment of the psychotic features of PMD, we may not experience a faster development process, review or approval compared to drugs considered for approval under conventional FDA procedures. In addition, the FDA may withdraw our fast track designation at any time. Our fast track designation does not guarantee that we will qualify for or be able to take advantage of the expedited review procedures and does not increase the likelihood that CORLUX will receive regulatory approval for the treatment of the psychotic features of PMD.

Even if we receive approval for the marketing and sale of CORLUX for the treatment of the psychotic features of PMD, it may never be accepted as a treatment for PMD.

Many factors may affect the market acceptance and commercial success of CORLUX for the treatment of the psychotic features of PMD. Although there is currently no FDA-approved treatment for PMD, there are two treatment approaches currently used by psychiatrists: ECT and combination drug therapy. Even if the FDA approves CORLUX for the treatment of the psychotic features of PMD, physicians may not adopt CORLUX. Physicians will recommend the use of CORLUX only if they determine, based on experience, clinical data, side effect profiles and other factors, that it is preferable to other products or treatments then in use. Acceptance of CORLUX among influential practitioners will be essential for market acceptance of CORLUX.

In addition, mifepristone, the active ingredient in CORLUX, commonly known as RU-486, is used to terminate pregnancy. As a result, mifepristone has been the subject of considerable ethical and political debate in the United States and elsewhere. Public perception of mifepristone may limit our ability to procure manufacturers and may limit the commercial acceptance of CORLUX. Although public debate over mifepristone has focused on its use to terminate pregnancy, physicians may decline to prescribe CORLUX for the psychotic features of PMD even if appropriate precautions are in place to avoid prescribing CORLUX to pregnant women.

Other factors that may affect the market acceptance and commercial success of CORLUX for the treatment of the psychotic features of PMD include:

- the effectiveness of CORLUX, including any side effects, as compared to alternative treatment methods;
- the product labeling or product insert required by the FDA for CORLUX;
- the cost-effectiveness of CORLUX and the availability of insurance or other third-party reimbursement, in particular Medicare and Medicaid, for patients using CORLUX;
- the timing of market entry of CORLUX relative to competitive products;
- the extent and success of our sales and marketing efforts;
- the rate of adoption of CORLUX by physicians and by target patient population; and
- negative publicity concerning CORLUX, RU-486 or mifepristone.

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

We have no manufacturing capabilities and we are dependent on third parties to manufacture CORLUX and any future products. If these manufacturers fail to comply with FDA regulations or otherwise fail to meet our requirements, our product development and commercialization efforts may be delayed.

We currently have no experience in, and we do not own facilities for, manufacturing any products. We have a contract with an active pharmaceutical ingredient, or API, manufacturer of mifepristone and a contract with a tablet manufacturer for CORLUX. If we are unable to reach an agreement acceptable to us with a second API manufacturer that we have identified, the API manufacturer will be a single source supplier. Our existing API manufacturer and the possible second API manufacturer we have identified both obtain the raw material they use to manufacture mifepristone from the same single source supplier. The tablet manufacturer will be a single source supplier to us as well. In the event we are unable, for whatever reason, to obtain the active pharmaceutical ingredient or CORLUX tablets from our contract manufacturers, we may not be able to manufacture in a timely manner, if at all.

Our suppliers and manufacturers must comply with the FDA's current Good Manufacturing Practices, or cGMP, regulations and guidelines. Our suppliers and manufacturers may encounter difficulties in achieving quality control and quality assurance and may experience shortages of qualified personnel. Their failure to follow cGMP or other regulatory requirements and to document their compliance with cGMP may lead to significant delays in the availability of products for commercial use or clinical study or the termination or hold on a clinical study, or may delay or prevent filing or approval of marketing applications for CORLUX.

Failure of our third party suppliers and manufacturers or us to comply with applicable regulations could result in sanctions being imposed on us, including fines, injunctions, civil penalties, failure of regulatory authorities to grant marketing approval of our products, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could harm our business. If the operations of any current or future supplier or manufacturer were to become unavailable for any reason, commercialization of CORLUX could be delayed and our revenue from product sales could be reduced.

We may use a different third-party manufacturer to produce commercial quantities of CORLUX than we are using in our clinical trials. The FDA requires us to conduct a study to demonstrate that the tablets used in our clinical trials are equivalent to the final commercial product. If we are unable to establish that the tablets are equivalent or if the FDA disagrees with the results of our study, commercial launch of CORLUX would be delayed.

If we or others identify side effects after our products are on the market, we may be required to perform lengthy additional clinical trials, change the labeling of our products or withdraw our products from the market, any of which would hinder or preclude our ability to generate revenues.

If we or others identify side effects after any of our products are on the market:

- regulatory authorities may withdraw their approvals;
- we may be required to reformulate our products, conduct additional clinical trials, make changes in labeling of our products or implement changes to or obtain re-approvals of our manufacturing facilities;
- we may experience a significant drop in the sales of the affected products;
- 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 substantially increase the costs and expenses of commercializing and marketing these products.

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

Our success depends in part on our ability to obtain and maintain adequate patent protection for the use of CORLUX for the treatment of the psychotic features of PMD and other potential uses of GR-II 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 two U.S. patent and have exclusively licensed three issued U.S. patents, in each case along with a number of corresponding foreign patents or patent applications. We also have nine U.S. method of use patent applications for GR-II antagonists and one composition of matter patent application covering specific GR-II antagonists. We have applied, and will continue to apply, for patents covering our product candidates as we deem appropriate. 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, a third party has alleged that it also has rights to the technology that led to the patent for the use of GR-II antagonists to treat the psychotic features of PMD. The third party is a prior employer of one of our founders, Dr. Alan Schatzberg and it alleges that the invention of the technology underlying this patent was conceived by Dr. Schatzberg and/or another employee of the employer while the two were employed by the third party. We believe that the invention was actually conceived by Drs. Schatzberg and Belanoff while they were employed by Stanford University and that the patent was appropriately assigned by them to Stanford University. If the third party's claims were successful, it would have rights to market GR-II antagonists to treat the psychotic features of PMD or to license those rights to others and our business could be materially harmed.

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. 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 substantially 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. 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.

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 products 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 patent covering the use of mifepristone to treat PMD is a method of use patent rather than a composition of matter patent, which increases the risk that physicians will prescribe another manufacturer's mifepristone for the treatment of PMD rather than CORLUX.

We have an exclusive license from Stanford University to a patent covering the use of GR-II antagonists, including mifepristone, for the treatment of PMD. A method of use patent covers only a specified use of a particular compound, not a particular composition of matter. All of our issued patents and all but one of our 10 U.S. patent applications relate to use patents. Because none of our issued patents covers the composition of mifepristone or any other compound, we cannot prevent others from commercializing mifepristone or any other GR-II antagonist. If others receive approval to manufacture and market mifepristone or any other GR-II antagonist, physicians could prescribe mifepristone or any other GR-II antagonist for PMD patients instead of CORLUX. Although any such "off-label" use would violate our licensed patent, effectively monitoring compliance with our licensed patent may be difficult and costly. In addition, if others develop a treatment for PMD that works through a mechanism which does not involve the GR-II receptor, physicians could prescribe that treatment instead of CORLUX.

If Stanford University were to terminate our CORLUX license due to breach of the license on our part, we would not be able to commercialize CORLUX for the treatment of the psychotic features of PMD.

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

To develop additional sources of revenue, we believe that we must identify and develop additional product candidates. We have only recently begun to expand our research and development efforts toward identifying and developing product candidates in addition to CORLUX for the treatment of the psychotic features of PMD. We own or have exclusively licensed issued U.S. patents covering the use of GR-II antagonists to treat PMD, early dementia, mild cognitive impairment, psychosis associated with cocaine addiction and weight gain following treatment with antipsychotic medication, in addition to nine U.S. method of use patent applications covering GR-II antagonists for the treatment of a number of other neurological and psychiatric disorders and one U.S. composition of matter patent application covering specific GR-II antagonists.

We may not 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, so our product development efforts may not lead to commercially viable products. The use of GR-II antagonists may not be effective to treat these conditions or any other indications. In addition, we could discover that the use of GR-II antagonists in these patient populations has unacceptable side effects or is otherwise not safe.

We only have experience with CORLUX and we may determine that CORLUX is not desirable for uses other than for the treatment of the psychotic features of PMD. In that event, we would have to identify and may need to secure rights to a different GR-II antagonist. Our ongoing discovery research program may fail to generate commercially viable product candidates in spite of the resources we are dedicating 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. 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-II antagonists, we may be unable to generate sufficient revenue to support our operations.

Failure to raise additional capital or generate the significant capital necessary to expand our operations and invest in new products could reduce our ability to compete.

We anticipate that our existing capital resources and the net proceeds from this offering will enable us to maintain currently planned operations through at least the next two years. However, our expectations are based on our current operating plan, which may change as a result of many factors, including:

- the timing of commercialization of CORLUX and future product candidates;
- the results of our research efforts and clinical trials;
- developments or disputes concerning patents or proprietary rights, including announcements of claims of infringement, interference or litigation against us or our licensors;
- changes in the reimbursement policies of third-party insurance companies or government agencies;
- actual or anticipated fluctuations in our operating results; and
- changes in our growth rates.

Consequently, we may need additional funding sooner than anticipated. We currently have no credit facility or committed sources of capital. Our inability to raise capital would harm our business and product development efforts.

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 or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of these securities could result in dilution to our then-existing stockholders.

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 products are not effective, whether by participants in our clinical trials or by patients using our products. A product liability claim may damage our reputation by raising questions about our products' safety or efficacy and could limit our ability to sell a product by preventing or interfering with product commercialization. In addition, the active ingredient in CORLUX is used to terminate pregnancy. Therefore, necessary and strict precautions must be taken by clinicians using the drug in our clinical trials and, if approved by the FDA, physicians prescribing the drug to women with childbearing potential. The failure to observe these precautions could result in significant product claims.

We have only limited product liability insurance coverage. We intend to expand our product liability insurance coverage to any products 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 our products. 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 products, our liability could exceed our total assets.

We have no sales and marketing staff and will need to develop sales and marketing capabilities to successfully commercialize CORLUX and any future uses of GR-II antagonists.

Our employees have limited experience in marketing or selling pharmaceutical products and we currently have no sales and marketing staff. To achieve commercial success for any approved product,

we must either develop a sales and marketing force or enter into arrangements with others to market and sell our products. We currently plan to establish a small, specialty sales force to market and sell CORLUX in the United States for the treatment of the psychotic features of PMD. However, our sales and marketing efforts may not be successful or cost-effective. In the event that the commercial launch of CORLUX is delayed due to FDA requirements or other reasons, we may establish a sales and marketing force too early relative to the launch of CORLUX. This may be expensive, and our investment would be lost if the sales and marketing force could not be retained. If our efforts to develop a sales and marketing force are not successful, cost-effective and timely, we may not achieve profitability.

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

As we expand our research and development efforts and develop a sales and marketing organization, we expect to experience substantial growth, which may strain our operations, product development and other managerial and operating 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 any future growth effectively. To that end, we must be able to:

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

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

If we are unable to obtain acceptable prices or adequate reimbursement for our products from third-party payors, we will be unable to generate significant revenues.

There is significant uncertainty related to the availability of insurance coverage and reimbursement for newly approved drugs. The commercial success of our drugs in both domestic and international markets is substantially dependent on whether third-party coverage and reimbursement is available for the ordering of our drugs by the medical profession for use by their patients. Medicare, 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 drugs, and, as a result, they may not cover or provide adequate payment for our drugs. The continuing efforts of government and third-party payors to contain or reduce the costs of health care may limit our revenues. Our dependence on the commercial success of CORLUX alone makes us particularly susceptible to any cost containment or reduction efforts. Accordingly, even if CORLUX or future product candidates are approved for commercial sale, unless government and other third-party payors provide adequate coverage and reimbursement for our products, physicians may not prescribe them. We intend to sell CORLUX directly to hospitals if we receive FDA approval. As a result, we will need to obtain approval from hospital formularies to receive wide-spread third-party reimbursement. If we fail to obtain that approval, we will be unable to generate significant revenues.

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

proposed 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 our products from reimbursement programs.

We face competition from companies with substantial financial, technical and marketing resources, which could limit our future revenues from the commercialization of CORLUX for the treatment of the psychotic features of PMD.

If approved for commercial use, CORLUX as a treatment for PMD will compete with established treatments, including ECT and combination drug therapy. While we are unaware of any other ongoing clinical trials, other companies may be developing new drug products to treat PMD. Our present and potential competitors include major pharmaceutical companies, 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 drug products that are superior to and more cost-effective than CORLUX. Many of our competitors and related private and public research and academic institutions have substantially greater experience, more financial 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 drugs, obtaining regulatory approvals, manufacturing and commercializing products.

Accordingly, our present or potential competitors may succeed in developing drug products that are superior to CORLUX or render CORLUX obsolete or non-competitive. If we are unable to establish CORLUX as a superior and cost-effective treatment for PMD, or any future use, we may be unable to generate the revenues necessary to support our business.

Rapid technological change could make our products obsolete.

Pharmaceutical technologies have undergone rapid and significant change and we expect that they will continue to do so. 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 our products obsolete or uneconomical.

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.

We depend substantially on the principal members of our management and scientific staff, including Joseph K. Belanoff, M.D., our Chief Executive Officer, and Robert L. Roe, M.D., our President. We do not have agreements with any of our executive officers that provide for their continued employment with us or 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.

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. We face intense competition for such personnel from numerous companies, as well as universities and nonprofit research organizations in the highly competitive northern California business 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.

If we acquire other GR-II antagonists, 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 GR-II antagonists, particularly GR-II antagonists that do not terminate pregnancy. We currently have no commitments, agreements or plans for any acquisitions. The process of acquiring rights to another GR-II antagonist 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 GR-II antagonist. Future acquisitions could dilute your 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.

The occurrence of a catastrophic disaster or other similar events could cause damage to our 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 our current manufacturers are 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 our products. 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.

Risks Related to this Offering

The market price of our common stock may experience extreme price and volume fluctuations.

Prior to this offering, there has been no public market for our common stock. An active trading market for our common stock may not develop or be sustained following this offering. We have determined the initial public offering price with the representatives of the underwriters based on several factors. This price may vary after this offering. Our stock price is likely to be volatile. The stock market in general and securities of pharmaceutical companies in particular have been highly volatile and may continue to be highly volatile in the future. The following factors, in addition to other risk factors described in this section and general market and economic conditions, may have a significant impact on the market price of our common stock:

- the timing of commercialization of CORLUX and future product candidates;
- announcements of technological innovations or new products by us or our competitors;
- announcement of FDA approval or non-approval of our products or delays in the FDA review process;
- the results of our research and development efforts and clinical trials;
- developments or disputes concerning patents or proprietary rights, including announcements of claims of infringement, interference or litigation against us or our licensors;
- announcements concerning our competitors, or the biotechnology, specialty pharmaceutical or pharmaceutical industry in general;
- public concerns as to the safety of CORLUX and future product candidates or our competitors' products;
- changes in the reimbursement policies of third-party insurance companies or government agencies;

- actual or anticipated fluctuations in our operating results;
- changes in our growth rates or our competitors' growth rates;
- changes in securities analysts recommendations regarding our common stock or our competitors' common stock;
- changes in financial estimates or recommendations by securities analysts;
- sales of large blocks of our common stock;
- political considerations relating to mifepristone;
- the absence of a public market for our securities prior to this offering;
- changes in accounting principles or practices; and
- the loss of any of our key scientific or management personnel.

Significant volatility may lead to securities class action litigation against us. Whether or not meritorious, litigation brought against us could result in substantial costs and a diversion of management's attention and resources. Our insurance to cover claims of this sort may not be adequate.

Securities analysts may not initiate coverage of our common stock or may issue negative reports, and this may have a negative impact on our common stock's market price.

Securities analysts may elect not to provide research coverage of our common stock after the completion of this offering. If securities analysts do not cover our common stock after the completion of this offering, the 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 on 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. 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, recently-adopted 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 will lead to a number of fundamental changes in how analysts are reviewed and compensated. In particular, many investment banking firms will be 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.

A 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 following this offering could harm the market price of our common stock. As additional shares of our common stock become available for resale in the public market, the supply of our common stock will increase, which could decrease the price. Subject to applicable volume and other resale restrictions, there will be approximately million additional shares of common stock eligible for sale beginning 180 days after the effective date of this prospectus upon the expiration of lock-up arrangements between our stockholders and the underwriters.

Our officers, directors and principal stockholders will control % of our common stock after this offering and will be able to significantly influence corporate actions.

After this offering, our officers, directors and principal stockholders will control approximately % 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 concentration of ownership may have the effect of delaying or preventing a change in control and might adversely affect the market price of our common stock. In addition, 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.

We may incur increased costs as a result of recently enacted and proposed changes in laws and regulations.

Recently enacted and proposed changes in the laws and regulations affecting public companies, including the provisions of the Sarbanes-Oxley Act of 2002 and regulations of the SEC and the Nasdaq Stock Market, will result in increased costs to us. The new rules 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 substantially 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 these new rules and regulations or the timing of such costs.

Changes in or interpretations of accounting rules and regulations, such as expensing of stock options, could result in unfavorable accounting charges or require us to change our compensation policies.

Accounting methods and policies for business and marketing practices of pharmaceutical companies, including policies regarding expensing employee stock options, are subject to further review, interpretation and guidance from relevant accounting authorities, including the SEC. For example, we currently are not required to record stock-based compensation charges if an employee's stock option exercise price equals or exceeds the fair value of our common stock at the date of grant. The Financial Accounting Standards Board has announced its support for recording expense for the fair value of stock options granted. If we were to change our accounting policy to record expense for the fair value of stock options granted and retroactively restate all prior periods presented, then our operating expenses could increase. We rely heavily on stock options to compensate existing employees and attract new employees. If we are required to expense stock options, we may then choose to reduce our reliance on stock options as a compensation tool. If we reduce our use of stock options, it may be more difficult for us to attract and retain qualified employees. If we did not reduce our reliance on stock options, our reported losses would increase. 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.

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

Provisions in our charter and bylaws as in effect immediately after this offering may delay or prevent an acquisition of us or a change in our management. Some of these provisions divide our board into three classes with only a portion of our directors subject to election at each annual meeting, 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% or more of our outstanding voting stock, from merging or combining with us. These provisions in our charter, bylaws and under Delaware law 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.

We may spend a substantial portion of the net proceeds of this offering in ways that do not yield a favorable return.

We have broad discretion to spend the net proceeds from this offering. As a result, investors in this offering will be relying upon our judgment with only limited information about our specific intentions regarding the use of proceeds. We cannot assure you that the proceeds will be applied in a manner that yields a favorable return.

New investors will experience immediate and substantial dilution in the value of their common stock following this offering.

The assumed initial public offering price is substantially higher than the book value per share of our common stock. Investors purchasing common stock in this offering will, therefore, incur immediate dilution of $ in net tangible book value per share of common stock, based on an assumed initial public offering price of $ per share. Investors will incur additional dilution upon the exercise of outstanding stock options. As a result of this dilution, investors purchasing stock in this offering may receive significantly less than the full purchase price that they paid for the shares purchased in this offering in the event of a liquidation.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. The forward-looking statements are contained principally in the sections entitled “Summary,” “Risk Factors,” “Use of Proceeds,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business.” These statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- the progress of our research, development and clinical programs and timing of the introduction of CORLUX and future product candidates;
- estimates of the dates by which we expect to complete our clinical trials;
- our ability to market, commercialize and achieve market acceptance for CORLUX or other future product candidates;
- our estimated use of the proceeds of this offering;
- our estimates for future performance; and
- our estimates regarding our capital requirements and our needs for additional financing.

In some cases, you can identify forward-looking statements by terms such as “anticipates,” “believes,” “could,” “estimates,” “expects,” “may,” “plans,” “potential,” “predicts,” “projects,” “should,” “will,” “would,” and similar expressions intended to identify forward-looking statements. Forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. We discuss many of these risks in this prospectus in greater detail under the heading “Risk Factors.” Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our estimates and assumptions only as of the date of this prospectus. You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

Except as required by law, we assume no obligation to update such forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in such forward-looking statements, even if new information becomes available in the future.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of shares of common stock that we are selling in this offering will be approximately $ million based on an assumed initial public offering price of $ per share after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters' over-allotment option is exercised in full, we estimate that we will receive net proceeds of approximately $ million. We will not receive any proceeds from the sale of common stock by the selling stockholder.

We intend to use the net proceeds of this offering to fund our operations, including approximately $ million for clinical trials, preclinical testing and other research and development activities, approximately $ million for selling, manufacturing and general and administrative expenses and the remainder for working capital and other general corporate purposes.

The amounts actually expended for these purposes may vary significantly and will depend on a number of factors, including the amount of our future revenues, expenses and the other factors described under "Risk Factors." While we have no present understandings, commitments or agreements to enter into any potential acquisitions, we may also use a portion of the proceeds for the acquisition of, or investment in, technologies or products that complement our business. In addition, we will retain broad discretion in the allocation of the net proceeds of this offering. Pending these uses, we intend to invest the net proceeds from this offering in interest-bearing, investment-grade securities.

DIVIDEND POLICY

Since our incorporation, we have not declared or paid any cash dividends on our common stock and do not expect to do so in the foreseeable future. We currently intend to retain all available funds for use in the operation and expansion of our business.

CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2003 on an actual and pro forma as adjusted basis. This table does not include:

- 470,500 shares issuable upon exercise of outstanding options to purchase our common stock at a weighted average exercise price of $5.46 per share;
- shares available for future issuance under our stock option plans; and
- shares of our common stock issuable upon conversion of a promissory note.

This table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operation" and the financial statements and related notes included elsewhere in this prospectus.

	As of December 31, 2003	
	Actual	Pro Forma As Adjusted
Cash, cash equivalents and short-term investments	$ 11,577,283	$
Convertible note payable	$ 523,689	$ 523,689
Convertible preferred stock, $0.001 par value, 10,000,000 shares authorized, and 6,768,558 shares issued and outstanding, actual (no shares authorized or outstanding pro forma as adjusted)	41,715,974	—
Stockholders' equity (net capital deficiency):		
Preferred stock, $0.001 par value, 10,000,000 shares authorized and no shares outstanding, pro forma		—
Common stock, $0.001 par value, 30,000,000 and 140,000,000 shares authorized, actual and pro forma as adjusted, respectively; 9,334,982 shares issued and outstanding, actual; shares issued and outstanding pro forma as adjusted	9,335	
Additional paid-in capital	7,822,884	
Stockholder notes receivable	(246,258)	(246,258)
Deferred compensation	(1,239,032)	(1,239,032)
Deficit accumulated during the development stage	(37,818,975)	(37,818,975)
Accumulated other comprehensive loss	(643)	(643)
Total stockholders' equity (net capital deficiency)	(31,472,689)	
Total capitalization	$ 10,766,974	$

The pro forma as adjusted information gives effect to the sale in this offering of shares of common stock at an assumed initial public offering price of per share, less underwriting discounts and commissions and estimated offering expenses payable by us. The pro forma as adjusted information also assumes the conversion of all outstanding shares of preferred stock into 8,807,146 shares of common stock upon the completion of this offering.

DILUTION

The pro forma net tangible book value of our common stock as of December 31, 2003 was $10.2 million, or approximately $0.56 per share. Pro forma net tangible book value per share represents our total tangible assets less our total liabilities divided by the number of shares of our common stock outstanding after giving effect to the conversion of all outstanding shares of our convertible preferred stock into common stock upon the completion of this offering.

After giving effect to the sale by us of shares of our common stock in this offering at an assumed initial public offering price of $ per share, less the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of December 31, 2003 would have been $ million, or approximately $ per share. This represents an immediate increase in pro forma net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors purchasing our common stock in this offering.

The following table illustrates the per share dilution to new investors:

Assumed initial public offering price per share		$
Pro forma net tangible book value per share as of December 31, 2003	$	
Increase in pro forma net tangible book value per share attributable to this offering		
Adjusted pro forma net tangible book value per share after this offering		
Dilution in per share to new investors in this offering		$

The following table summarizes, on a pro forma as adjusted basis as of December 31, 2003, the differences between the number of shares of common stock purchased from us, the total price and the average price per share paid by existing stockholders and by the new investors, before deducting the underwriting discounts and commissions and estimated offering expenses payable by us, at an assumed initial public offering price of $ per share.

	Shares Purchased		Total Consideration		
	Number	Percent	Amount	Percent	Average Price Per share
Existing stockholders	18,142,128	%	$	%	$
New investors		%		%	$
Total		100%	$	100%	

If the underwriters' over-allotment option is exercised in full, the number of shares held by the new investors will be increased to , or approximately % of the total numbers of shares of our common stock outstanding after this offering.

The existing stockholder amounts in the table above have been calculated on a pro forma basis, which includes shares outstanding as of December 31, 2003, including the conversion of all outstanding shares of preferred stock into 8,807,146 of common stock upon the completion of this offering, but excludes:

- 470,500 shares issuable upon exercise of outstanding options to purchase our common stock at a weighted average exercise price of $5.46 per share;
- shares available for future issuance under our stock option plans; and
- shares of our common stock issuable upon conversion of a promissory note.

After this offering and assuming the exercise in full of all options outstanding and exercisable as of December 31, 2003, our pro forma net tangible book value per share as of December 31, 2003 would be $ per share, representing an immediate increase in net tangible book value of $ per share to existing stockholders and an immediate dilution in net tangible book value of $ per share to new investors.

SELECTED FINANCIAL DATA
(in thousands, except per share data)

The selected financial data set forth below are derived from our financial statements. The statements of operations data for the years ended December 31, 2001, 2002, and 2003 and for the period from inception (May 13, 1998) to December 31, 2003 and the balance sheet data as of December 31, 2002 and 2003 are derived from our audited financial statements included in this prospectus. The statements of operations data for the years ended December 31, 1999 and 2000, and the balance sheet data as of December 31, 1999, 2000 and 2001 have been derived from our audited financial statements which are not included in this prospectus. 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 prospectus.

	Year Ended December 31,					Period from inception (May 13, 1998) to December 31, 2003
	1999	2000	2001	2002	2003	
Statements of Operations Data:						
Operating expenses:						
Research and development*	$ 140	$ 1,319	$ 5,390	$ 13,150	$ 8,051	$ 28,051
General and administrative*	174	577	2,616	5,653	1,825	10,855
Total operating expenses	314	1,896	8,006	18,803	9,876	38,906
Loss from operations	(314)	(1,896)	(8,006)	(18,803)	(9,876)	(38,906)
Interest and other income, net	4	50	552	299	182	1,087
Net loss	$ (310)	$ (1,846)	$ (7,454)	$ (18,504)	$ (9,694)	$ (37,819)
Net loss per share:						
Basic and diluted	$ (0.09)	$ (0.35)	$ (1.25)	$ (2.50)	$ (1.12)	
Weighted average shares – basic and diluted	3,569	5,305	5,981	7,392	8,650	
Pro forma net loss per share:						
Basic and diluted					$ (0.55)	
Weighted average shares – basic and diluted					17,758	
* Includes non-cash stock-based compensation of the following:						
Research and development	$ 7	$ 90	$ 1,214	$ 1,957	$ 495	$ 3,763
General and administrative	—	—	680	2,145	(370)	2,455
Total non-cash stock-based compensation	$ 7	$ 90	$ 1,894	$ 4,102	$ 125	$ 6,218

	As of December 31,				
	1999	2000	2001	2002	2003
Balance Sheet Data:					
Cash, cash equivalents and short-term investments	$ 416	$ 1,000	$ 22,980	$ 21,543	$ 11,577
Working capital	375	(227)	22,224	20,222	10,729
Total assets	421	1,046	24,259	21,795	11,781
Long-term liabilities	—	—	463	503	524
Convertible preferred stock	623	1,803	29,914	41,716	41,716
Total stockholders' equity (net capital deficiency)	(244)	(2,000)	(7,539)	(21,941)	(31,473)

See our financial statements and related notes for a description of the calculation of the historical and pro forma net loss per common share and the weighted-average number of shares used in computing the historical and pro forma per common share data.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our financial statements and related notes appearing elsewhere in this prospectus. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of selected factors, including those set forth under "Risk Factors" and elsewhere in this prospectus. We believe that the section entitled "Risk Factors" includes all material risks that could harm our business.

Overview

We are a pharmaceutical company engaged in the development of drugs for the treatment of severe psychiatric and neurological diseases. Since our inception in May 1998, our activities have primarily been associated with the development of our lead product, CORLUX™, for the treatment of the psychotic features of PMD under an exclusive patent license from Stanford University. We have been granted "fast track" status by the FDA with respect to CORLUX for the treatment of the psychotic features of PMD. We have completed the analysis of our first two large, double-blind trials, and plan to initiate additional clinical trials in 2004, including two pivotal clinical trials in the United States to support our NDA. We also initiated a proof of concept clinical study in 2003 to explore the tolerability and efficacy of CORLUX in improving cognition in patients with mild to moderate Alzheimer's disease. Specifically, our activities have included:

- product development;
- designing, funding and overseeing clinical trials;
- regulatory and clinical affairs; and
- intellectual property prosecution and expansion.

Historically, we have financed our operations and internal growth primarily through private placements of our preferred stock rather than through collaborative or partnership agreements. Therefore, we have no research funding or collaborative payments payable to us and the funding we received from one research institution is repayable to that organization subject to the terms of our convertible note.

We are in the development stage and have incurred significant losses since our inception because we have not generated any revenue, and do not expect to generate any revenue for the foreseeable future. As of December 31, 2003 we had a deficit accumulated during the development stage of approximately $37.8 million. Our historical operating losses have resulted principally from our research and development activities, including clinical trial activities for CORLUX, drug discovery research, non-clinical activities such as toxicology and carcinogenicity studies, manufacturing process development and regulatory activities, as well as general and administrative expenses. We expect to continue to incur net losses over the next several years as we complete our CORLUX clinical trials, apply for regulatory approvals, expand development of GR-II antagonists for new indications, acquire and develop treatments in other therapeutic areas, establish sales and marketing capabilities and expand our operations.

Our business is subject to significant risks, including the risks inherent in our research and development efforts, the results of our CORLUX clinical trials, uncertainties associated with obtaining and enforcing patents, our investment in manufacturing set-up, the lengthy and expensive regulatory 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 lead product.

Results of Operations

Years Ended December 31, 2003 and 2002

Research and development expenses. Research and development expenses include the personnel costs related to our development activities including non-cash stock-based compensation, as well as the costs of clinical trial preparations, enrollment and monitoring expenses, regulatory costs and the costs of manufacturing development.

Research and development expenses decreased 39% to $8.1 million for the year ended December 31, 2003, from $13.2 million for the year ended December 31, 2002. This decrease of $5.1 million was primarily attributable to decreases in preclinical and clinical trial expenses of $4.3 million due to the completion of one double-blind PMD clinical trial at the end of 2002 partially offset by the costs of the early-stage Alzheimer's disease proof of concept trial commenced in 2003. The decrease was also attributable to a decrease in non-cash stock-based compensation of $1.5 million due to the graded-vesting method used to determine non-cash employee stock-based compensation, which results in greater expense in earlier years. We also experienced decreased costs of $1.3 million related to clinical supplies, as no purchases of clinical supplies were required in 2003, and to certain manufacturing capacity development projects that were completed in 2002. Those decreases were partially offset by an increase in GR-II antagonists drug discovery research activities in 2003 resulting in additional research and development expenses of $1.9 million.

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

	Year ended December 31,	
Project	**2003**	**2002**
	(in thousands)	
CORLUX for the treatment of the psychotic features of PMD	$ 4,659	$ 11,073
CORLUX for the treatment of early-stage Alzheimer's disease	838	12
Drug discovery research	2,059	108
Total research and development expense (excluding non-cash stock-based compensation)	$ 7,556	$ 11,193

We expect that research and development expenditures will increase substantially during 2004 and subsequent years due to the continuation and expansion of clinical trials of CORLUX for PMD and early-stage Alzheimer's disease, the initiation of trials of CORLUX for other indications and additional study expenditures for new GR-II antagonists and other pharmaceutical candidates.

Many factors can affect the cost and timing of our trials including inconclusive results requiring additional clinical trials, slow patient enrollment, adverse side effects among patients, insufficient supplies for our clinical trials and real or perceived lack of effectiveness or safety of our trials. In addition, the development of all of our products 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 products.

General and administrative expenses. General and administrative expenses consist primarily of the costs of administrative personnel and related facility costs along with legal, accounting and other professional fees.

General and administrative expenses decreased 68% to $1.8 million for the year ended December 31, 2003, from $5.7 million for the year ended December 31, 2002. This decrease of $3.8 million was primarily attributable to decreases in non-cash stock-based compensation of $2.5 million and reductions of $1.2 million in professional service fees, $1.0 million of which related to the expenses of a proposed public offering withdrawn in October 2002. We expect that general and administrative expenditures will increase during 2004 and subsequent years due to increasing payroll and non-cash stock-based

compensation, commercialization efforts, business development costs associated with growth in our market research, and expanded operational infrastructure. An increase in general and administrative expenses is also expected to accompany our infrastructure growth associated with our public company reporting activities.

Interest and other income, net. Interest and other income, net, decreased to $203,000 for the year ended December 31, 2003 from $320,000 for the year ended December 31, 2002. The decrease was principally attributable to lower average cash, cash equivalents, and short-term investments balances during the year ended December 31, 2003 as compared to the year ended December 31, 2002.

Interest Expense. Interest expense of $21,000 for the years ended December 31, 2003 and 2002 represents interest on our convertible note payable to the Institute for the Study of Aging.

Years Ended December 31, 2002 and 2001

*Research and development expense*s. Research and development expenses increased 144% to $13.2 million for the year ended December 31, 2002, from $5.4 million for the year ended December 31, 2001. This increase of $7.8 million was primarily attributable to preclinical and clinical trial expenses increasing by $5.5 million as two double-blind PMD clinical trials were in progress throughout 2002. The increase was also attributable to increased costs of $946,000 due to purchases of clinical supplies that were required in 2002 and certain manufacturing capacity development projects that were initiated in 2002. The increase was also attributable to increases in non-cash stock-based compensation expense of $740,000 primarily due to the issuance of common stock options in late 2001 deemed to be below the fair value of common stock.

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

	Year ended December 31,	
Project	**2002**	**2001**
	(in thousands)	
CORLUX for the treatment of the psychotic features of PMD	$ 11,073	$ 4,177
CORLUX for the treatment of early-stage Alzheimer's disease	12	—
Drug discovery research	108	—
Total research and development expense (excluding non-cash stock-based compensation)	$ 11,193	$ 4,177

General and administrative expenses. General and administrative expenses increased 116% to $5.7 million for the year ended December 31, 2002, from $2.6 million for the year ended December 31, 2001. This increase of $3.0 million was primarily attributable to a non-cash stock-based compensation expense increase of $1.5 million from the issuance of common stock options in late 2001 deemed to be below the fair value of common stock. The increase was also attributable to a $1.0 million increase in professional service fees primarily related to the expenses of a proposed public offering withdrawn in October 2002 and increased staffing costs of $553,000 due to the expansion of administrative activities to support our research and development. We also experienced an increase in general and administrative activities of $289,000 primarily due to the increased filings of patent applications and prosecution fees in 2002.

Interest and other income, net. Interest and other income, net, decreased to $320,000 for the year ended December 31, 2002 from $600,000 for the year ended December 31, 2001. The decrease was primarily attributable to lower average cash, cash equivalents and short-term investments balances during the year ended December 31, 2002 as compared to the year ended December 31, 2001.

Interest expense. Interest expense of $21,000 for the year ended December 31, 2002 represents interest on our convertible note payable to the Institute for the Study of Aging. Interest expense of $48,000 for the year ended December 31, 2001 represents interest on convertible promissory notes previously issued to investors and converted to preferred stock in May 2001, as well as interest on the convertible note payable to the Institute for the Study of Aging.

Liquidity and Capital Resources

We have incurred annual operating losses since inception, and at December 31, 2003, we had a deficit accumulated during the development stage of $37.8 million. Since our inception, we have relied primarily on the proceeds from private placements of our equity securities to fund our operations.

At December 31, 2003, we had cash, cash equivalents and short-term investments balances of $11.6 million, compared to $21.5 million at December 31, 2002 and cash and cash equivalents of $23.0 million at December 31, 2001. Net cash used in operating activities for the years ended December 31, 2003, 2002 and 2001, was $10.0 million, $13.2 million and $5.4 million, respectively. The use of cash in each period was primarily a result of net losses associated with our research and development activities and amounts incurred to develop our administrative infrastructure.

We believe that the net proceeds from this offering, together with our current cash balances and interest thereon, will be sufficient to complete our ongoing and planned clinical trials reflected in the description of business, to conduct appropriate development studies and to satisfy our other anticipated cash needs for operating expenses for at least the next two years. However, we cannot be certain that additional funding will not be required and, if required, will be available on acceptable terms, or at all. Further any additional equity financing may be dilutive to stockholders, and debt financing, if available, may involve restrictive covenants. 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 to obtain funds through collaborations with others that are on unfavorable terms or that may require us to relinquish rights to certain of our technologies or products, including potentially our lead product, that we would otherwise seek to develop on our own.

Contractual Obligations and Commercial Commitments

Our contractual payment obligations that are fixed and determinable as of December 31, 2003 were as follows:

Payments Due by Period	2004	2005	2006	2007	2008	Beyond 2008
			(in thousands)			
Research and development studies[1]	$ 249	$ —	$ —	$ —	$ —	$ —
Drug discovery[2]	1,060	—	—	—	—	—
Operating lease[3]	104	—	—	—	—	—
Total	$ 1,413	$ —	$ —	$ —	$ —	$ —

(1) The first two double-blind trials for PMD have concluded, with payments of approximately $249,000 remaining to be made in 2004.

(2) We may terminate our agreement with a third party for drug discovery research on or after June 30, 2004 upon 90 days' prior notice. Under the agreement, we may be obligated to make milestone payments upon the occurrence of certain events, including: (i) patent filings in connection with the project; (ii) entries into Phase I clinical trials; and (iii) national regulatory approval of each product arising from work performed under the agreement, provided that sales of the product by us or any future licensees reach $5,000,000.

(3) Our operating lease commitment relates to the lease of our office facility. As of January 2004, the lease is a month-to-month lease terminable by either party upon 180 days' notice to the other party.

We also have other contractual payment obligations, the timing of which are contingent on future events. Our agreement that provides for the manufacture and supply of CORLUX includes a minimum purchase commitment of $1,000,000 per year following the receipt of marketing approval and initiation of sales of CORLUX. In addition, under our license agreements with Stanford University, we are obligated to make nonrefundable royalty payments annually for as long as we maintain our licenses from Stanford; however, these payments are creditable against future royalties. Payments upon the achievement of specific development milestones also must be made to Stanford, including filing our first NDA for the licensed product, FDA approval, and our commencement of pivotal clinical trials for the licensed product.

We enter into agreements with third-party service providers to conduct our clinical and preclinical trials and make payments to these providers based upon the number of patients enrolled in the trial as well as the completion of certain agreed-upon milestones. We are currently unable to estimate with certainty the amounts to be paid or the time period in which amounts will be paid pursuant to these agreements.

Net Operating Loss Carryforwards

At December 31, 2003 we had approximately $13.8 million of federal net operating loss carryforwards and approximately $100,000 in federal research and development tax credit carryforwards, as well as approximately $12.5 million of California net operating loss carryforwards and approximately $200,000 in California research and development tax credit carryforwards, available to offset any future taxable income we may generate. The federal and California net operating loss and tax credit carryforwards will expire beginning in 2019 and 2009, respectively. Our deferred tax assets have been offset by a full valuation allowance as the realization of such assets is uncertain. The Internal Revenue Code of 1986, as amended, places certain limitations on the annual amount of net operating loss and tax credit carryforwards that can be utilized in any particular year if certain changes in our ownership occur.

Quantitative and Qualitative Disclosures About Market 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, 2003, our cash and cash equivalents consisted primarily of money market funds maintained at one major U.S. financial institution, and the short-term investments consist of corporate debt securities and U.S. government obligations. To minimize our exposure to interest rate market risk, we have limited the maturities of our fixed rate investments to less than one year. Due to the short-term nature of these instruments, a 1% increase or decrease in market interest rates would not have a material adverse impact on the total value of our portfolio as of December 31, 2003 or 2002.

Critical Accounting Estimates

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States. 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.

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

Deferred stock-based compensation related to option grants to employees and directors represents the difference between the exercise price of an option and the deemed fair value of our common stock on the date of the grant. Given the absence of an active market for our common stock, management is required to estimate the fair value of our common stock based on a variety of company and industry-specific factors for the purpose of measuring the cost of the transaction and properly reflecting it in our financial statements. Deferred compensation is included as a reduction of stockholders' equity and is being amortized to expense over the vesting period of the underlying options, generally five years. Our policy is to use the graded-vesting method for recognizing compensation costs for fixed employee awards. We amortize the deferred stock-based compensation of employee options on the graded-vesting method over the vesting periods of the applicable stock options. The graded-vesting method provides for vesting of portions of the overall awards at interim dates and results in greater vesting in earlier years than the straight-line method. Upon termination of employment, the difference between the expense

recorded under the graded-vesting method and the expense that would have been recorded based upon the vesting of the related option is required to be reversed upon such termination. We recognized a net reversal of non-cash stock-based compensation related to option grants to employees and directors of approximately $5,000 for the year ended December 31, 2003, primarily due to employee terminations, and recognized non-cash stock-based compensation expense of $4.0 million and $1.5 million for the years ended December 31, 2002 and 2001, respectively. As of December 31, 2003, we had remaining employee deferred stock-based compensation of approximately $1.1 million, of which approximately $700,000 will be amortized to expense in 2004.

Deferred stock-based compensation related to option grants to non-employees represents the difference between the exercise price of an option and the fair value of our common stock on the date that these options vest. We recognized stock-based compensation expense related to option grants to non-employees of approximately $62,000, $63,000 and $316,000 for the years ended December 31, 2003, 2002 and 2001, respectively as the straight-line amortization of deferred compensation recorded related to non-employees.

Clinical trials. We recorded accruals for estimated preclinical and clinical study costs of approximately $334,000 and $530,000 as of December 31, 2003 and 2002, respectively. The related costs are 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. 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 clinical trial expenses 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.

Recently Issued Accounting Standards

In January 2003, the Financial Accounting Standards Board (“FASB”) issued FASB Interpretation number 46, *Consolidation of Variable Interest Entities* (“FIN 46”). This interpretation requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among parties involved. It explains how to identify variable interest entities and how an enterprise assesses its interest in a variable interest entity to decide whether to consolidate that entity. This interpretation, as amended, applies in the first fiscal year or interim period beginning after December 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. Because we do not currently have any unconsolidated variable interest entities, we do not expect the adoption of FIN 46 to have a material impact on our financial position or results of operations.

In May 2003, the FASB issued Statement of Financial Accounting Standards (“SFAS”) No. 150, *Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity*. SFAS No. 150 requires that certain financial instruments, which under previous guidance were accounted for as equity, must now be accounted for as liabilities. The financial instruments affected include mandatorily redeemable stock, certain financial instruments that require or may require the issuer to buy back some of its shares in exchange for cash or other assets and certain obligations that can be settled with shares of stock. SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period after June 15, 2003. The adoption of SFAS No. 150 did not have a material impact on our financial position or results of operations.

BUSINESS

Overview

We are a pharmaceutical company engaged in the development of drugs for the treatment of severe psychiatric and neurological diseases. Our current focus is on the development of drugs for disorders that are associated with a steroid hormone called cortisol. Elevated levels and abnormal release patterns of cortisol have been implicated in a broad range of human disorders. Our scientific founders are responsible for many of the critical discoveries illustrating the link between psychiatric and neurological disorders and aberrant cortisol.

Our lead product candidate, CORLUX, modulates the effect of cortisol by selectively blocking the binding of cortisol to one of its two known receptors, the GR-II receptor, also known as the Type II or GR receptor. We have been granted fast track status by the FDA and are preparing to initiate pivotal clinical trials for CORLUX for the treatment of the psychotic features of PMD. We have also initiated a proof of concept study to evaluate the safety and efficacy of CORLUX in improving cognition in patients with mild to moderate Alzheimer's disease.

PMD is a serious psychiatric disorder that affects approximately three million people annually in the United States. It is more prevalent than either schizophrenia or manic depressive illness. The disorder is characterized by severe depression accompanied by delusions, hallucinations or both. People with PMD are approximately 70 times more likely to commit suicide in their lifetime than the general population and often require lengthy and expensive hospital stays.

There is no FDA-approved treatment for PMD. However, there are two treatment approaches for PMD currently used by psychiatrists: electroconvulsive therapy, or ECT, commonly referred to as electroshock therapy, and combination drug therapy. ECT involves passing an electrical current through the brain until the patient has a seizure. Combination drug therapy involves the simultaneous use of antidepressant and antipsychotic medications. Both ECT and combination drug therapy almost always have slow onsets of action and debilitating side effects.

We have an exclusive license to the patent for the use of GR-II antagonists to treat the psychosis manifested by PMD patients. We also own or have exclusively licensed issued patents and patent applications relating to the treatment of several disorders that we believe also result from, or are negatively affected by, prolonged exposure to elevated cortisol. These include patents for the use of GR-II antagonists for the treatment of early dementia, such as early dementia associated with Alzheimer's disease, mild cognitive impairment, psychosis associated with cocaine addiction, and weight gain following treatment with antipsychotic medication. We have also filed patent applications for additional diseases that may benefit from treatment with a drug that blocks the GR-II receptor.

We initially intend to market and sell CORLUX in the United States directly to hospitals with in-patient psychiatric units, first focusing on those that use ECT. Given the concentrated nature of the initial target audience, we believe that we will be able to generate significant revenue with a relatively small, highly-focused sales and marketing team.

The Role of Cortisol in Disease

Cortisol is a steroid hormone that plays a significant role in the way the body reacts to stressful conditions and is essential for survival. Cortisol 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 edema, hypertension, fatigue and impaired glucose tolerance.

Elevated levels and abnormal release patterns of cortisol have also been linked to a broad range of psychiatric and neurological conditions, such as mood changes, psychosis and cognitive impairment.

Cognition, including attention, concentration and memory, is impaired by elevated levels and abnormal release patterns of cortisol. Prolonged elevated levels of cortisol are neurotoxic and may accelerate the dementia process in patients with cognitive disorders such as Alzheimer's disease.

Many studies have shown that PMD patients have elevated levels and abnormal release patterns of cortisol. This abnormal cortisol pattern is not usually present in patients with nonpsychotic depression. More than 15 years ago, one of our scientific co-founders postulated that elevated levels of cortisol in PMD patients lead to elevated levels of dopamine, an important chemical substance found in the brain. Elevated levels of dopamine have been implicated in both delusional thinking and hallucinations. This was a clinically relevant hypothesis because it led to the concept that antipsychotic medications, which act by blocking dopamine, in combination with antidepressant medications, could be useful in treating PMD. The hypothesis also led to the concept that by regulating the level and release patterns of cortisol, one could normalize dopamine levels in the brain, which may, in turn, ameliorate the symptoms of PMD. In addition to cortisol's effect on dopamine levels, research has shown that prolonged elevated cortisol may also play a direct role in causing the symptoms of PMD.

The challenge in regulating levels of cortisol, however, is that it is needed for natural processes in the human body. Destroying the ability of the body to make cortisol or to drastically reduce its presence would result in serious detrimental effects. To have a viable therapeutic effect, a compound must be able to selectively modulate cortisol effects.

Glucocorticoid Receptor Antagonists

Cortisol is produced by the adrenal glands and is carried in the bloodstream to the brain, where it directly influences neurological function. In the brain, cortisol binds to two receptors, Glucocorticoid Receptor I and Glucocorticoid Receptor II, also known as GR-I and GR-II. GR-I is a high-affinity receptor that is involved in the routine functions of cortisol. It has approximately ten times the affinity of GR-II for cortisol and its binding sites are filled with cortisol nearly all the time. In general, GR-II binding sites do not fill until levels of cortisol become elevated. Short-term activation of GR-II has benefits, which include helping the individual to be more alert and better able to function under stressful conditions. Long-term activation of GR-II, however, has been shown to have significant toxicity and appears to be linked to multiple psychiatric disease states, particularly PMD. The action of cortisol can be moderated by the use of blockers, or antagonists, that prevent the binding of the hormone to its receptors. These antagonists, referred to as glucocorticoid receptor antagonists, may prevent the undesirable effects of elevated levels and abnormal release patterns of cortisol.

The discovery that the brain has high affinity and low affinity receptors for cortisol was critical to our scientific approach in treating the psychosis manifested by PMD patients because it allowed for a specific target for a potential medication. CORLUX, also known as mifepristone or RU-486, works by selectively blocking the binding of cortisol to GR-II while not affecting GR-I. Because of its selective affinity, we believe that CORLUX can have a therapeutic benefit by modulating the effects of abnormal levels and release patterns of cortisol without compromising the necessary normal functions of cortisol.

Overview of Psychotic Major Depression

PMD is a serious psychiatric disease in which a patient suffers from severe depression accompanied by delusions, hallucinations or both. These psychotic features typically develop after the onset of a depressed mood, but may develop concurrently as well. Once psychotic symptoms occur, they usually reappear with each subsequent depressive episode. Of particular importance, when the patient's mood returns to normal the psychosis also resolves.

PMD is not a simple combination of psychosis and depression, but rather a complex interaction between a predisposition to become psychotic and a predisposition to become severely depressed. In addition to psychosis, clinical features that distinguish psychotic from nonpsychotic depression include elevated levels and abnormal release patterns of cortisol, motor abnormalities, a substantially higher suicide rate, more prominent sleep abnormalities and more potential for brain injury.

Data from a congressionally mandated study, the National Co-Morbidity Survey published in 2003, indicate that each year approximately 7% of adults in the United States, or about 14 million people, experience a major depressive episode. Of these people, many published studies show that approximately 20%, or about three million people, have PMD. Most PMD patients suffer their first episode of major depression between the ages of 30 and 40 and the majority will experience more than one episode in their lifetime.

We believe that people afflicted with PMD are, as a group, unrecognized and undertreated because of:

- reluctance on the part of patients with PMD to accurately report their psychotic symptoms;
- misdiagnosis of the disease by primary care physicians;
- reluctance of patients and their families to be associated with the stigma of hospitalization for psychiatric care; and
- adverse side effects associated with current treatments for PMD.

Current Treatments for PMD

There are two treatment approaches for PMD currently used by psychiatrists: ECT and combination drug therapy. Neither of these treatments has been approved by the FDA for PMD and both approaches almost always have slow onsets of action and debilitating side effects. Of the two treatments, ECT is generally considered to be more effective.

ECT involves passing an electrical current through the brain until the patient has a seizure. At least 100,000 patients receive ECT each year in the United States, with each patient requiring approximately six to twelve procedures over a period of three to five weeks. ECT is administered while the patient is under general anesthesia and the procedure requires the use of an operating room, as well as the participation of a psychiatrist, an anesthesiologist and a nurse. General anesthesia and paralytic agents are necessary to avoid fractures of the spine that otherwise could result from the seizures caused by ECT. Although ECT provides a reduction in depressive and psychotic symptoms, the procedure can result in cognitive impairment including permanent memory loss, cardiovascular complications, headache, muscle ache and nausea, in addition to complications related to general anesthesia.

Combination drug therapy is an alternative treatment for PMD that involves taking antipsychotic drugs such as olanzapine, haloperidol or chlorpromazine in combination with antidepressant medication. Patients on combination drug therapy often require three weeks or more to show improvement in their symptoms and treatment can take months to complete. Antipsychotic drugs can cause significant adverse side effects, including weight gain, diabetes, sedation, permanent movement disorders and sexual dysfunction.

Because a therapeutic response to ECT and combination drug therapy does not occur for several weeks, neither approach prevents lengthy and expensive hospital stays in patients who are seriously ill. Consequently, a significant need exists for a medication that provides rapid relief from the psychotic symptoms of PMD, as such a medication would substantially reduce the length of suffering associated with the illness. We believe that people suffering from PMD would prefer a treatment that did not involve the risks of anesthesia and stigma associated with ECT or the adverse side effects and slow onset of action associated with both ECT and combination drug therapy. If an alternative treatment was approved by the FDA and had secured third-party reimbursement, we believe PMD patients would choose that alternative.

CORLUX for the Psychotic Features of PMD

CORLUX is an oral medication that we are developing to treat the psychotic features of PMD. CORLUX is a GR-II antagonist that appears to mitigate the effects of the elevated and abnormal release patterns of cortisol in PMD patients. We intend CORLUX to be a once-daily treatment given to PMD

patients over 7 consecutive days in a controlled setting, such as a hospital or physician's office. Mifepristone, the active ingredient in CORLUX, blocks the progesterone receptor and has been approved by the FDA for termination of early pregnancy.

We believe that CORLUX may significantly reduce psychotic symptoms of PMD in many patients within one week and allow patients to be more easily maintained on antidepressant therapy alone without the need for ECT or antipsychotic medication. We believe that CORLUX may be superior to currently available treatments because we believe that CORLUX will enable PMD patients to improve their quality of life more quickly and with fewer side effects than with ECT or combination drug therapy.

CORLUX for PMD Clinical Trials

Psychiatric Rating Scales. In our clinical trials, we assess the efficacy of CORLUX utilizing psychiatric rating scales commonly used to support regulatory approval of new antipsychotic and antidepressant medications. These scales include the:

- *BPRS*: The Brief Psychiatric Rating Scale is an 18-item instrument to assess psychopathology. It incorporates a range of psychiatric symptoms, including anxiety, depression, guilt, hostility and suicidality. Each of the 18 symptoms is scored on a numeric scale ranging from 1 (not present) to 7 (extremely severe).
- *BPRS Positive Symptom Subscale*: This subscale, which is based on four items of the BPRS, assesses a patient's psychotic features by measuring the patient's conceptual disorganization, suspiciousness, hallucinatory behavior and unusual thought content.
- *HAM-D-21*: This is a 21-item instrument designed to measure the severity of a number of depressive symptoms such as insomnia, depressed mood, concentration, ability to experience pleasure, and agitation. Each question has 3 to 5 possible responses, with associated scores ranging from 0 to 4. The total score is calculated from all 21 items.

Clinical Trials. We have completed the following four clinical trials with CORLUX for the treatment of psychotic features of PMD:

- Our first trial was an open-label dose finding study in which we concluded that patients receiving daily doses of 600 mg or 1200 mg of CORLUX were more likely than patients receiving 50 mg of CORLUX to experience a clinically meaningful reduction in the psychotic symptoms of PMD.
- Our second and third trials, which we call the '02 study and '03 study, tested a regimen of 600 mg of CORLUX dosed for 7 days. These were double-blind, placebo-controlled safety and efficacy studies in which a total of 429 patients were enrolled. The '02 study confirmed that CORLUX was well tolerated and that there were no discernable problems with drug interactions between CORLUX and commonly prescribed antipsychotic and antidepressant medications. The '03 study demonstrated with statistical significance that patients in the CORLUX group were more likely to achieve a rapid and sustained reduction in psychotic symptoms than patients in the control group, as measured by a 30% reduction in the BPRS at 7 days sustained to 28 days.
- In our fourth trial, we evaluated the safety of retreatment in patients with a favorable response to treatment in the '02 and '03 studies, and our analysis indicates that patients tolerated their retreatment well.

We plan to initiate two pivotal clinical trials in the United States by the end of 2004 to evaluate further the safety and efficacy of CORLUX and we expect that these studies will be concluded in the first half of 2006. These studies will be of a similar design to the '03 study.

Dose Finding Study. In January 2001, we concluded our first study, which was an open-label study designed to measure clinically meaningful reductions in the psychiatric rating scales. The 33 patients with psychotic depression enrolled in the study were randomly assigned to receive daily doses of 50 mg,

600 mg, or 1200 mg of CORLUX orally for 7 days. There was no placebo control group. After 7 days of treatment, clinically meaningful reductions in the psychiatric rating scales were observed for patients in the 600 mg and 1200 mg treatment groups, as summarized below.

	50 mg Dose Group	600 mg Dose Group	1200 mg Dose Group	600 mg and 1200 mg Dose Groups Combined
30% or greater reduction in BPRS	4/11 (36%)	7/10 (70%)	6/9 (67%)	13/19 (68%)
50% or greater reduction in positive symptom subscale of BPRS	3/11 (27%)	6/10 (60%)	6/9 (67%)	12/19 (63%)
50% or greater reduction in Ham-D scale	2/11 (18%)	5/10 (50%)	3/9 (33%)	8/19 (42%)

Results were similar in the 600 mg and 1200 mg dose groups, but there was an apparent dose-response relationship when the results of the 50 mg group were compared to the two higher dose groups. Sixty-eight percent of patients in the higher dose groups (600 mg and 1200 mg combined) had a clinically meaningful 30% or greater reduction in the BPRS, compared to 36% in the 50 mg group. The items in the BPRS that are most specific to PMD are contained in the BPRS positive symptom subscale. Every PMD patient experiences one or more of these subscale symptoms. More than 60% of patients in the higher dosage groups had a 50% or greater reduction in the BPRS positive symptom subscale within one week of treatment. Each of the reductions in the psychiatric rating scales that the study measured is a clinically meaningful reduction in symptoms that would be readily recognized by patients, family members, physicians and hospital staff. None of the patients in the trial experienced clinically consequential side effects and none dropped out of the trial due to side effects.

Double-blind Clinical Trials. In June and July 2001, we initiated two double-blind, randomized clinical trials, each of which was designed to enroll 200 patients and to evaluate the safety and efficacy of CORLUX in patients with PMD. In each study, patients received either CORLUX or placebo. Both studies were designed and powered to test the hypothesis that the group of patients treated with CORLUX would be superior to the control group in achieving a rapid (within 7 days) and sustained (to 28 days) reduction in their BPRS score of at least 30%.

The two studies were identical in design except for one of the key entry criteria. Patients enrolled in the ’02 study were allowed to receive any antipsychotic or antidepressant medications deemed appropriate by their treating physicians prior to entry into the study and throughout the week of administration of the study drugs, CORLUX or placebo. Therefore, in the ’02 study, patients received their usual treatment plus CORLUX or placebo. In the ’03 study, patients were not allowed to receive any antipsychotic or antidepressant medication for at least 7 days prior to administration of the study drug or during the week of study drug administration. All patients enrolled in the studies were treated in the hospital. After day 7, while the studies remained blinded, each treating physician was allowed to add any additional treatment, including ECT or antipsychotic, antidepressant or other psychotropic medications.

’02 Study. The results of the ’02 study indicated that CORLUX was well tolerated and that there were no discernable problems with drug interactions when CORLUX was taken in combination with other antipsychotic or antidepressant medications. The median number of psychotropic medications that patients in the ’02 study were receiving in addition to CORLUX was four. Although patients in the usual treatment plus CORLUX group more frequently achieved the study’s primary endpoint, a rapid and sustained reduction in psychotic symptoms as measured by a 30% decline in the BPRS at day 7 sustained to day 28, than did patients in the usual treatment plus placebo group, the difference between the groups was not statistically significant. The study did demonstrate with statistical significance that the usual treatment plus placebo group required ECT or more antipsychotic medication between day 7 and day 28 and was less likely to be discharged from the hospital during the week of dosing relative to the usual treatment plus CORLUX group. Post-hoc analysis of the ’02 study data further revealed that patients in the usual treatment plus CORLUX group were more likely than patients in the usual treatment plus placebo group to achieve a rapid and sustained asymptomatic condition, as measured by a BPRS score

of 25 or less. Although the number of patients achieving this result was very small, the difference between the usual treatment plus CORLUX group and the usual treatment plus placebo group was statistically significant.

'03 Study. The results of the '03 study indicated that CORLUX was well tolerated as demonstrated by the finding that there was no statistically significant difference in adverse events observed between the CORLUX group and the placebo group. The '03 study also demonstrated with statistical significance that patients who received CORLUX were more likely than patients who received placebo to achieve a rapid and sustained reduction in psychosis as measured by the study's original primary endpoint, a 30% reduction in the BPRS at day 7 sustained to day 28. The '03 study also showed with statistical significance that patients in the CORLUX group were more likely than patients in the placebo group to achieve a 50% reduction in the BPRS positive symptom subscale at day 7 sustained to day 28. In addition, patients in the placebo group were more likely than patients in the CORLUX group to receive antipsychotic medication between day 7 and day 28.

We do not intend to rely on the '03 study as one of our required pivotal clinical trials in support of an application to market CORLUX for the treatment of the psychotic features of PMD because we indicated to the FDA shortly before the study concluded that we would use as our primary endpoint for the study the number of patients who became asymptomatic as measured by the BPRS, a differentiating characteristic that we had noted in post-hoc '02 study analysis. In the '03 study, as in the '02 study, only a very small number of patients became asymptomatic and, in the '03 study, there was no statistically significant difference between the CORLUX and placebo groups.

Over 240 individuals have been treated with CORLUX in our studies completed to date. The drug seemed to be well tolerated by these patients, with a low incidence of adverse events. In the '02 and '03 studies, the most commonly reported adverse events were headache, dizziness, nausea and sedation. The incidence of these adverse events was similar in the control and CORLUX groups. In the '02 study, rash was the only adverse event where there was a statistically significant difference between groups: 4% occurrence in the CORLUX group compared to no occurrences in the control group. In the '03 study, there was no statistically significant difference in the occurrence of any adverse event.

We have also conducted a small open label study to evaluate the safety of retreatment in patients who had a favorable response to treatment in the '02 and '03 studies. Twenty-eight patients completed the study. Our analysis indicates that patients tolerated their retreatment well.

Pivotal Clinical Trials. We plan to initiate two randomized, double-blind, placebo-controlled studies in the United States to further assess the safety and efficacy of CORLUX for the treatment of the psychotic features of PMD. These studies will be of a similar design to the '03 study. We plan to submit the protocol for our next clinical study to the FDA for a special protocol assessment.

Under the FDA's special protocol assessment procedures, the FDA will evaluate within 45 days certain protocols to assess whether they are adequate to meet scientific and regulatory requirements necessary to support an approval. We believe that obtaining the FDA's input on the details of the protocol design before starting this study will provide valuable guidance for the efficacy demonstration needed for our CORLUX NDA filing.

Given the serious nature of PMD, the lack of approved drugs for the disorder and the data from our first clinical trial, the FDA has granted a fast track designation for CORLUX for the treatment of the psychotic features of PMD. In addition, the FDA has indicated that CORLUX will receive a priority review if no other treatment is approved for PMD at the time we submit our NDA.

Additional Trials and Studies. In support of our NDA submission, concurrently with our pivotal clinical trials, we plan to conduct a retreatment trial to assess the retreatment of patients with CORLUX, an open label safety trial that will include 300 to 500 patients and several small trials to evaluate how the human body processes CORLUX. We also plan to conduct a large, double-blind, placebo-controlled clinical trial outside the United States which we may also use as a pivotal clinical trial. In addition to our clinical

trials, we plan to conduct a standard 12-month toxicology study and two carcinogenicity studies to meet FDA requirements and the guidelines of an international regulatory body called the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use.

Overview of Alzheimer's Disease

In addition to our development program for CORLUX for the psychotic features of PMD, we have initiated a clinical proof of concept study to evaluate the safety and efficacy of CORLUX in patients with mild to moderate Alzheimer's disease because we believe that CORLUX may improve cognition in these patients.

No current treatment can change the ultimate course of Alzheimer's disease, a disease that affects more than 3.5 million people in the United States. For some people in the early and middle stages of the disease, medications that inhibit acetylcholinesterase, an enzyme that breaks down a particular neurotransmitter, may help slow the decline in cognition for a limited time. In clinical trials with acetylcholinesterase inhibitors, the reduction in the rate of decline as measured by standard scales was modest, with many patients showing no improvement at all.

In addition to the acetylcholinesterase inhibitors, the compound memantine has also been approved for the treatment of Alzheimer's disease. Memantine studies have shown small but statistically significant benefits in patients with more severe or advanced Alzheimer's disease. However, reports of recent studies indicate that memantine may not be of benefit in patients with milder forms of the illness who are also taking acetylcholinesterase inhibitors.

Also, a variety of medications are used to help control behavioral symptoms associated with Alzheimer's disease, such as agitation. Antipsychotics are frequently used for treating agitation. Anticonvulsants or mood stabilizers are often prescribed for hostility or aggression and anxiolytics are prescribed for anxiety, restlessness and verbally disruptive behavior.

Current treatments have a modest effect and only slow the decline in cognition for a short period of time. Therefore, there is a need for new therapies that could enhance cognition and improve behavioral problems in Alzheimer's patients.

Published studies have suggested that higher cortisol levels are associated with more rapid decline in Alzheimer's patients. For example, several studies suggest that among individuals with early-stage Alzheimer's disease, higher baseline cortisol was associated with a significantly greater rate of decline in cognitive function based on standardized measurements of cognition. Also, a small clinical study evaluated the use of mifepristone in patients with mild to moderate Alzheimer's disease and indicated that patients treated with mifepristone for six weeks had improved scores on a standard cognition scale, whereas patients taking placebo worsened.

CORLUX Clinical Trial. We are conducting a proof of concept clinical trial in Alzheimer's patients. The primary objective of this study is to assess the efficacy and safety of CORLUX in Alzheimer's patients. The study is a randomized, double-blind, parallel group comparison of the effects of CORLUX and placebo. The trial assesses the effects of CORLUX on cognition and behavior when administered daily over a period of 16 weeks. Because a diagnosis of Alzheimer's disease is required for participation in the trial and acetylcholinesterase inhibitors are currently standard treatment for this condition, patients in the trial are required to be on a stable regimen of an acetylcholinesterase inhibitor for at least 12 weeks before enrolling in the trial.

The trial's primary efficacy measure will be the ADAS-Cog, which assesses a patient's cognitive capabilities. The ADAS-Cog is a battery of individual tests relating to recall, naming, commands, orientation, word recognition, spoken language and comprehension and word finding, among other cognitive functions. In clinical trials, the ADAS-Cog has been used to measure the cognitive and neuropsychological effects of treatment.

The study is designed to enroll up to 160 patients. As of February 3, 2004, 32 patients have been entered into the study.

GR-II Antagonist Platform

We have assembled a patent portfolio covering the treatment of psychiatric and neurological disorders that may benefit from drugs that block the GR-II receptor. In addition to PMD, we own or have exclusively licensed issued patents for the use of GR-II antagonists to treat:

- early dementia, including early Alzheimer's disease;
- mild cognitive impairment;
- psychosis associated with cocaine addiction; and
- weight gain following treatment with antipsychotic medication.

We believe that cortisol plays a role in a variety of other diseases. We have nine pending U.S. method of use patent applications covering GR-II antagonists for the treatment of various diseases.

Discovery Research

In early 2002, we initiated a discovery research program to identify and patent more selective GR-II antagonists in order to develop a pipeline of products for use in our growing number of proprietary uses. Our discovery chemistry is being conducted on our behalf at a contract research organization in the United Kingdom. Through the research program, we have identified and filed a patent application around a family of compounds that, unlike CORLUX, do not block the progesterone receptor and only block the GR-II receptor. These compounds bind to the GR-II receptor with a potency similar to that of CORLUX.

Our Business Strategy

Our objective is to develop and commercialize drugs that address severe psychiatric and neurological diseases for which there is a significant unmet clinical need. We are pursuing the following strategies to achieve this objective:

- *Rapidly develop and commercialize CORLUX for the psychotic features of PMD*. We are conducting a clinical program to enable an NDA submission as quickly as possible. The FDA has granted a fast track designation for CORLUX for the treatment of the psychotic features of PMD because of the lack of approved drugs for this serious disorder and our favorable preliminary clinical data. The FDA has also indicated that CORLUX will receive a priority review if no other treatment has been approved for PMD at the time we submit our NDA.
- *Directly market CORLUX in the United States*. We initially intend to market and sell CORLUX in the United States directly to hospitals with large in-patient psychiatric units, first focusing on those approximately 300 centers that use ECT. Given the concentrated nature of the initial target audience, we believe that we will be able to generate significant revenue with a relatively small, highly-focused sales and marketing team.
- *Determine whether CORLUX improves cognition in Alzheimer's patients.* We are conducting a proof of concept clinical trial to test our hypothesis that CORLUX improves cognition in patients with mild to moderate Alzheimer's disease. If the results of the trial are favorable, we intend to expand our Alzheimer's development program with CORLUX or another GR-II antagonist.
- *Build a portfolio of GR-II receptor antagonists*. We have identified, and filed patent applications relating to, additional GR-II antagonist compounds that are selective for GR-II and as potent as CORLUX. We intend to develop these for the treatment of diseases for which therapy is unavailable or substandard and the market opportunity is large.

- *Acquire or in-license additional products*. In addition to our in-house development efforts, we plan to acquire or in-license hospital-based products to more fully utilize our internal product development and sales and marketing organizations.
- *Employ an experienced team with a proven track record in developing and commercializing pharmaceuticals*. We expect to continue managing the company through product commercialization with a relatively small group of executives with an extensive history of success in the development and commercialization of new drugs. We believe that our expert consultants and third-party relationships in research, clinical trial management and manufacturing, along with the relatively small sales force we intend to form to support our initial sales and marketing effort, will help us minimize costs and accelerate the timing of our product development and commercialization efforts.

Sales and Marketing

We intend to develop our own sales and marketing infrastructure in the United States to commercialize CORLUX because we believe that the initial market for PMD in the United States is highly concentrated and accessible. We anticipate hiring a small, experienced sales force of approximately 25 to 35. We intend to focus initially on patients who are candidates for ECT by marketing to hospitals and psychiatrists that perform ECT. We estimate that there are approximately 900 hospitals with more than 30 in-patient psychiatric beds. Of these, we estimate that approximately 300 offer ECT. We believe that approximately 1000 psychiatrists administer a majority of ECT procedures. Subsequently, we also intend to expand our sales efforts to address the larger set of PMD patients currently undergoing combination drug therapy, which would require an increase in the size of our initial sales force.

We believe that a significant opportunity exists to further expand the market for the treatment of the psychotic features of PMD beyond patients currently treated by ECT and combination drug therapy. A large portion of the people who suffer from PMD remain unrecognized and undertreated. We intend to develop medical educational programs to alert the medical community about early diagnosis of PMD and increase awareness regarding CORLUX.

We currently have no sales and marketing staff. To achieve commercial success for any approved product, we must either develop a sales and marketing force or enter into arrangements with others to market and sell our products.

Manufacturing

As a drug development entity, we intend to continue to utilize our financial resources to accelerate the development of CORLUX and other products rather than diverting resources to establishing our own manufacturing facilities.

We intend to continue to rely on experienced contract manufacturers to produce our products. We have entered into a manufacturing agreement with a contract manufacturer to produce the active pharmaceutical ingredient, or API, for CORLUX. This agreement obligates us to purchase at least $1,000,000 of bulk mifepristone per year following the commercial launch of CORLUX. Although we do not currently have a second supplier of API, we have completed feasibility studies with a second contract manufacturer. Our existing API manufacturer and the second possible API manufacturer we have identified both obtain the raw material they use to produce mifepristone from the same single source supplier. We have entered into a separate agreement with another contract manufacturer to produce CORLUX tablets for us. This agreement also requires us to invest in start-up costs and is terminable by the contract manufacturer only upon a breach of any of our material obligations. The tablet manufacturer is a single source supplier to us. In the event we are unable, for whatever reason, to obtain mifepristone or CORLUX from our contract manufacturers, we may not be able to identify alternate manufacturers able to meet our needs on commercially reasonable terms and in a timely manner, or at all.

Competition

If approved for commercial use as a treatment for the psychotic features of PMD, CORLUX will compete with established treatments, including ECT and combination drug therapy.

ECT has been shown to be the most effective treatment for PMD, despite the risks of anesthesia and the adverse effects and stigma associated with the procedure.

Other competitors will be companies that market antipsychotic drugs that are used off-label as part of combination drug therapy for PMD. To reduce the psychotic features of PMD, these drugs generally are taken in combination with antidepressant medication over a period of weeks to several months. This extended course of treatment puts patients at risk for significant adverse side effects, including weight gain, diabetes, sedation, permanent movement disorders and sexual dysfunction.

While we are unaware of any other ongoing clinical trials, other companies may be developing new drug products to treat PMD and the other conditions we are exploring. Our present and potential competitors include major pharmaceutical companies, as well as specialized pharmaceutical firms. Most of our competitors have considerably greater financial, technical and marketing resources than we do. We expect competition to intensify as technical advances are made.

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 products. 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 products, obtain required regulatory approvals and manufacture and successfully market our 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.

Under two separate agreements with Stanford University, we have licensed exclusive rights to:

- an issued U.S. patent which expires in October 5, 2018 and any corresponding foreign patents for the use of GR-II antagonists in the treatment of PMD;
- an issued U.S. patent which expires in October 5, 2018 and any corresponding foreign patents for the use of GR-II antagonists in the treatment of early dementia, including early Alzheimer’s disease;
- an issued U.S. patent which expires in October 5, 2018 and any corresponding foreign patents for the use of GR-II antagonists in the treatment of cocaine induced psychosis; and
- a pending U.S. patent application and any corresponding foreign patents for the use of GR-II antagonists in the modulation of the blood-brain barrier.

We are required to pay royalties to Stanford University on sales of products commercialized under any of the above patents. If Stanford University were to terminate our CORLUX license due to breach of the license on our part, we would not be able to commercialize CORLUX for the treatment of the psychotic features of PMD.

We also own issued U.S. patents for the use of GR-II antagonists in the treatment of mild cognitive impairment and for the treatment of weight gain following treatment with antipsychotic medication. In addition, we have one U.S. composition of matter patent application covering specific GR-II antagonists

and nine U.S. method of use patent applications covering certain GR-II antagonists for increasing the therapeutic response to ECT, preventing neurological damage in premature infants and for the treatment of:

- delirium;
- migraine;
- postpartum psychosis;
- catatonia;
- gastrointestinal reflux disease;
- Down's syndrome; and
- post-traumatic stress disorder.

We are also considering, where appropriate, the filing of foreign patent applications corresponding to our U.S. patent 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.

None of our issued patents, and only one of our patent applications, has claims directed to the composition of compounds that are necessary to make our potential products. Specifically, we do not have a patent with claims directed to the composition of mifepristone or any other GR-II antagonist. Our rights under our issued patents cover only the use of GR-II antagonists, including mifepristone, in the treatment of specific diseases.

The patent covering the product mifepristone has expired. The only FDA-approved use of mifepristone is to terminate pregnancy. The FDA has imposed significant restrictions on administering physicians for use of mifepristone to terminate pregnancy and may impose similar restrictions on CORLUX for the treatment of the psychotic features of PMD. We plan to rely on (1) the scope of our use patent, (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 PMD and (4) the likely denial of reimbursement for off-label uses of mifepristone to provide us an exclusive market position for the term of our use patent for the treatment of the psychotic features of PMD.

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, 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 products while attempting to design around other patents, or determine that we are unable to commercialize our products 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 to any third party other than Stanford University. A third party has alleged that it also has rights to the technology that led to the patent for the use of GR-II antagonists to treat psychotic features of PMD. The third party is a prior employer of one of our founders, Dr. Schatzberg, and it alleges that the invention of the technology underlying this patent was conceived by Dr. Schatzberg and/or another employee of the employer while the two were employed by the third party. We believe that the invention was actually conceived by Drs. Schatzberg and Belanoff while they were employed by Stanford University and that the patent was appropriately assigned to Stanford University by them. If the third party's claims were successful, it would have the rights to market GR-II antagonists to treat the psychotic features of PMD or to license those rights to others and our business could be materially harmed.

Government Regulation

Prescription pharmaceutical products are subject to extensive pre and post market 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 products 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 investigational new drug application, or 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. Typically, human clinical trials are conducted in three sequential phases that may overlap.

- *Phase I*. Clinical trials are conducted with a small number of subjects to determine the early safety profile, maximum tolerated dose and pharmacokinetics of the product in human volunteers.
- *Phase II*. 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 III*. 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 III 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 a new drug application for approval to commence commercial sales. The FDA reviews all NDAs submitted before it accepts them for filing. The agency may request additional information rather than accept an NDA for filing. If the agency accepts an NDA for filing, the FDA may grant marketing approval, request additional information or deny the application if it determines that the application does not meet regulatory approval criteria. 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- market 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 IV studies, to monitor the effect of approved products, and may limit further marketing of the product based on the results of these post-market studies.

Facilities used to manufacture drugs are subject to periodic inspection by the FDA and other authorities where applicable, and must comply with cGMP regulations. 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 market 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 trials and 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.

Approvals outside the United States. We have not started the regulatory approval process in any jurisdiction other than the United States and we are unable to estimate when, if ever, we will commence the regulatory approval process in any foreign jurisdiction. We will have to complete an approval process similar to the U.S. approval process in foreign target markets for our products 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 prices is required in most countries other than the United States. The prices approved may be too low to generate an acceptable return to us.

Fast Track Designation. The FDA sometimes grants “fast track” status under the Food and Drug Administration Modernization Act of 1997. The fast track mechanism was created to facilitate the development and approval of new drugs intended for the treatment of life-threatening conditions for which there are no effective treatments and which demonstrate the potential to address unmet medical needs for the condition. The fast track process includes scheduling of meetings to seek FDA input into development plans, the option of submitting an NDA serially in sections rather than submitting all components simultaneously, the option to request evaluation of studies using surrogate endpoints, and the potential for a priority review.

We have been granted fast track status for CORLUX for the treatment of the psychotic features of PMD. However the fast track designation may be withdrawn by the FDA at any time. The fast track designation does not guarantee that we will qualify for or be able to take advantage of the expedited review procedures and does not increase the likelihood that CORLUX will receive regulatory approval.

Facilities

We have a month-to-month lease covering approximately 3,200 square feet of office space in Menlo Park, California for our corporate facilities. We or our landlord may terminate the lease on six months’ notice. We believe that our existing facility is adequate for our current needs and that suitable additional or alternative space will be available at such time as it becomes needed on commercially reasonable terms.

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 February 9, 2004, we have seven full-time employees, four part-time employees and five long-term contract staff. Three of our full-time employees and one of our part-time employees are M.D.s. We consider our employee relations to be good. None of our employees is covered by a collective bargaining agreement.

Legal Proceedings

We are not currently involved in any material legal proceedings.

MANAGEMENT

Executive Officers and Directors

The following table sets forth, as of February 9, 2004, information about our executive officers and directors:

Name	Age	Position
Joseph K. Belanoff, M.D.	46	Chief Executive Officer and Director
Robert L. Roe, M.D.	63	President and Secretary
Fred Kurland	53	Chief Financial Officer
James N. Wilson	60	Chairman of the Board
Alan F. Schatzberg, M.D.	59	Director
David B. Singer[1][3][4]	41	Director
G. Leonard Baker, Jr.[2]	61	Director
Steven Kapp[1][4]	44	Director
Alix Marduel, M.D.[2][3]	46	Director
Joseph C. Cook, Jr.[1][3]	62	Director

(1) Member of the audit committee
(2) Member of the compensation committee
(3) Member of the nominating and corporate governance committee
(4) Mr. Singer is married to Mr. Kapp's sister. There are no other family relationships between directors or executive officers.

Joseph K. Belanoff, M.D. is a co-founder and has served as a member of our board of directors and as our Chief Executive Officer since 1999. Dr. Belanoff is currently a faculty member and has held various positions in the Department of Psychiatry and Behavioral Sciences at Stanford University since 1992. From 1997 to 2001, he served as the Director of Psychopharmacology at the outpatient division of the Palo Alto Veterans Affairs Hospital. Dr. Belanoff received his B.A. from Amherst College and his M.D. from Columbia University's College of Physicians & Surgeons.

Robert L. Roe, M.D. joined us as President in October 2001. He has spent more than 25 years in the pharmaceutical and biotechnology industries. From 1999 to 2001, Dr. Roe served as President and Chief Executive Officer of Allergenics, Inc. From 1996 to 1999, he was Executive Vice President, Chief Operating Officer and a director of Cytel Corporation. From 1995 to 1996, he was the Executive Vice President, Chief Operating Officer and a director of Chugai Biopharmaceuticals, Inc. From 1992 to 1995, Dr. Roe served as President of the Development Research Division and Senior Vice President of Syntex Corporation. Dr. Roe received his B.A. from Stanford University and his M.D. from the University of California, San Francisco.

Fred Kurland joined us as Chief Financial Officer in February 2004. Mr. Kurland served as the Vice President and Chief Financial Officer of Genitope Corporation from 2002 until February 2004. From 1998 to 2002 he served as the Senior Vice President and Chief Financial Officer of Aviron, Inc. Mr. Kurland served as the Vice President and Chief Financial Officer of Protein Design Labs, Inc. from 1996 to 1998. From 1995 to 1996, Mr. Kurland served as Vice President, Chief Financial Officer and Secretary of Applied Immune Sciences, Inc. From 1991 to 1995, Mr. Kurland served as Vice President and Controller of Syntex Corporation. Mr. Kurland received his B.S. from Lehigh University and his J.D. and M.B.A. degrees from the University of Chicago.

James N. Wilson has served as a director and as Chairman of our board of directors since 1999. From 1996 to 2001, Mr. Wilson was Chairman of the board of Amira Medical, Inc. and in 2001 was also Chief Executive Officer. From 1994 to 1995, Mr. Wilson was the Chief Operating Officer of Syntex Corporation. From 1989 to 1990, Mr. Wilson was Chief Executive Officer of Neurex Corporation and from 1982 to 1988, Mr. Wilson was Chief Executive Officer of LifeScan, Inc. Mr. Wilson received his B.A. and his M.B.A. from the University of Arizona.

Alan F. Schatzberg, M.D. is a co-founder and has served as a member of our board of directors and as the chairman of our Scientific Advisory Board since 1998. Since 1991, Dr. Schatzberg has been a Professor and the Chairman of the Department of Psychiatry and Behavioral Sciences at Stanford University's School of Medicine and is the Past President of the American College of Neuropsychopharmacology. He received his B.S. from New York University and his M.D. from New York University, School of Medicine.

David B. Singer has served as a member of our board of directors since 1998. Since February 2004, Mr. Singer has served as Chairman of the Board of Directors of Genome Therapeutics Corporation. From September 1998 to February 2004, Mr. Singer was the Chairman and Chief Executive Officer of GeneSoft Pharmaceuticals, Inc. From 1996 to 1998, Mr. Singer was Senior Vice President and Chief Financial Officer of Heartport, Inc. From 1992 to 1996, he was the President and Chief Executive Office of Affymetrix, Inc. He currently serves on the board of Affymetrix, Inc. Mr. Singer received his B.A. from Yale University, and his M.B.A. from Stanford University.

G. Leonard Baker, Jr. has served as a member of our board of directors since 1999. Since 1973, Mr. Baker has been a Managing Director or General Partner of Sutter Hill Ventures, a venture capital firm. Mr. Baker currently serves on the board of Praecis Pharmaceuticals Incorporated and Therma-Wave, Inc., each of which is a publicly traded company, and a number of private companies. Mr. Baker received his B.A. from Yale University and his M.B.A. from Stanford University.

Steven Kapp has served as a member of our board of directors since 2001. Since 1996, he has been a principal at Maverick Capital, a private investment partnership. From 1993 to 1996, he was founder and a General Partner of Longwood Partners, a private investment partnership. He received his B.A. and his M.B.A. from the University of North Carolina.

Alix Marduel, M.D. has served as a member of our board of directors since 2001. Since April 1997, she has been a managing director of Alta Partners, a venture capital firm. From 1990 to 1997, Dr. Marduel was a general partner at Sofinnova, Inc., a venture capital firm. She currently serves as director of a number of private companies. Dr. Marduel received her M.D. from the University of Paris.

Joseph C. Cook, Jr. has served as a member of our board of directors since 2002. Since 1998, he has been chairman of the board of directors of Amylin Pharmaceuticals, Inc. From 1998 to 2003, Mr. Cook served as the Chief Executive Officer of Amylin Pharmaceuticals. Mr. Cook retired as a Group Vice President of Eli Lilly & Company in 1993 after more than 28 years of service. Mr. Cook is a founder and currently serves as chairman of the board of Microbia, Inc. He also serves as a member of the board of Boehringer Ingelheim Corporation US. Mr. Cook is an officer of Mountain Ventures, Inc., a member of Life Science Advisors, LLC and Cambrian Associates, LLC and a founder of Clinical Products, Inc. and Mountain Group Capital, LLC. Mr. Cook received his B.S. from the University of Tennessee.

Scientific Advisory Board

In 1998, we convened a scientific advisory board of individuals with expertise in psychiatry, psychopharmacology and neuroendocrinology. The chairman of our scientific advisory board is Dr. Schatzberg, who is also a member of our board of directors.

As of February 9, 2004, the following persons are members of our scientific advisory board:

Member	University Affiliation	Professional Concentration
Alan F. Schatzberg, M.D.	Stanford University	Psychiatry
Charles B. Nemeroff, M.D., Ph.D.	Emory University	Psychiatry
Bruce S. McEwen, Ph.D.	Rockefeller University	Neuroendocrinology
K. Ranga Rama Krishnan, M.D.	Duke University	Psychiatry
Edo Ronald de Kloet, M.D.	Leiden University (the Netherlands)	Neurobiology
Florian Holsboer, M.D., Ph.D.	Max Planck Institute of Psychiatry (Germany)	Psychiatry
Ned H. Kalin, M.D.	University of Wisconsin	Psychiatry

Scientific Advisory Board Compensation

We reimburse each member of our scientific advisory board for out-of-pocket expenses incurred in connection with attending board meetings, but do not, except as described below, compensate them for their services as scientific advisory board members. In the past, with the exception of Dr. Schatzberg, we have granted options to purchase our common stock to each member of our scientific advisory board. In August 1998, we granted to each of Dr. Nemeroff, Dr. McEwen, Dr. Krishnan, Dr. de Kloet and Dr. Holsboer an option to purchase 60,000 shares of our common stock at an exercise price of $0.00033 per share. In April 2002, we granted to Dr. Kalin an option to purchase 25,000 shares of our common stock at an exercise price of $7.00 per share. Pursuant to a consulting agreement with us, Dr. Schatzberg received compensation of $60,000 as chair of the scientific advisory board in 2002 and $60,000 for his services as chair in 2003. We can terminate this agreement for any reason upon 30 days' notice to Dr. Schatzberg.

Board of Directors

We currently have eight directors. In accordance with the terms of our amended and restated certificate of incorporation, the terms of office of the directors are divided into three classes:

- the class I directors will be and and their term will expire at the annual meeting of stockholders to be held in 2005;
- the class II directors will be , and and their term will expire at the annual meeting of stockholders to be held in 2006; and
- the class III directors will be , and and their term will expire at the annual meeting of stockholders to be held in 2007.

At each annual meeting of stockholders, or special meeting in lieu thereof, after the initial classification of the board of directors, the successors to directors whose terms will then expire will be elected to serve from the time of election and qualification until the third annual meeting following election or special meeting held in lieu thereof. The authorized number of directors may be changed only by resolution adopted by a majority of the board of directors. This classification of the board of directors may have the effect of delaying or preventing changes in control or management.

Board Committees

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee.

Audit Committee. Our audit committee consists of Messrs. Cook, Kapp and Singer. Our audit committee oversees our corporate accounting and financial reporting process. Our audit committee evaluates the independent auditors qualifications, independence and performance; determines the

engagement of the independent auditors; approves the retention of the independent auditors to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent auditors on the engagement team as required by law; reviews our financial statements; reviews our critical accounting policies and estimates; and discusses with management and the independent auditors the results of the annual audit and the review of our quarterly financial statements. Mr. Singer will be our audit committee financial expert under the SEC rules implementing Section 407 of the Sarbanes-Oxley Act of 2002. We believe that the composition of our audit committee meets the requirements for independence under the current requirements of the Sarbanes-Oxley Act of 2002, the Nasdaq National Market and SEC rules and regulations. We believe that the functioning of our audit committee complies with the applicable requirements of the Sarbanes-Oxley Act of 2002, the Nasdaq National Market and SEC rules and regulations. We intend to comply with future requirements to the extent they become applicable to us.

Compensation Committee. Our compensation committee consists of Dr. Marduel and Mr. Baker. Our compensation committee reviews and recommends policy relating to compensation and benefits of our officers and employees, including reviewing and approving corporate goals and objectives relevant to compensation of the Chief Executive Officer and other senior officers, evaluating the performance of these officers in light of those goals and objectives, and setting compensation of these officers based on such evaluations. The compensation committee also administers the issuance of stock options and other awards under our stock plans. The compensation committee reviews and evaluates, at least annually, the performance of the compensation committee and its members, including compliance of the compensation committee with its charter. We believe that the composition of our compensation committee meets the requirements for independence under, and the functioning of our compensation committee complies with, any applicable requirements of the Sarbanes-Oxley Act of 2002, the Nasdaq National Market and SEC rules and regulations. We intend to comply with future requirements to the extent they become applicable to us.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Dr. Marduel, Mr. Cook and Mr. Singer, each of whom is a non-management member of our board of directors. The nominating and corporate governance committee will oversee and assist our board of directors in reviewing and recommending nominees for election as directors, assessing the performance of the board of directors, directing guidelines for the composition of our board of directors and reviewing and administering our corporate governance guidelines.

Compensation Committee Interlocks and Insider Participation

Prior to establishing the compensation committee, the board of directors as a whole made decisions relating to compensation of our executive officers. No member of the board of directors or the compensation committee serves as a member of the board of directors or compensation committee of any other entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Director Compensation

Except as described below, our non-executive directors do not receive any cash compensation for their service as members of the board or for their attendance at committee meetings, but they are entitled to reimbursement for all reasonable out-of-pocket expenses incurred in connection with attendance at board and committee meetings.

Pursuant to a consulting agreement, Mr. Wilson received compensation of $60,000 during 2002 for his service as chairman of the board. Mr. Wilson became an employee in September 2002 and received a salary of $40,000 in 2002 and $103,500 in 2003. Mr. Wilson also received a bonus of $10,350 in 2003.

In June 1998, Dr. Schatzberg purchased 3,000,000 shares of our common stock at $0.00033 per share. In May 1999, Mr. Wilson purchased 1,770,939 shares of our common stock at $0.033 per share.

We have the right to repurchase a portion of those shares at cost if Mr. Wilson ceases to serve on our board of directors. This right of repurchase lapses monthly over five years. In April 2002 and November 2003, we granted stock options to Mr. Cook to purchase 50,000 shares and 25,000 shares, respectively, of our common stock at $7.00 per share. Upon issuance, these shares will be subject to a right of repurchase that lapses as to 20% of the shares after one year and in equal monthly installments over the four year period thereafter.

Indemnification

Our amended and restated certificate of incorporation limits the liability of directors to the maximum extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except liability for:

- any breach of their duty of loyalty to the corporation or its stockholders;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

Our bylaws provide that we will indemnify our directors, officers, employees and other agents to the fullest extent permitted by law. We believe that indemnification under our bylaws covers at least negligence and gross negligence on the part of indemnified parties. Our bylaws also permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in connection with their services to us, regardless of whether our bylaws permit such indemnification.

We have entered into separate indemnification agreements with our directors and executive officers, in addition to the indemnification provided for in our bylaws. These agreements, among other things, provide that we will indemnify our directors and executive officers for certain expenses (including attorneys' fees), judgments, fines and settlement amounts incurred by a director or executive officer in any action or proceeding arising out of such person's services as one of our directors or executive officers, or any of our subsidiaries or any other company or enterprise to which the person provides services at our request. We believe that these provisions and agreements are necessary to attract and retain qualified persons as directors and executive officers.

There is no pending litigation or proceeding involving a director or executive officer of Corcept as to which indemnification is required or permitted, and we are not aware of any threatened litigation or proceeding that may result in a claim for indemnification.

Executive Compensation

The following table sets forth information regarding the compensation for the fiscal year ended December 31, 2003 paid by us to our Chief Executive Officer and to our other executive officer who received salary and bonus compensation in 2003 of more than $100,000. These persons are collectively referred to as the "Named Executive Officers."

Summary Compensation Table

		Annual Compensation		Long-Term Compensation Awards	
Name and Principal Position	**Year**	**Salary ($)**	**Bonus ($)**	**Securities Underlying Options (#)**	**All Other Compensation ($)**
Joseph K. Belanoff, M.D. Chief Executive Officer	2003	310,500	31,050	—	—
Robert L. Roe, M.D. President	2003	310,500	31,050	100,000	—

Options Grants in Last Fiscal Year

The following table sets forth information with respect to stock options granted during the fiscal year ended December 31, 2003 to each of the Named Executive Officers. All options were granted under our 2000 Stock Option Plan at an exercise price equal to the fair market value of our common stock, as determined by our board of directors, on the date of grant. Shares purchased under the options granted to Dr. Roe will be subject to a right of repurchase that lapses as to 20% of the shares after one year and in equal monthly installments over the four year period thereafter. The percentage of options granted is based on an aggregate of options to purchase a total of 207,500 shares of common stock granted by us during the fiscal year ended December 31, 2003 to our employees, including the Named Executive Officers.

The potential realizable value amounts in the last two columns of the following chart represents hypothetical gains that could be achieved for the respective options if exercised at the end of the option term, are net of the exercise prices and before taxes associated with the exercise, and we have based them on an assumed initial public offering price of $ per share. The assumed 5% and 10% annual rates of stock price appreciation from the date of grant to the end of the option terms are provided in accordance with rules of the SEC and do not represent our estimate or projection of the future common stock price. Actual gains, if any, on stock option exercises are dependent on the future performance of the common stock, overall market conditions and the option holder's continued employment through the vesting period. This table does not take into account any actual appreciation in the price of the common stock from the date of grant to the present.

	Individual Grants					
Name	Number of Securities Underlying Options Granted (#)	% of Total Options Granted to Employees in Fiscal Year	Exercise Price/Share ($)	Expiration Date	Potential Realizable Value at assumed Annual Rates of Stock Price Appreciation for Option Terms ($)	
					5%	10%
Joseph K. Belanoff, M.D.	—	—	—	—	—	—
Robert L. Roe, M.D.	100,000	48%	$ 7.00	11/23/13		

Aggregate Fiscal Year-End Option Values

The following table sets forth certain information regarding stock options during the fiscal year ended December 31, 2003 and unexercised options held as of December 31, 2003 by each of the Named Executive Officers. All options were granted under our 2000 Stock Option Plan.

The value of unexercised in-the-money options at December 31, 2003 are based on an assumed initial public offering price of $ per share, minus the per share exercise price, multiplied by the number of shares underlying the option.

	Number of Securities Underlying Unexercised Options at Fiscal December 31, 2003 (#)		Value of Unexercised In-the-Money Options at December 31, 2003 ($)	
Name	Exercisable	Unexercisable	Exercisable	Unexercisable
Joseph K. Belanoff, M.D.	—	—	—	—
Robert L. Roe, M.D.	106,346	3,654		

Employment and Change of Control Arrangements

Our 2000 Stock Option Plan provides that, upon the sale of all or substantially all of our assets or upon our acquisition by another corporation pursuant to a merger or consolidation, each outstanding option will generally become fully vested, or the right of repurchase held by us will lapse, unless the surviving corporation assumes the option or replaces it with a comparable option.

Our 2004 Stock Option Plan provides that all options granted under the stock option plan will have their vesting accelerated (or, in the case of options subject to immediate exercisability and reverse

vesting, our right of repurchase will lapse) by 12 months, upon the occurrence of any of the following events:

- a sale or other disposition of all or substantially all of our assets;
- a merger, consolidation or other transaction in which our stockholders, immediately before the transaction, beneficially own securities representing 50% or less of the combined voting power or value of the company immediately after the transaction;
- an acquisition by a third party of securities representing at least 50% of the voting power entitled to vote in the election of our directors; or
- as a result of or in connection with a contested election of our directors, the persons who were our directors immediately before the election cease to constitute a majority of our board of directors.

We have entered into a letter agreement with Robert L. Roe, M.D., our President. Pursuant to this letter agreement, Dr. Roe received a base salary of $300,000 in 2002, which was increased to $310,500 in 2003, and received a one-time hiring bonus equal to $100,000 paid in lump sum and earned over the first year of Dr. Roe's employment with Corcept. In addition, in accordance with this letter agreement, Dr. Roe received an option to purchase 250,000 shares of our common stock with an exercise price of $0.75 per share and a $187,250 loan evidenced by a full-recourse promissory note to Corcept to finance the exercise of the option. Shares purchased by Dr. Roe pursuant to the option are subject to our right of repurchase. In the event of an acquisition of more than 50% of the voting control of Corcept, the right of repurchase will lapse as to an additional 20% of the shares subject to the option. If we terminate Dr. Roe's employment for any reason other than for cause, Dr. Roe will receive a lump sum severance payment equal to his annual salary in effect at the time of his termination.

We have entered into a letter agreement with Fred Kurland, our Chief Financial Officer. Pursuant to this letter agreement, Mr. Kurland receives a base salary of $240,000. In addition, in accordance with this letter agreement, Mr. Kurland received an option to purchase 200,000 shares of our common stock with an exercise price of $7.00 per share. This option will vest with respect to 20% of the shares after one year and with respect to the remaining shares in equal monthly installments over the four-year period thereafter.

Benefit Plans

2000 Stock Option Plan

Our 2000 Stock Option Plan was adopted by our board of directors and stockholders in October 2000. Our 2000 Stock Option Plan provides for the grant of incentive stock options, which may provide for preferential tax treatment to our employees, and for the grant of nonstatutory stock options to our employees, directors and consultants. As of February 9, 2004, we had reserved an aggregate of 2,000,000 shares of our common stock for issuance under this plan. As of February 9, 2004, 590,536 of our outstanding shares have been issued pursuant to the exercise of options, options to purchase 670,500 shares of common stock were outstanding, and 738,964 shares are available for future grant. The 2000 Stock Option Plan provides that in the event of a change in control, each outstanding option will generally become fully vested, or the right of repurchase held by us will lapse, unless the surviving corporation assumes the option or replaces it with a comparable option. Upon the closing of this offering, no additional stock options may be granted under the 2000 Stock Option Plan.

2004 Stock Option Plan

In 2004, our board of directors and stockholders approved the 2004 Stock Option Plan. Our 2004 Stock Option Plan provides for the grant of incentive stock options to our employees, and for the grant of nonstatutory stock options and stock purchase rights to our employees, directors and consultants.

Share Reserve. We have reserved a total of shares of common stock, subject to adjustment, for issuance under the plan, all of which are available for future grant.

Administration of our 2004 Stock Option Plan. Our board of directors or a committee appointed by the board administers the 2004 Stock Option Plan and determines who is granted options and the terms of options granted, including the exercise price, the number of shares subject to individual option awards and the vesting period of options.

Options. The exercise price for incentive stock options granted under the 2000 Stock Option Plan may not be less than 85% of the fair market value of our common stock on the option grant date.

Options generally expire ten years after they are granted, except that they generally expire earlier if the optionee's service terminates earlier. The plan provides that no participant may receive options covering more than 1,000,000 shares in any one-year period.

Our 2004 Stock Option Plan provides that all options granted under the stock option plan will have their vesting accelerated (or, in the case of options subject to immediate exercisability and reverse vesting, our right of repurchase will lapse) by 12 months, upon the occurrence of certain events. For a more detailed description of acceleration provisions in our 2004 Stock Option Plan, see "Management—Employment and Change of Control Arrangements."

In addition to the automatic acceleration of options upon the occurrence of certain events, in the event we merge with another entity in a transaction in which we are not the surviving entity or if, as a result of any other transaction, other securities are substituted for our common stock underlying our options or our common stock may no longer be issued, then, our board of directors must do one or more of the following, contingent upon the completion of the transaction:

- arrange for the substitution of options to purchase equity securities other than our common stock;
- accelerate the vesting and termination of outstanding options;
- cancel options in exchange for cash payments to optionees; or
- either arrange for our repurchase rights with respect to options to apply to the securities issued in substitution for our common stock or terminate our repurchase rights on options.

The board need not adopt the same rules for each option or each optionee.

Transferability of Options. Except as otherwise determined by the board or the committee administering the plan, a participant may not transfer rights granted under our stock option plan other than by will, the laws of descent and distribution or as otherwise provided under the plan.

Amendment and Termination of our 2004 Stock Option Plan. Our board of directors may amend, suspend or terminate the plan at any time, subject to any required stockholder approval. The plan will terminate in 2014 unless terminated earlier by the board of directors.

RELATED PARTY TRANSACTIONS

The following is a description of transactions:

- to which we have been a party during the last three years;
- in which the amount involved exceeds $60,000; and
- in which any director, executive officer or holder of more than 5% of our capital stock had or will have a direct or indirect material interest.

You should also review certain arrangements with our executive officers that are described under “Management”.

Preferred Stock Issuances

The following directors and holders of more than 5% of our securities purchased securities in our preferred stock financings in the amounts and as of the dates shown below.

	Shares of Convertible Preferred Stock				
Purchaser	**Series A***	**Series B***	**Series BB**	**Series C**	**Series C**
Sutter Hill Ventures and affiliates(1)	1,383,687	986,253	213,702	1,123,337	343,400
Alta BioPharma Partners II, LLC and affiliates(2)	—	—	—	1,132,182	566,092
Maverick Fund II, Ltd. and affiliates(3)	—	—	—	1,415,227	707,614
James N. Wilson and affiliates(4)	405,336	144,999	38,149	—	—
David B. Singer(5)	29,055	30,000	12,761	—	—
Price per common share equivalent	$ 0.36	$ 1.00	$ 4.033	$ 7.066	$ 7.066
Dates of purchase	May 1999	January 2000	May 2001	June 2001	December 2002

* The number of shares and per share purchase price of the Series A and Series B convertible preferred stock have been adjusted to reflect the number of shares of common stock issuable upon conversion of such preferred stock and the related conversion price.

(1) G. Leonard Baker, Jr., one of our directors, is a managing director of Sutter Hill Ventures.

(2) Alix Marduel, one of our directors, is a managing director of Alta Partners, LLP.

(3) Steven Kapp, one of our directors, is a principal of Maverick Capital Investment Partnership.

(4) James N. Wilson, the chairman of our board of directors, is a partner of the James and Pamela Wilson Family Partners, a California limited partnership, and is a trustee for certain of the trusts that hold Corcept securities.

(5) David B. Singer is a director of Corcept.

Shares held by all affiliated persons and entities have been aggregated. For additional details on the shares held by each of these purchasers, please refer to the information in this prospectus under the heading “Principal and Selling Stockholders.” Each share of preferred stock will convert automatically into common stock upon the closing of this offering. The purchasers of these shares are entitled to certain registration rights. See “Description of Capital Stock—Registration Rights.”

Loans to Officers and Directors

On October 22, 2001, we made a loan in the amount of $187,250 to Dr. Roe. Dr. Roe exercised an option to purchase 250,000 shares of our common stock with this loan. In connection with this loan, we received a full-recourse promissory note in the amount of the loan, bearing interest at 6.5%. Principal and interest are due no later than October 1, 2011, subject to acceleration upon certain events.

Royalty Arrangements

Drs. Belanoff and Schatzberg were named inventors on certain patents issued to Stanford University. Under two separate agreements with Stanford University, we have obtained exclusive rights, under these

patents, for the treatment of diseases such as PMD. Pursuant to arrangements between Dr. Belanoff, Dr. Schatzberg and Stanford University, Drs. Belanoff and Schatzberg will each receive approximately 14.2% of any royalty payments made by us under the licenses Stanford University has granted to us.

Business Relationship

We lease office space pursuant to a sublease from Heller Ehrman White & McAuliffe LLP, our legal counsel since inception. In connection with this sublease, we paid Heller Ehrman approximately $205,000 in 2003. Sarah A. O'Dowd, one of our directors until January 2004, is a shareholder of a professional corporation that is the general partner of the law firm of Heller Ehrman.

We believe that we have executed all of the transactions set forth above on terms no less favorable to us than terms we could have obtained from unaffiliated third parties. We have adopted a policy that all future transactions, including loans, between us and our officers, directors, principal stockholders and their affiliates, must be approved by a majority of the board of directors, including a majority of the independent and disinterested members of the board of directors, and are on terms no less favorable to us than those that we could obtain from unaffiliated third parties.

Indemnification Agreements

Our amended and restated certificate of incorporation and bylaws provide that we will indemnify each of our directors and officers to the fullest extent permitted by Delaware Law. Further, we have entered into separate indemnification agreements with each of our directors and executive officers. For further information, see "Management—Indemnification."

PRINCIPAL AND SELLING STOCKHOLDERS

The following table presents the beneficial ownership of our common stock as of February 9, 2004, and as adjusted to reflect the sale of shares of our common stock offered by this prospectus, by:

- each person, or group of affiliated persons, who is known by us to own beneficially 5% or more of our common stock;
- each of our directors;
- each of our named executive officers;
- the selling stockholder; and
- all directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. All shares of our common stock subject to options currently exercisable or exercisable within 60 days of February 9, 2004 are deemed to be outstanding for the purpose of computing the percentage ownership of the person holding options, but are not deemed to be outstanding for computing the percentage of ownership of any other person.

Unless otherwise indicated by the footnotes below, we believe, based on the information furnished to us, that each stockholder named in the table has sole or shared voting and investment power with respect to all shares beneficially owned, subject to applicable community property laws. Percentage of ownership is based on 18,142,128 shares of common stock outstanding as of February 9, 2004 and shares outstanding after this offering, assuming no exercise of the underwriters' over-allotment option.

Unless otherwise indicated in the footnotes to the table, the address of each individual listed in the table is: c/o Corcept Therapeutics Incorporated, 275 Middlefield Road, Suite A, Menlo Park, California 94025.

	Number of Shares Beneficially Owned Prior to the Offering		Number of Shares Offered	Number of Shares Beneficially Owned After the Offering	
Name of Beneficial Owner	**Number**	**Percent**		**Number**	**Percent**
5% Stockholders			—		
Sutter Hill Ventures(1)	4,036,317	22.3%	—	4,036,317	%
Entities affiliated with Maverick Capital Investment Partnership(2)	2,122,841	11.7%	—	2,122,841	%
Entities affiliated with Alta Partners, LLP(3)	1,698,274	9.4%	—	1,698,274	%
Directors and Named Executive Officers					
Joseph K. Belanoff(4)	3,004,345	16.6%	—	3,004,345	%
Alan Schatzberg(5)	3,004,346	16.6%			%
G. Leonard Baker, Jr.(6)	2,775,169	15.3%	—	2,775,169	%
James N. Wilson(7)	2,368,377	13.1%	—	2,368,377	%
Steven Kapp(8)	2,122,841	11.7%	—	2,122,841	%
Alix Marduel(9)	1,698,274	9.4%	—	1,698,274	%
David B. Singer(10)	821,816	4.5%	—	821,816	%
Robert L. Roe(11)	389,021	1.6%	—	389,021	%
Joseph C. Cook(12)	75,000	*	—	75,000	%
All directors and executive officers as a group (10 persons)(13)	16,377,175	90.1%			%

* Less than 1% of Corcept's outstanding common stock.

(1) Includes 2,295,378 shares held of record by Sutter Hill Entrepreneurs Fund (AI), LP, Sutter Hill Entrepreneurs Fund (QP), LP and Sutter Hill Ventures, a California limited partnership over which Mr. Baker, a member of our board of directors and a managing director of the general partner of the partnerships mentioned herein, shares voting and investment power with seven other managing

directors of the general partner of the partnerships mentioned herein. Also includes 1,261,148 shares held of record by seven other managing directors, one retired managing director and their related family entities and 479,791 shares held of record by Mr. Baker and a related family entity. The address of Sutter Hill Ventures is 755 Page Mill Road, Suite A-200, Palo Alto, California 94304-5600. The natural persons who have voting or investment power over the shares held of record by Sutter Hill Ventures are David L. Anderson, G. Leonard Baker, Jr., William H. Younger, Jr., Tench Coxe, Gregory P. Sands, James C. Gaither, James N. White and Jeffrey W. Bird.

(2) Includes 194,999 shares held of record by Maverick Fund II, Ltd., 607,398 shares held of record by Maverick Fund USA, Ltd., and 1,320,444 shares held of record by Maverick Fund, LDC. The address of Maverick Partners LLP is c/o UBS Paine Webber, 1285 Avenue of the Americas, 11th Floor, New York, New York 10019. The natural persons affiliated with Maverick Capital Investment Partnership who have voting or investment power over these shares are Michelle Perrin and Lee S. Ainslie III.

(3) Includes 1,632,012 shares held of record by Alta BioPharma Partners II, LP and 66,262 shares held of record by Alta Embarcadero BioPharma Partners II, LLC. The address of Alta Partners, LLP is One Embarcadero Center, Suite 4050, San Francisco, California 94111. The natural persons affiliated with Alta Partners LLP who have voting or investment power over these shares are Jean Deleage, Alix Marduel, Farah Champsi and Hilary Strain.

(4) Includes 300,000 shares held as custodian for Edward G. Belanoff and 300,000 shares held as custodian for Julia E. Belanoff under the California Uniform Transfers to Minors Act over which Dr. Belanoff has voting control. Also includes 60,000 shares which we have the right to repurchase within 60 days of February 9, 2004.

(5) Includes 300,000 shares held of record by Lindsey D. Schatzberg and 300,000 shares held of record by Melissa A. Schatzberg, over which Dr. Schatzberg has voting control. Also includes 60,000 shares which we have the right to repurchase within 60 days of February 9, 2004.

(6) Includes 2,295,378 shares held of record by Sutter Hill Entrepreneurs Fund (AI), LP, Sutter Hill Entrepreneurs Fund (QP), LP and Sutter Hill Ventures, a California limited partnership over which Mr. Baker, a member of our board of directors and a managing director of the general partner of the partnerships mentioned herein, shares voting and investment power with seven other managing directors of the general partner of the partnerships mentioned herein. Also includes 479,791 shares held of record by Mr. Baker and a related family entity. Mr. Baker disclaims beneficial ownership of the shares held by the partnerships affiliated with Sutter Hill Ventures, except to the extent of his proportionate partnership interest therein. The address of G. Leonard Baker, Jr. is 755 Page Mill Road, Suite A-200, Palo Alto, California 94304-1005.

(7) Includes 606,060 shares held of record by the James and Pamela Wilson Family Partners, 1,588,094 shares held of record by the James N. Wilson and Pamela D. Wilson Trust, 25,243 shares held of record by David Wilson, 6,358 shares held of record by the Norman and Ann Wilson Family Trust, 37,776 shares held of record by David K. Arterburn and Edith A. Watters, as trustees of the Arterburn/Watters Trust, 37,776 shares held of record by Edward M. West and Beth Ann Wilson West, and 67,070 shares held of record by Edward M. West and Beth Ann Wilson as trustees of the West Revocable Trust, over all of which Mr. Wilson has voting control pursuant to voting agreements. Of these shares, we have the right to repurchase 59,031 within 60 days of February 9, 2004. Mr. Wilson disclaims beneficial ownership of such shares, except to the extent of his pecuniary interests in the entities holding such shares.

(8) Includes 194,999 shares held of record by Maverick Fund II, Ltd., 607,398 shares held of record by Maverick Fund USA, Ltd., and 1,320,444 shares held of record by Maverick Fund, LDC. Mr. Kapp is a principal of Maverick Capital Investment Partnership. The address of Steven Kapp is c/o UBS Paine Webber, 1285 Avenue of the Americas, 11th Floor, New York, New York 10019.

(9) Includes 1,632,012 shares held of record by Alta BioPharma Partners II, LP and 66,262 shares held of record by Alta Embarcadero BioPharma Partners II, LLC. Dr. Marduel and certain principals of Alta Partners LLP are Managing Directors of the funds mentioned herein, and as such, they may be deemed to share voting and investment powers for the shares held by the funds. The principals of Alta Partners LLP disclaim beneficial ownership of all such shares held by the foregoing funds,

except to the extent of their pecuniary interests in such funds. The address of Alix Marduel is One Embarcadero Center, Suite 4050, San Francisco, California 94111.

(10) Includes 40,000 shares held of record by the Singer-Kapp Family Trust FBO Kapp S. Singer and includes 15,000 shares which we have the right to repurchase within 60 days of February 9, 2004.

(11) Includes 7,014 shares issuable pursuant to options exercisable within 60 days of February 9, 2004 and includes 228,925 shares which we have the right to repurchase within 60 days of February 9, 2004.

(12) Includes 75,000 shares issuable pursuant to options exercisable within 60 days of February 9, 2004, of which our right to repurchase will have elapsed with respect to 55,795 shares.

(13) Total number of shares includes common stock held by entities affiliated with directors and executive officers. See footnotes 1 through 12 above.

DESCRIPTION OF CAPITAL STOCK

Upon the closing of this offering, our authorized capital stock, after giving effect to the amendment and restatement of our certificate of incorporation, will consist of 140,000,000 shares of common stock, $0.001 par value, and 10,000,000 shares of preferred stock, $0.001 par value.

Common Stock

As of February 9, 2004, there were 18,142,128 shares of common stock that were held of record by approximately 100 stockholders after giving effect to the conversion of our preferred stock into common stock. There will be shares of common stock outstanding, assuming no exercise of the underwriters' over-allotment option and no exercise of outstanding options, after giving effect to the sale of the shares of common stock offered by this prospectus.

Each holder of common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors, and each holder does not have cumulative voting rights. Accordingly, the holders of a majority of the shares of common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they so choose.

Subject to preferences that may be applicable to any then outstanding preferred stock, holders of common stock are entitled to receive ratably those dividends, if any, as may be declared from time to time by the board of directors out of legally available funds. In the event of our liquidation, dissolution or winding up, holders of common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any outstanding shares of preferred stock.

Holders of common stock have no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are, and the shares of common stock offered by us in this offering, when issued and paid for, will be fully paid and nonassessable. The rights, preferences and privileges of the holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock which we may designate in the future.

Preferred Stock

Upon the closing of this offering, the board of directors will be 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 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, and may be adversely affected by, the rights of holders of any preferred stock that may be issued in the future. Issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of delaying, deferring or preventing a change in control of Corcept. We have no present plans to issue any shares of preferred stock.

Convertible Promissory Note

In January 2001, we issued a convertible promissory note to the Institute for the Study of Aging, Inc., the principal amount of which is $462,929 and which accrues interest at 4.5% per annum. The note and accrued interest may be converted once, upon the first to occur of our initial public offering, a merger or acquisition of our company or FDA approval to market mifepristone for the treatment of Alzheimer's disease. The method for determining the conversion price differs with respect to each of the foregoing events. In the case of our initial public offering, the conversion price will be the initial public offering price. Within 60 days of the closing of the offering, we must provide notice of the offering to the noteholder and the noteholder will then have 60 days from the date of the notice to exercise its option

convert the note into shares of our common stock. If the noteholder declines to convert the note in connection with this offering, the note will no longer be convertible and will be payable on demand any time after January 4, 2006.

Registration Rights

After this offering, the holders of preferred stock convertible into 8,807,146 shares of common stock will be entitled to rights to cause us to register the sale of such shares under the Securities Act. These shares are referred to as registrable securities. Specifically, commencing 180 days after the effective date of the registration statement of which this prospectus is a part, holders of at least 50% of the registrable securities may require us to prepare and file a registration statement under the Securities Act at our expense covering at least 50% of the registrable securities then outstanding, or any lesser amount if the shares to be included in such registration will generate anticipated aggregate net proceeds to Corcept of at least $10,000,000.

Under these demand registration rights, we are required to use our best efforts to cause the shares requested to be included in the registration statement, subject to customary conditions and limitations. We are not obligated to effect more than one of these stockholder-initiated registrations. Once we become eligible to file a registration statement on Form S-3, the holders of at least one-third of the registrable securities may require us to register for a public offering of shares of registrable securities on a registration statement on Form S-3 and may participate in certain registrations by us, subject to specific conditions and limitations. Registration rights terminate no later than four years after this offering. Registration of these shares under the Securities Act would result in these shares, other than shares purchased by our affiliates, becoming freely tradable without restriction under the Securities Act.

Effect of Certain Provisions of our Amended and Restated Certificate of Incorporation and Bylaws and the Delaware Anti-Takeover Statute

Amended and Restated Certificate of Incorporation and Bylaws

Some provisions of Delaware law and our amended and restated certificate of incorporation and bylaws contain provisions that could make the following transactions more difficult:

- acquisition of us by means of a tender offer;
- acquisition of us by means of a proxy contest or otherwise; or
- removal of our incumbent officers and directors.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids and to promote stability in our management. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors.

- *Undesignated Preferred Stock*. The ability to authorize undesignated preferred stock makes it possible for our board of directors to issue one or more series of preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of Corcept. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of our company.
- *Stockholder Meetings*. Our charter documents provide that a special meeting of stockholders may be called only by the chairman of the board or by our president, or by a resolution adopted by a majority of our board of directors.
- *Requirements for Advance Notification of Stockholder Nominations and Proposals*. Our bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors.

- *Elimination of Stockholder Action by Written Consent*. Our amended and restated certificate of incorporation eliminates the right of stockholders to act by written consent without a meeting.
- *Election and Removal of Directors*. Our board of directors is divided into three classes. The directors in each class will serve for a three-year term, one class being elected each year by our stockholders. This system of electing and removing directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us because it generally makes it more difficult for stockholders to replace a majority of the directors.
- *Amendment of Bylaws*. Any amendment of our bylaws by our stockholders requires approval by holders of at least 66 2/3% of our then outstanding common stock, voting together as a single class.

Delaware Anti-Takeover Statute

We are subject to Section 203 of the Delaware General Corporation Law. This law prohibits a publicly-held Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder unless:

- prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned by persons who are directors and also officers and by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or subsequent to the date of the transaction, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 defines “business combination” to include:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of our assets involving the interested stockholder;
- in general, any transaction that results in the issuance or transfer by us of any of our stock to the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an “interested stockholder” as an entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by the entity or person.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is .

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock. Future sales of substantial amounts of our common stock in the public market could adversely affect prevailing market prices. Furthermore, a large number of our shares of common stock outstanding will not be available for sale shortly after this offering because of contractual and legal restrictions on resale as described below. Sales of substantial amounts of our common stock in the public market after these restrictions lapse, or the perception that such sales may occur, could depress the prevailing market price and limit our ability to raise equity capital in the future.

Upon completion of this offering, we will have outstanding an aggregate of shares of common stock, based upon the shares outstanding as of February 9, 2004, assuming no exercise of the underwriters' over-allotment option and no exercise of outstanding options prior to completion of this offering. Of the total outstanding shares, the shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except that any shares held by our affiliates, as that term is defined under the Securities Act, may generally only be sold in accordance with Rule 144 of the Securities Act.

Sales of Restricted Shares

The remaining shares of common stock held by existing stockholders were issued and sold by us in reliance on exemptions from the registration requirements of the Securities Act. All of these shares will be subject to "lock-up" agreements under which the holders have agreed not to offer, sell or otherwise dispose of any of the shares of common stock owned by them for a period of 180 days after the completion of this offering. Thomas Weisel Partners, however, may in its sole discretion, at any time without notice, release all or any portion of the shares subject to lock-up agreements. Upon expiration of the lock-up agreements, 2,257,694 shares will become eligible for sale pursuant to Rule 144(k), shares will become eligible for sale under Rule 144 and 134,293 shares will become eligible for sale under Rule 701. In addition, of the 670,500 shares issuable upon exercise of options to purchase our common stock outstanding as of February 9, 2004, approximately 153,242 shares will be vested and eligible for sale 180 days after the date of this prospectus.

Stock Options

After the completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act to register all of the shares of common stock subject to issuance of options outstanding or reserved for future issuance under our 2000 and 2004 Stock Option Plans and an option outstanding that was granted outside of our option plans. Based upon the number of shares subject to outstanding options as of February 9, 2004 and the shares reserved for issuance under our 2000 and 2004 Stock Option Plans, the registration statement on Form S-8 would cover approximately shares. Shares registered under that registration statement will generally be available for sale in the open market immediately after the 180 day lock-up agreements expire.

Registration Rights

After this offering, the holders of an aggregate of approximately 8.8 million shares of our common stock will have the right to require us to register these shares under the Securities Act under certain circumstances. After registration, the shares will be freely tradable without restriction under the Securities Act. For more information regarding these registration rights, see "Description of Capital Stock—Registration Rights."

Rule 144

In general, under Rule 144 as currently in effect, beginning 180 days after the date of this prospectus, a person who has beneficially owned restricted securities for at least one year and is not an

affiliate would be entitled to sell in "broker's transactions" or to market makers, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding (which will equal approximately shares immediately after this offering); or
- the average weekly trading volume in the common stock on the Nasdaq National Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 are generally subject to the availability of current public information about Corcept.

Rule 144(k)

Under Rule 144(k), a person who is not deemed to have been our affiliate at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years, is entitled to sell these shares without having to comply with the manner of sale, public information, volume limitation or notice filing provisions of Rule 144. Therefore, unless otherwise restricted, "144(k) shares" may be sold immediately upon the completion of this offering. Affiliates must always sell pursuant to Rule 144, even after the applicable holding periods have been satisfied.

Rule 701

In general, under Rule 701, any of our employees, directors, officers, consultants or advisors who purchase shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this offering is entitled to sell his or her shares 90 days after the effective date of this offering, unless otherwise restricted, in reliance on Rule 144, without having to comply with the holding period of Rule 144 and, in the case of non-affiliates, without having to comply with the public information, volume limitation or notice filing provisions of Rule 144.

UNDERWRITING

General

Subject to the terms and conditions contained in an agreement among the underwriters and us, each of the underwriters named below, through their representatives, Thomas Weisel Partners LLC, Piper Jaffray & Co. and Legg Mason Wood Walker, Incorporated have severally agreed to purchase the aggregate number of shares of common stock listed opposite its name below:

Underwriters	Number of Shares
Thomas Weisel Partners LLC	
Piper Jaffray & Co.	
Legg Mason Wood Walker, Incorporated	
Total	

The underwriting agreement provides that the obligations of the several underwriters are subject to various conditions. The underwriting agreement also provides that the underwriters will purchase and pay for all of the shares of common stock listed above if any of the shares are purchased.

The underwriting agreement provides that we and the selling stockholder will indemnify the underwriters against liabilities specified in the underwriting agreement under the Securities Act, or will contribute to payments that the underwriters may be required to make relating to these liabilities.

Over-Allotment Option

We have granted the underwriters a 30-day option to purchase up to a total of additional shares of our common stock from us at the initial public offering price, less the underwriting discounts and commissions payable by us, as set forth on the cover page of this prospectus. The underwriters may exercise this option only to cover over-allotments made in connection with the sale of the common stock offered by us in this prospectus. If the underwriters exercise this option in whole or in part, then each of the underwriters will be separately committed, subject to conditions described in the underwriting agreement, to purchase a number of additional shares of our common stock proportionate to that underwriter's initial amount reflected in the table above.

Commissions and Discounts

The underwriters propose to offer the shares of common stock directly to the public at the public offering price described on the cover page of this prospectus, and to dealers at that price less a concession not in excess of $ per share. The underwriters may allow and the dealers may reallow a concession not in excess of $ per share on sales to certain other brokers and dealers. After the initial public offering, the underwriters may vary the public offering price or other selling terms.

The following table shows the per share and total public offering price, the underwriting discount and the proceeds we and the selling stockholder will receive before expenses in connection with this offering:

		Total	
	Per Share	Without Over-Allotment	With Over-Allotment
Public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before expenses, to us	$	$	$
Proceeds to selling stockholder	$	$	$

Determination of Offering Price

Prior to this offering, there has been no public market for our common stock. The initial public offering price for the shares of our common stock was determined through negotiations among us and the representatives. The primary factors considered in determining the initial public offering price were:

- prevailing market conditions;
- our financial information;
- the history of and prospects for our industry;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues;
- the present state of our development and the progress of our business plan; and
- the consideration of these factors in relation to the market valuation of other companies engaged in activities similar to ours.

We cannot assure you that an active or orderly trading market will develop for our common stock or that our common stock will trade in the public markets subsequent to this offering at or above the initial offering price.

Indemnification of Underwriters

We and the selling stockholder have agreed to indemnify the underwriters against some civil liabilities, including liabilities under the Securities Act and liabilities arising from breaches of our representations and warranties contained in the underwriting agreement. If we or the selling stockholder are unable to provide this indemnification, we and the selling stockholder will contribute to payments the underwriters may be required to make in respect of those liabilities.

Reserved Shares

The underwriters, at our request, have reserved for sale at the initial public offering price up to shares of common stock to be sold in this offering for sale to our employees and other persons designated by us. The number of shares available for sale to the general public will be reduced to the extent that any reserved shares are purchased. Any reserved shares not purchased in this manner will be offered by the underwriters on the same basis as the other shares offered in this offering.

No Sales of Similar Securities

Each of our directors and officers and all of our stockholders, including the selling stockholder, have agreed not to offer, sell, agree to sell, directly or indirectly, or otherwise dispose of any shares of common stock or any securities convertible into or exchangeable for shares of common stock without the prior written consent of Thomas Weisel Partners LLC for a period of 180 days after the date of this prospectus.

We have agreed that for a period of 180 days after the date of this prospectus we will not, without the prior written consent of Thomas Weisel Partners LLC, offer, sell, or otherwise dispose of any shares of common stock, except for the shares of common stock offered in the offering and the shares of common stock issuable upon exercise of options and warrants outstanding on the date of this prospectus.

Nasdaq National Market Listing

We have applied for listing of our common stock on the Nasdaq National Market under the symbol “CORT”.

Discretionary Accounts

The underwriters do not expect sales of shares of common stock offered by this prospectus to any accounts over which they exercise discretionary authority to exceed five percent of the shares offered.

Short Sales, Stabilizing Transactions and Penalty Bids

In order to facilitate this offering, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of our common stock during and after this offering. Specifically, the underwriters may engage in the following activities in accordance with the rules of the SEC.

Short Sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares from the issuer in the offering. The underwriters may close out any covered short position by either exercising their option to purchase shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. "Naked" short sales are any sales in excess of such over-allotment option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering.

Stabilizing Transactions. The underwriters may make bids for or purchases of the shares in the open market for the purpose of pegging, fixing or maintaining the price of the shares, so long as stabilizing bids do not exceed a specified maximum.

Penalty Bids. The underwriters may impose penalty bids. This means that if the underwriters purchase shares in the open market in a stabilizing transaction or syndicate covering transaction, they may reclaim a selling concession from the underwriters and selling group members who sold those shares as part of this offering.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of our common stock may be higher than it would otherwise be in the absence of these transactions. Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of our common stock. These transactions may occur on the Nasdaq National Market or otherwise and, if commenced, they may be discontinued without notice at any time.

A prospectus in electronic format may be made available on the web sites maintained by one or more of the underwriters or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. One or more of the underwriters may facilitate the marketing of this offering online directly or through one of its affiliates. In those cases, prospective investors may view offering terms and a prospectus online and, depending upon the particular underwriter, place orders online or through their financial advisor.

From time to time in the ordinary course of their respective businesses, certain of the underwriters have performed and may in the future perform investment banking and advisory services for us, for which they have received or may receive customary fees and expenses.

Three individuals affiliated with Piper Jaffray & Co., one of the representatives of the underwriters, purchased an aggregate of 8,821 shares of Series C preferred stock at a purchase price of $7.07 per share in our Series C financings in June 2001 and December 2002.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO NON-UNITED STATES HOLDERS

The following is a summary of the material United States federal income tax consequences of the ownership and disposition of our common stock to non-United States holders, but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, Treasury regulations promulgated thereunder, administrative rulings and judicial decisions, all as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in United States federal income tax consequences different from those set forth below. We have not sought any ruling from the Internal Revenue Service, or the IRS, with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions.

This summary also does not address the tax considerations arising under the laws of any foreign, state or local jurisdiction. In addition, this discussion does not address tax considerations applicable to an investor's particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

- banks, insurance companies, or other financial institutions;
- persons subject to the alternative minimum tax;
- tax-exempt organizations;
- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons that own, or are deemed to own, more than five percent of our company (except to the extent specifically set forth below);
- certain former citizens or long-term residents of the United States;
- persons who hold our common stock as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction transaction; or
- persons deemed to sell our common stock under the constructive sale provisions of the Code.

In addition, if a partnership holds our common stock, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Accordingly, partnerships which hold our common stock, and partners in such partnerships, should consult their tax advisors.

YOU ARE URGED TO CONSULT YOUR TAX ADVISOR WITH RESPECT TO THE APPLICATION OF THE UNITED STATES FEDERAL INCOME TAX LAWS TO YOUR PARTICULAR SITUATION, AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE UNITED STATES FEDERAL ESTATE OR GIFT TAX RULES OR UNDER THE LAWS OF ANY STATE, LOCAL, FOREIGN OR OTHER TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Non-United States Holder Defined

For purposes of this discussion, you are a non-United States holder if you are a holder that, for United States federal income tax purposes, is not a United States person. For purposes of this discussion, you are a United States person if you are:

- an individual citizen or resident of the United States;
- a corporation or other entity taxable as a corporation, or a partnership or entity taxable as a partnership, created or organized in the United States or under the laws of the United States or any political subdivision thereof;

- an estate whose income is subject to United States federal income tax regardless of its source; or
- a trust (x) whose administration is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (y) which has made an election to be treated as a United States person.

Distributions

We have not made any distributions on our common stock, and we do not plan to make any distributions for the foreseeable future. However, if we do make distributions on our common stock, those payments will constitute dividends for United States tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under United States federal income tax principles. To the extent those distributions exceed both our current and our accumulated earnings and profits, they will constitute a return of capital and will first reduce your basis in our common stock, but not below zero, and then will be treated as gain from the sale of stock.

Any dividend paid to you generally will be subject to United States withholding tax either at a rate of 30% of the gross amount of the dividend or such lower rate as may be specified by an applicable income tax treaty. In order to receive a reduced treaty rate, you must provide us with an IRS Form W-8BEN or other appropriate version of IRS Form W-8 certifying qualification for the reduced rate.

Dividends received by you that are effectively connected with your conduct of a United States trade or business are exempt from such withholding tax. In order to obtain this exemption, you must provide us with an IRS Form W-8ECI properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, are taxed at the same graduated rates applicable to United States persons, net of certain deductions and credits. In addition, if you are a corporate non-United States holder, dividends you receive that are effectively connected with your conduct of a United States trade or business may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty.

If you are eligible for a reduced rate of withholding tax pursuant to a tax treaty, you may obtain a refund of any excess amounts currently withheld if you file an appropriate claim for refund with the IRS.

Gain on Disposition of Common Stock

You generally will not be required to pay United States federal income tax on any gain realized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with your conduct of a United States trade or business;
- you are an individual who holds our common stock as a capital asset (generally, an asset held for investment purposes) and who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met; or
- our common stock constitutes a United States real property interest by reason of our status as a “United States real property holding corporation” for United States federal income tax purposes (a “USRPHC”) at any time within the shorter of the five-year period preceding the disposition or your holding period for our common stock.

We believe that we are not currently and will not become a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our United States real property relative to the fair market value of our other business assets, there can be no assurance that we will not become a USRPHC in the future. Even if we become a USRPHC, however, as long as our common stock is regularly traded on an established securities market, such common stock will be treated as United States real property interests only if you actually or constructively hold more than 5% of such regularly traded common stock.

If you are a non-United States holder described in the first bullet above, you will be required to pay tax on the net gain derived from the sale under regular graduated United States federal income tax rates, and corporate non-United States holders described in the first bullet above may be subject to the branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. If you are an individual non-United States holder described in the second bullet above, you will be required to pay a flat 30% tax on the gain derived from the sale, which tax may be offset by United States source capital losses (even though you are not considered a resident of the United States). You should consult any applicable income tax treaties that may provide for different rules.

Backup Withholding and Information Reporting

Generally, we must report annually to the IRS the amount of dividends paid to you, your name and address, and the amount of tax withheld, if any. A similar report is sent to you. Pursuant to applicable income tax treaties or other agreements, the IRS may make these reports available to tax authorities in your country of residence.

Payments of dividends or of proceeds on the disposition of stock made to you may be subject to information reporting and backup withholding unless you establish an exemption, for example by properly certifying your non-United States status on a Form W-8BEN or another appropriate version of IRS Form W-8. Notwithstanding the foregoing, backup withholding and information reporting may apply if either we or our paying agent has actual knowledge, or reason to know, that you are a United States person.

Backup withholding is not an additional tax; rather, the United States income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may be obtained, provided that the required information is furnished to the IRS in a timely manner.

LEGAL MATTERS

The validity of the common stock being offered by this prospectus will be passed upon for us by Heller Ehrman White & McAuliffe LLP, Menlo Park, California which has acted as our counsel in connection with this offering. As of the date of this prospectus, Heller Ehrman White & McAuliffe LLP owns 33,750 shares of our common stock and partners of Heller Ehrman White & McAuliffe LLP own an additional 64,441 shares of common stock individually and through an investment limited liability company. The underwriters have been represented by Latham & Watkins LLP, Costa Mesa, California.

EXPERTS

Ernst & Young LLP, independent auditors, have audited our financial statements at December 31, 2002 and 2003, and for each of the three years in the period ended December 31, 2003, and for the period from inception (May 13, 1998) to December 31, 2003, as set forth in their report. We have included our financial statements in the prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 (including exhibits and schedules) under the Securities Act, with respect to the shares of common stock offered by us and the selling stockholder in this offering. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement; some items are contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information on Corcept and the common stock offered in this prospectus, reference is made to the registration statement, including the exhibits thereto, and the financial statements and notes filed as a part of the registration statement. With respect to each document filed with the SEC as an exhibit to the registration statement, reference is made to the exhibit for a more complete description of the matter involved. When we complete this offering, we will also be required to file annual, quarterly and special reports, proxy statements and other information with the SEC.

You can read our SEC filings, including the registration statement, over the Internet at the SEC's web site at www.sec.gov. You may also read and copy any document we file with the SEC at its public reference facility at 450 Fifth Street, N.W., Washington, D.C. 20549. You may also obtain copies of the document at prescribed rates by writing to the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities.

CORCEPT THERAPEUTICS INCORPORATED
(A DEVELOPMENT STAGE COMPANY)

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REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Corcept Therapeutics Incorporated

We have audited the accompanying balance sheets of Corcept Therapeutics Incorporated (a development stage company) as of December 31, 2002 and 2003, and the related statements of operations, convertible preferred stock and stockholders' equity (net capital deficiency), and cash flows for each of the three years in the period ended December 31, 2003, and for the period from inception (May 13, 1998) to December 31, 2003. 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 auditing standards generally accepted in the 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 (a development stage company) at December 31, 2002 and 2003 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2003 and for the period from inception (May 13, 1998) to December 31, 2003, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

Palo Alto, California
January 20, 2004

CORCEPT THERAPEUTICS INCORPORATED
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEETS

	December 31,		Unaudited Pro forma Stockholders' Equity at December 31, 2003
	2002	2003	
Assets			
Current assets:			
Cash and cash equivalents (including restricted cash of $429,515 and $0 at December 31, 2002 and 2003, respectively)	$ 18,400,992	$ 10,073,103	
Short-term investments	3,142,180	1,504,180	
Prepaid expenses and other current assets	195,430	165,341	
Total current assets	21,738,602	11,742,624	
Property and equipment, net of accumulated depreciation	23,082	531	
Other assets	33,043	37,805	
Total assets	$ 21,794,727	$ 11,780,960	
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	$ 804,974	$ 321,806	
Accrued clinical expenses	530,106	334,362	
Other accrued liabilities	181,544	357,818	
Total current liabilities	1,516,624	1,013,986	
Convertible note payable	502,857	523,689	
Total liabilities	2,019,481	1,537,675	
Commitments			
Convertible preferred stock, $0.001 par value, issuable in series; 10,000,000 shares authorized and 6,768,558 shares issued and outstanding at December 31, 2002 and 2003 (no shares authorized or outstanding pro forma); aggregate liquidation preference of $41,702,203 at December 31, 2003	41,715,974	41,715,974	
Stockholders' equity (net capital deficiency):			
Preferred stock, $0.001 par value, undesignated; 10,000,000 shares authorized and no shares outstanding pro forma			$ —
Common stock, $0.001 par value; 30,000,000 shares authorized and 9,540,858 and 9,334,982 shares issued and outstanding at December 31, 2002 and 2003, respectively (18,142,128 shares outstanding pro forma)	9,541	9,335	18,142
Additional paid-in capital	10,881,514	7,822,884	49,530,051
Notes receivable from stockholders	(438,165)	(246,258)	(246,258)
Deferred compensation	(4,268,488)	(1,239,032)	(1,239,032)
Deficit accumulated during the development stage	(28,125,064)	(37,818,975)	(37,818,975)
Accumulated other comprehensive loss	(66)	(643)	(643)
Total stockholders' equity (net capital deficiency)	(21,940,728)	(31,472,689)	$ 10,243,285
Total liabilities and stockholders' equity	$ 21,794,727	$ 11,780,960	

See accompanying notes.

CORCEPT THERAPEUTICS INCORPORATED
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF OPERATIONS

	Years ended December 31,			Period from inception (May 13, 1998) to December 31, 2003
	2001	2002	2003	
Operating expenses:				
Research and development*	$ 5,390,411	$ 13,150,078	$ 8,051,187	$ 28,051,106
General and administrative*	2,615,734	5,653,040	1,824,958	10,855,005
Total operating expenses	8,006,145	18,803,118	9,876,145	38,906,111
Interest and other income, net	600,420	320,000	203,066	1,181,941
Interest expense	(48,113)	(20,832)	(20,832)	(94,805)
Net loss	$ (7,453,838)	$ (18,503,950)	$ (9,693,911)	$ (37,818,975)
Basic and diluted net loss per share	$ (1.25)	$ (2.50)	$ (1.12)	
Shares used in computing basic and diluted net loss per share	5,980,897	7,392,016	8,650,471	
Pro forma basic and diluted net loss per share			$ (0.55)	
Shares used in computing pro forma basic and diluted net loss per share			17,757,617	
*Includes non-cash stock-based compensation of the following:				
Research and development	$ 1,213,649	$ 1,956,874	$ 494,734	$ 3,762,878
General and administrative	680,158	2,144,721	(369,781)	2,455,098
Total non-cash stock-based compensation	$ 1,893,807	$ 4,101,595	$ 124,953	$ 6,217,976

See accompanying notes.

CORCEPT THERAPEUTICS INCORPORATED
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (NET CAPITAL DEFICIENCY)

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Notes Receivable from Stockholders	Deferred Compensation	Deficit Accumulated During the Development Stage	Accumulated Other Comprehensive Loss	Total Stockholders' Equity (Net Capital Deficiency)
	Shares	Amount	Shares	Amount						
Balance at inception (May 13, 1998)	—	$ —	—	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Issuance of common stock to directors for cash in June and July 1998	—	—	7,500,000	7,500	(5,000)	—	—	—	—	2,500
Issuance of common stock to a director for cash in May 1999	—	—	1,770,939	1,771	63,163	—	—	—	—	64,934
Issuance of common stock to Stanford and directors in conjunction with a license agreement in October 1999	—	—	30,000	30	1,070	—	—	—	—	1,100
Issuance of Series A convertible preferred stock to institutional and individual investors at $1.08 per share for cash and conversion of notes payable, net of issuance costs of $33,756 in May 1999	607,761	622,626	—	—	—	—	—	—	—	—
Common stock issued to attorneys and consultants in exchange for services in May 1999	—	—	48,750	49	1,739	—	—	—	—	1,788
Issuance of common stock upon option exercise	—	—	60,000	60	(40)	—	—	—	—	20
Repurchase of common stock held by director in March 1999	—	—	(750,000)	(750)	500	—	—	—	—	(250)
Deferred compensation related to options granted to nonemployees	—	—	—	—	64,935	—	(64,935)	—	—	—
Amortization of deferred compensation	—	—	—	—	—	—	7,350	—	—	7,350
Net loss from inception to December 31, 1999	—	—	—	—	—	—	—	(321,110)	—	(321,110)
Balance at December 31, 1999	607,761	622,626	8,659,689	8,660	126,367	—	(57,585)	(321,110)	—	(243,668)
Issuance of Series B convertible preferred stock to institutional and individual investors at $3.00 per share for cash, net of issuance costs of $19,232 in January 2000	399,999	1,180,765	—	—	—	—	—	—	—	—
Deferred compensation related to options granted to an employee and nonemployees	—	—	—	—	248,118	—	(248,118)	—	—	—
Amortization of deferred compensation	—	—	—	—	—	—	90,271	—	—	90,271
Net loss	—	—	—	—	—	—	—	(1,846,166)	—	(1,846,166)
Balance at December 31, 2000 (carried forward)	1,007,760	1,803,391	8,659,689	8,660	374,485	—	(215,432)	(2,167,276)	—	(1,999,563)

CORCEPT THERAPEUTICS INCORPORATED
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (NET CAPITAL DEFICIENCY) (CONTINUED)

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Notes Receivable from Stockholders	Deferred Compensation	Deficit Accumulated During the Development Stage	Accumulated Other Comprehensive Loss	Total Stockholders' Equity (Net Capital Deficiency)
	Shares	Amount	Shares	Amount						
Balance at December 31, 2000 (brought forward)	1,007,760	$ 1,803,391	8,659,689	$ 8,660	$ 374,485	$ —	$ (215,432)	$ (2,167,276)	$ —	$ (1,999,563)
Issuance of Series B convertible preferred stock to consultants in exchange for services in January and April 2001	11,534	204,709	—	—	—	—	—	—	—	—
Issuance of Series BB convertible preferred stock to institutional and individual investors at $4.033 per share upon conversion of promissory notes in May 2001	268,077	1,081,155	—	—	—	—	—	—	—	—
Issuance of Series C convertible preferred stock to institutional and individual investors at $7.066 per share for cash, net of issuance costs of approximately $95,000 in May and June 2001	3,806,957	26,804,967	—	—	—	—	—	—	—	—
Issuance of Series C convertible preferred stock to consultants in exchange for services in October 2001	1,326	20,049	—	—	—	—	—	—	—	—
Issuance of common stock to a consultant for cash below fair value in April 2001	—	—	50,000	50	49,950		—	—	—	50,000
Issuance of common stock upon option exercises	—	—	767,835	768	438,324	(438,165)	—	—	—	927
Issuance of common stock in conjunction with a license agreement	—	—	1,000	1	15,106	—	—	—	—	15,107
Deferred compensation related to options granted to employees and nonemployees	—	—	—	—	10,225,292	—	(10,225,292)	—	—	—
Amortization of deferred compensation	—	—	—	—	—	—	1,848,807	—	—	1,848,807
Net loss	—	—	—	—	—	—	—	(7,453,838)	—	(7,453,838)
Balance at December 31, 2001 (carried forward)	5,095,654	29,914,271	9,478,524	9,479	11,103,157	(438,165)	(8,591,917)	(9,621,114)	—	(7,538,560)

CORCEPT THERAPEUTICS INCORPORATED
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (NET CAPITAL DEFICIENCY) (CONTINUED)

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Notes Receivable from Stockholders	Deferred Compensation	Deficit Accumulated During the Development Stage	Accumulated Other Comprehensive Loss	Total Stockholders' Equity (Net Capital Deficiency)
	Shares	Amount	Shares	Amount						
Balance at December 31, 2001 (brought forward)	5,095,654	$ 29,914,271	9,478,524	$ 9,479	$ 11,103,157	$ (438,165)	$ (8,591,917)	$ (9,621,114)	$—	$ (7,538,560)
Issuance of Series C convertible preferred stock to institutional and individual investors at $7.066 per share for cash, net of issuance costs of approximately $19,036 in December 2002	1,672,904	11,801,703	—	—	—	—	—	—	—	—
Issuance of common stock upon option exercises	—	—	62,334	62	191	—	—	—	—	253
Amortization of deferred compensation	—	—	—	—	—	—	4,083,707	—	—	4,083,707
Reduction of deferred compensation related to the unamortized portion of deferred stock compensation related to a terminated employee	—	—	—	—	(239,722)	—	239,722	—	—	—
Reversal of previously expensed deferred compensation related to a terminated employee based on the straight line method	—	—	—	—	(50,112)	—	—	—	—	(50,112)
Stock-based compensation related to lapsing repurchase right of stock held by a non-employee					68,000					68,000
Net loss	—	—	—	—	—	—	—	(18,503,950)	—	(18,503,950)
Unrealized loss on short-term investments	—	—	—	—	—	—	—	—	(66)	(66)
Total comprehensive loss										(18,504,016)
Balance at December 31, 2002 (carried forward)	6,768,558	41,715,974	9,540,858	9,541	10,881,514	(438,165)	(4,268,488)	(28,125,064)	(66)	(21,940,728)

See accompanying notes.

CORCEPT THERAPEUTICS INCORPORATED
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (NET CAPITAL DEFICIENCY) (CONTINUED)

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Notes Receivable from Stockholders	Deferred Compensation	Deficit Accumulated During the Development Stage	Accumulated Other Comprehensive Loss	Total Stockholders' Equity (Net Capital Deficiency)
	Shares	Amount	Shares	Amount						
Balance at December 31, 2002 (brought forward)	6,768,558	$ 41,715,974	9,540,858	$ 9,541	$ 10,881,514	$ (438,165)	$ (4,268,488)	$ (28,125,064)	$ (66)	$ (21,940,728)
Issuance of common stock upon option exercises	—	—	367	—	274	—	—	—	—	274
Amortization of deferred compensation	—	—	—	—	—	—	1,440,938	—	—	1,440,938
Reduction of deferred compensation related to the unamortized portion of deferred stock compensation related to terminated employees	—	—	—	—	(1,588,518)	—	1,588,518	—	—	—
Reversal of previously expensed deferred compensation related to terminated employees	—	—	—	—	(1,383,985)	—	—	—	—	(1,383,985)
Repurchase of common stock and reduction of note payable upon termination of employees	—	—	(206,243)	(206)	(154,401)	154,607	—	—	—	—
Repayment of note receivable from stockholder	—	—	—	—	—	37,300	—	—	—	37,300
Stock-based compensation related to lapsing repurchase right of stock held by a non-employee					68,000					68,000
Net loss	—	—	—	—	—	—	—	(9,693,911)	—	(9,693,911)
Unrealized loss on short-term investments	—	—	—	—	—	—	—	—	(577)	(577)
Total comprehensive loss										(9,694,488)
Balance at December 31, 2003	6,768,558	$ 41,715,974	9,334,982	$ 9,335	$ 7,822,884	$ (246,258)	$ (1,239,032)	$ (37,818,975)	$ (643)	$ (31,472,689)

See accompanying notes.

CORCEPT THERAPEUTICS INCORPORATED
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOWS

	Years ended December 31,			Period from inception (May 1, 1998) to December 31, 2003
	2001	2002	2003	
Operating activities				
Net loss	$ (7,453,838)	$ (18,503,950)	$ (9,693,911)	$ (37,818,975)
Adjustments to reconcile net loss to net cash used in operations:				
Depreciation	9,153	20,138	22,551	53,435
Amortization of deferred compensation, net of reversals	1,848,807	4,033,595	56,953	6,029,626
Expense related to stock issued for services	9,375	—	—	45,696
Expense related to stock issued in conjunction with license agreement	13,470	—	—	14,570
Interest accrued on convertible promissory notes	46,763	20,832	20,832	93,353
Expense related to stock issued below fair value	227,487	68,000	68,000	363,487
Changes in operating assets and liabilities:				
Prepaid expenses and other current assets	(649,865)	468,639	30,089	(165,341)
Other assets	(578,752)	545,709	(4,762)	(37,805)
Accounts payable	789,691	(56,236)	(483,168)	321,806
Accrued liabilities	307,327	171,850	(19,470)	699,484
Net cash used in operating activities	(5,430,382)	(13,231,423)	(10,002,886)	(30,400,664)
Investing activities				
Purchases of property and equipment	(14,087)	(7,035)	—	(53,966)
Purchases of short-term investments	—	(3,142,246)	(11,667,577)	(14,809,823)
Maturities of short-term investments	—	—	13,305,000	13,305,000
Net cash provided by (used in) investing activities	(14,087)	(3,149,281)	1,637,423	(1,558,789)
Financing activities				
Proceeds from issuance of convertible note payable	462,929	—	—	462,929
Proceeds from convertible promissory notes	150,000	—	—	1,080,000
Proceeds from issuance of common stock	5,927	253	274	73,908
Proceeds from repayment of stockholder note	—	—	37,300	37,300
Payment to repurchase common stock	—	—	—	(250)
Proceeds from issuance of convertible preferred stock, net of cash paid for issuance costs	26,804,958	11,801,703	—	40,378,669
Net cash provided by financing activities	27,423,814	11,801,956	37,574	42,032,556
Net (decrease) increase in cash and cash equivalents	21,979,345	(4,578,748)	(8,327,889)	10,073,103
Cash and cash equivalents at beginning of period	1,000,395	22,979,740	18,400,992	—
Cash and cash equivalents at end of period	$ 22,979,740	$ 18,400,992	$ 10,073,103	$ 10,073,103
Supplemental disclosure of noncash financing activities				
Conversion of convertible promissory notes and accrued interest to convertible preferred stock	$ 1,081,155	$ —	$ —	$ 1,111,155
Issuance of preferred stock for services	$ 34,533	$ —	$ —	$ 34,533
Supplemental disclosure of cash flow information				
Interest paid	$ 1,686	$ —	$ —	$ 1,788
Income taxes paid	$ —	$ —	$ —	$ 1,121

See accompanying notes.

CORCEPT THERAPEUTICS INCORPORATED
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NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Description of Business

Corcept Therapeutics Incorporated (the "Company" or "Corcept") was incorporated in the state of Delaware on May 13, 1998, and its facilities are located in Menlo Park, California. Corcept is a biopharmaceutical company engaged in the development of drugs for the treatment of severe psychiatric and neurological diseases.

The Company's primary activities since incorporation have been establishing its offices, recruiting personnel, conducting research and development, performing business and financial planning, raising capital, and overseeing clinical trials. Accordingly, the Company is considered to be in the development stage.

In the course of its development activities, the Company has sustained operating losses and expects such losses to continue for at least the next several years. The Company plans to continue to finance its operations through the sale of its equity and debt securities. The Company's ability to continue as a going concern is dependent upon successful execution of its financing strategy and, ultimately, upon achieving profitable operations. The Company currently anticipates raising additional equity capital during 2004 to continue operating under its current plans, which include conducting continuing clinical trials of its lead product candidate, CORLUX™. If additional capital is not available, the Company will need to reevaluate its operating plans.

Use of Estimates

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

Research and Development

Research and development expenses consist of costs incurred for Company-sponsored research and development activities. These costs include direct expenses (including nonrefundable payments to third parties) and research-related overhead expenses, as well as the cost of funding clinical trials and the contract development of second-generation compounds, and are expensed as incurred. Costs to acquire technologies and materials that are utilized in research and development and that have no alternative future use are expensed when incurred (see Note 2).

Income Taxes

The Company accounts for income taxes under Statement of Financial Accounting Standards ("SFAS") No. 109, *Accounting for Income Taxes*. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are 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 recovered.

Credit Risks and Concentrations

The Company's concentration of credit risk consists of cash, cash equivalents, and short-term investments. The Company is exposed to credit risk in the event of default by the financial institutions holding the cash, cash equivalents, and short-term investments to the extent of the amount recorded on the balance sheets.

CORCEPT THERAPEUTICS INCORPORATED
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Segment Reporting

The Company has adopted SFAS No. 131, *Disclosure About Segments of an Enterprise and Related Information*, which requires companies to report selected information about operating segments, as well as enterprisewide disclosures about products, services, geographical areas, and major customers. Operating segments are determined based on the way management organizes its business for making operating decisions and assessing performance. The Company has only one operating segment, the development of pharmaceutical products.

Cash, Cash Equivalents, and Short-Term Investments

The Company invests its excess cash in bank deposits, money market accounts, corporate debt securities, and U.S. government obligations. The Company considers 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 primarily consist of money market funds maintained at major U.S. financial institutions.

All short-term investments, which primarily represent marketable debt securities, have been classified as “available-for-sale.” Purchased premiums or discounts on debt securities are amortized to interest income through the stated maturities of the debt securities. The difference between amortized cost and fair values of the debt securities are recorded as a component of accumulated other comprehensive income. Management determines the appropriate classification of its investments in debt securities at the time of purchase and evaluates such designation as of each balance sheet date. Unrealized gains and losses are included in accumulated other comprehensive loss and reported as a separate component of stockholders’ equity. Realized gains and losses and declines in value judged to be other-than-temporary, if any, on available-for-sale securities are included in other expenses. The cost of securities sold is based on the specific identification method. Interest earned on short-term investments is included in interest income.

Property and Equipment

Property and equipment are stated 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.

Stock-Based Compensation

The Company accounts for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (“APB 25”), and has adopted the disclosure-only alternative of SFAS No. 123, *Accounting for Stock-Based Compensation* (“SFAS 123”), as amended by SFAS No. 148, *Accounting for Stock-Based Compensation – Transition and Disclosure* (“SFAS 148”). Options granted to nonemployees are accounted for in accordance with Emerging Issues Task Force Issue No. 96-18, *Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring or in Conjunction with Selling, Goods or Services* (“EITF 96-18”), and are periodically remeasured as they are earned.

The information set forth below regarding pro forma net loss prepared in accordance with SFAS 123 has been determined as if the Company had accounted for employee stock options under the fair value method proscribed by SFAS 123. The resulting effect on net loss pursuant to SFAS 123 is not likely to be representative of the effects in future years, due to subsequent years including additional grants and year of vesting.

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The Company estimates the fair value of these options at the date of grant using the minimum value option pricing model with the following weighted-average assumptions for grants in 2001, 2002 and 2003, respectively: risk-free interest rate of 4%, 5.5%, and 4%; expected life of the options of 10 years and a dividend yield of zero. The weighted-average grant date fair value of stock options granted in 2001, 2002 and 2003 was $6.96, $2.31, and $2.31, respectively. The Company's assumptions used in prior periods are materially consistent with those used in the periods presented.

As required under SFAS 123 as amended by SFAS 148, the following pro forma net loss presentation reflects the amortization of the fair value of the stock option grants as expense. For purposes of this disclosure, the fair value of the stock options is amortized to expense over the options' vesting periods using the graded-vesting method.

	December 31,			Period from inception (May 13, 1998) to December 31, 2003
	2001	2002	2003	
Net loss—as reported	$ (7,453,838)	$ (18,503,950)	$ (9,693,911)	$ (37,818,975)
Add back: Amortization of deferred compensation related to employees	1,533,000	4,020,679	1,379,429	6,940,730
Deduct: Stock-based employee compensation expense determined under SFAS 123	(998,034)	(4,376,579)	(1,680,929)	(7,062,805)
Pro forma net loss	$ (6,918,872)	$ (18,859,850)	$ (9,995,411)	$ (37,941,050)
As reported net loss per share—basic and diluted	$ (1.25)	$ (2.50)	$ (1.12)	
Pro forma net loss per share—basic and diluted	$ (1.16)	$ (2.55)	$ (1.16)	

Recently Issued Accounting Standards

In January 2003, the FASB issued Financial Interpretation number 46, Consolidation of Variable Interest Entities ("FIN 46"). This interpretation requires existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among parties involved. It explains how to identify variable interest entities and how an enterprise assesses its interest in a variable interest entity to decide whether to consolidate that entity. This interpretation, as amended, applies in the first fiscal year or interim period beginning after December 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. Since the Company does not currently have any unconsolidated variable interest entities, the Company does not expect the adoption of FIN 46 to have a material impact on its financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity. SFAS No. 150 requires that certain financial instruments, which under previous guidance were accounted for as equity, must now be accounted for as liabilities. The financial instruments affected include mandatorily redeemable stock, certain financial instruments that require or may require the issuer to buy back some of its shares in exchange for cash or other assets and certain obligations that can be settled with shares of stock. SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period after June 15, 2003. The adoption of SFAS No. 150 did not have a material impact on the Company's financial position or results of operations.

2. Collaborative and License Agreements

Stanford License Agreement

In October 1998, the Company entered into an agreement with The Board of Trustees of Leland Stanford Junior University ("Stanford") in which Stanford granted the Company 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.

In October 1999, the Company exercised its option to acquire an exclusive license to a patent covering the use of glucocorticoid receptors antagonists for the treatment of psychotic major depression and a pending patent application covering the use of glucocorticoid receptors antagonists for the treatment of early dementia, as specified in the license agreement entered into upon exercise of the option. This license agreement expires upon the expiration of the related patents or upon notification by the Company to Stanford. In exchange for the license, the Company agreed to pay Stanford $47,000 and immediately issue 30,000 shares of the Company’s common stock to Stanford. The Company is further required to pay Stanford $50,000 per year as a nonrefundable royalty payment. The annual royalty payments are creditable against future royalties. The Company is also obligated to pay a $50,000 milestone upon filing of the first New Drug Application with the United States Food and Drug Administration (“FDA”) and a $200,000 milestone upon FDA approval of the related drug. The milestone payments are also creditable against future royalties. The Company has expensed the $47,000 payment made up front and the $50,000 nonrefundable royalty payments and value of the common stock issued to Stanford as research and development costs.

In March 2001, the Company entered into another agreement with Stanford in which Stanford granted the Company an exclusive license agreement for invention and patents related to “Glucocorticoid Blocking Agents for Increasing Blood-Brain Permeability” owned by Stanford. This license agreement expires upon the expiration of the related patents or upon notification by the Company to Stanford. In exchange for the license, the Company agreed to pay Stanford $20,000 and immediately issue 1,000 shares of the Company’s common stock. The Company is further required to pay Stanford $10,000 per year as a nonrefundable royalty payment. The annual royalty payments are creditable against future royalties. The Company is also obligated to make a $100,000 milestone payment upon the commencement of Phase III trials associated with this license and a $250,000 milestone payment upon FDA approval of the related drug for this indication, as well as royalties on any future sales that result from the license. The milestone payments are also creditable against future royalties. The Company has expensed the $20,000 payment made up front and the $10,000 nonrefundable royalty payments and the fair value of the common stock issued to Stanford as research and development costs.

Manufacturing Agreement

In June 2000, the Company entered into a Memorandum of Understanding with a pharmaceutical manufacturer in which the manufacturer agreed to produce CORLUX for the Company. In exchange, the Company agreed to share initial research and development costs related to the manufacturing process, which consisted of the acquisition of starting materials and equipment, as well as personnel costs, to complete the technology transfer, process development, and scale-up studies. The Company paid the manufacturer approximately $150,000 and $410,000 for these activities and expensed these amounts as incurred in 2001 and 2002, respectively. No such costs were incurred in 2003. Further, the Company has committed to purchase $1,000,000 of CORLUX per year from the manufacturer following the receipt of marketing approval and initiation of sales of CORLUX.

Institute for the Study of Aging Note Payable

In January 2001, the Company issued a convertible note payable to the Institute for the Study of Aging whereby the Company received $462,929 in exchange for conducting specified research related to the treatment of Alzheimer’s disease. The note bears interest at a rate of 4.5% per year and is payable on demand beginning in January 2008, if not earlier converted. The principal and accrued interest is

convertible at the election of the holder following the first to occur of the following events: (1) upon an initial public offering, the note converts into common stock at the offering price; (2) upon a merger or acquisition whereby the holders of the Company's stock do not retain majority voting power, the note converts into preferred stock at the price paid per share in the most recent round of preferred stock financing; or (3) upon approval to market by the FDA of CORLUX for treatment of Alzheimer's disease, the note converts into preferred stock at the price paid per share in the most recent round of preferred stock financing. The Company may prepay all or any portion of the note at any time without penalty. The interest accrued for this note is included in other accrued liabilities on the balance sheets and interest costs are reported as interest expense.

Argenta Discovery Limited

In January 2003, the Company 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 major depression, Alzheimer's disease, and other psychiatric and neurological disorders. The project is expected to last at least two years, during which time the Company will make payments to Argenta based upon agreed-upon FTE (full-time equivalent) rates. During 2003, the Company recorded approximately $1.9 million as research and development expense related to this contract.

3. Financial Instruments

The following is a summary of cash, cash equivalents, and short-term investments as of December 31, 2002 and 2003:

	Cost	Unrealized Gain/(Loss)	Fair Value
December 31, 2002			
Cash	$ 590,238	$ —	$ 590,238
Money market funds	16,810,267	—	16,810,267
Corporate debt securities	3,389,354	(287)	3,389,067
United States government obligations	753,379	221	753,600
	$ 21,543,238	$ (66)	$ 21,543,172
Reported as:			
Cash and cash equivalents	$ 18,400,992	$ —	$ 18,400,992
Short-term investments	3,142,246	(66)	3,142,180
	$ 21,543,238	$ (66)	$ 21,543,172

	Cost	Unrealized Gain/(Loss)	Fair Value
December 31, 2003			
Cash	$ 160,442	$ —	$ 160,442
Money market funds	9,912,661	—	9,912,661
Corporate debt securities	1,003,328	(553)	1,002,775
United States government obligations	501,495	(90)	501,405
	$ 11,577,926	$ (643)	$ 11,577,283
Reported as:			
Cash and cash equivalents	$ 10,073,103	$ —	$ 10,073,103
Short-term investments	1,504,823	(643)	1,504,180
	$ 11,577,926	$ (643)	$ 11,577,283

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All short-term investments at December 31, 2003 have remaining contractual maturities of less than two months.

Included in cash and cash equivalents at December 31, 2002 is $429,515 representing the proceeds of the convertible note payable issued to the Institute for the Study of the Aging (see Note 2) that were restricted under the terms of that note to be used for certain Alzheimer's disease research. These restricted funds were fully utilized during 2003.

4. Property and Equipment

Property and equipment consists of the following:

	December 31,	
	2002	2003
Computer equipment	$ 46,931	$ 46,931
Software	7,035	7,035
Less: accumulated depreciation	(30,884)	(53,435)
	$ 23,082	$ 531

Depreciation expense amounted to $9,153, $20,138 and $22,551 in 2001, 2002 and 2003, respectively, and $53,435 for the period from inception (May 13, 1998) to December 31, 2003. As of December 31, 2003, the Company had not entered into any capital leases.

5. Convertible Promissory Notes

In December 2000, the Company entered into convertible promissory notes with several investors for a total of $900,000, including $50,000 with a founder (who is also an officer). The notes accrued interest at 8% per year and were to mature on December 31, 2001, if not earlier converted into Series BB convertible preferred stock. In January 2001, the Company issued an additional $150,000 convertible note payable to a founder (who is also an officer). In May 2001, the Company converted the notes and accrued interest of $31,211 into 268,077 shares of Series BB convertible preferred stock at $4.033 per share.

6. Related Party Transactions

The Company leases its facilities under an operating lease arrangement with a stockholder that is also an affiliate of a person who served as a member of the Company's board of directors until January 2004. Under this arrangement, the Company leases approximately 3,200 square feet for general corporate purposes in Menlo Park, California. The lease arrangement is currently month-to-month, with a minimum of 180 days notice required by either party to terminate the lease. The cost of this lease is approximately $17,000 per month and is recorded in general and administrative expense. Rent expense amounted to approximately $165,018, $198,806, $204,640, and $583,444 for the years ended December 31, 2001, 2002 and 2003, and the period from inception (May 13, 1998) to December 31, 2003, respectively. This stockholder also provides legal services to the Company. Legal expenses incurred with this stockholder were $462,821, $814,320, $99,999, and $1,453,454 for the years ended December 31, 2001, 2002 and 2003, and the period from inception (May 13, 1998) to December 31, 2003, respectively, and were recorded as general and administrative expense in each period.

CORCEPT THERAPEUTICS INCORPORATED
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NOTES TO FINANCIAL STATEMENTS—(Continued)

7. Convertible Preferred Stock and Stockholders' Equity

Convertible Preferred Stock

As of December 31, 2003, the Company was authorized to issue up to 10,000,000 shares of convertible preferred stock, issuable in series, with the rights and preferences of each designated series to be determined by the Company's board of directors. The Company has designated convertible preferred stock consisting of Series A, B, BB, and C convertible preferred stock, collectively referred to as "preferred stock."

Preferred stock at December 31, 2003 is summarized below:

	Designated Shares	Shares Issued and Outstanding	Per Share Liquidation Preference	Aggregate Liquidation Preference
Series A convertible preferred stock	610,000	607,761	$ 1.08	$ 656,382
Series B convertible preferred stock	415,000	411,533	$ 3.00	1,234,599
Series BB convertible preferred stock	268,077	268,077	$ 4.033	1,081,155
Series C convertible preferred stock	5,506,557	5,481,187	$ 7.066	38,730,067
Balance at December 31, 2003	6,799,634	6,768,558		$ 41,702,203

Series A, B, BB, and C convertible preferred stockholders are entitled to receive noncumulative dividends at the annual rate of $0.0648, $0.18, $0.24198, and $0.42396 per share, respectively, when and if declared by the board of directors and payable in preference to common stock dividends. As of December 31, 2003, no dividends had been declared or paid by the Company.

The holders of each share of preferred stock are entitled to one vote for each share of common stock into which such share is convertible. Each share of preferred stock is convertible into common stock at the option of the holder. Each share of Series A and B convertible preferred stock converts into three shares of common stock, and each share of Series BB and C convertible preferred stock converts into one share of common stock. Conversion is automatic upon the earlier of (1) an underwritten public offering of the Company's common stock with aggregate proceeds in excess of $35,000,000 and a per share price of not less than $10.00, or (2) upon the written consent of the holders of a majority of the outstanding shares of preferred stock. The preferred stock conversion rate is subject to adjustment in the event of any stock combination, stock split, stock dividend, recapitalization, or other similar transaction.

Each holder of preferred stock shall be entitled to receive, prior and in preference to any distribution of the assets or surplus funds of the Company to the holders of common stock, the amount of the liquidation preference of each share plus an amount equal to all declared but unpaid dividends on such shares. If, upon the occurrence of a liquidation event, the assets and funds available to be distributed among preferred stockholders are insufficient to permit payment of the full preferential amount, then the assets and funds of the Company will be distributed ratably based on the total preferential amount due to each preferred stockholder. After full payment has been made to the preferred stockholders, the remaining assets of the Company available for distribution will be distributed ratably among the common stockholders. The definition of a liquidation event includes a change in control. As the liquidation event is outside of the control of the Company, all shares of convertible preferred stock have been presented outside of permanent equity in accordance with EITF Topic D-98, "Classification and Measurement of Redeemable Securities."

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Common Stock

At December 31, 2002 and 2003, the Company was authorized to issue 30,000,000 shares of common stock. Holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders of the Company.

In June 1999, the Company issued 1,770,939 shares of common stock at fair value to a director for cash proceeds of $64,934. The Company has the right to repurchase a portion of the common stock shares upon termination of services at the original exercise price. The Company's right of repurchase lapses with respect to 20% of the total number of shares of common stock on the first anniversary of the date of the original agreement, with the remaining repurchase rights lapsing ratably at the end of each month over the remaining four years.

In April 2001, the Company issued 50,000 shares of common stock at a price below fair value to a scientific advisor for cash proceeds of $5,000. The Company has the right to repurchase a portion of the common stock shares upon termination of services at the original exercise price. The Company recorded research and development expense of $45,000, $68,000, $68,000, and $181,000 in the years ended December 31, 2001, 2002, 2003, and the period from inception (May 13, 1998) to December 31, 2003, respectively, for the difference between the fair value and price paid by the advisor related to the portion of the shares for which the Company's right of repurchase lapsed in each period.

At December 31, 2002 and 2003, 2,137,086 and 684,235 common stock shares issued were subject to repurchase, respectively, with repurchase prices ranging from $0.0001 to $0.75 per share at December 31, 2002 and 2003. The Company's repurchase rights with respect to certain shares automatically lapse upon completion of a public offering of the Company's common stock.

Shares of common stock reserved for future issuance are as follows:

	December 31,	
	2002	2003
Common stock:		
Conversion of convertible preferred stock	8,807,146	8,807,146
Exercise of outstanding options	264,000	470,500
Shares available for grant under stock option plans	1,145,831	938,964
	10,216,977	10,216,610

Stock Option Plan

In October 2000, the Company adopted the 2000 Stock Option Plan (the "2000 Plan"), which provides for the issuance of option grants for up to 1,000,000 shares of the Company's common stock to eligible participants. Under the 2000 Plan, options to purchase common stock may be granted at no less than 100% of fair value on the date of grant for incentive stock options and 85% of fair value on the date of grant for nonqualified options, as determined by the board of directors. Options become exercisable at such times and under such conditions as determined by the board of directors. The 2000 Plan provides for grants of immediately exercisable options; however, the Company has the right to repurchase any common stock upon termination of employment or services at the original exercise price where the right of repurchase has not lapsed. Shares repurchased by the Company return to the option pool. Options generally vest over a four- or five-year period and have a maximum term of ten years. Incentive stock options generally vest at a rate of 20% at the end of the first year of vesting, with the remaining balance vesting ratably on a monthly basis over the remaining four years.

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In May 2001, the Company increased the number of shares of common stock authorized for issuance under the 2000 Plan by 1,000,000 shares, to a total of 2,000,000 shares.

Stock-Based Compensation

The following table summarizes all stock plan activity:

	Stock Options			
	Shares Available	Shares Outstanding	Price Per Share	Weighted-Average Exercise Price
Shares authorized upon 2000 Plan adoption	1,000,000	—	—	—
Shares granted	(60,000)	60,000	$0.10	$ 0.10
Shares exercised	—	—	—	—
Balance at December 31, 2000	940,000	60,000	$0.10	$ 0.10
Additional shares authorized	1,000,000	—	—	—
Shares granted	(661,500)	661,500	$0.10 - 0.75	$ 0.74
Shares exercised	—	(587,835)	$0.10 - 0.75	$ 0.75
Balance at December 31, 2001	1,278,500	133,665	$0.10 - 0.75	$ 0.42
Shares granted	(152,500)	152,500	$7.00	$ 7.00
Shares exercised	—	(2,334)	$0.10	$ 0.10
Shares forfeited	19,831	(19,831)	$0.10 - 0.75	$ 0.26
Balance at December 31, 2002	1,145,831	264,000	$0.10 - 7.00	$ 4.24
Shares granted	(207,500)	207,500	$7.00	$ 7.00
Shares exercised	—	(367)	$0.75	$ 0.75
Shares forfeited	633	(633)	$0.75	$ 0.75
Balance at December 31, 2003	938,964	470,500	$0.10 - 7.00	$ 5.46

In addition, in 2002, the Company issued 60,000 shares of common stock at $0.0003 per share upon exercise of stock options granted outside of the 2000 Plan.

Stock options outstanding at December 31, 2003 have a weighted-average remaining contractual life of 8.7 years. As of December 31, 2003, options to purchase 109,324 shares were vested and exercisable at a weighted-average exercise price of $3.13 per share.

As discussed in Note 1, the Company applies APB 25 and related interpretations in accounting for the 2000 Plan. For the period from inception (May 13, 1998) to December 31, 2003, the Company recorded $8,030,891 in deferred compensation for employee stock options to purchase common stock granted at exercise prices deemed to be below the fair value of common stock. Compensation expense of $1,533,000, $3,970,567, $(4,556) and $5,506,633 was recognized for employee options using the graded-vesting method during the years ended December 31, 2001, 2002 and 2003, and for the period from inception (May 13, 1998) to December 31, 2003, respectively, net of reversals. In 2002, the Company reversed $239,722 from deferred compensation related to an employee who was terminated during 2002, as the terminated employee had not vested in the underlying shares. Additionally, the difference between the expense recorded under the graded-vesting method and the expense that would have been recorded based upon the vesting of the related option of $50,112 was reversed in 2002 upon termination of the employee. In 2003, the Company reversed $1,588,518 from deferred compensation related to employees and a director who were terminated or reduced their level of service to the Company during 2003, as the terminated employees and director had not vested in the underlying shares. Further, the difference between the expense recorded under the graded-vesting method and the

expense that would have been recorded based upon the vesting of the related option of $1,383,985 was reversed in 2003 upon termination or reduction in service level.

The Company amortizes the deferred stock-based compensation of employee options to compensation expense based on the graded-vesting method over the vesting periods of the applicable stock options, generally five years. The graded-vesting method provides for vesting of portions of the overall awards at interim dates and results in greater vesting in earlier years than the straight-line method. As of December 31, 2003, the Company expects to record stock-based compensation expense of approximately $681,000, $334,000, and $75,000 in the years ending December 31, 2004, 2005, and 2006, respectively, related to employee options.

Stockholder Notes Receivable

In 2001, the Company recorded notes receivable from stockholders in the aggregate amount of $438,165 in connection with the exercise of 585,000 shares of common stock options issued under the 2000 Plan. The notes are secured by the related shares of common stock and are full recourse notes, with interest compounded annually at the rate of 6.5% per year. The notes mature ten years from the date of issuance.

One of the employees who terminated in 2003 and the director who reduced their level of service to the Company in 2003 originally purchased common stock through the exercise of stock options and the execution of stockholder notes receivable as described in the preceding paragraph. The Company repurchased 150,000 unvested shares held by the employee in accordance with the terms of the related share purchase agreement. Upon termination, the outstanding note receivable of $37,300 related to the vested portion of the stock held by the employee was repaid in full. The Company repurchased 56,243 unvested shares held by the director in accordance with the terms of the related share purchase agreement, and the remaining vested shares held by the director remain subject to the note receivable.

Stock Options to Consultants

As of December 31, 2003, the Company had granted options to purchase 355,500 shares of common stock to consultants, 300,000 of which were exercised, none of which were subject to repurchase, and 27,843 of which were unvested. These options were granted in exchange for consulting services to be rendered and vest over periods of three to five years. For the period from inception (May 13, 1998) to December 31, 2003, the Company recorded $679,216 in deferred compensation for options to consultants, based upon the fair value of the option. The Company recorded charges to operations for stock options granted to consultants using the straight-line vesting method of $316,000, $63,000, $62,000, and $530,000 for the years ended December 31, 2001, 2002 and 2003, and the period from inception (May 13, 1998) to December 31, 2003, respectively.

The unvested shares held by consultants have been and will be revalued using the Company's estimate of fair value at each balance sheet date pursuant to EITF 96-18.

8. Net Loss Per Share

The Company follows the provisions of Statement of Financial Accounting Standards No. 128, "Earnings 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 less outstanding shares subject to repurchase. Outstanding shares subject to repurchase are not included in the computation of basic net loss per share until the Company's time-based repurchase rights have lapsed.

Pro forma loss per share gives effect to (i) the effect of the automatic conversion of all outstanding shares of preferred stock into shares of common stock and (ii) the accelerated vesting of certain

CORCEPT THERAPEUTICS INCORPORATED
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS—(Continued)

outstanding shares of common stock subject to the Company's right of repurchase, both in connection with the proposed initial public offering.

	Years ended December 31,		
	2001	2002	2003
	(In thousands, except per share amounts)		
Net loss applicable to common stockholders (numerator)	$ (7,454)	$ (18,504)	$ (9,694)
Shares used in computing historical basic and diluted net loss per share applicable to common stockholders (denominator)			
Weighted-average common shares outstanding	8,915	9,529	9,335
Less weighted-average shares subject to repurchase	(2,934)	(2,137)	(685)
Denominator for basic and diluted net loss per share	5,981	7,392	8,650
Weighted-average shares of common stock issued upon conversion of preferred stock (pro forma)	4,755	7,185	8,807
Acceleration of repurchase rights upon initial public offering (pro forma)	1,740	1,020	301
Denominator for pro forma basic and diluted net loss per share	12,476	15,597	17,758
Historical basic and diluted net loss per share applicable to common stockholders	$ (1.25)	$ (2.50)	$ (1.12)
Pro forma basic and diluted net loss per share applicable to common stockholders	$ (0.60)	$ (1.19)	$ (0.55)

The Company has excluded the impact of all convertible preferred stock, stock options and shares of common stock subject to repurchase from the calculation of historical diluted net loss per common share because all such securities are antidilutive for all periods presented. The total number of shares excluded from the calculations of historical diluted net loss per share was 9,021,344, 10,188,519 and 9,661,881 for the years ended December 31, 2001, 2002 and 2003, respectively.

9. Accrued Liabilities

At December 31, 2002 and 2003 other accrued liabilities consisted of the following:

	December 31,	
	2002	2003
Accrued compensation	$ 107,400	$ 253,285
Accrued legal fees	41,269	71,767
Other	32,875	32,766
	$ 181,544	$ 357,818

CORCEPT THERAPEUTICS INCORPORATED
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS—(Continued)

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 the Company's deferred tax assets are as follows:

	December 2002	December 31, 2003
Deferred tax assets:		
Federal and state net operating losses	$ 3,778,434	$ 5,403,172
Research credits	288,824	288,824
Other, net	467,734	299,079
Capitalized research and patent costs	4,184,288	6,531,169
Total deferred tax assets	$ 8,719,280	$ 12,522,244
Valuation allowance	(8,719,280)	(12,522,244)
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 $3.8 million and $6.0 million for the years ended December 31, 2003 and December 31, 2002, respectively.

As of December 31, 2003, the Company had net operating loss carryforwards for federal income tax purposes of approximately $13.7 million, which expire in the years 2019 through 2023. The Company also has California net operating loss carryforwards of approximately $12.5 million, which expire in the years 2009 through 2013. The Company also has federal and California research and development tax credits of approximately $138,000 and $229,000. The federal research credits will expire in the years 2019 through 2023 and the California research credits have no expiration date.

Utilization of the Company's net operating loss may be subject to substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code and similar state provisions. Such an annual limitation could result in the expiration of the net operating loss before utilization.

11. Subsequent Events

Registration Statement

On January 15, 2004, the Company's Board of Directors authorized the filing of a registration statement with the Securities and Exchange Commission in connection with the Company's proposed initial public offering. If the offering is completed upon the terms presently contemplated, all outstanding shares of convertible preferred stock will automatically convert into 8,807,146 shares of common stock upon completion of the proposed offering.

Unaudited Pro Forma Information

Unaudited pro forma stockholders' equity at December 31, 2003 reflects the automatic conversion of outstanding shares of convertible preferred stock as if that conversion had happened as of the balance sheet date.

CORCEPT THERAPEUTICS INCORPORATED
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS—(Continued)

Stock Option Grant to Officer (unaudited)

In February 2004, the Company granted an option to purchase 200,000 shares of its common stock at an exercise price of $7.00 per share in connection with the hiring of a new corporate officer. In connection with this option grant, the Company will record approximately $1.4 million in deferred compensation that will be recognized as expense over the vesting period of the option using the graded-vesting method, including approximately $700,000 in 2004.

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PRELIMINARY PROSPECTUS , 2004

Shares
Common Stock

Thomas Weisel Partners LLC
Piper Jaffray
Legg Mason Wood Walker
Incorporated

Until , 2004 (25 days after the commencement of this offering), all dealers that effect transactions in our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II

Information Not Required In Prospectus

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all expenses to be paid by Corcept, other than the underwriting discounts and commissions payable by Corcept in connection with the sale of the common stock being registered. All amounts shown are estimates except for the registration fee and the NASD filing fee.

	Amount to be Paid
Registration fee	$ 10,136
NASD filing fee	8,500
Nasdaq National Market	
Blue sky qualification fees and expenses	
Printing and engraving expenses	
Legal fees and expenses	
Accounting fees and expenses	
Transfer agent and registrar fees	
Miscellaneous expenses	
Total	$

Item 14. Indemnification of Officers and Directors.

Section 145 of the Delaware General Corporation Law permits indemnification of officers, directors and other corporate agents under certain circumstances and subject to certain limitations. Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws provide that we will indemnify our directors, officers, employees and agents to the full extent permitted by Delaware General Corporation Law, including in circumstances in which indemnification is otherwise discretionary under Delaware law. In addition, we have entered into separate indemnification agreements with our directors and executive officers which would require us, among other things, to indemnify them against certain liabilities which may arise by reason of their status or service (other than liabilities arising from willful misconduct of a culpable nature). The indemnification provisions in our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws and the indemnification agreements to be entered into between us and our directors and executive officers may be sufficiently broad to permit indemnification of our directors and executive officers for liabilities (including reimbursement of expenses incurred) arising under the Securities Act. We also intend to maintain director and officer liability insurance, if available on reasonable terms, to insure our directors and officers against the cost of defense, settlement or payment of a judgment under certain circumstances. In addition, the underwriting agreement filed as Exhibit 1.1 to this Registration Statement provides for indemnification by the underwriters of us and our officers and directors for certain liabilities arising under the Securities Act, or otherwise.

Item 15. Recent Sales of Unregistered Securities.

During the past three years, we have sold and issued the following unregistered securities:

We have issued an aggregate of 1,221,500 options to purchase shares of common stock to our directors, employees and consultants at exercise prices ranging from $0.10 to $7.00 and 590,536 shares of common stock have been issued pursuant to the exercise of options. The sales of the above securities were deemed to be exempt from registration pursuant to either Section 4(2) of the Securities Act or Rule 701 promulgated under the Securities Act. The recipients of securities in each of these transactions represented their intention to acquire the securities for investment only and not with view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates and instruments issued in such transactions. All recipients had adequate access, through their relationship with us, to information about us.

In January 2001, we issued a convertible promissory note to the Institute for the Study of Aging, Inc., the principal amount of which was $462,929. The note and accrued interest are convertible, at the option of the holder, into shares of common stock at the initial public offering price. The sale of this security was deemed to be exempt from registration pursuant to Section 4(2) of the Securities Act.

In May 2001, we issued 268,077 shares of Series BB preferred stock, convertible into 268,077 shares of common stock, to a total of 24 investors for an aggregate purchase price of $1,081,158. The issuance of these securities was exempt from registration under the Securities Act pursuant to Rule 506 under Regulation D. Based on representations made to us by the investors, the investors were all accredited investors within the meaning of Rule 501 of Regulation D under the Securities Act and were able to bear the financial risk of their investment. The investors represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities. We did not make any offer to sell the securities by means of any general solicitation or general advertising within the meaning of Rule 502 of Regulation D of the Securities Act.

In May and June 2001 and December 2002, we issued 5,481,187 shares of Series C preferred stock, convertible into 5,481,187 shares of common stock, to a total of 60 investors for an aggregate purchase price of $38,730,067. The issuance of these securities was exempt from registration under the Securities Act pursuant to Rule 506 under Regulation D. Based on representations made to us by the investors, the investors were all accredited investors within the meaning of Rule 501 of Regulation D under the Securities Act and were able to bear the financial risk of their investment. The investors represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities. We did not make any offer to sell the securities by means of any general solicitation or general advertising within the meaning of Rule 502 of Regulation D of the Securities Act.

During the past three years we have issued an aggregate of 240,000 shares of our common stock, 4,108 shares of Series B preferred stock, convertible into 12,324 shares of common stock, and 1,326 shares of Series C preferred stock, convertible into 1,326 shares of common stock, for $80, $12,324 and $9,369, respectively, to consultants for services rendered to Corcept. The sales of the above securities were deemed to be exempt from registration pursuant to Section 4(2) of the Securities Act. The recipients of securities in each of these transactions represented their intention to acquire the securities for investment only and not with view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates and instruments issued in such transactions. All recipients had adequate access, through their relationship with us, to information about us.

There were no underwriters employed in connection with any of the transactions set forth in Item 15.

Item 16. Exhibits and Financial Statement Schedules.

(A) EXHIBITS

Exhibit Number	Description of Document
1.1*	Form of Underwriting Agreement
3.1	Amended and Restated Certificate of Incorporation
3.2	Amended and Restated Bylaws
4.1	Specimen Common Stock Certificate
4.2	Amended and Restated Information and Registration Rights Agreement by and among Corcept Therapeutics Incorporated and certain holders of preferred stock, dated as of May 8, 2001
5.1*	Opinion of Heller Ehrman White & McAuliffe LLP
10.1	2000 Stock Option Plan
10.2	Employment offer letter to Robert L. Roe, M.D., dated October 18, 2001
10.3	Employment offer letter to Fred Kurland, dated February 3, 2004
10.4	Promissory Note and Pledge Agreement by and between Corcept Therapeutics Incorporated and Robert L. Roe, M.D., dated as of October 22, 2001
10.5	Form of Indemnification Agreement
10.6#	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
10.7#	Research Agreement/cGMP Manufacturing, dated as of February 12, 2002
10.8	Master Clinical Development Agreement by and between Corcept Therapeutics Incorporated and Scirex Corporation, dated as of July 12, 2001
10.9#	Memorandum of Understanding, Supply and Services Agreement, dated as of June 12, 2000
10.10	Consulting, Confidential Information and Inventions Agreement by and between Corcept Therapeutics Incorporated and Alan Schatzberg M.D., dated as of May 31, 1999
10.11*	2004 Stock Option Plan
23.1	Consent of Ernst & Young LLP, independent auditors
23.2*	Consent of Heller Ehrman White & McAuliffe LLP (included in Exhibit 5.1)
24.1	Power of Attorney (included on page II-5)

* To be filed by amendment
\# Confidential treatment requested

(B) FINANCIAL STATEMENT SCHEDULE

Schedules not listed above 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.

Item 17. Undertakings.

The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification by the Registrant for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions referenced in Item 14 of this Registration Statement or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of Prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective; and

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of Prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the Offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Menlo Park, California, on the 10th day of February, 2004.

CORCEPT THERAPEUTICS INCORPORATED

By: /s/ JOSEPH K. BELANOFF

Joseph K. Belanoff, M.D.,
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each persons whose signature appears below hereby constitutes and appoints Joseph K. Belanoff and Fred Kurland, and each of them acting individually, as his true and lawful attorneys-in-fact and agents, each with full power of substitution, for him in any and all capacities, to sign any and all amendments to this Registration Statement (including post-effective Rule 462(b) increasing the number of securities for which registration is sought), 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 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 Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ JOSEPH K. BELANOFF **Joseph K. Belanoff, M.D.**	Chief Executive Officer and Director (Principal Executive Officer)	February 10, 2004
/s/ FRED KURLAND **Fred Kurland**	Chief Financial Officer (Principal Financial and Accounting Officer)	February 10, 2004
/s/ JAMES N. WILSON **James N. Wilson**	Director and Chairman of the Board of Directors	February 10, 2004
/s/ ALAN F. SCHATZBERG **Alan F. Schatzberg**	Director	February 10, 2004
/s/ G. LEONARD BAKER, JR. **G. Leonard Baker, Jr.**	Director	February 10, 2004
/s/ DAVID B. SINGER **David B. Singer**	Director	February 10, 2004

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Signature	Title	Date
/s/ STEVEN KAPP **Steven Kapp**	Director	February 10, 2004
/s/ ALIX MARDUEL **Alix Marduel**	Director	February 10, 2004
/s/ JOSEPH C. COOK, JR. **Joseph C. Cook, Jr.**	Director	February 10, 2004

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Exhibit Index

Exhibit Number	Description of Document
1.1*	Form of Underwriting Agreement
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24.1	Power of Attorney (included on page II-5)

* To be filed by amendment
\# Confidential treatment requested

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
CORCEPT THERAPEUTICS INCORPORATED

Corcept Therapeutics Incorporated, a corporation, organized and existing under the laws of the State of Delaware (the "***Corporation***"), hereby certifies as follows:

1. The original Certificate of Incorporation was filed with the Secretary of State of Delaware on May 13, 1998, and a Certificate of Designations, Preferences and Rights of Series A Preferred Stock was filed on May 26, 1999.

2. An Amended and Restated Certificate of Incorporation was filed with the Secretary of State of Delaware on January 21, 2000.

3. A Certificate of Amendment of Amended and Restated Certificate of Incorporation was filed with the Secretary of State of Delaware on June 29, 2000.

4. A Certificate of Amendment of Amended and Restated Certificate of Incorporation was filed with the Secretary of State of Delaware on January 4, 2001.

5. An Amended and Restated Certificate of Incorporation was filed with the Secretary of State of Delaware on May 7, 2001.

6. The Amended and Restated Certificate of Incorporation in the form attached hereto as Exhibit A has been duly adopted in accordance with the provisions of Sections 242, 245 and 228 of the General Corporation Law of the State of Delaware by the directors and stockholders of the Corporation, and prompt written notice was duly given pursuant to Section 228 to those stockholders who did not approve the Amended and Restated Certificate of Incorporation by written consent.

7. The Amended and Restated Certificate of Incorporation so adopted reads in full as set forth in Exhibit A attached hereto and is hereby incorporated herein by this reference.

IN WITNESS WHEREOF, Corcept Therapeutics Incorporated has caused this Certificate to be signed by the Chief Executive Officer this ____ day of _____, 2004.

CORCEPT THERAPEUTICS INCORPORATED

By: _____

Joseph Belanoff, M.D., Chief Executive Officer

EXHIBIT A

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

CORCEPT THERAPEUTICS INCORPORATED

FIRST

The name of the Corporation is Corcept Therapeutics Incorporated.

SECOND

The address of the registered office of the Corporation in the State of Delaware is 615 South DuPont Highway, City of Dover, County of Kent, Delaware 19901. The name of its registered agent at such address is National Corporate Research, Ltd.

THIRD

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law.

FOURTH:

A. The total number of shares of all classes of stock which the Corporation shall have authority to issue is One Hundred Fifty Million (150,000,000), consisting of One Hundred Forty Million (140,000,000) shares of Common Stock, par value $0.001 per share (the "Common Stock") and Ten Million (10,000,000) shares of Preferred Stock, par value $0.001 per share (the "Preferred Stock").

B. The board of directors is authorized, subject to any limitations prescribed by law, to provide for the issuance of shares of Preferred Stock in one or more series, and by filing a certificate pursuant to the applicable law of the State of Delaware (such certificate being hereinafter referred to as a "Preferred Stock Designation"), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and rights of the shares of each such series and any qualifications, limitations or restrictions thereof. The number of authorized shares of Preferred Stock may

be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the Common Stock, without a vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any Preferred Stock Designation.

C. Each outstanding share of Common Stock shall entitle the holder thereof to one vote on each matter properly submitted to the stockholders of the Corporation for their vote; provided, however, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation (including any Certificate of Designations relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon by law or pursuant to this Certificate of Incorporation (including any Certificate of Designations relating to any series of Preferred Stock).

FIFTH:

The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

A. The business and affairs of the Corporation shall be managed by or under the direction of the board of directors. In addition to the powers and authority expressly conferred upon them by statute or by this Certificate of Incorporation or the bylaws of the Corporation, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

B. The directors of the Corporation need not be elected by written ballot unless the bylaws so provide.

C. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

D. Special meetings of stockholders of the Corporation may be called only by the Chairman of the Board or the President or by the board of directors acting pursuant to a resolution adopted by a majority of the Whole Board. For purposes of this Certificate of Incorporation, the term “Whole Board” shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships.

SIXTH:

A. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the number of directors shall be fixed from time to time exclusively by the board of directors pursuant to a resolution adopted by a majority of the Whole Board. The directors, other than those who may be elected by the holders of any series of Preferred Stock under specified circumstances, shall be divided into three classes, with the term of office of the first class to expire at the Corporation's first annual meeting of stockholders following the first sale of the Corporation's Common Stock pursuant to a firmly underwritten registered public offering (the "IPO"), the term of office of the second class to expire at the Corporation's second annual meeting of stockholders following the IPO and the term of office of the third class to expire at the Corporation's third annual meeting of stockholders following the IPO, and thereafter for each such term to expire at each third succeeding annual meeting of stockholders after such election and with each director to hold office until his or her successor shall have been duly elected and qualified. At each annual meeting of stockholders, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election, with each director to hold office until his or her successor shall have been duly elected and qualified.

B. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the board of directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall, unless otherwise required by law or by resolution of the board of directors, be filled only by a majority vote of the directors then in office, though less than a quorum (and not by stockholders), and directors so chosen shall serve for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been chosen expires or until such director's successor shall have been duly elected and qualified. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

C. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the bylaws of the Corporation.

SEVENTH:

The board of directors is expressly empowered to adopt, amend or repeal the bylaws of the Corporation. Any adoption, amendment or repeal of the bylaws of the Corporation by the board of directors shall require the approval of a majority of the Whole Board. The stockholders shall also have power to adopt, amend or repeal the bylaws of the Corporation;

provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of at least Sixty Six and Two Thirds percent (66 2/3%) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required for the stockholders to adopt, amend or repeal any provision of the bylaws of the Corporation.

EIGHTH:

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

NINTH

The Corporation reserves the right to amend or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation.

AMENDED AND RESTATED BYLAWS
OF
CORCEPT THERAPEUTICS INCORPORATED
a Delaware corporation

ARTICLE I
STOCKHOLDERS

1. ***Annual Meeting***. An annual meeting of the stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, on such date and at such time as the Board of Directors shall each year fix, which date shall be within 13 months of the last annual meeting of stockholders.

2. ***Advance Notice; Purpose of Meeting***. Nominations of persons for election to the Board and the proposal of business to be transacted by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the notice given by the Corporation with respect to such meeting, (b) by or at the direction of the Board or (c) by any stockholder of record of the Corporation who was a stockholder of record at the time of the giving of the notice provided for in the following paragraph, who is entitled to vote at the meeting and who has complied with the notice procedures set forth in this section.

For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of the foregoing paragraph, (1) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation, (2) such business must be a proper matter for stockholder action under the General Corporation Law of the State of Delaware, (3) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided the Corporation with a Solicitation Notice, as that term is defined in subclause (c)(iii) of this paragraph, such stockholder or beneficial owner must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation's voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the Corporation's voting shares reasonably believed by such stockholder or beneficial holder to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Notice and (4) if no Solicitation Notice relating thereto has been timely provided pursuant to this section, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this section. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less 120 days, and not more than 150 days, prior to the first anniversary of the date on which the Corporation first mailed its proxy materials for the preceding year's annual meeting of stockholders; provided, however, that if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 60 days after the anniversary date of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not later than

the close of business on the later of (i) the 150th day prior to such annual meeting or (ii) the 10th day following the day on which public announcement of the date of such meeting is first made. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director and all information relating to such person as would be required to be disclosed in solicitations of proxies for the election of such nominees as directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "***Exchange Act***"), and such person's written consent to serving as a director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of such business, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) the class and number of shares of the Corporation that are owned beneficially and of record by such stockholder and such beneficial owner, and (iii) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent, a "Solicitation Notice").

Notwithstanding anything in the second sentence of the second paragraph of this Section to the contrary, in the event that the number of directors to be elected to the Board is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board made by the Corporation at least 55 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Bylaw shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

Only persons nominated in accordance with the procedures set forth in this Section shall be eligible to serve as directors and only such business shall be conducted at an annual meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section. The chairman of the meeting shall have the power and the duty to determine whether a nomination or any business proposed to be brought before the meeting has been made in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws to declare that such defective proposed business or nomination shall not be presented for stockholder action at the meeting and shall be disregarded.

For purposes of this Section, "***public announcement***" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or a comparable national news service or in a document publicly filed by the Corporation with the securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

Notwithstanding the foregoing provisions of this Section, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section. Nothing in this Section shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

3. ***Special Meetings; Notice***. Special meetings of the stockholders, other than those required by statute, may be called at any time in accordance with the provisions of the Certificate of Incorporation only by the Chairman of the Board of Directors or the President or by the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board of Directors. For purposes of these Bylaws, the term "Whole Board" shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships. The Board of Directors may postpone or reschedule any previously scheduled special meeting.

Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board of Directors or (b) by any stockholder of record of the Corporation who is a stockholder of record at the time of giving of notice provided for in this paragraph, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in Section 2 of this Article I. Nominations by stockholders of persons for election to the Board of Directors may be made at such a special meeting of stockholders if the stockholder's notice required by the second paragraph of Section 2 of this Article I shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

Notwithstanding the foregoing provisions of this Section 3, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 3. Nothing in this Section 3 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

4. ***Notice of Meetings***. Notice of the place, date, and time of all meetings of the stockholders, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, shall be given, not less than 10 nor more than 60 days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the Delaware General Corporation Law or the Certificate of Incorporation of the Corporation).

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place, if any, thereof, and the means of remote

communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than 30 days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, notice of the place, if any, date, and time of the adjourned meeting and the means of communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

5. ***Quorum***. At any meeting of the stockholders, the holders of a majority of all of the shares of stock entitled to vote at the meeting, present in person or by proxy when the meeting convenes, shall constitute a quorum for all purposes and for the entirety of the meeting, unless or except to the extent that the presence of a larger number may be required by law. Where a separate vote by a class or classes or series is required, a majority of the shares of such class or classes or series present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter.

If a quorum shall fail to attend any meeting, the chairman of the meeting may adjourn the meeting to another place, date, or time.

6. ***Organization.*** Such person as the Board of Directors may have designated or, in the absence of such a person, the Chairman of the Board, or in his or her absence, the President of the Corporation or, in his or her absence, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the Secretary of the Corporation, the secretary of the meeting shall be such person as the chairman of the meeting appoints.

7. ***Conduct of Business***. The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order. The chairman of the meeting shall have the power to adjourn the meeting to another place, if any, date and time. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

8. ***Proxies and Voting.*** At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this paragraph may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

The Corporation may, and to the extent required by law, shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting may, and to the extent required by law, shall, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability. Every vote taken by ballots shall be counted by a duly appointed inspector or inspectors.

All elections shall be determined by a plurality of the votes cast, and except as otherwise required by law, all other matters shall be determined by a majority of the votes cast affirmatively or negatively.

9. ***Stock List.*** A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in his or her name, shall be open to the examination of any such stockholder for a period of at least 10 days prior to the meeting in the manner provided by law.

The stock list shall also be open to the examination of any stockholder during the whole time of the meeting as provided by law. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

ARTICLE II
BOARD OF DIRECTORS

1. ***Number, Election and Term of Directors***. Subject to the rights of the holders of any series of preferred stock to elect directors under specified circumstances, the number of directors shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board. Each director shall be elected in the manner set forth in the Certificate of Incorporation and shall hold office until such time as set forth therein.

2. ***Newly Created Directorships and Vacancies***. Any vacancies shall be filled in the manner specified in the Certificate of Incorporation. Subject to the rights of the holders of any series of preferred stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall, unless otherwise required by law or by resolution of the Board of Directors, be filled only by a majority vote of the directors then in office, though less than a quorum (and not by stockholders), and directors so chosen shall serve for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been elected expires or until such director's successor shall have been duly elected and qualified. No decrease in the number of authorized directors shall shorten the term of any incumbent director.

3. ***Regular Meetings***. Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required.

4. ***Special Meetings***. Special meetings of the Board of Directors may be called by the Chairman of the Board, the President or by two or more directors then in office and shall be held at such place, on such date, and at such time as they or he or she shall fix. Notice of the place, date, and time of each such special meeting shall be given each director by whom it is not waived by mailing written notice not less than five days before the meeting or by telephone or by telegraphing or telexing or by facsimile transmission of the same not less than 24 hours before the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

5. ***Quorum***. At any meeting of the Board of Directors, a majority of the Whole Board shall constitute a quorum for all purposes. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date, or time, without further notice or waiver thereof.

6. ***Participation in Meetings By Conference Telephone***. Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

7. ***Conduct of Business***. At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board may from time to time determine, and all matters shall be determined by the vote of a majority of the directors present, except as otherwise provided herein or required by law. Action may be taken by the Board of Directors without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors. Such filing shall be made in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

8. ***Powers***. The Board of Directors may, except as otherwise required by law, exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, including, without limiting the generality of the foregoing, the unqualified power:

(a) To declare dividends from time to time in accordance with law;

(b) To purchase or otherwise acquire any property, rights or privileges on such terms as it shall determine;

(c) To authorize the creation, making and issuance, in such form as it may determine, of written obligations of every kind, negotiable or non-negotiable, secured or unsecured, and to do all things necessary in connection therewith;

(d) To remove any officer of the Corporation with or without cause, and from time to time to devolve the powers and duties of any officer upon any other person for the time being;

(e) To confer upon any officer of the Corporation the power to appoint, remove and suspend subordinate officers, employees and agents;

(f) To adopt from time to time such stock option, stock purchase, bonus or other compensation plans for directors, officers, employees and agents of the Corporation and its subsidiaries as it may determine;

(g) To adopt from time to time such insurance, retirement, and other benefit plans for directors, officers, employees and agents of the Corporation and its subsidiaries as it may determine; and

(h) To adopt from time to time regulations, not inconsistent with these Bylaws, for the management of the Corporation's business and affairs.

9. ***Compensation of Directors***. Unless otherwise restricted by the certificate of incorporation, the Board of Directors shall have the authority to fix the compensation of the directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or paid a stated salary or paid other compensation as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE III
COMMITTEES

1. ***Committees of the Board of Directors***. The Board of Directors may from time to time designate committees of the Board, with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of any committee and any alternate member in his or her place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

2. ***Conduct of Business***. Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; a majority of the members shall constitute a quorum unless the committee shall consist of one (1) or two (2) members, in which event one (1) member shall constitute a quorum; and all matters shall be determined by the affirmative vote of a majority of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of such committee. Such filing shall be made in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

ARTICLE IV
OFFICERS

1. ***Titles***. The officers of the Corporation shall be chosen by the Board of Directors and shall include a Chief Executive Officer or a President or both, a Chief Financial Officer, a Secretary and a Treasurer. The Board of Directors may also appoint other officers as are desired, including one or more Vice Presidents, Assistant Secretaries or Assistant Treasurers. Any number of offices may be held by the same person. All officers shall perform their duties and exercise their powers subject to the Board of Directors.

2. ***Election, Term of Office and Vacancies***. The officers shall be elected annually by the Board of Directors at its regular meeting following the annual meeting of the stockholders, and each officer shall hold office until the next annual election of officers and until the officer's successor is elected and qualified, or until the officer's death, resignation or removal. Any officer may be removed at any time, with or without cause, by the Board of Directors. Any vacancy occurring in any office may be filled by the Board of Directors.

3. ***Resignation***. Any officer may resign at any time upon notice to the Corporation without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party. The resignation of an officer shall be effective when given unless the officer specifies a later time. The resignation shall be effective regardless of whether it is accepted by the Corporation.

4. ***Chief Executive Officer***. The Board of Directors shall designate a Chief Executive Officer who may be the President or another person and may prescribe the duties and powers of the Chief Executive Officer. Subject to the provisions of these bylaws and to the direction of the Board of Directors, the Chief Executive Officer shall have the responsibility for the general management and control of the business and affairs of the Corporation and shall perform all duties and have all powers which are commonly incident to the office of chief executive or which are delegated to him or her by the Board of Directors. The Chief Executive Officer shall have power to sign all stock certificates, contracts and other instruments of the Corporation which are authorized.

5. ***President***. Unless otherwise specified by the Board of Directors, the President shall be the Chief Executive Officer of the Corporation, in which case all references herein to the President shall be deemed to refer to the President and/or the Chief Executive Officer, as relevant. The President shall perform the duties and exercise the powers of the Chief Executive Officer if the Corporation does not have a Chief Executive Officer or in the event of the absence or disability of the Chief Executive Officer. The President shall otherwise have such powers and duties which are delegated to him or her by the Board of Directors. He or she shall have power to sign all stock certificates, contracts and other instruments of the Corporation which are authorized.

6. ***Vice President***. Each Vice President shall have such powers and duties as may be delegated to him or her by the Board of Directors. One Vice President or the Chief Financial Officer may be designated by the Board to perform the duties and exercise the powers of the President in the event of the President's absence or disability.

7. ***Chief Financial Officer; Treasurer and Assistant Treasurers***. Unless the Board of Directors designates another Treasurer, the Chief Financial Officer will be the Treasurer of the Corporation. Unless otherwise determined by the Board of Directors or the Chief Executive Officer, the Chief Financial Officer or the Treasurer shall have custody of the corporate funds and securities, shall keep adequate and correct accounts of the Corporation's properties and business transactions, shall disburse such funds of the Corporation as may be ordered by the Board or the Chief Executive Officer (taking proper vouchers for such disbursements), and shall render to the Chief Executive Officer and the Board, at regular meetings of the Board or whenever the Board may require, an account of all transactions and the financial condition of the Corporation. At the request of the Treasurer, or in the Treasurer's absence or disability, any Assistant Treasurer may perform any of the duties of the Treasurer and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Treasurer.

8. ***Secretary and Assistant Secretaries***. The Secretary shall issue all authorized notices for and shall keep minutes of all meetings of the stockholders and the Board of Directors. He or she shall have charge of the corporate books and shall perform such other duties as the Board of Directors may from time to time prescribe. At the request of the Secretary, or in the Secretary's absence or disability, any Assistant Secretary shall perform any of the duties of the Secretary and when so acting shall have all the powers of, and be subject to all the restrictions upon, the Secretary.

9. ***Other Officers***. The other officers of the Corporation, if any, shall exercise such powers and perform such duties as the Board of Directors or the Chief Executive Officer shall prescribe.

10. ***Compensation***. The Board of Directors shall fix the compensation of the Chief Executive Officer and may fix the compensation of other employees of the Corporation, including the other officers. If the Board does not fix the compensation of the other officers, the Chief Executive Officer shall fix such compensation.

11. ***Actions with Respect to Securities of Other Corporations***. Unless otherwise directed by the Board of Directors, the Chairman of the Board, the President or any officer of the Corporation authorized by the Chairman of the Board or the President, shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of, or with respect to any action of stockholders of, any other corporation in which the Corporation may hold securities and otherwise shall have power to exercise any and all rights and powers which the Corporation may possess by reason of its ownership of securities in such other corporation.

12. ***Delegation of Authority***. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

ARTICLE V
STOCK

1. ***Certificates of Stock***. Each stockholder shall be entitled to a certificate signed by, or in the name of the Corporation by, the Chairman or Vice Chairman or the President or a Vice President, and by the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer, certifying the number of shares owned by him or her. Any or all of the signatures on the certificate may be by facsimile.

2. ***Transfers of Stock***. Transfers of stock shall be made only upon the transfer books of the Corporation kept at an office of the Corporation or by transfer agents designated to transfer shares of the stock of the Corporation. Except where a certificate is issued in accordance with Section 4 of Article V of these Bylaws, an outstanding certificate for the number of shares involved shall be surrendered for cancellation before a new certificate is issued therefor.

3. ***Record Date***. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may, except as otherwise required by law, fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than 60 nor less than 10 days before the date of any meeting of stockholders, nor more than 60 days prior to the time for such other action as hereinbefore described; provided, however, that if no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

4. ***Lost, Stolen or Destroyed Certificates***. In the event of the loss, theft or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board of Directors may establish concerning proof of such loss, theft or destruction and concerning the giving of a satisfactory bond or bonds of indemnity.

5. ***Regulations***. The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE VI
NOTICES

1. ***Notices***. If mailed, notice to stockholders shall be deemed given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the Delaware General Corporation Law.

2. ***Waivers***. A written waiver of any notice, signed by a stockholder or director, or waiver by electronic transmission by such person, whether given before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such person. Neither the business nor the purpose of any meeting need be specified in such a waiver. Attendance at any meeting shall constitute waiver of notice except attendance for the sole purpose of objecting to the timeliness of notice.

ARTICLE VII
MISCELLANEOUS

1. ***Facsimile Signatures***. In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

2. ***Corporate Seal***. The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

3. ***Reliance upon Books, Reports and Records***. Each director, each member of any committee designated by the Board of Directors, and each officer of the Corporation shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or

statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

4. ***Fiscal Year***. The fiscal year of the Corporation shall be as fixed by the Board of Directors.

5. ***Time Periods***. In applying any provision of these Bylaws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

ARTICLE VIII
INDEMNIFICATION OF DIRECTORS AND OFFICERS

1. ***Right to Indemnification***. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "***proceeding***"), by reason of the fact that he or she is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "***indemnitee***"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this Article VIII with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

2. ***Right to Advancement of Expenses***. The right to indemnification conferred in Section 1 of this ARTICLE VIII shall include the right to be paid by the Corporation the expenses (including attorney's fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "***advancement of expenses***"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "***undertaking***"), by or on behalf of such indemnitee, to repay all amounts so

advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "***final adjudication***") that such indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise.

3. ***Right of Indemnitee to Bring Suit***. If a claim under Section 1 or 2 of this Article VIII is not paid in full by the Corporation within 60 days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VIII or otherwise shall be on the Corporation.

4. ***Non-Exclusivity of Rights***. The rights to indemnification and to the advancement of expenses conferred in this ARTICLE VIII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

5. ***Insurance***. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

6. ***Indemnification of Employees and Agents of the Corporation***. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any officer, employee or agent of the

Corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

7. ***Nature of Rights***. The rights conferred upon indemnitees in this Article VIII shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this Article VIII that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit or eliminate any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

ARTICLE IX
AMENDMENTS

In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized to adopt, amend and repeal these Bylaws subject to the power of the holders of capital stock of the Corporation to adopt, amend or repeal the Bylaws; provided, however, that, with respect to the power of holders of capital stock to adopt, amend and repeal Bylaws of the Corporation, notwithstanding any other provision of these Bylaws or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the capital stock of the Corporation required by law, these Bylaws or any preferred stock, the affirmative vote of the holders of at least 66 2/3% percent of the voting power of all of the then-outstanding shares entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of these Bylaws.

CERTIFICATE OF SECRETARY

This is to certify that the foregoing is a true and correct copy of the Bylaws of the corporation named in the title of these Bylaws and that such Bylaws were duly adopted by the Board of Directors of such corporation as of [_____, 2004].

_____

Secretary

Exhibit 4.1

COMMON STOCK COMMON STOCK

COR [CORCEPT THERAPEUTICS LOGO]

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

CORCEPT THERAPEUTICS INCORPORATED

CUSIP 218352 10 2

This Certifies that

is the owner of

SEE REVERSE FOR CERTAIN DEFINITIONS

FULLY-PAID AND NON-ASSESSABLE SHARES, OF THE PAR VALUE OF $.001 OF THE COMMON STOCK, OF CORCEPT THERAPEUTICS INCORPORATED transferable on the books of the Corporation in person or by duly authorized attorney upon surrender of this Certificate properly endorsed.

This Certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

WITNESS the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

/s/ Fred Kurland

CHIEF FINANCIAL OFFICER AND TREASURER

[Corcept Therapeutics Incorporated Corporate Seal]

/s/ James Wilson

CHAIRMAN OF THE BOARD

COUNTERSIGNED AND REGISTERED:
AMERICAN STOCK TRANSFER & TRUST COMPANY (NEW YORK, N.Y.)

TRANSFER AGENT AND REGISTAR

BY

AUTHORIZED OFFICER

CORCEPT THERAPEUTICS INCORPORATED

THE CORPORATION WILL FURNISH TO ANY SHAREHOLDER UPON REQUEST AND WITHOUT CHARGE A FULL STATEMENT OF THE DESIGNATIONS, RELATIVE RIGHTS, PREFERENCES AND LIMITATIONS OF THE SHARES OF EACH CLASS OF STOCK AUTHORIZED TO BE ISSUED.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT JEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT- _____ (Cust) CUSTODIAN _____ (Minor)

under Uniform Gifts to Minors Act _____ (State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

- _____
(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

- _____

- _____

_____ shares
- _____
of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____ Attorney
- _____
to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.

Dated _____

- _____
NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

EXHIBIT 4.2

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CORCEPT THERAPEUTICS INCORPORATED

AMENDED AND RESTATED INFORMATION AND REGISTRATION RIGHTS AGREEMENT

May 8, 2001

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CORCEPT THERAPEUTICS INCORPORATED

AMENDED AND RESTATED INFORMATION AND
REGISTRATION RIGHTS AGREEMENT

THIS AMENDED AND RESTATED INFORMATION AND REGISTRATION RIGHTS AGREEMENT (the "Agreement") is made as of May 8, 2001 by and among Corcept Therapeutics Incorporated, a Delaware corporation (the "Company") and the persons listed on the attached Exhibit A who become signatories to this Agreement (collectively, the "Investors").

RECITALS

A. In connection with the sale by the Company of its Series A and Series B Preferred Stock, the Company and certain of the Investors entered into the Information and Registration Rights Agreement and Amended and Restated Registration Rights Agreement dated as of May 28, 1999 and January 25, 2000, respectively (collectively, the "Previous Agreements").

B. The Company issued those certain Convertible Promissory Notes, convertible into Series BB Preferred Stock, to certain of the Investors, dated as of December 13, 2000, December 18, 2000 and January 4, 2001 (collectively the "Notes").

C. In connection with the conversion of the Notes and the issuance of Series BB Preferred Stock, the Company and certain of the Investors desire to provide for the rights of the Investors with respect to information about the Company and registration of the Common Stock issued upon conversion of the Series BB Preferred Stock according to the terms of this Agreement.

D. The Company and certain of the Investors have entered into a Stock Purchase Agreement for sale by the Company and purchase by the Investors of the Company's Series C Preferred Stock (the "Purchase Agreement").

E. In connection with the purchase and sale of the Company's Series C Preferred Stock, the Company and the Investors desire to provide for the rights of the Investors with respect to information about the Company and registration of the Common Stock issued upon conversion of the securities according to the terms of this Agreement. In addition, the Investors who were signatories to the Previous Agreements desire to restate that certain Previous Agreement entered into as of January 25, 2000 in its entirety as set forth below and consent to the addition as parties to this Agreement the Investors who purchase the Company's Series BB and Series C Preferred Stock.

THE PARTIES AGREE AS FOLLOWS:

1. Certain Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

1.1 "Commission" shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

1.2 "Convertible Securities" shall mean the shares of Series A Preferred Stock, Series B Preferred Stock, Series BB Preferred Stock or Series C Preferred Stock purchased by the Investors.

1.3 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

1.4 "Form S-3" shall mean Form S-3 issued by the Commission or any substantially similar form then in effect.

1.5 "Holder" shall mean any holder of outstanding Registrable Securities which have not been sold to the public, but only if such holder is one of the Investors or an assignee or transferee of registration rights as permitted by Section 13.

1.6 "Initiating Holders" shall mean Holders who in the aggregate hold at least 50% of the Registrable Securities.

1.7 "Material Adverse Event" shall mean an occurrence having a consequence that either (a) is materially adverse as to the business, properties, prospects, or financial condition of the Company or (b) is reasonably foreseeable, has a reasonable likelihood of occurring, and if it were to occur might materially adversely affect the business, properties, prospects, or financial condition of the Company.

1.8 "New Securities" shall mean any capital stock of the Company, whether authorized or not, and any rights, options, or warrants to purchase said capital stock, and securities of any type whatsoever that are, or may become, convertible into said capital stock; provided that "New Securities" does not include (i) the issuance of securities to employees, consultants, advisors, officers or directors pursuant to stock purchase, stock option plans or other agreements approved by the Board of Directors (including options granted prior to the issuance of Series C Preferred Stock), and vendors or customers of the Company pursuant to plans or agreements approved by the Board of Directors, provided, however, that any increase in the option pool above 2,000,000 shares shall have been approved by not less than 66 2/3% of the outstanding Convertible Securities, voting together as a single class; (ii) the issuance of securities in connection with acquisition transactions; (iii) the issuance of securities to financial institutions or

lessors in connection with commercial credit arrangements, equipment financings or similar transactions; (iv) Convertible Securities outstanding as of the date hereof or issued or issuable pursuant to the Purchase Agreement or the Common Stock issuable upon conversion of the Convertible Securities, (v) the issuance of securities offered to the public generally, pursuant to a registration statement under the Securities Act; (vi) the issuance of securities pursuant to currently outstanding options, warrants, notes, or other rights to acquire securities of the Company; (vii) the issuances of securities in connection with strategic alliances approved by the Board of Directors; (viii) the issuance of Series BB Preferred Stock upon conversion of the Notes; or (ix) securities issued pursuant to a stock dividend, stock split, or similar transaction.

1.9 The terms "Register," "Registered," and "Registration" refer to a registration effected by preparing and filing a registration statement on Form S-1, SB-2 or S-3 (or any successor form thereto) in compliance with the Securities Act of 1933, as amended ("Registration Statement"), and the declaration or ordering of the effectiveness of such Registration Statement.

1.10 "Registrable Securities" shall mean all Common Stock not previously sold to the public and issued or issuable upon conversion or exercise of any of the Company's Convertible Securities purchased by or issued to the Investors, including Common Stock issued pursuant to stock splits, stock dividends and similar distributions, and any securities of the Company granted registration rights pursuant to Section 12 of this Agreement; provided that Registrable Securities shall not include any shares of Common Stock which are eligible to be sold by a Holder under Rule 144 promulgated under the Securities Act within any three month period without volume limitations or under Rule 144(k) promulgated under the Securities Act.

1.11 "Registration Expenses" shall mean all expenses incurred by the Company in complying with Section 5 or 6 of this Agreement, including, without limitation, all federal and state registration, qualification, and filing fees, printing expenses, fees and disbursements of counsel for the Company, blue sky fees and expenses, and the expense of any special audits incident to or required by any such registration.

1.12 "Securities Act" shall mean the Securities Act of 1933, as amended, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

1.13 "Selling Expenses" shall mean all underwriting discounts and selling commissions applicable to the sale of Registrable Securities pursuant to this Agreement.

2. Financial Statements. The Company shall deliver to each Investor or group of Investors that hold in the aggregate with its substantially related entities not less than 200,000 shares of Convertible Securities or Common Stock issuable upon conversion of the Convertible Securities, as soon as practicable after the end of each fiscal year of the Company, and in any event within 90 days thereafter, an audited balance sheet of the Company as of the end of such year and audited statements of income, stockholders' equity and cash flow for such year, which year-end financial reports shall be in reasonable detail and shall be prepared in accordance with generally accepted accounting principles and accompanied by the opinion of independent public accountants of nationally recognized standing selected by the Company.

3. Additional Information. The Company will deliver to each Investor or group of Investors that hold in the aggregate with its substantially related entities not less than 200,000 shares of Convertible Securities or Common Stock issuable upon conversion of the Convertible Securities:

(a) as soon as practicable after the end of each of the first three quarters of any fiscal year, and in any event within 45 days thereafter, balance sheets of the Company as of the end of such quarter, and statements of income and cash flow for such quarter and for the current fiscal year to date, prepared in accordance with generally accepted accounting principles (other than for accompanying notes), subject to changes resulting from year-end audit adjustment;

(b) as soon as practicable following submission to and approval by the Board of Directors of the Company, but in no event later than 60 days after the end of each fiscal year, an operating budget and plan (the "Plan") respecting the next fiscal year and a summary of such Plan together with any update of the Plan as such update is prepared; and

(c) such other information relating to the financial condition, business, prospects, or corporate affairs of the Company as the Investor or any assignee of the Investor may from time to time reasonably request, provided, however, that the Company shall not be obligated under this subsection (c) or any other subsection of Section 3 to provide information which it deems in good faith to be a trade secret or confidential information.

4. Termination of Covenants. The covenants of the Company set forth in Sections 2 and 3 shall be terminated and be of no further force or effect upon the earlier of (a) immediately prior to the closing of the first public offering of the Common Stock of the Company that is effected pursuant to a Registration Statement filed with, and declared effective by, the Commission under the Securities Act (other than either a public offering limited solely to employees of the Company or an offering pursuant to Rule 145

under the Securities Act) or (b) the date the Company registers any securities under the Exchange Act, and such covenants shall terminate as to any Investor as of the date such Investor no longer holds any shares of the capital stock of the Company.

5. Demand Registration.

5.1 Request for Registration on Form Other Than Form S-3. Subject to the terms of this Agreement, in the event that the Company shall receive from the Initiating Holders at any time beginning May 1, 2005 or six months after the closing of the Company's initial public offering of shares of Common Stock under a Registration Statement, a written request that the Company effect any Registration with respect to all or a part of the Registrable Securities on a form other than Form S-3 for an offering of at least 50% of the then outstanding Registrable Securities (or any lesser percent if the reasonably anticipated aggregate offering price to the public, net of Selling Expenses, would exceed $10,000,000), the Company shall (i) promptly, but in any event within no more than 20 days, give written notice of the proposed Registration to all other Holders and (ii) as soon as practicable, use its best efforts to effect Registration of the Registrable Securities specified in such request, together with any Registrable Securities of any Holder joining in such request as are specified in a written request given within 20 days after written notice from the Company. The Company shall not be obligated to take any action to effect any such Registration pursuant to this Section 5.1 (i) during the period starting with the date 60 days prior to the Company's good faith estimated date of filing, and ending on the date six months immediately following the effective date of a Registration pertaining to securities of the Company (other than a registration of securities in a Rule 145 transaction or with respect to an employee benefit plan) provided that the Company is actively employing all reasonable efforts in good faith to cause such Registration to become effective or (ii) after the Company has effected one such Registration pursuant to this Section 5.1 and such Registration has been declared effective.

5.2 Request for Registration on Form S-3. If a Holder or Holders of at least 33 1/3 % of the outstanding Registrable Securities request that the Company file a Registration Statement on Form S-3 (or any successor form to Form S-3) for a public offering of shares of Registrable Securities the aggregate proposed price to the public of which, net of Selling Expenses, would not be less than $1,000,000, and the Company is a registrant entitled to use Form S-3 to register the Registrable Securities for such an offering, the Company shall use all reasonable efforts to cause such Registrable Securities to be Registered for the offering on such form and to cause such Registrable Securities to be qualified in such jurisdictions as the Holder or Holders may reasonably request; provided, however, that the Company shall not be required to effect more than one Registration pursuant to this Section 5.2 in any 12 month period. The substantive

provisions of Section 5.5 shall be applicable to each Registration initiated under this Section 5.2.

5.3 Right of Deferral. Notwithstanding the foregoing, the Company shall not be obligated to file a registration statement pursuant to this Section 5:

(a) in any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such Registration, qualification, or compliance, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(b) if the Company, within ten days of the receipt of the request of the Initiating Holders, gives notice of its bona fide intention to effect the filing of a Registration Statement with the Commission within 60 days of receipt of such request (other than with respect to a registration statement relating to a Rule 145 transaction or an offering solely to employees), provided that the Company is actively employing in good faith all reasonable efforts to cause such Registration Statement to become effective;

(c) within six months immediately following the effective date of any Registration Statement pertaining to the securities of the Company (other than a registration of securities in a Rule 145 transaction or with respect to an employee benefit plan); or

(d) if the Company shall furnish to such Holders a certificate signed by the President of the Company stating that in the good faith judgment of the Board of Directors it would be seriously detrimental to the Company or its stockholders for a Registration Statement to be filed in the near future, then the Company's obligation to use its best efforts to file a Registration Statement shall be deferred for a period not to exceed 90 days from the receipt of the request to file such registration by such Holder provided that the Company shall not exercise the right contained in this paragraph (d) more than once in any 12 month period.

5.4 Registration of Other Securities in Demand Registration. Any Registration Statement filed pursuant to the request of the Initiating Holders under this Section 5 may, subject to the provisions of Section 5.5, include securities of the Company other than Registrable Securities.

5.5 Underwriting in Demand Registration.

(a) Notice of Underwriting. If the Initiating Holders intend to
    ----
distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 5, and the Company shall include such information in the written notice

referred to in Section 5.1 or 5.3. The right of any Holder to Registration pursuant to Section 5 shall be conditioned upon such Holder's agreement to participate in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting.

(b) Inclusion of Other Holders in Demand Registration. If the Company, officers or directors of the Company holding Common Stock other than Registrable Securities, or holders of securities other than Registrable Securities, request inclusion in such Registration, the Initiating Holders, to the extent they deem advisable and consistent with the goals of such Registration, may, in their sole discretion, on behalf of all Holders, offer to any or all of the Company, such officers or directors, and such holders of securities other than Registrable Securities that such securities other than Registrable Securities be included in the underwriting and may condition such offer on the acceptance by such persons of the terms of this Section 5. If, however, the number of shares so included exceeds the number of shares of Registrable Securities included by all Holders, such Registration shall be treated as governed by Section 6 hereof rather than Section 5, and it shall not count as a Registration for purposes of Section 8 hereof.

(c) Selection of Underwriter in Demand Registration. The Company shall (together with all Holders proposing to distribute their securities through such underwriting) enter into an underwriting agreement with the representative ("Underwriter's Representative") of the underwriter or underwriters selected for such underwriting by the Holders of a majority of the Registrable Securities being registered by the Initiating Holders and reasonably acceptable to the Company.

(d) Marketing Limitation in Demand Registration. In the event the Underwriter's Representative advises the Initiating Holders in writing that market factors (including, without limitation, the aggregate number of shares of Common Stock requested to be Registered, the general condition of the market, and the status of the persons proposing to sell securities pursuant to the Registration) require a limitation of the number of shares to be underwritten, then (i) first, securities other than Registrable Securities and (ii) second, securities requested to be registered by the Company, shall be excluded from such Registration to the extent required by such limitation. If a limitation of the number of shares is still required, the Initiating Holders shall so advise all Holders and the number of shares of Registrable Securities that may be included in the Registration and underwriting shall be allocated among all Holders in proportion, as nearly as practicable, to the respective amounts of Registrable Securities entitled to inclusion in such Registration held by such Holders at the time of filing the Registration Statement. No Registrable Securities or other securities excluded from the underwriting by reason of this Section 5.5(d) shall be included in such Registration Statement.

(e) Right of Withdrawal in Demand Registration. If any Holder of Registrable Securities, or a holder of other securities entitled (upon request) to be included in such Registration, disapproves of the terms of the underwriting, such person may elect to withdraw therefrom by written notice to the Company, the Underwriter's Representative and the Initiating Holders delivered at least seven days prior to the effective date of the Registration Statement. The securities so withdrawn shall also be withdrawn from the Registration Statement.

5.6 Blue Sky in Demand Registration. In the event of any Registration pursuant to Section 5, the Company will exercise its best efforts to Register and qualify the securities covered by the Registration Statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably appropriate for the distribution of such securities; provided, however, that (i) the Company shall not be required to do business or to file a general consent to service of process in any such states or jurisdictions, and (ii) notwithstanding anything in this Agreement to the contrary, in the event any jurisdiction in which the securities shall be qualified imposes a non-waivable requirement that expenses incurred in the connection with the qualification of the securities be borne by selling stockholders, such expenses shall be payable pro rata by selling stockholders.

6. Piggyback Registration.

6.1 Notice of Piggyback Registration and Inclusion of Registrable Securities. Subject to the terms of this Agreement, if the Company decides to Register any of its Common Stock (either for its own account or the account of a security holder or holders exercising their respective demand registration rights) on a form that would be suitable for a registration involving solely Registrable Securities, the Company will: (i) promptly give each Holder written notice thereof (which shall include a list of the jurisdictions in which the Company intends to attempt to qualify such securities under the applicable Blue Sky or other state securities laws) and (ii) include in such Registration (and any related qualification under Blue Sky laws or other compliance), and in any underwriting involved therein, all the Registrable Securities specified in a written request delivered to the Company by any Holder within 20 days after delivery of such written notice from the Company.

6.2 Underwriting in Piggyback Registration.

(a) Notice of Underwriting in Piggyback Registration. If the Registration of which the Company gives notice is for a Registered public offering involving an underwriting, the Company shall so advise the Holders as a part of the written notice given pursuant to Section 6.1. In such event, the right of any Holder to Registration shall be conditioned upon such underwriting and the inclusion of such

Holder's Registrable Securities in such underwriting to the extent provided in this Section 6. All Holders proposing to distribute their securities through such underwriting shall (together with the Company and the other holders distributing their securities through such underwriting) enter into an underwriting agreement with the Underwriter's Representative for such offering. The Holders shall have no right to participate in the selection of the underwriters for an offering pursuant to this Section 6.

(b) Marketing Limitation in Piggyback Registration. In the event the Underwriter's Representative advises the Holders seeking registration of Registrable Securities pursuant to this Section 6 in writing that market factors (including, without limitation, the aggregate number of shares of Common Stock requested to be Registered, the general condition of the market, and the status of the persons proposing to sell securities pursuant to the Registration) require a limitation of the number of shares to be underwritten, the Underwriter's Representative (subject to the allocation priority set forth in Section 6.2(c)) may:

(i) in the case of the Company's initial Registered public offering, exclude some or all Registrable Securities from such registration and underwriting; and

(ii) in the case of any Registered public offering subsequent to the initial public offering, limit the number of shares of Registrable Securities to be included in such Registration and underwriting to not less than 20% of the securities included in such Registration.

(c) Allocation of Shares in Piggyback Registration. In the event that the Underwriter's Representative limits the number of shares to be included in a Registration pursuant to Section 6.2(b), the number of shares to be included in such Registration shall be allocated (subject to Section 6.2(b)) in the following manner: the number of shares that may be included in the Registration and underwriting by selling stockholders shall be allocated among all Holders thereof and other holders of securities (other than Registrable Securities) requesting and legally entitled to include such securities in such Registration, in proportion, as nearly as practicable, to the respective amounts of securities (including Registrable Securities) which such Holders and such other holders would otherwise be entitled to include in such Registration. No Registrable Securities or other securities excluded from the underwriting by reason of this Section 6.2(c) shall be included in the Registration Statement.

(d) Withdrawal in Piggyback Registration. If any Holder disapproves of the terms of any such underwriting, such person may elect to withdraw therefrom by written notice to the Company and the Underwriter's Representative delivered at least seven days prior to the effective date of the Registration Statement.

Any Registrable Securities or other securities excluded or withdrawn from such underwriting shall be withdrawn from such Registration.

7. Expenses of Registration. All Registration Expenses incurred in connection with one Registration pursuant to each of Section 5.1 and 5.2 and any registration pursuant to Section 6, shall be borne by the Company including the reasonable fees and expenses of one special counsel to the Selling Holders, up to an amount not to exceed $25,000. All Registration Expenses incurred in connection with any other Registration, qualification, or compliance, shall be apportioned among the Holders, other holders of the securities so registered and, if it participates, the Company on the basis of the number of shares so registered. Notwithstanding the above, the Company shall not be required to pay for any expenses of any Registration proceeding begun pursuant to Section 5 if the Registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (which Holders shall bear such expenses), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one demand Registration pursuant to Section 5; provided further, however, that if at the time of such withdrawal, the Holders have learned of a Material Adverse Event with respect to the condition, business, or prospects of the Company not known to the Holders at the time of their request, then the Holders shall not be required to pay any of such expenses and shall retain their rights pursuant to Section 5. All Selling Expenses shall be borne by the holders of the securities Registered pro rata on the basis of the number of shares Registered.

8. Registration Procedures and Obligations. Whenever required under this Agreement to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the Commission a Registration Statement with respect to such Registrable Securities and use its reasonable best efforts to cause such Registration Statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such Registration Statement effective for up to 120 days.

(b) Prepare and file with the Commission such amendments and supplements to such Registration Statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement.

(c) Furnish to the Holders such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of

the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) Use its reasonable best efforts to register and qualify the securities covered by such Registration Statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, and provided further that in the event any jurisdiction in which the securities shall be qualified imposes a non-waivable requirement that expenses incurred in connection with the qualification of the securities be borne by selling stockholders, such expenses shall be payable pro rata by selling stockholders.

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notify each Holder of Registrable Securities covered by such Registration Statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing or, if for any other reason the Company shall have determined that it shall be necessary during such time period to amend or supplement the registration statement or the prospectus in order to comply with the Securities Act, whereupon, in either case, each Holder shall immediately cease to use such registration statement or prospectus for any purpose and, as promptly as practicable thereafter, the Company shall prepare and file with the SEC, and furnish without charge to the appropriate Holders and managing underwriters, if any, a supplement or amendment to such registration statement or prospectus which will correct such statement or omission or effect such compliance and such copies thereof as the Holders and any underwriters may reasonably request subject to Section 11.2 herein.

(g) Provide a transfer agent and registrar for all Registrable Securities registered pursuant to such Registration Statement and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

(h) Cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange or over-the-counter market on which similar securities issued by the Company are then listed, if applicable.

(i) Furnish, at the request of any Holder requesting registration of Registrable Securities pursuant to this Agreement, on the date that such Registrable Securities are delivered for sale in connection with a registration pursuant to this Agreement, (i) an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, and (ii) a letter dated such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters.

9. Termination of Registration Rights: The registration obligations of the Company will terminate on the earlier of: (i) 4 years after a Registration; or (ii) with respect to any Holder of registration rights, at such time as all Registrable Securities of such Holder may be sold within a three-month period pursuant to Rule 144; or (iii) as to any particular Holder at such time as a Holder holds Registrable Securities constituting less than one percent (1%) of the outstanding voting stock of the Company.

10. Information Furnished by Holder. It shall be a condition precedent of the Company's obligations under this Agreement that each Holder of Registrable Securities included in any Registration furnish to the Company such information regarding such Holder and the distribution proposed by such Holder or Holders as the Company may reasonably request.

11. Indemnification.

11.1 Company's Indemnification of Holders. To the extent permitted by law, the Company will indemnify each Holder, each of its officers, directors, and constituent partners, legal counsel for the Holders, and each person controlling such Holder, with respect to which Registration, qualification, or compliance of Registrable Securities has been effected pursuant to this Agreement, and each underwriter, if any, and each person who controls any underwriter against all claims, losses, damages, liabilities, or actions in respect thereof (collectively, "Damages") to the extent such Damages arise out of or are based upon any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus or other document (including any related Registration Statement) incident to any such Registration, qualification, or compliance, or are based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Company of any rule or regulation promulgated under the Securities Act applicable to

the Company and relating to action or inaction required of the Company in connection with any such Registration, qualification, or compliance; and the Company will reimburse each such Holder, each such underwriter, and each person who controls any such Holder or underwriter, for any legal and any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability, or action; provided, however, that the indemnity contained in this Section 11.1 shall not apply to amounts paid in settlement of any such Damages if settlement is effected without the consent of the Company (which consent shall not unreasonably be withheld); and provided, further, that the Company will not be liable in any such case to the extent that any such Damages arise out of or are based upon any untrue statement or omission based upon written information furnished to the Company by such Holder, underwriter, or controlling person and stated to be for use in connection with the offering of securities of the Company.

11.2 Holder's Indemnification of Company. To the extent permitted by law, each Holder will, if Registrable Securities held by such Holder are included in the securities as to which such Registration, qualification or, compliance is being effected pursuant to this Agreement, indemnify the Company, each of its directors and officers, each legal counsel and independent accountant of the Company, each underwriter, if any, of the Company's securities covered by such a Registration Statement, each person who controls the Company or such underwriter within the meaning of the Securities Act, and each other such Holder, each of its officers, directors, and constituent partners, and each person controlling such other Holder, against all Damages arising out of or based upon any untrue statement (or alleged untrue statement) of a material fact contained in any such Registration Statement, prospectus, offering circular, or other document, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by such Holder of any rule or regulation promulgated under the Securities Act applicable to such Holder and relating to action or inaction required of such Holder in connection with any such Registration, qualification, or compliance, and will reimburse the Company, such Holders, such directors, officers, partners, persons, law and accounting firms, underwriters or control persons for any legal and any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability, or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such Registration Statement, prospectus, offering circular, or other document in reliance upon and in conformity with written information furnished to the Company by such Holder and stated to be specifically for use in connection with the offering of securities of the Company, provided, however, that the indemnity contained in this Section 11.2 shall not apply to amounts paid in settlement of any such Damages if settlement is effected without the consent of such Holder (which consent shall not be unreasonably withheld) and provided, further, that each Holder's liability under this Section 11.2 shall not exceed such Holder's

proceeds from the offering of securities made in connection with such Registration, unless due to such Holder's gross negligence or intentional acts or omissions.

11.3 Indemnification Procedure. Promptly after receipt by an indemnified party under this Section 11 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under this Section 11, notify the indemnifying party in writing of the commencement thereof and generally summarize such action. The indemnifying party shall have the right to participate in and to assume the defense of such claim; provided, however, that the indemnifying party shall be entitled to select counsel for the defense of such claim with the approval of any parties entitled to indemnification, which approval shall not be unreasonably withheld; provided further, however, that if either party reasonably determines that there may be a conflict between the position of the Company and the Investors in conducting the defense of such action, suit, or proceeding by reason of recognized claims for indemnity under this Section 11, then counsel for such party shall be entitled to conduct the defense to the extent reasonably determined by such counsel to be necessary to protect the interest of such party. The failure to notify an indemnifying party promptly of the commencement of any such action, if prejudicial to the ability of the indemnifying party to defend such action, shall relieve such indemnifying party, to the extent so prejudiced, of any liability to the indemnified party under this Section 11, but the omission so to notify the indemnifying party will not relieve such party of any liability that such party may have to any indemnified party otherwise other than under this Section 11. The indemnity agreements contained in this Section 11 shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action if such settlement is effected without the consent of the indemnifying party which consent shall not be unreasonably withheld.

11.4 Contribution. If the indemnification provided for in this Section 11 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any Damages referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such Damages in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such Damages as well as any other relevant equitable considerations; provided, that each Holder's liability under this Section 11.4 shall not exceed such Holder's proceeds from the offering of securities made in connection with such Registration, unless due to such Holder's gross negligence or intentional acts or omissions. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative

intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

11.5 Conflicts. Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

11.6 Survival of Obligations. The obligations of the Company and Holders under this Section 11 shall survive the completion of any offering of Registrable Securities in a registration statement under this Agreement or otherwise.

12. Limitations on Registration Rights Granted to Other Securities. From and after the date of this Agreement, the Company shall not enter into any agreement with any holder or prospective holder of any securities of the Company providing for the granting to such holder of any Registration rights, except that, with the consent of the Holders of a majority of the Registrable Securities as defined in Section 1 of this Agreement (calculated on an as-converted basis), additional holders may be added as parties to this Agreement with regard to any or all securities of the Company held by them. Any such additional parties shall execute a counterpart of this Agreement, and upon execution by such additional parties and by the Company, shall be considered an Investor for all purposes of this Agreement. The additional parties and the additional Registrable Securities shall be identified in an amendment to Exhibit A hereto.

13. Transfer of Rights. The rights to information under Sections 2 and 3, and the right to cause the Company to Register securities granted by the Company to the Investors under this Agreement may be assigned by any Holder to a transferee or assignee of any Convertible Securities or Registrable Securities not sold to the public acquiring at least 200,000 shares of such Holder's Registrable Securities (equitably adjusted for any stock splits, subdivisions, stock dividends, changes, combinations or the like) or less if the shares being transferred constitute all of such transferring Holder's Registrable Securities; provided, however, that (i) the shares of Convertible Securities or Registrable Securities acquired by said transferee must constitute at least 20% of Holder's aggregate of Convertible Securities and Registrable Securities immediately prior to the transfer, (ii) the Company must receive written notice prior to the time of said transfer, stating the name and address of said transferee or assignee and identifying the securities with respect to which such rights are being assigned, and (iii) the transferee or assignee of such rights must not be a person deemed by the Board of Directors of the Company, in its reasonable judgment, to be a competitor or potential competitor of the Company. Notwithstanding the limitation set forth in the foregoing sentence respecting the minimum number of shares which must be transferred, any Holder which is a partnership may transfer such Holder's Registration rights to such Holder's constituent

partners without restriction as to the number or percentage of shares acquired by any such constituent partner.

14. Market Stand-off. Each Holder hereby agrees that, if so requested by the Company and the Underwriter's Representative (if any) in connection with the Company's initial public offering, such Holder shall not sell, make any short sale of, loan, grant any option for the purchase of, or otherwise transfer or dispose of any Registrable Securities or other securities of the Company without the prior written consent of the Company and the Underwriter's Representative for such period of time (not to exceed 180 days) following the effective date of a Registration Statement of the Company filed under the Securities Act as may be requested by the Underwriter's Representative.

15. No-Action Letter or Opinion of Counsel in Lieu of Registration; Conversion of Preferred Stock. Notwithstanding anything else in this Agreement, if the Company shall have obtained from the Commission a "no-action" letter in which the Commission has indicated that it will take no action if, without Registration under the Securities Act, any Holder disposes of Registrable Securities covered by any request for Registration made under this Section in the specific manner in which such Holder proposes to dispose of the Registrable Securities included in such request (such as including, without limitation, inclusion of such Registrable Securities in an underwriting initiated by either the Company or the Holders) and that such Registrable Securities may be sold to the public without Registration, or if in the opinion of counsel for the Company concurred in by counsel for such Holder, which concurrence shall not be unreasonably withheld, no Registration under the Securities Act is required in connection with such disposition and that such Registrable Securities may be sold to the public without Registration, the Registrable Securities included in such request shall not be eligible for Registration under this Agreement; provided, however, that any Registrable Securities not so disposed of shall be eligible for Registration in accordance with the terms of this Agreement with respect to other proposed dispositions to which this Section 15 does not apply. The Registration rights of the Holders of the Registrable Securities set forth in this Agreement are conditioned upon the conversion of the Registrable Securities with respect to which registration is sought into Common Stock prior to the effective date of the Registration Statement.

16. Reports Under the Exchange Act. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Securities Act and any other rule or regulation of the Commission that may at any time permit a Holder to sell securities of the Company to the public without Registration or pursuant to a registration on Form S-3, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144, at all times after 90 days after the effective date of the first Registration Statement filed by the Company for the offering of its securities to the public;

(b) take such action, including the voluntary registration of its Common Stock under Section 12 of the Exchange Act, as is necessary to enable the Holders to utilize Form S-3 for the sale of their Registrable Securities, such action to be taken as soon as practicable after the end of the fiscal year in which the first Registration Statement filed by the Company for the offering of its securities to the general public is declared effective;

(c) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(d) furnish to any Holder, so long as the Holder owns any Registrable Securities, promptly upon request (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144 (at any time after 90 days after the effective date of the first Registration Statement filed by the Company), the Securities Act, and the Exchange Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the Commission which permits the selling of any such securities without Registration or pursuant to such form.

17. Right of First Offer.

17.1 Right of First Offer of New Securities. The Company hereby grants to each Investor holding not less than 100,000 shares of Registrable Securities, as adjusted for stock splits, dividends and the like ("Major Investors") the right of first offer to purchase up to its "Pro Rata Share" (as defined below) of New Securities which the Company may, from time to time, propose to sell and issue. Such Major Investors may purchase said New Securities on the same terms and at the same price at which the Company proposes to sell the New Securities. The "Pro Rata Share" of each Major Investor, for purposes of this right of first offer, is the ratio of (i) the total number of shares of Common Stock held by such Major Investor (including any shares of Common Stock into which shares of the Convertible Securities held by such Major Investor are convertible) to (ii) the total number of shares of Common Stock outstanding immediately

prior to the issuance of the New Securities (including any shares of Common Stock into which outstanding shares of Preferred Stock are convertible).

17.2 Notice. In the event the Company proposes to undertake an issuance of New Securities, it shall give to each Major Investor written notice (the "Notice") of its intention, describing the type of New Securities, the price, the terms upon which the Company proposes to issue the same number of shares which such Major Investor is entitled to purchase pursuant to Section 17.1, and a statement that each Major Investor shall have 20 days to respond to such Notice. Each Major Investor shall have 20 days from the date of receipt of the Notice to agree to purchase any or all of its Pro Rata Share of the New Securities for the price and upon the terms specified in the Notice by giving written notice to the Company and stating therein the quantity of New Securities to be purchased and forwarding payment for such New Securities to the Company if immediate payment is required by such terms.

17.3 Sale of New Securities. In the event a Major Investor fails to exercise in full its right of first offer within such 20 day period, the Company shall have 90 days thereafter to sell or enter into an agreement (pursuant to which the sale of New Securities covered thereby shall be closed, if at all, within 60 days after the date of such agreement) to sell the New Securities respecting which such Major Investor's rights were not exercised, at a price and upon general terms no more favorable to the purchaser thereof than specified in the Notice. In the event the Company has not sold the New Securities within such 90 day period (or sold and issued New Securities in accordance with the foregoing within 60 days from the date of such agreement), the Company shall not thereafter issue or sell any New Securities without first offering such securities to such Major Investor in the manner provided above.

17.4 Termination of Right of First Offer. The right of first offer granted under this Section 17 shall expire upon the first to occur of:

(a) The effective date of a Registration Statement filed by the Company in connection with a bona fide firm commitment underwritten public offering of the Company's Common Stock; or

(b) The date on which such Investor or transferee no longer holds any shares of Convertible Securities or Common Stock.

17.5 Waiver of Right of First Offer. The right of first offer granted under this Section 17 may be waived with respect to any particular sale of New Securities as to all Holders or transferees by the holders of a majority of the Convertible Securities purchased by the Holders (or an equivalent number of shares consisting of Registrable Securities issued upon conversion or exercise of the Convertible Securities of the

Company or a combination of such Registrable Securities and such Convertible Securities), as adjusted for recapitalizations, stock splits, stock dividends and the like.

18. Miscellaneous.

18.1 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California excluding those laws that direct the application of the laws of another jurisdiction.

18.2 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

18.3 Headings. The headings of the Sections of this Agreement are for convenience and shall not by themselves determine the interpretation of this Agreement.

18.4 Notices. Any notice required or permitted hereunder shall be given in writing and shall be conclusively deemed effectively given upon personal delivery or delivery by courier, or on the first business day after transmission if sent by confirmed facsimile transmission, or five days after deposit in the United States mail, by registered or certified mail, postage prepaid, addressed (i) if to the Company, as set forth below the Company's name on the signature page of this Agreement, and (ii) if to an Investor, at such Investor's address as set forth on the Company's stock records.

18.5 Amendment of Agreement. Any provision of this Agreement may be amended only by a written instrument signed by the Company and by persons holding a majority of the Registrable Securities as defined in Section 1 of this Agreement (calculated on an as-converted basis).

18.6 Severability. In case any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

18.7 Entire Agreement; Successors and Assigns. This Agreement constitutes the entire contract among the Company and the Investors relative to the subject matter hereof. Any previous agreement between the Company and any Investor concerning Registration rights, including the Previous Agreements, is superseded by this Agreement in its entirety. Subject to the exceptions specifically set forth in this Agreement, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective executors, administrators, heirs, successor, and permitted assigns of the parties.

IN WITNESS WHEREOF, the parties hereto have executed this Amended and Restated Information and Registration Rights Agreement as of the date first above written.

Company: CORCEPT THERAPEUTICS INCORPORATED,
a Delaware corporation

By: /s/ James N. Wilson

Name: James N. Wilson

Title: Chairman

Investor: SUTTER HILL VENTURES,
a California Limited Partnership

By: /s/ William H. Younger, Jr.

Name: William H. Younger, Jr.

Managing Director of the General Partner

SUTTER HILL ENTREPRENEURS FUND (AI),
L.P.

By: /s/ William H. Younger, Jr.

Name: William H. Younger, Jr.

Managing Director of the General Partner

SUTTER HILL ENTREPRENEURS FUND (QP),
L.P.

By: /s/ William H. Younger, Jr.

Name: William H. Younger, Jr.

Managing Director of the General Partner

TOW PARTNERS,
A California Limited Partnership

By: /s/ G. Leonard Baker, Jr. Under Power of

Attorney

Paul M. Wythes, General Partner

ANVEST, L.P.

By: /s/ David L. Anderson

David L. Anderson, General Partner

SAUNDERS HOLDINGS, L.P.

By: /s/ G. Leonard Baker, Jr.

G. Leonard Baker, Jr., General Partner

THE COXE/OTUS REVOCABLE TRUST U/A/D/
4/23/98, TENCH COXE, TRUSTEE

By: /s/ Tench Coxe

Name: Tench Coxe

Title: Trustee

THE TAMERLANE CHARITABLE
REMAINDER UNITRUST

By: /s/ Tench Coxe

Tench Coxe, Trustee

/s/ Gregory Sands

GREGORY P. SANDS

/s/ G. Leonard Barker, Jr.

G. LEONARD BAKER, JR.

GREGORY P. AND SARAH J.D. SANDS,
TRUSTEES, THE GREGORY P. NAD SARAH
J.D. SANDS TRUST AGREEMENT DATED
2/24/99

/s/ Gregory Sands

Gregory P. Sands, Trustee

THE YOUNGER LIVING TRUST, U/A/D 1/20/95
WILLIAM H. YOUNGER, JR., TRUSTEE

/s/ William H. Younger, Jr.

William H. Younger, Jr., Trustee

SHV M/P/T/ FBO MICHELE Y. PHUA,
WELLS FARGO BANK, TRUSTEE

By: /s/ Vicki M. Bandel /s/ S. Matson

Name: Vicki M. Bandel S. Matson

Title: AVP & TO AVP & TO

SHV M/P/T FBO WILLIAM H. YOUNGER, JR.,
WELLS FARGO BANK, TRUSTEE

By: /s/ Vicki M. Bandel /s/ S. Matson

Name: Vicki M. Bandel S. Matson

Title: AVP & TO AVP & TO

SHV M/P/T FBO SHERRYL W. HOSSACK,
WELLS FARGO BANK, TRUSTEE

By: /s/ Vicki M. Bandel /s/ S. Matson
Name: Vicki M. Bandel S. Matson
Title: AVP & TO AVP & TO

WYTHES 1999 GRANDCHILDREN'S TRUST,
JENNIFER W. VETTEL, PAUL M. WYTHES,
JR., AND LINDA W. KNOLL, TRUSTEES

By: /s/ David E. Sweet
David E. Sweet, under Power of Attorney

THE REED TRAFFORD VETTEL 1999
IRREVOCABLE TRUST; LINDA W. KNOLL
AND PAUL M. WYTHES, Jr., TRUSTEES

By: /s/ David E. Sweet Under Power of Attorney
Paul M. Wythes, Jr., Trustee

PAUL M. WYTHES AND MARSHA R. WYTHES
TRUSTEES, THE WYTHES LIVING TRUST
(7/21/87)

By: /s/ G. Leonard Baker, Jr. Under Power of
Attorney

MARGARET LINDA VETTEL 1997
IRREVOCABLE TRUST, LINDA W. KNOLL AND PAUL
M. WYTHES, JR., TRUSTEES

By: /s/ David E. Sweet Under Power of Attorney

Paul M. Wythes, Jr., Trustee

THE ANDERSON LIVING TRUST, U/A/D
1/22/98, DAVID L. ANDERSON, TRUSTEE

By: /s/ David L. Anderson

David L. Anderson, Trustee

/s/ James C. Gaither

JAMES C. GAITHER

/s/ Lawrence Ebringer

LAWRENCE EBRINGER

JAMES N. WILSON AND PAMELA D. WILSON
TRUST, U/D/T SEPTEMBER 27, 1983/(1)/

By: /s/ James N. Wilson

Name: James N. Wilson
Title: Trustee

- ---

/(1)/ Also singing on behalf of David A. Wilson, Edward M. West and Beth Ann Wilson West and David K. Arterburn and Edith A. Watters, as trustees of the Arterburn/Watters 1996 Trust dated June 11, 1996 pursuant to the Voting Agreement dated May 28, 1999.

/s/ James N. Wilson

DAVID A. WILSON

/s/ James N. Wilson

EDWARD M. WEST AND BETH ANN WILSON WEST

/s/ James N. Wilson

ARTERBURN/WATTERS 1996 TRUST dated June 11, 1996

/s/ Joseph K. Belanoff, M.D.

JOSEPH BELANOFF, M.D.

/s/ Alan Schatzberg, M.D.

ALAN SCHATZBERG, M.D.

/s/ Patricia Tom

PATRICIA TOM

/s/ Lynne M. Brown

LYNNE M. BROWN

/s/ Patricia Tom Under Power of Attorney

MICHELE Y. PHUA

/s/ Sherryl W. Hossack

SHERRYL W. HOSSACK

/s/ G. Leonard Baker, Jr. Under Power of Attorney

STEVEN CHU

/s/ James Wilson

JAMES WILSON

/s/ David B. Singer

DAVID B. SINGER

1999 MELMON FAMILY TRUST, PAUL W. MELMON, TRUSTEE

By: /s/ G. Leonard Baker, Jr.

Name: G. Leonard Baker, Jr.

Title: Under Power of Attorney

WHITE FAMILY TRUST DATED 4/3/97, JAMES N. WHITE AND PATRICIA A.O'BRIEN, TRUSTEES

By: /s/ James N. White

Name: James N. White

Title: Trustee

WILSON FAMILY TRUST, NORMAN WILSON AND ANN WILSON, TRUSTEES

By: /s/ James N. Wilson

Name: James N. Wilson

Title:

HELLER EHRMAN WHITE & McAULIFFE
INVESTORS FUND VI

By: /s/ Sarah A. O'Dowd

Name: Sarah A. O'Dowd

Title: Manager

ALTA BIOPHARMA PARTNERS II, L.P.

By: /s/ Alix Marduel

Name: Alix Marduel

Title: Managing Director

ALTA EMBARCADERO BIOPHARMA
PARTNERS II, LLC

By: /s/ Alix Marduel

Name: Alix Marduel

Title: Managing Director

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MAVERICK FUND, LDC

By: /s/ Sharyl Robertson
Name: Sharyl Robertson
Title: CFO of Maverick Capital, Ltd., the Investment Advisor

MAVERICK FUND USA, LTD.

By: /s/ Sharyl Robertson
Name: Sharyl Robertson
Title: CFO of Maverick Capital, Ltd., the Investment Advisor

MAVERICK FUND II, LTD.

By: /s/ Sharyl Robertson
Name: Sharyl Robertson
Title: CFO of Maverick Capital, Ltd., the Investment Advisor

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/s/ Robert Roe

ROBERT ROE

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AMENDED AND RESTATED INFORMATION AND REGISTRATION RIGHTS AGREEMENT
COUNTERPART SIGNATURE PAGE
(Second Closing)

The undersigned hereby executes this counterpart signature page for the purpose of becoming a party to the Amended and Restated Information and Registration Rights Agreement (the "Agreement") originally dated as of May 8, 2001, among Corcept Therapeutics Incorporated, a Delaware corporation and the persons and entities listed on Schedule A attached thereto (the "Holders"). The undersigned has read the Agreement, and hereby accepts, ratifies, confirms and agrees to all its terms and conditions, and upon the execution hereof, the undersigned shall have all of the obligations and rights of a Holder under the Agreement.

Dated this 25 day of June, 2001 /s/ Jay Cecil
Jay Cecil

Dated this 25 day of June, 2001 /s/ C. Jason Moran
C. Jason Moran

Dated this 25 day of June, 2001 /s/ Scott Beardsley
Scott Beardsley

Dated this 25 day of June, 2001 /s/ Peter L. Ginsberg
Peter L. Ginsberg

Dated this 25 day of June, 2001 /s/ Stuart Duty
Stuart Duty

Dated this 21 day of June, 2001 /s/ Lawrence Hatterer
Dr. Lawrence Hatterer

Dated this 25 day of June, 2001 /s/ John L. Schwartz, Trustee
John L. Schwartz Trust Dated 10/15/92

Dated this 15 day of June, 2001 /s/ Robert H. Ells
Robert H. Ells

Dated this 18 day of June, 2001 /s/ Hardy Wai-Hong Chan

Hardy Wai-Hong Chan

Dated this 20 day of June, 2001 /s/ Josephine Hai-I Shen

Dated this 22 day of June, 2001 /s/ Malcolm L. Gefter

Malcolm L. Gefter

Dated this 25 day of June, 2001 /s/ Andrew Galligan

Andrew Galligan

Dated this 14 day of June, 2001 /s/ Adam Belanoff

Adam Belanoff

Dated this 20 day of June, 2001 /s/ Richard L. Casey

Richard L. Casey

Dated this 25 day of June, 2001 /s/ Vaughn D. Bryson

Vaughn D. Bryson

Dated this 25 day of June, 2001 /s/ Stanley Watson

Stanley Watson

Dated this 25 day of June, 2001 /s/ Melvin D. Booth

Melvin D. Booth

Dated this 25 day of June, 2001 /s/ Roger C. Rappoport

Roger C. Rappoport

Dated this 25 day of June, 2001 /s/ Sarah A. O'Dowd

Sarah A. O'Dowd

Dated this 25 day of June, 2001 /s/ Sarah A. O'Dowd

HEWM Investors, LLC Fund VI by Sarah A. O'Dowd

EXHIBIT 10.1

2000 STOCK OPTION PLAN

OF

CORCEPT THERAPEUTICS INCORPORATED

1. PURPOSES OF THE PLAN

The purposes of this 2000 Stock Option Plan (the "Plan") of Corcept Therapeutics Incorporated, a Delaware corporation (the "Company"), are to:

(a) Encourage selected employees, directors and consultants to improve operations and increase profits of the Company;

(b) Encourage selected employees, directors and consultants to accept or continue employment or association with the Company or its Affiliates; and

(c) Increase the interest of selected employees, directors and consultants in the Company's welfare through participation in the growth in value of the common stock, par value $0.001 per share, of the Company (the "Common Stock").

Options granted under this Plan ("Options") may be "incentive stock options" ("ISOs") intended to satisfy the requirements of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or "nonqualified options" ("NQOs").

2. ELIGIBLE PERSONS

Every person who at the date of grant of an Option is an employee of the Company or of any Affiliate (as defined below) of the Company is eligible to receive NQOs or ISOs under this Plan. Every person who at the date of grant is a consultant to, or nonemployee director of, the Company or any Affiliate (as defined below) of the Company is eligible to receive NQOs under this Plan. The term "Affiliate" as used in the Plan means a parent or subsidiary corporation as defined in the applicable provisions (currently Sections 424(e) and (f), respectively) of the Code. The term "employee" refers to individuals who are treated as employees for federal income tax purposes, and includes an officer or director who is an employee of the Company. The term "consultant" includes persons employed by, or otherwise affiliated with, a consulting firm.

3. STOCK SUBJECT TO THIS PLAN

Subject to the provisions of Section 6.1.1 of the Plan, the total number of shares of stock which may be issued under options granted pursuant to this Plan and the

total number of shares provided for issuance under this Plan shall be the lesser of (i) 2,000,000 shares of Common Stock and (ii) the maximum number of shares as calculated under section 260.140.45 of Chapter 3 of Title 10 of the California Code of Regulations. The shares covered by the portion of any grant under the Plan which expires unexercised shall become available again for grants under the Plan.

4. ADMINISTRATION

4.1 General. This Plan shall be administered by the Board of Directors of the Company (the "Board") or, either in its entirety or only insofar as required pursuant to Section 4.2 hereof, by a committee (the "Committee") of at least two Board members to which administration of the Plan, or of part of the Plan, is delegated (in either case, the "Administrator").

4.2 Public Company. From and after such time as the Company registers a class of equity securities under Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act"), the Committee shall consist of Board members who are "Non-Employee Directors" as defined under Rule 16b-3 promulgated by the Securities and Exchange Commission ("Rule 16b-3"), or any successor rule thereto.

4.3 Authority of Administrator. Subject to the other provisions of this Plan, the Administrator shall have the authority, in its discretion: (i) to grant Options; (ii) to determine the fair market value of the Common Stock subject to Options; (iii) to determine the exercise price of Options granted; (iv) to determine the persons (each an "Optionee") to whom, and the time or times at which, Options shall be granted, and the number of shares subject to each Option; (v) to interpret this Plan; (vi) to prescribe, amend, and rescind rules and regulations relating to this Plan; (vii) to determine the terms and provisions of each Option granted (which need not be identical), including but not limited to, the time or times at which Options shall be exercisable; (viii) with the consent of the Optionee, to modify or amend any Option; (ix) to accelerate or to defer (with the consent of the Optionee) the exercise date of any Option; (x) to authorize any person to execute on behalf of the Company any instrument evidencing the grant of an Option; and (xi) to make all other determinations deemed necessary or advisable for the administration of this Plan. The Administrator may delegate nondiscretionary administrative duties to such employees of the Company as it deems proper.

4.4 Interpretation by Administrator. All questions of interpretation, implementation, and application of this Plan shall be determined by the Administrator. Such determinations shall be final and binding on all persons.

4.5 Rule 16b-3. With respect to persons subject to Section 16 of the Exchange Act, if any, transactions under this Plan are intended to comply with the applicable conditions of Rule 16b-3, or any successor rule thereto. To the extent any

provision of this Plan or action by the Administrator fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Administrator. Notwithstanding the above, it shall be the responsibility of such persons, not of the Company or the Administrator, to comply with the requirements of Section 16 of the Exchange Act; and neither the Company nor the Administrator shall be liable if this Plan or any transaction under this Plan fails to comply with the applicable conditions of Rule 16b-3 or any successor rule thereto, or if any such person incurs any liability under Section 16 of the Exchange Act.

5. GRANTING OF OPTIONS; OPTION AGREEMENT

5.1 Termination of Plan. No options shall be granted under this Plan after ten years from the date of adoption of this Plan by the Board.

5.2 Stock Option Agreement. Each Option shall be evidenced by a written stock option agreement (the "Option Agreement"), in form satisfactory to the Company, executed by the Company and the person to whom such Option is granted; provided, however, that the failure by the Company, the Optionee, or both, to execute the Option Agreement shall not invalidate the granting of an Option, although the exercise of each option shall be subject to Section 6.1.3.

5.3 Type of Option. The Option Agreement shall specify whether each Option it evidences is an NQO or an ISO.

5.4 Early Approval of Grants. Subject to Section 6.3.3 with respect to ISOs, the Administrator may approve the grant of Options under this Plan to persons who are expected to become employees, directors or consultants of the Company, but are not employees, directors or consultants at the date of approval, with such grant to specify whether it is effective immediately or effective only on such person becoming an employee, director or consultant.

6. TERMS AND CONDITIONS OF OPTIONS

Each Option granted under this Plan shall be subject to the terms and conditions set forth in Section 6.1. NQOs shall be also subject to the terms and conditions set forth in Section 6.2, but not those set forth in Section 6.3. ISOs shall also be subject to the terms and conditions set forth in Section 6.3, but not those set forth in Section 6.2.

6.1 Terms and Conditions to Which All Options Are Subject. Options granted under this Plan shall be subject to the following terms and conditions:

6.1.1 Changes in Capital Structure. Subject to Section 6.1.2, if the stock of the Company is changed by reason of a stock split, reverse stock split, stock

dividend, or recapitalization, combination or reclassification, appropriate adjustments shall be made by the Board in (a) the number and class of shares of stock subject to this Plan and each Option outstanding under this Plan, and (b) the exercise price of each outstanding Option; provided, however, that the Company shall not be required to issue fractional shares as a result of any such adjustments. Each such adjustment shall be subject to approval by the Board in its absolute discretion.

6.1.2 Corporate Transactions.

(a) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Optionee at least 30 days prior to such proposed action. To the extent not previously exercised, all Options will terminate immediately prior to the consummation of such proposed action.

(b) Merger or Asset Sale. In the event of (i) a sale or other disposition of all or substantially all of the assets of the Company, or (ii) a merger, consolidation, reorganization, sale or similar transaction or series of related transactions in which the holders of the Company's outstanding shares immediately before such transaction or series of transactions do not, immediately after such transaction or series of transactions, retain stock representing a majority of the voting power of the surviving entity:

(i) Options. If the successor entity to the Company (including as a "successor" any purchaser of substantially all of the assets of the Company), or a parent or subsidiary of the successor entity, does not assume an Option or substitute an equivalent option for an Option, the Optionee whose Option is not assumed or substituted for shall have the right to exercise the Option as to 100% of the shares of Common Stock covered by the Option, including shares as to which it would not otherwise be exercisable. If an Option is exercisable in lieu of assumption or substitution in the event of a merger, sale of assets or other transaction, the Administrator shall notify the Optionee that the Option shall be fully exercisable for a period of at least 15 days from the date of such notice, and the Option shall terminate upon the expiration of such period. For the purposes of this paragraph, an Option shall be considered assumed if, following the merger, sale of assets, or other transaction, the new option confers the right to purchase or receive, for each share of Common Stock subject to the Option immediately prior to the merger, sale of assets, or other transaction, the consideration (whether stock, cash, or other securities or property) received in such transaction by holders of Common Stock for each share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares); provided, however, that if such consideration received was not solely common stock of the successor entity or its parent entity, the Option shall also be deemed assumed if the Administrator, with the consent of

the successor corporation, provides for the consideration to be received upon the exercise of the Option, for each share of Common Stock subject to the Option, to be solely common stock of the successor entity or its parent entity equal in fair market value to the per share consideration received by holders of Common Stock in the merger, sale of assets or other transaction.

(ii) Shares Subject to Right of Repurchase. Any shares purchased upon exercise of an Option which are subject to a right of repurchase of the Company shall be exchanged for the consideration (whether stock, cash, or other securities or property) received in the merger, asset sale or other transaction by the holders of the Company's Common Stock for each share held on the effective date of the transaction, as described in the preceding paragraph; provided, however, that if the consideration received by the holders of the Company's Common Stock is not solely common stock, and the Administrator provides, pursuant to paragraph (b)(i) above, that holders of Options shall receive common stock of the successor entity or its parent entity upon exercise of the Options, then any shares subject to a right of repurchase shall also be exchanged for common stock of the successor or its parent. If in such exchange the Optionee receives shares of stock of the successor or a parent or subsidiary of such successor entity, and if the successor entity has agreed to assume or substitute for Options as provided in paragraph (b)(i) above, such exchanged shares shall continue to be subject to a right of repurchase as provided in the Optionee's Stock Option Plan stock purchase agreement. If, as provided in the preceding paragraph, the Optionee shall have the right to exercise an Option as to all of the shares of Common Stock covered thereby, all shares that are subject to a right of repurchase of the Company shall be released from such right of repurchase and shall be fully vested.

6.1.3 Time of Option Exercise. Subject to Section 5 and Section 6.3.4, Options granted under this Plan shall be exercisable (a) immediately as of the effective date of the Option Agreement granting the Option, or (b) in accordance with a schedule related to the date of the grant of the Option, the date of first employment or service, or such other date as may be set by the Administrator (in any case, the "Vesting Base Date") and specified in the Option Agreement relating to such Option; provided, however, that with respect to Options granted to employees who are not officers or directors, the right to exercise an Option must vest at the rate of at least 20% per year over five years from the date the Option was granted. Options granted to officers, directors or consultants may become fully exercisable, subject to reasonable conditions such as continued employment or service, at any time or during any period established by the Board of the Administrator in accordance with this Plan. In any case, no Option shall be exercisable until a written Option Agreement in form satisfactory to the Company is executed by the Company and the Optionee.

6.1.4 Option Grant Date. Except in the case of grants contingent on the beginning of employment or other service, as described in Section 5.4, the date of grant of an Option under this Plan shall be the date as of which the Administrator approves the grant.

6.1.5 Nonassignability of Option Rights. Except as otherwise determined by the Administrator and expressly set forth in the Option Agreement, no Option granted under this Plan shall be assignable or otherwise transferable by the Optionee except by will or by the laws of descent and distribution. During the life of the Optionee, except as otherwise determined by the Administrator and expressly set forth in the Optionee's Option Agreement, an Option shall be exercisable only by the Optionee.

6.1.6 Payment. Except as provided below, payment in full, in cash, shall be made for all stock purchased at the time written notice of exercise of an Option is given to the Company, and proceeds of any payment shall constitute general funds of the Company. At the time an Option is granted or exercised, the Administrator, in the exercise of its absolute discretion after considering any tax or accounting consequences, may authorize any one or more of the following additional methods of payment or such other methods as are approved by the Administrator:

(a) Acceptance of the Optionee's full recourse promissory note for all or part of the Option price, payable on such terms and bearing such interest rate as determined by the Administrator (but in no event less than the minimum interest rate specified under the Code at which no additional interest would be imputed and in no event more than the maximum interest rate allowed under applicable usury laws), which promissory note may be either secured or unsecured in such manner as the Administrator shall approve (including, without limitation, by a security interest in the shares of the Company);

(b) Delivery (actual or constructive) by the Optionee of Common Stock already owned by the Optionee for all or part of the Option price, provided the value (determined as set forth in Section 6.1.11) of such Common Stock is equal on the date of exercise to the Option price, or such portion thereof as the Optionee is authorized to pay by delivery of such stock; provided, however, that if an Optionee has exercised any portion of any Option granted by the Company by delivery of Common Stock, the Optionee may not, within six months following such exercise, exercise any Option granted under this Plan by delivery of Common Stock without the consent of the Administrator; and

(c) Any other form of legal consideration determined and permitted by the Administrator.

6.1.7 Termination of Employment.

(a) If, for any reason other than death, disability or termination for "cause" (as defined below), an Optionee ceases to be employed by the Company or any of its Affiliates (such event being called a "Termination"), Options held at the date of Termination (to the extent then exercisable) may be exercised in whole or in part at any time within three months of the date of such Termination, or such other period of not less than 30 days after the date of such Termination as is specified in the Option Agreement (but in no event after the Expiration Date).

(b) If an Optionee dies while employed by the Company or an Affiliate or within the period that the Option remains exercisable after Termination, Options then held (to the extent then exercisable) may be exercised, in whole or in part, by the Optionee, by the Optionee's personal representative, or by the person to whom the Option is transferred by devise or the laws of descent and distribution, at any time within 12 months after the death of the Optionee, or such other period of not less than six months from the date of Termination as is specified in the Option Agreement (but in no event after the Expiration Date).

(c) If an Optionee ceases to be employed by the Company as a result of his or her disability, the Optionee may, but only within six months after the date of Termination (and in no event after the Expiration Date), exercise the Option to the extent otherwise entitled to exercise it at the date of Termination; provided, however, that if such disability is not a "disability" as such term is defined in Section 22(e)(3) of the Code, in the case of an ISO such ISO shall automatically convert to an NQO on the day three months and one day following such Termination.

(d) If an Optionee is terminated for "cause" all Options then held by such Optionee shall terminate and no longer be exercisable as of the date of Termination. For purposes of this Section 6.1.7, "cause" shall mean Termination (i) by reason of Optionee's commission of a felony, misdemeanor or other illegal conduct involving dishonesty, fraud or other matters of moral turpitude, (ii) by reason of Optionee's dishonesty towards, fraud upon, or deliberate injury or attempted injury to the Company or any of its Affiliates, or (iii) by reason of Optionee's willfully engaging in misconduct which is materially and demonstrably injurious to the Company or any of its Affiliates.

(e) To the extent that the Optionee was not entitled to exercise the Option at the date of Termination or if the Optionee does not exercise such Option to the extent so entitled within the time specified herein, the Option shall terminate, and the shares covered by such Option shall revert to the Plan.

(f) For purposes of this Section 6.1.7, "employment" includes service as an employee, a director or a consultant. For purposes of this Section 6.1.7, an Optionee's employment shall not be deemed to terminate by reason of sick

leave, military leave or other leave of absence approved by the Administrator, if the period of any such leave does not exceed three months or, if longer, if the Optionee's right to reemployment by the Company or any Affiliate is guaranteed either contractually or by statute.

6.1.8 Repurchase of Stock.

(a) At the option of the Administrator, the stock to be delivered pursuant to the exercise of any Option granted to an employee, director or consultant under this Plan may be subject to a right of repurchase in favor of the Company with respect to any employee, or director or consultant whose employment, or director or consulting relationship with the Company is terminated. With respect to shares issued to employees who are not officers or directors, such right of repurchase shall be exercisable on the following terms, as the Administrator may determine in the grant of the Option:

(i) at the Option exercise price and (i) shall lapse at the rate of at least 20% per year over five years from the date the Option is granted (without regard to the date it was exercised or becomes exercisable), and must be exercised for cash or cancellation of purchase money indebtedness within three months of such termination and (ii) if the right is assignable by the Company, the assignee must pay the Company upon assignment of the right (unless the assignee is a 100% owned subsidiary of the Company or is an Affiliate) cash equal to the difference between the Option exercise price and the value (determined as set forth in Section 6.1.11) of the stock to be purchased if the Option exercise price is less than such value; and/or

(ii) at the higher of the Option exercise price or the value (determined as set forth in Section 6.1.11) of the stock being purchased on the date of termination, and must be exercised for cash or cancellation of purchase money indebtedness within three months of termination of employment (or in the case of securities issued upon exercise of options after the date of termination, within three months after the date of exercise), and such right shall terminate when the Company's securities become publicly traded.

(b) Any shares which are issued to an officer, director or consultant of the Company or an affiliate of the Company may be subject to a right of repurchase on the terms set forth above, or on any other terms determined by the Administrator, including terms containing additional or greater restrictions, in the absolute discretion of the Administrator.

(c) Determination of the number of shares subject to any such right of repurchase shall be made as of the date the employee's employment by, director's director relationship with, or consultant's consulting relationship with, the

Company terminates, not as of the date that any Option granted to such employee, director or consultant is thereafter exercised.

6.1.9 Withholding and Employment Taxes. At the time of exercise of an Option or at such other time or times as the amount of such obligations becomes determinable (the "Tax Date"), the Optionee shall remit to the Company in cash all applicable federal and state withholding and employment taxes due by reason of the exercise of an Option, the disposition of Common Stock acquired through exercise of an Option, or the lapse of rights to repurchase Common Stock. The Administrator may, in its absolute discretion after considering any tax or accounting consequences, permit an Optionee to (i) deliver a full recourse promissory note on such terms as the Administrator deems appropriate, (ii) tender to the Company previously owned shares of Stock or other securities of the Company, or (iii) have shares of Common Stock which are acquired upon exercise of the Option withheld by the Company to pay some or all of the amount of tax that is required by law to be withheld by the Company as a result of the exercise of such Option, the disposition of Common Stock acquired through exercise of an Option, or the lapse of rights to repurchase Common Stock, subject to the following limitations:

(a) Any election pursuant to clause (ii) above, where the Optionee is tendering Common Stock issued pursuant to the exercise of an Option, shall require that such shares be held at least six months prior to the Tax Date.

(b) Any of the foregoing limitations may be waived (or additional limitations may be imposed) by the Administrator, in its absolute discretion, if the Administrator determines that such foregoing limitations are not required (or that such additional limitations are required) in order that the transaction shall be exempt from Section 16(b) of the Exchange Act pursuant to Rule 16b-3, or any successor rule thereto. In addition, any of the foregoing limitations may be waived by the Administrator, in its sole discretion, if the Administrator determines that Rule 16b-3, or any successor rule thereto, is not applicable to the exercise of the Option by the Optionee or for any other reason.

(c) Any securities tendered or withheld in accordance with this Section 6.1.9 shall be valued by the Company as of the Tax Date.

6.1.10 Other Provisions. Each Option granted under this Plan may contain such other terms, provisions, and conditions not inconsistent with this Plan as may be determined by the Administrator, and each ISO granted under this Plan shall include such provisions and conditions as are necessary to qualify the Option as an "incentive stock option" within the meaning of Section 422 of the Code. If Options provide for a right of first refusal in favor of the Company with respect to stock acquired by employees, directors or consultants, such Options shall provide that the right of first

refusal shall terminate upon the closing of the Company's initial registered public offering to the public generally.

6.1.11 Determination of Value. For purposes of the Plan, the value of Common Stock or other securities of the Company shall be determined as follows:

(a) If the stock of the Company is listed on any established stock exchange or a national market system, including without limitation the Nasdaq Stock Market, its fair market value shall be the closing sales price for such stock or the closing bid if no sales were reported, as quoted on such system or exchange for the date the value is to be determined (or if there are no sales for such date, then for the last preceding business day on which there were sales), as reported in the Wall Street Journal or similar publication.

(b) If the stock of the Company is regularly quoted by a recognized securities dealer but selling prices are not reported, its fair market value shall be the mean between the high bid and low asked prices for the stock on the date the value is to be determined (or if there are no quoted prices for the date of grant, then for the last preceding business day on which there were quoted prices).

(c)In the absence of an established market for the stock, the fair market value thereof shall be determined in good faith by the Administrator, by consideration of such factors as the Administrator in its discretion deems appropriate among the recent issue price of other securities of the Company, the Company's net worth, prospective earning power, dividend-paying capacity, and other relevant factors, including the goodwill of the Company, the economic outlook in the Company's industry, the Company's position in the industry and its management, and the values of stock of other corporations in the same or a similar line of business.

6.1.12 Option Term. Subject to Section 6.3.5, no Option shall be exercisable more than ten years after the date of grant, or such lesser period of time as is set forth in the Option Agreement (the end of the maximum exercise period stated in the stock option agreement is referred to in this Plan as the "Expiration Date").

6.1.13 Exercise Price. The exercise price of any Option granted to any person who owns, directly or by attribution under Section 424(d) of the Code, stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company or of any Affiliate (a "Ten Percent Stockholder") shall in no event be less than 110% of the fair market value (determined in accordance with Section 6.1.11) of the stock covered by the Option at the time the Option is granted.

6.1.14 Limits on Grants for Qualified Incentive-Based Compensation. The Company may not issue Options covering in the aggregate more than 500,000 shares of Common Stock to any one participant in any calendar year.

6.2 Exercise Price of NQOs. Except as set forth in Section 6.1.13, the exercise price of any NQO granted under this Plan shall be not less than 85% of the fair market value (determined in accordance with Section 6.1.11) of the stock subject to the Option on the date of grant.

6.3 Terms and Conditions to Which Only ISOs Are Subject. Options granted under this Plan which are designated as ISOs shall be subject to the following terms and conditions:

6.3.1 Exercise Price. Except as set forth in Section 6.1.13, the exercise price of an ISO shall be determined in accordance with the applicable provisions of the Code and shall in no event be less than the fair market value (determined in accordance with Section 6.1.11) of the stock covered by the Option at the time the Option is granted or deemed granted under Section 6.3.3.

6.3.2 Disqualifying Dispositions. If stock acquired by exercise of an ISO granted pursuant to this Plan is disposed of in a "disqualifying disposition" within the meaning of Section 422 of the Code, the holder of the stock immediately before the disposition shall promptly notify the Company in writing of the date and terms of the disposition and shall provide such other information regarding the Option as the Company may reasonably require.

6.3.3 Grant Date. If an ISO is granted in anticipation of employment as provided in Section 5.4, the Option shall be deemed granted, without further approval, on the date the grantee assumes the employment relationship forming the basis for such grant, and, in addition, satisfies all requirements of this Plan for Options granted on that date.

6.3.4 Vesting. Notwithstanding any other provision of this Plan, ISOs granted under all incentive stock option plans of the Company and its subsidiaries may not "vest" for more than $100,000 in fair market value of stock (measured on the grant dates(s)) in any calendar year. For purposes of the preceding sentence, an option "vests" when it first becomes exercisable. If, by their terms, such ISOs taken together would vest to a greater extent in a calendar year, and unless otherwise provided by the Administrator, the vesting limitation described above shall be applied by deferring the exercisability of those ISOs or portions of ISOs which have the highest per share exercise prices; but in no event shall more than $100,000 in fair market value of stock (measured on the grant date(s)) vest in any calendar year. The ISOs or portions of ISOs whose exercisability is so deferred shall become exercisable on the first day of the first

subsequent calendar year during which they may be exercised, as determined by applying these same principles and all other provisions of this Plan including those relating to the expiration and termination of ISOs. In no event, however, will the operation of this Section 6.3.4 cause an ISO to vest before its terms or, having vested, cease to be vested.

6.3.5 Term. Notwithstanding Section 6.1.12, no ISO granted to any Ten Percent Stockholder shall be exercisable more than five years after the date of grant.

7. MANNER OF EXERCISE

7.1 Written Notice; Payment. An Optionee wishing to exercise an Option shall give written notice to the Company at its principal executive office, to the attention of the officer of the Company designated by the Administrator, accompanied by payment of the exercise price as provided in Section 6.1.6. The date the Company receives written notice of an exercise hereunder accompanied by payment of the exercise price will be considered as the date such Option was exercised.

7.2 Delivery of Stock. Promptly after receipt of written notice of exercise of an Option, the Company shall, without stock issue or stock transfer taxes to the Optionee or other person entitled to exercise the Option, deliver to the Optionee or such other person a certificate or certificates for the requisite number of shares of stock or register such Optionee as a stockholder by book entry. An Optionee or permitted transferee of an Optionee shall not have any privileges as a stockholder with respect to any shares of stock covered by the Option until the date of issuance (as evidenced by the appropriate entry on the books of the Company or a duly authorized transfer agent) of such shares.

8. EMPLOYMENT OR CONSULTING RELATIONSHIP

Nothing in this Plan or any Option granted thereunder shall interfere with or limit in any way the right of the Company or of any of its Affiliates to terminate any Optionee's employment or consulting relationship at any time, nor confer upon any Optionee any right to continue in the employ of, or consult with, the Company or any of its Affiliates, nor interfere in any way with provisions in the Company's charter documents or applicable law relating to the election, appointment, terms of office, and removal of members of the Board.

9. FINANCIAL INFORMATION

The Company shall provide to each Optionee during the period such Optionee holds an outstanding Option, and to each holder of Common Stock acquired upon exercise of Options granted under the Plan for so long as such person is a holder of such Common Stock, annual financial statements of the Company as prepared either by the Company or independent certified public accountants of the Company. Such financial

statements shall include, at a minimum, a balance sheet and an income statement, and shall be delivered as soon as practicable following the end of the Company's fiscal year. The provisions of this Section 9 shall not apply with respect to Optionees who are key employees of the Company whose duties in connection with the Company assures them access to information equivalent to the information provided in the financial statements.

10. CONDITIONS UPON ISSUANCE OF SHARES

Shares of Common Stock shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended (the "Securities Act").

11. NONEXCLUSIVITY OF THE PLAN

The adoption of the Plan shall not be construed as creating any limitations on the power of the Company to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options other than under the Plan.

12. MARKET STANDOFF

Each Optionee, if so requested by the Company or any representative of the underwriters in connection with any registration of the offering of any securities of the Company under the Securities Act, shall not sell or otherwise transfer any shares of Common Stock acquired upon exercise of Options during the 180-day period following the effective date of a registration statement of the Company filed under the Securities Act; provided, however, that such restriction shall apply only to the first two registration statements of the Company to become effective under the Securities Act which include securities to be sold on behalf of the Company to the public in an underwritten public offering under the Securities Act. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restriction until the end of such 180-day period.

13. AMENDMENTS TO PLAN

The Board may at any time amend, alter, suspend or discontinue this Plan. Without the consent of an Optionee, no amendment, alteration, suspension or discontinuance may adversely affect outstanding Options except to conform this Plan and ISOs granted under this Plan to the requirements of federal or other tax laws relating to incentive stock options. No amendment, alteration, suspension or discontinuance shall require stockholder approval unless (a) stockholder approval is required to preserve incentive stock option treatment for federal income tax purposes, or (b) shareholder

approval is required to preserve option grants as "qualified performance-based compensation" under Section 162(m) of the Code.

14. EFFECTIVE DATE OF PLAN

This Plan shall become effective upon adoption by the Board; provided, however, that no Option shall be exercisable unless and until written consent of the stockholders of the Company, or approval of stockholders of the Company voting at a validly called stockholders' meeting, is obtained within 12 months after adoption by the Board. If such stockholder approval is not obtained within such time, Options granted hereunder shall terminate and be of no force and effect from and after expiration of such 12-month period. Options may be granted and exercised under this Plan only after there has been compliance with all applicable federal and state securities laws.

Plan adopted by the Board of Directors on: October 6, 2000
Plan approved by Stockholders on: October 7, 2000.
Amendments increasing number of shares to 2,000,000 approved by the Board of Directors on May 3, 2001 and by the Stockholders on May 7, 2001.

EXHIBIT 10.2

[CORCEPT THERAPEUTICS, INC. LETTERHEAD]

October 18, 2001

Dr. Robert L. Roe, M.D.
c/o Corcept Therapeutics Incorporated
275 Middlefield Road
Menlo Park, CA 94025

Re: Offer of employment at Corcept Therapeutics, Inc.

Dear Bob:

On behalf of Jim Wilson and our entire Board of Directors, I am pleased to invite you to join the executive team of Corcept Therapeutics, Inc. ("Corcept"). Your initial assignment will be as President, to serve at the pleasure of the Board with primary responsibility for managing our ongoing development programs. Corcept has already achieved several important milestones including the allowance and issuance of key patents, the successful completion of our Phase II PMD trial, the raising of $27,000,000, the designation as a fast-track program by the FDA and the successful start to our Phase III trials. Your vast experience in development will prove invaluable to Corcept as we develop and market drugs for psychotic major depression, dementia, mild cognitive impairment and other serious medical illnesses.

In your role as President of Corcept, our PMD Program Director, our Medical Director and others will report to you. We expect that you will also provide input into decisions regarding strategic and market planning, organization development and staffing and that you will help with our intellectual property planning and execution. We also would like your input regarding Corcept's benefit package.

You shall, in accordance with Corcept's policies, be eligible to participate in and be covered by any benefit plans or arrangement made available now or in the future to

Corcept's key management employees. You will receive four (4) weeks of vacation annually, accrued on a monthly basis beginning on your date of hire.

Upon commencement of employment with Corcept pursuant to this letter agreement, you will be granted a stock option to purchase 250,000 shares of the common stock of Corcept (the "Option") under Corcept's Stock Option Plan. The exercise price per share of the Option will be the fair market value of the common stock, as established by the Board of Directors on your hire date; most recently, options on our common stock have been granted at $.75 per share. Subject to the provisions of the Plan, the shares of common stock subject to your Option will be immediately exercisable, subject to a right of repurchase in favor of the Company that will lapse in monthly increments over five (5) years so long as you continue to be employed with Corcept.

Corcept agrees that if you elect to exercise the Option, Corcept will loan you an amount equal to the exercise price of the Option. The loan will be secured by the Option stock and a full-recourse demand note, and bear interest (set at a competitive market interest rate when the funds are delivered) compounded monthly and payable in arrears. The outstanding principal and interest shall be due and payable in full upon the earlier of (i) October 1, 2011, (ii) the date of your termination from the Company, or (iii) the date on which the stock under the Option is sold (the "Principal Repayment Date").

In the event of a Change in Control (as defined in the Appendix to this letter) of Corcept, the vesting of your Option, and any subsequent stock option grants, shall be immediately accelerated by an additional twenty percent (20%) of the shares subject to your stock options. Your salary will be payable bi-weekly at the rate of $300,000 per year. In addition to your base salary, you will receive a hiring bonus of $l00,000 to be paid on your first day of employment and to be earned out over twelve (12) months prorated on a monthly basis starting on your first day of employment. Should you be terminated by Corcept for any reason other than for Cause (as defined below) in the first year of employment, we will consider your hiring bonus to have been earned in full.

If Corcept terminates your employment without Cause (as defined in the Appendix to this letter), then you shall be entitled to receive a severance payment equal to twelve (12) months of your base salary in effect at the time of your termination. The Company will indemnify you for all damages and costs that may be incurred by you in connection with claims arising out of or relating to your acts or omissions within the authorized scope of your employment. Subject to your full cooperation with the company in its defense or settlement of such claims, Corcept shall provide such indemnification, and shall advance your expenses reasonably incurred in connection with any such claims as documented by you from time to time, to the fullest extent permissible under law.

We look forward very much to your help in the important work being done at Corcept.

To accept this offer of employment, please sign and return the enclosed duplicate original in the space provided below.

Sincerely,

/s/ Joseph K. Belanoff, M.D.
- ----------------------------------
Joseph K. Belanoff, M.D.

Chief Executive Officer

I accept the offer of employment by Corcept Therapeutics on the terms described in this letter.

Signature: /s/ Robert L. Roe

Date: 18 October 2001

Appendix

to

Offer of employment dated October 18, 2001 to Dr. Robert Roe

Defined terms

"Cause" means:

(a) theft, a material act of dishonesty or fraud, intentional falsification of any employment or Company records, or the commission of any criminal act which impairs your ability to perform appropriate executive employment duties for the Company;

(b) improper disclosure or use of the Company's confidential, business or proprietary information;

(c) conviction (including any plea of guilty or nolo contendere) for a crime involving moral turpitude causing material harm to the reputation and standing of the Company, as determined by the Company in good faith;

(d) gross negligence or willful misconduct in the performance of your assigned duties (but not mere unsatisfactory performance);

(e) your voluntary resignation of employment; or

(f) your inability to perform your assigned job duties due to death or permanent disability.

"Change of Control" means the effective date of the occurrence of any of the following events:

(i) a sale or other disposition of all or substantially all of the assets of the Company;

(ii) a merger or consolidation in which the Company is not the surviving entity and in which the stockholders of the Company immediately prior to such consolidation or merger own less than fifty percent (50%) of the surviving entity's voting power immediately after the transaction;

(iii) a reverse merger in which the Company is the surviving entity but the shares of Common Stock outstanding immediately preceding the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise, and in which the stockholders of the Company immediately prior to such reverse merger own less than fifty percent (50%) of the Company's voting power immediately after the transaction;

(iv) after an initial public offering, an acquisition by any person, entity or group within the meaning of Section 13(d) or 14(d) of the Exchange Act, or any comparable successor provisions (excluding any employee benefit plan, or related trust, sponsored or maintained by the Company or subsidiary of the Company or other entity controlled by the Company) of the beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act, or comparable successor rule) of securities of the Company representing at least fifty percent (50%) of the voting power entitled to vote in the election of Directors; or

(v) the members of the "Incumbent Board" cease for any reason to constitute at least fifty percent (50%) of the Board of Directors.

"Incumbent Board" means the members of the Company's Board of Directors as of the date of this letter agreement, plus any subsequent member of the Board of Directors whose election, or nomination for election by the Company's stockholders, is approved by a vote of at least fifty percent (50%) of the Incumbent Board.

Exhibit 10.3

February 3, 2004

Fred Kurland

Re: Offer of Employment at Corcept Therapeutics Incorporated

Dear Fred:

We are very pleased to invite you to join Corcept Therapeutics Incorporated (the "Company") in the role of Chief Financial Officer.

1. **Duties and Responsibilities**. Your initial assignment will be as CFO, reporting to me in my capacity as CEO. This offer is for a full time position with a start date of February 7, 2004.

2. **Salary**. Your initial annual base salary will be $240,000 for full-time employment, payable in accordance with the Company's customary payroll practice. Salary is subject to periodic review and adjustment by the Company's management.

3. **Location**. As a general rule, you will work at the Company's principal offices in Menlo Park. Your position also will require occasional travel to other locations as may be necessary to fulfill your responsibilities. The Company will reimburse your reasonable and necessary travel expenses under its standard travel reimbursement policy.

4. **Medical, Dental and Insurance Benefits.** You will be eligible to receive the Company's standard employee benefits package. Information regarding our current benefits plans can be discussed with Mark Strem, our Director of Business Operations, by calling him at 650-688-8809.

5. **Vacation and Holidays**. You will accrue vacation at the rate of three (3) weeks per year, assuming full-time employment. You also will be entitled to take all paid holidays under the Company's then-current schedule.

6. **Stock Option**. The executive management of the Company has recommended that the Board of Directors grant you a stock option to purchase 200,000 shares of the Company Common Stock under the terms of the Company's 2000 Stock Option Plan. The exercise price for this option will $7.00 per share.

Following your formal written acceptance of the stock option award, the option will become vested according to the following schedule:

(a) 20% of the option shares will vest after one year of continuous employment; and

(b) an additional 1/60th of the option shares (1.667% of the total option grant) will vest each succeeding month during the term of the option, so that the entire option is vested after five years of continuous employment.

At present the Company's shares should be considered a highly speculative investment. **Please note that there is no public market for the Company's shares, which are not listed on any stock exchange or qualified for sale to the public. Any issuance, offer or sale of the Company's shares (including shares issuable under your stock option) will be subject to compliance with the Stock Option Plan, state and federal securities laws and the terms of any underwriting, offering or listing agreements.**

7. **Confidential Information; Employee Inventions and Confidentiality Agreement**. To enable the Company to safeguard its proprietary and confidential information, it is a condition of employment that you agree to sign the Company's standard form of "Employee Inventions and Confidentiality Agreement." A copy of this agreement is enclosed for your review. We understand that you are likely to have signed similar agreements with prior employers, and wish to impress upon you that the Company does not want to receive the confidential or proprietary information of others, and will support you in respecting your lawful obligations to prior employers.

8. **At-Will Employment**. While we look forward to a long and mutually beneficial relationship, should you decide to accept our offer you will be an "at-will" employee of the Company. This means that the either you or the Company may terminate the employment relationship with or without cause at any time. Participation in any stock option, benefit or incentive program does not assure continuing employment for any particular period of time.

9. **Authorization to Work**. Federal government regulations require that all prospective employees present documentation their identity and demonstrating that they are authorized to work in the United States. If you have any questions about this requirement, which applies to U.S. citizens and non-U.S. citizens alike, please contact Mark Strem, our Director of Business Operations at (650) 688 - 8809.

10. **Complete Offer and Agreement**. This letter contains our complete understanding and agreement regarding the terms of your employment by the Company. There are no other, different or prior agreements or understandings on this or related subjects.

Changes to the terms of your employment can be made only in a writing signed by you and an authorized executive of the Company.

11. **Start Date; Acceptance of Offer**. We hope that you will accept this offer promptly, and begin your full-time employment at Corcept Therapeutics by February 7, 2004. If our offer is acceptable to you, please sign the enclosed copy of this letter in the space indicated and return it to me in the envelope provided.

As we have discussed, Fred, our team was impressed by your accomplishments and potential, and we are enthusiastic at the prospect of your joining us. I look forward to your early acceptance of this offer, and to your contributions to the growth and success of Corcept Therapeutics Incorporated.

Very truly yours,

/s/ Joseph K. Belanoff
Joseph K. Belanoff
CEO

ACCEPTANCE OF EMPLOYMENT OFFER:

I accept the offer of employment by Corcept Therapeutics Incorporated on the terms described in this letter.

Signature: /s/ Fred Kurland

Date: 2/04/04

My start date will be: 2/07/04

EXHIBIT 10.4

Corcept Therapeutics Incorporated

PROMISSORY NOTE AND PLEDGE AGREEMENT

This Note contains an acceleration clause

Date: October 22, 2001

Menlo Park, California

Principal Amount: $187,250.00

Borrower: Robert L. Roe

Borrower's Spouse: Sara Jane Roe

Borrower's Residence: c/o Corcept Therapeutics Incorporated
275 Middlefield Road
Menlo Park, CA 94025

1. Promise to pay.

FOR VALUE RECEIVED, Borrower (jointly and severally with Borrower's Spouse, if applicable) promises to pay to Corcept Therapeutics Incorporated, a Delaware corporation (the "Company"), or the holder hereof, at the offices of the Company at 275 Middlefield Road, Suite A, Menlo Park, California 94025, or at such other place as the Company or such holder may designate in writing, the Principal Amount shown above, together with unpaid and accrued interest, pursuant to the terms and provisions of this Promissory Note and Pledge Agreement made and entered into as of the Date shown above (the "Promissory Note").

2. Interest.

Interest shall accrue during the term of this Promissory Note at the rate of 6.50% per annum, compounded monthly and payable in arrears.

3. Term and payment

The outstanding principal together with all accrued interest shall be due and payable in full upon the earlier of (i) October 1, 2011, (ii) the date of termination of Borrower's status as an employee, director or consultant of the Company, or (iii) the date on which the Shares described in paragraph 5 are sold.

4. Prepayment; acceleration.

4.1 Prepayment of principal, or any portion thereof, together with all unpaid and accrued interest thereon, may be made at any time without penalty. Payments shall be applied first to accrued interest and then to principal.

4.2 If Borrower desires to sell some but not all of the Shares described in paragraph 5, below, then as a condition to the Company's consent to such sale Borrower shall pay to Company an amount of principal in the same proportion to the Principal Amount as the shares sold are to the total Shares, plus all interest accrued to the date of the sale.

4.3 Notwithstanding any provision set forth above, the entire unpaid principal sum of this Promissory Note, together with all unpaid and accrued interest thereon, shall become immediately due and payable upon the occurrence of the following:

(a) termination of Borrower's status as an employee, director or consultant of the Company;

(b) the commission of any act of bankruptcy by Borrower, the execution by Borrower of a general assignment for the benefit of creditors, the filing by or against Borrower of any petition in bankruptcy or any petition for relief under the provisions of the Federal Bankruptcy Act or any other state or federal law for the relief of debtors and the continuation of such petition without dismissal for a period of twenty (20) days or more, the appointment of a receiver or trustee to take possession of any property or assets of Borrower, or the attachment of or execution against any property or assets of Borrower; or

(c) any default of Borrower's obligations under this Promissory Note, including the failure to pay when due the amounts payable hereunder.

5. Pledge and Escrow of Shares.

As security for Borrower's obligations under the Promissory Note, Borrower hereby pledges to the Company and delivers in escrow to the Secretary of the Company (the "Escrow Holder"), in a form transferable for delivery, 250,000

shares of Common Stock of the Company (the "Shares"), and such additional property received or distributed in respect of the Shares (the Shares and such additional property are collectively referred to as the "Pledged Collateral"). The certificate representing the Shares shall be accompanied by a duly executed Assignment Separate From Certificate in the from attached hereto as Exhibit A.

6. Additional Security

As additional security for the obligations of Borrower (and Borrower's Spouse, if applicable) to repay the Principal Amount and accrued interest, Borrower shall deliver to Company a deed of trust, in form reasonably acceptable to the Company, to real property owned by Borrower having an assessed value in excess of the Principal Amount (the "Additional Security"). Borrower shall assist Company in every reasonable way to record and perfect the security interest transferred.

7. Rights in Pledged Shares.

So long as there shall exist no condition, event or act which, with notice and lapse of time, would constitute a breach, default or an event of default of or under, the Promissory Note, Borrower shall be entitled to exercise the voting power with respect to the Shares.

8. Termination of Pledge and Escrow.

Upon payment in full of the Promissory Note, the Borrower shall be entitled to the return of the Pledged Collateral and cancellation of the deed of trust on the Additional Security.

9. Successor and Assigns.

This Promissory Note shall be binding upon and inure to the benefit of the Company and its successors and assigns.

10. Attorneys' Fees.

In the event of any action to enforce payment of this Promissory Note, in addition to all other relief, the prevailing party in such action shall be entitled to its reasonable attorneys' fees and expenses.

11. Governing Law.

This Promissory Note shall be construed in accordance with the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California.

12. Amendment.

This Promissory Note shall be amended only with the written consent of both the Company and Borrower.

13. Waivers.

Borrower hereby waives presentment, protest, demand, notice of dishonor, and all other notices, and all defenses and pleas on the grounds of any extension or extensions of the time of payments or the due dates of this Promissory Note, in whole or in part, before or after maturity, with or without notice. No renewal or extension of this Promissory Note, no release or surrender of any collateral given as security for this Promissory Note, and no delay in enforcement of this Promissory Note or in exercising any right or power hereunder, shall affect the liability of Borrower.

14. Signatures.

The Borrower (and Borrower's Spouse, if applicable) have executed this Promissory Note as of the date first above written, intending to be legally bound.

/s/ Robert L. Roe

Robert L. Roe ("Borrower")

/s/ Sara Jane Roe

Borrower's Spouse

ACCEPTED AND ACKNOWLEDGED:

Corcept Therapeutics Incorporated

By: /s/ Joseph K. Belanoff

Printed name: Joseph K. Belanoff

Title: Chief Executive Officer

Date: October 22, 2001

EXHIBIT A

to

Promissory Note and Pledge Agreement

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Robert L. Roe. hereby sells, assigns and transfers 250,000 shares of Common Stock of Corcept Therapeutics Incorporated. (the "Company"), standing in the name of Robert L. Roe. on the books of said corporation represented by Certificate No. _____ and does hereby irrevocably constitute and appoint the Corporate Secretary of the Company to transfer the said stock on the books of the within named Company with full power of substitution in the premises to the following:

_____

_____

_____

Dated: _____.

/s/ Robert L. Roe

Robert L. Roe

EXHIBIT 10.5

INDEMNIFICATION AGREEMENT

AGREEMENT, made this ____ day of _____, 200__, between Corcept Therapeutics Incorporated, a Delaware corporation (the "Company"), and _____ (the "Indemnitee").

W I T N E S S E T H:
- - - - - - - - - - -

WHEREAS, the Indemnitee is a director and/or officer of the Company.

WHEREAS, highly competent persons have become more reluctant to serve publicly-held corporations as directors or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation.

WHEREAS, in recognition of Indemnitee's need for substantial protection against personal liability in order to enhance Indemnitee's continued service to the Company in an effective manner and Indemnitee's reliance on the provisions of the Company's Certificate of Incorporation ("Certificate of Incorporation") and the Company's Bylaws (the "Bylaws") requiring indemnification of the Indemnitee to the fullest extent permitted by law, and in part to provide Indemnitee with specific contractual assurance that the protection promised by such Certificate of Incorporation and Bylaws will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of such Certificate of Incorporation or Bylaws or any change in the composition of the Company's Board of Directors or acquisition transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement.

WHEREAS, the Certificate of Incorporation, the Bylaws and the General Corporation Law of the State of Delaware ("DGCL") expressly provide that the indemnification provisions set forth therein are not exclusive and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification.

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified.

WHEREAS, this Agreement is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws and any resolutions adopted pursuant thereto and shall

not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

NOW, THEREFORE, in consideration of the premises and of Indemnitee agreeing to serve or continuing to serve the Company directly or, at its request, with another enterprise, and intending to be legally bound hereby, the parties hereto agree as follows:

Section 1. Basis Indemnification Agreement.

(a) In the eventIndemnitee was, is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Claim (as defined in Section 9(b) herein)by reason of (or arising in part out of) an Indemnifiable Event (as defined in Section 9(d) herein), the Company shall indemnify Indemnitee to the fullest extent permitted by law as soon as practicable but in any event no later than 30 days after written demand is presented to the Company, against any and all Expenses (as defined in Section 9(c) herein), judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection therewith) of such Claim actually and reasonably incurred by or on behalf of Indemnitee in connection with such Claim and any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement. If requested by Indemnitee in writing, the Company shall advance (within ten business days of such written request) any and all Expenses to Indemnitee (an "Expense Advance"). Notwithstanding anything in this Agreement to the contrary, and except as provided in Section 3, prior to a Change of Control (as defined in Section 9 herein), Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Claim (i) initiated by Indemnitee against the Company or any director or officer of the Company unless the Company has joined in or consented to the initiation of such Claim; or (ii) made on account of Indemnitee's conduct which constitutes a breach of Indemnitee's duty of loyalty to the Company or its stockholders or is an act or omission not in good faith or which involves intentional misconduct or a knowing violation of the law.

(b) Notwithstanding the foregoing, (i) the indemnification obligations of the Company under Section 1(a) shall be subject to the condition that the Reviewing Party shall not have determined (in a written opinion, in any case in which the special independent counsel referred to in Section 2 hereof is involved) that Indemnitee would not be permitted to be indemnified under applicable law, and (ii) the obligation of the Company to make an Expense Advance pursuant to Section 1(a) shall be subject to the condition that the Company receives an undertaking that, if, when and to the extent that the Reviewing Party determines that Indemnitee would not be permitted to be so indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid; provided, however, that if Indemnitee has commenced legal proceedings in the Court of Chancery of the State of Delaware (the "Delaware Court") to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed). Indemnitee's

obligation to reimburse the Company for Expense Advances shall be unsecured and no interest shall be charged thereon. If there has not been a Change in Control, the Reviewing Party shall be selected by the Board of Directors, and if there has been such a Change in Control, the Reviewing Party shall be the special independent counsel referred to in Section 2 hereof. If there has been no determination by the Reviewing Party or if the Reviewing Party determines that Indemnitee substantively would not be permitted to be indemnified in whole or in part under applicable law, Indemnitee shall have the right to commence litigation in the Delaware Court seeking an initial determination by the court or challenging any such determination by the Reviewing Party or any aspect thereof and the Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party otherwise shall be conclusive and binding on the Company and Indemnitee.

Section 2. Change in Control. The Company agrees that if
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there is a Change in Control of the Company (other than a Change in Control which has been approved by two- thirds or more of the Company's Board of Directors who were directors immediately prior to such Change in Control) then with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any other agreement, the Bylaws or Certificate of Incorporation now or hereafter in effect relating to Claims for Indemnifiable Events, the Company shall seek legal advice only from special independent counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld or delayed) and who has not otherwise performed services for the Company within the last five years (other than in connection with such matters) or for Indemnitee. In the event that Indemnitee and the Company are unable to agree on the selection of the special independent counsel, such special independent counsel shall be selected by lot from among at least five law firms with offices in the State of Delaware having more than fifty attorneys, having a rating of "av" or better in the then current Martindale Hubbell Law Directory and having attorneys which specialize in corporate law. Such selection shall be made in the presence of Indemnitee (and his legal counsel or either of them, as Indemnitee may elect.) Such counsel, among other things, shall, within 90 days of its retention, render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee would be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the special independent counsel referred to above and to fully indemnify such counsel against any and all expenses (including attorneys' fees), claims, liabilities, and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

Section 3. Indemnification for Additional Expenses.
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The Company shall indemnify Indemnitee against any and all expenses (including attorneys' fees) and, if requested by Indemnitee in writing, shall (within ten business days of such written request) advance such expenses to Indemnitee, which are incurred by Indemnitee in connection with any Claim asserted against or action brought by Indemnitee for (i) indemnification or advance payment of Expenses by the Company under this Agreement or any other agreement, the Bylaws or Certificate of Incorporation now or hereafter in effect relating to Claims for Indemnifiable Events and/or (ii) recovery under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advance expense payment or insurance recovery, as the case may be. The

Indemnitee shall qualify for advances solely upon the execution and delivery to the Company of an undertaking providing that the Indemnitee undertakes to repay the advance to the extent that it is ultimately determined that the Indemnitee is not entitled to be indemnified by the Company.

Section 4. Partial Indemnity, Etc. If Indemnitee is entitled under any provisions of this Agreement to indemnification by the Company of some or a portion of the Expenses, liabilities, judgments, fines, penalties and amounts paid in settlement of a Claim but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Moreover, notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified against all Expenses incurred in connection therewith. In connection with any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder the burden of proof shall be on the Company to establish that Indemnitee is not so entitled.

Section 5. No Presumption. For purposes of this Agreement, the termination of any action, suit or proceeding by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief.

Section 6. Notification and Defense of Claim. Within 30 days after receipt by Indemnitee of notice of the commencement of a Claim which may involve an Indemnifiable Event, Indemnitee will, if a claim in respect thereof is to be made against the Company under this Agreement, submit to the Company a written notice identifying the proceeding, but the omission so to notify the Company will not relieve it from any liability which it may have to Indemnitee under this Agreement unless the Company is materially prejudiced by such lack of notice. With respect to any such Claim as to which Indemnitee notifies the Company of the commencement thereof:

(a) the Company will be entitled to participate therein at its own expense;

(b) except as otherwise provided below, to the extent that it may wish, the Company jointly with any other indemnifying party similarly notified will be entitled to assume the defense thereof, with counsel satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election to assume the defense thereof, the Company will not be liable to Indemnitee under this Agreement for any legal or other expenses subsequently incurred by Indemnitee in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ its own counsel in such action, suit or proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of Indemnitee unless (i) the employment of counsel by Indemnitee has been authorized by the Company, (ii) Indemnitee shall have reasonably concluded that there may be a conflict of interest between

the Company and the Indemnitee in the conduct of the defense of such action, or (iii) the Company shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of counsel shall be at the expense of the Company. The Company shall not be entitled to assume the defense of any claim brought by or on behalf of the Company or as to which Indemnitee shall have made the conclusion provided for in clause (ii) above; and

(c) the Company shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any action or claim effected without its written consent. The Company shall not settle any action or claim in any manner which would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Company nor Indemnitee will unreasonably withhold or delay their consent to any proposed settlement.

Section 7. Non-exclusivity, Etc. The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Certificate of Incorporation, the Bylaws, the DGCL, any agreement, a vote of the stockholders, a resolution of directors or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee acting on behalf of the Company and at the request of the Company prior to such amendment, alteration or repeal. To the extent that a change in the DGCL (whether by statute or judicial decision), the Certificate of Incorporation or the Bylaws permits greater indemnification by agreement than would be afforded currently under the Certificate of Incorporation, the Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

Section 8. Liability Insurance. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any Company director or officer. If, at the time the Company receives notice from any source of a Claim as to which Indemnitee is a party or a participant (as a witness or otherwise), the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Claim in accordance with the terms of such policies.

Section 9. Certain Definitions.

(a) Change in Control: shall be deemed to have occurred if:

(i) before the Company has a class of securities registered under Section 12 of the Securities Exchange Act of 1934 (the"Exchange Act"):

(A) the Company, or any material subsidiary of the Company, is merged, consolidated or reorganized into or with another corporation or other legal person (an "Acquiring Person") or securities of the Company are exchanged for securities of an Acquiring Person, and as a result of such merger, consolidation, reorganization or exchange less than a majority of the combined voting power of the then outstanding securities of the Acquiring Person immediately after such transaction are held, directly or indirectly, in the aggregate by the holders of Voting Securities immediately prior to such transaction;

(B) the Company, or any material subsidiary of the Company, in any transaction or series of related transactions, sells or otherwise transfers all or substantially all of its assets to an Acquiring Person, and less than a majority of the combined voting power of the then outstanding securities of the Acquiring Person immediately after such sale or transfer are held, directly or indirectly, in the aggregate by the holders of Voting Securities immediately prior to such sale or transfer;

(C) during any period of two consecutive years, individuals who at the beginning of any such period constitute the directors of the Company cease for any reason to constitute at least a majority thereof, unless the election, or the nomination for election by the Company's stockholders, of each director of the Company first elected during such period was approved by a unanimous vote of the directors of the Company then still in office who were directors of the Company at the beginning of any such period;

(D) the Company and its subsidiaries, in any transaction or series of related transactions, sells or otherwise transfers business operations that generated two thirds or more of the consolidated revenues (determined on the basis of the Company's four most recently completed fiscal quarters) of the Company and its subsidiaries immediately prior thereto; or

(E) any other transaction or series of related transactions occur that have substantially the effect of the transactions specified in any of the preceding clauses in this paragraph (i); or

(ii) after the Company has a class of securities registered under Section 12 of the Exchange Act:

(A) any person, as that term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act, becomes, is discovered to be, or files a report on Schedule 13D or 14D-1 (or any successor schedule, form or report) disclosing that such person is a beneficial owner (as defined in Rule 13d-3 under the Exchange Act or any successor rule or regulation), directly or indirectly, of securities of the Company representing 20% or more of the total voting power of the Company's then outstanding Voting Securities (unless such person becomes such a beneficial owner in connection with the initial public offering of the Company);

(B) individuals who, as of the consummation date of the Company's initial public offering, constitute the Board of Directors of the Company cease for any reason to constitute at least a majority of the Board of Directors of the Company, unless any such change is approved by a unanimous vote of the members of the Board of Directors of the Company in office immediately prior to such cessation;

(C) the Company, or any material subsidiary of the Company, is merged, consolidated or reorganized into or with an Acquiring Person or securities of the Company are exchanged for securities of an Acquiring Person, and immediately after such merger, consolidation, reorganization or exchange less than a majority of the combined voting power of the then outstanding securities of the Acquiring Person immediately after such transaction are held, directly or indirectly, in the aggregate by the holders of Voting Securities immediately prior to such transaction;

(D) the Company, or any material subsidiary of the Company, in any transaction or series of related transactions, sells or otherwise transfers all or substantially all of its assets to an Acquiring Person, and less than a majority of the combined voting power of the then outstanding securities of the Acquiring Person immediately after such sale or transfer is held, directly or indirectly, in the aggregate by the holders of Voting Securities immediately prior to such sale or transfer;

(E) the Company and its subsidiaries, in any transaction or series of related transactions, sells or otherwise transfers business operations that generated two thirds or more of the

consolidated revenues (determined on the basis of the Company's four most recently completed fiscal quarters) of the Company and its subsidiaries immediately prior thereto;

(F) the Company files a report or proxy statement with the Securities and Exchange Commission pursuant to the Exchange Act disclosing that a change in control of the Company has or may have occurred or will or may occur in the future pursuant to any then existing contract or transaction; or

(G) any other transaction or series of related transactions occur that have substantially the effect of the transactions specified in any of the preceding clauses in this paragraph (ii).

Notwithstanding the provisions of Section 9(a)(ii)(A) or 9(a)(ii)(D), unless otherwise determined in a specific case by majority vote of the Board of Directors of the Company, a Change of Control shall not be deemed to have occurred for purposes of this Agreement solely because (i) the Company, (ii) an entity in which the Company directly or indirectly beneficially owns 50% or more of the voting securities or (iii) any Company sponsored employee stock ownership plan, or any other employee benefit plan of the Company, either files or becomes obligated to file a report or a proxy statement under or in response to Schedule 13D, Schedule 14D-1, Form 8-K or Schedule 14A (or any successor schedule, form or report or item therein) under the Exchange Act, disclosing beneficial ownership by it of shares of stock of the Company, or because the Company reports that a Change in Control of the Company has or may have occurred or will or may occur in the future by reason of such beneficial ownership.

(b) Claim: any threatened, pending or completed action, suit, proceeding or alternative dispute resolution mechanism, or any inquiry, hearing or investigation whether conducted by the Company or any other party, whether civil, criminal, administrative, investigative or other.

(c) Expenses: include attorneys' fees and all other costs, fees, expenses and obligations of any nature whatsoever paid or incurred in connection with investigating, defending, being a witness in or participating in (including appeal), or preparing to defend, be a witness in or participate in any Claim relating to any Indemnifiable Event.

(d) Indemnifiable Event: any event or occurrence (whether before or after the date hereof) related to the fact that Indemnitee is or was a director, officer, employee, consultant, agent or fiduciary of or to the Company, or is or was serving at the request of the Board of Directors as a director, officer, employee, trustee, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, or by reason of anything done or not done by Indemnitee in any such capacity.

(e) Reviewing Party: (i) the Company's Board of Directors (provided that a majority of directors are not parties to the particular Claim for which Indemnitee is seeking

indemnification) or (ii) any other person or body appointed by the Company's Board of Directors, who is not a party to the particular Claim for which Indemnitee is seeking indemnification, or (iii) if there has been a Change in Control, the special independent counsel referred to in Section 2 hereof.

(f) Voting Securities: any securities of the Company which vote generally in the election of directors.

Section 10. Amendments, Termination and Waiver. No supplement,modification, amendment or termination of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

Section 11. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

Section 12. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any Claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under insurance policy, Certificate of Incorporation or otherwise) of the amounts otherwise indemnifiable hereunder.

Section 13. Binding Effect, Etc. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company, spouse, heirs, and personal and legal representatives. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as a director or officer (or in one of the capacities enumerated in Section 9(d) hereof) of the Company or of any other enterprise at the Board of Director's request.

Section 14. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) are held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law.

Section 15. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or

proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, irrevocably, to the extent such party is not a resident of the State of Delaware, National Corporate Research, Ltd., 615 South DuPont Highway, City of Dover, County of Kent, Delaware 19901 as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 16. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Executed this _____ day of _____, 200__.

Corcept Therapeutics Incorporated

By:

Joseph K. Belanoff, M.D.
Chief Executive Officer

By:

Indemnitee

EXHIBIT 10.6

*CERTAIN INFORMATION IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS

LICENSE AGREEMENT

Effective as of July 1, 1999 ("Effective Date"), THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY, a body having corporate powers under the laws of the State of California ("STANFORD"), and Corcept Therapeutics, Inc., a Delaware corporation having an address at 525 University Avenue, Palo Alto, California 94301 ("LICENSEE"), agree as follows:

1. BACKGROUND

1.1 STANFORD has an assignment of the inventions entitled "Mifepristone for Psychotic Major Depression" and "Mifepristone and Alzheimer's Disease", from the laboratory of Dr. Alan Schatzberg ("Invention[s]"), as described in Stanford Dockets S97-104 and S98-048, and any Licensed Patent(s), as hereinafter defined, which may issue to such Invention(s).

1.2 STANFORD has certain technical data and information as hereinafter defined ("Technology") pertaining to the Invention(s).

1.3 STANFORD desires to have the Technology and Invention(s) perfected and marketed at the earliest possible time in order that products resulting therefrom may be available for public use and benefit.

1.4 LICENSEE desires an Exclusive license under said Invention(s) and Licensed Patent(s) to develop, manufacture, use, sell, offer for sale, and import Licensed Product(s) in the Licensed Field of Use.

1.5 The Invention(s) were made in the course of research supported by the National Institutes of Health.

2. DEFINITIONS

2.1 "Affiliate" means any corporation or other entity that is directly or indirectly controlling, controlled by, or under common control with LICENSEE. For the purpose of this definition, "control" means the direct or indirect beneficial ownership of at least forty-nine percent (49%) in the income or stock of such corporation or other entity.

2.2 "Exclusive" means that, subject to Article 4, STANFORD shall not grant further licenses or options to license to the Invention(s), the Licensed Patent(s), or the Technology, and

shall not use the Invention(s) or the Technology itself except in accordance with Section 3.3, in the Licensed Field of Use.

2.3 "Licensed Field of Use" means human therapeutics.

2.4 "Licensed Patent(s)" means any Letters Patent issued upon any U.S. Patent Applications claiming the benefit under 35 U.S.C. 119(e) of STANFORD's U.S. Provisional Patent Application, Serial Number 60/060,973 filed October 6, 1997 or U.S. Provisional Patent Application, Serial Number 60/085,703 filed May 15, 1998, any foreign patents corresponding thereto, and/or any divisions, continuations, continuations-in-part, reexaminations, or reissues thereof.

2.5 "Licensed Product(s)" means any product or part thereof in the Licensed Field of Use, the manufacture, use, sale, offer for sale, or importation of which:

(a) Is covered by a valid, enforceable claim of an issued, unexpired Licensed Patent(s) directed to the Invention(s). A claim of an issued, unexpired Licensed Patent(s) shall be presumed to be valid and enforceable unless and until it has been held to be invalid or unenforceable by a final judgment of a court of competent jurisdiction from which no appeal can be or is taken; or

(b) Is covered by any claim being prosecuted in a foreign pending application (other than in Japan) within the Licensed Patent(s), which application has not been pending for more than seven (7) years, the pendency being measured from the filing date of the first application in that country (including the international filing date of a PCT application designating that country) from which the application claims priority or benefit; or

(c) Is covered by any claim being prosecuted in a U.S. or Japanese pending application within the Licensed Patent(s), which application has not been pending for more than ten (10) years, the pendency being measured from the filing date of the first application in that country (including the international filing date of a PCT application designating that country, but not including the filing date of any provisional application) from which the application claims priority or benefit.

2.6 "Net Sales" means the gross revenue derived by LICENSEE or an Affiliate from sales of Licensed Product(s), less the following items but only insofar as they actually pertain to the disposition of such Licensed Product(s) by LICENSEE or an Affiliate, are included in such gross revenue, and are separately billed:

(a) Import, export, excise and sales taxes, and custom duties;

(b) Costs of insurance, packing, and transportation from the place of manufacture to the customer's premises or point of installation;

(c) Costs of installation at the place of use; and

(d) Credit for returns, allowances, or trades.

2.7 "Technology" means technical data and information, including but not limited to the information contained in the Licensed Patent(s), pertaining to the Invention(s) and provided to LICENSEE, whether or not it is of a confidential nature.

3. GRANT

3.1 STANFORD hereby grants and LICENSEE hereby accepts a license in the Licensed Field of Use under the Invention(s), the Technology, and the Licensed Patent(s) to make, use, sell, offer for sale, and import Licensed Product(s).

3.2 Said license is Exclusive, including the right to sublicense pursuant to Article 13, for a term commencing as of the Effective Date of this Agreement and ending on the expiration of the last to expire of the issued Licensed Patent(s), on a country-by-country basis, or if no patent within the Licensed Patent(s) issues in a country, shall terminate on the tenth anniversary of the first sale of a Licensed Product(s) in such country.

3.3 STANFORD shall have the right to practice the Invention(s) and use the Technology for its own bona fide research, including sponsored research and collaborations. STANFORD shall have the right to publish any information included in Technology and Licensed Patent(s).

4. GOVERNMENT RIGHTS

This Agreement is subject to all of the terms and conditions of Title 35 United States Code Sections 200 through 204, including an obligation that Licensed Product(s) sold in the United States be "manufactured substantially in the United States," and LICENSEE agrees to take all reasonable action necessary on its part as licensee to enable STANFORD to satisfy its obligation thereunder, relating to Invention(s). STANFORD agrees to assist LICENSEE in obtaining a waiver of the domestic manufacture requirement if LICENSEE finds that domestic manufacture of Licensed Product(s) is not commercially feasible.

5. DILIGENCE

5.1 As an inducement to STANFORD to enter into this Agreement, LICENSEE agrees to use commercially reasonable efforts and diligence to proceed with the development, manufacture, and sale of Licensed Product(s) and to diligently develop markets for the Licensed Product(s), either by itself or through Affiliate(s) or sublicensee(s). Unless LICENSEE shall have filed an IND for a Licensed Product(s) by October 1, 2003, LICENSEE agrees that STANFORD may terminate this Agreement. STANFORD may terminate this

Agreement if, after final FDA approval of an NDA for a Licensed Product(s), LICENSEE or an Affiliate(s) or sublicensee(s) has not sold Licensed Product(s) for a period of one year.

5.2 Progress Report - On or before September 30 of each year until LICENSEE or an Affiliate or sublicensee markets a Licensed Product(s), LICENSEE shall make a written annual report to STANFORD covering the preceding year ending June 30, regarding the progress of LICENSEE toward commercialization of Licensed Product(s), either by itself or through Affiliate(s) or sublicensee(s). Such report shall include, as a minimum, information sufficient to enable STANFORD to satisfy reporting requirements of the U.S. Government and for STANFORD to ascertain progress by LICENSEE toward meeting the diligence requirements of this Article 5.

6. ROYALTIES

6.1 LICENSEE agrees to pay to STANFORD a noncreditable, nonrefundable license issue royalty of $47,000 and Ten Thousand (10,000) shares of LICENSEE's common stock upon signing this Agreement.

6.2 Beginning one year from the Effective Date of this Agreement and on each anniversary thereafter, LICENSEE also shall pay to STANFORD a yearly royalty of $50,000. Said yearly royalty payments are nonrefundable, but they are creditable against earned royalties as provided in Section 6.6.

6.3 LICENSEE shall also pay to STANFORD the following milestone payments:

(a) Fifty Thousand Dollars ($50,000) upon the filing with the FDA by LICENSEE, or an Affiliate or sublicensee, of the first New Drug Application for a Licensed Product(s); and

(b) Two Hundred Thousand Dollars ($200,000) upon the first FDA pproval to LICENSEE, or an Affiliate or sublicensee, of a Licensed Product(s).

Said milestone payments are creditable against earned royalties as provided in Section 6.6.

6.4 In addition, LICENSEE shall pay STANFORD earned royalties of **** on Net Sales. If LICENSEE is obligated to pay royalties to a non-Affiliated other entity(ies) based on Net Sales, the earned royalties LICENSEE is obligated to pay to STANFORD on Net Sales shall be reduced as follows: for the first **** of royalties paid to the other entity(ies), the earned royalty payable to STANFORD shall be reduced by **** of the percentage royalties paid to the other entity(ies); and for the next **** of royalties paid to the other entity(ies), the earned royalty payable to STANFORD shall be further reduced by **** of the percentage royalties in excess of **** paid to the other entity(ies); to a minimum of **** earned royalty payable to STANFORD for royalties paid to the other entity(ies) of

**** or more. For example, if LICENSEE was paying royalties to non-Affiliated other entities of ****, STANFORD would receive **** earned royalties; and if LICENSEE was paying royalties to non-Affiliated other entities of ****, STANFORD would receive **** earned royalties.

6.5 In addition, LICENSEE shall pay STANFORD, as earned royalties, **** of the net amount received as royalties or license fees (including license issue fees) from non-Affiliated sublicensee(s) for sales of Licensed Product(s). The term "net amount", with respect to any sublicensee, shall mean the amount actually received by LICENSEE from the sublicensee less any payments (such as royalties or license fees) made by LICENSEE to non-Affiliated other entities for sales of Licensed Product(s) by the sublicensee.

6.6 Creditable payments under this Agreement shall be an offset to LICENSEE against up to **** of each payment which LICENSEE would be required to pay pursuant to Sections 6.4 and 6.5 until the entire credit is exhausted.

6.7 If this Agreement is not terminated in accordance with other provisions hereof,

(a) LICENSEE shall be obligated to pay royalties hereunder for so long as LICENSEE, by its activities in any country would, but for the license granted herein, infringe a valid, enforceable claim of an unexpired Licensed Patent(s) of STANFORD covering said activity in such country. LICENSEE's obligation to pay royalties on Net Sales shall terminate on a country-by-country basis upon the expiration of the last to expire of any issued Licensed Patent(s) in each country. If in any country all the claims of the issued patents within the Licensed Patent(s) that cover Licensed Product(s) are held invalid or unenforceable, then LICENSEE's obligation to pay royalties on Net Sales shall terminate in such country.

(b) If no patent within the Licensed Patent(s) issues in a country outside the U.S. or Japan on or before the seventh anniversary of the filing date of the first patent application within the Licensed Patent(s) filed in such country (including the international filing date of a PCT application designating such country), LICENSEE's obligation to pay royalties on Net Sales in such country shall terminate on the anniversary date; provided, however, that if a Licensed Patent subsequently issues in that country, LICENSEE's obligation to pay royalties under Section 6.4 shall resume for the term of such Licensed Patent.

(c) If no patent within the Licensed Patent(s) issues in the U.S. or Japan on or before the tenth anniversary of the filing date of the first patent application within the Licensed Patent(s) filed in that country (including the international filing date of a PCT application designating that country, but not including the filing date of any provisional application), LICENSEE's obligation to pay royalties on Net Sales in the U.S. shall terminate on the anniversary date; provided, however, that if a

Licensed Patent subsequently issues in the U.S. or Japan, LICENSEE's obligation to pay royalties under Section 6.4 shall resume for the term of such Licensed Patent.

6.8 The royalty on sales in currencies other than U.S. Dollars shall be calculated using the appropriate foreign exchange rate for such currency quoted by the Bank of America (San Francisco) foreign exchange desk, on the close of business on the last banking day of each calendar quarter. Royalty payments to STANFORD shall be in U.S. Dollars. If LICENSEE is blocked by law or regulation in any country from remitting U.S. Dollars from such country, LICENSEE's obligation to make payments based on Net Sales in that country shall be suspended until such blockage is lifted or unless STANFORD shall accept royalty payments in such country in local currency. All non-U.S. taxes related to royalty payments shall be paid by LICENSEE and are not deductible from the payments due STANFORD.

7. ROYALTY REPORTS, PAYMENTS, AND ACCOUNTING

7.1 Quarterly Earned Royalty Payment and Report - Beginning with the first sale of a Licensed Product(s), LICENSEE shall make written reports (even if there are no sales) and earned royalty payments to STANFORD within thirty (30) days after the end of each calendar quarter. This report shall be in the form of the report of Appendix A and shall state the number, description, and aggregate Net Sales of Licensed Product(s) during such completed calendar quarter, and resulting calculation pursuant to Paragraph 6.3 of earned royalty payment due STANFORD for such completed calendar quarter. Concurrent with the making of each such report, LICENSEE shall include payment due STANFORD of royalties for the calendar quarter covered by such report. LICENSEE also agrees to make a written report to STANFORD and earned royalty payment within ninety (90) days after the expiration of the license pursuant to Section 3.2, and shall continue to make quarterly written reports and royalty payments until such time as all Licensed Product(s) produced under the Agreement have been sold or destroyed.

7.2 Accounting - LICENSEE agrees to keep and maintain records for a period of three (3) years showing the manufacture, sale, use, and other disposition of products sold or otherwise disposed of under the license herein granted. Such records will include general ledger records showing cash receipts and expenses, and records with include production records, customers, serial numbers, and related information in sufficient detail to enable the royalties payable hereunder by LICENSEE to be determined. LICENSEE further agrees to permit its books and records to be examined by an independent public accountant selected by STANFORD and acceptable to LICENSEE not more often than once per calendar year to the extent necessary to verify reports provided for in Section 7.1. Such examination is to be made at LICENSEE's place of business during ordinary business hours with at least thirty (30) days prior written notice. The accountant shall report to STANFORD only whether there has been a royalty underpayment and, if so, the amount of underpayment. Such examination is to be at the expense of STANFORD, except in the event that the results of the examination reveal and underreporting of

royalties due STANFORD of five percent (5%) or more, then the examination costs shall be paid by LICENSEE.

8. WARRANTIES AND NEGATION OF WARRANTIES

8.1 STANFORD represents and warrants that:

(a) It has the power to enter into this Agreement and to grant the rights granted herein to LICENSEE; and

(b) It has not granted any license(s), option(s) to license, or other rights to the Invention(s), the Technology, and the Licensed Patent(s) to any other party.

8.2 Nothing in this Agreement is or shall be construed as:

(a) A warranty or representation by STANFORD as to the validity or scope of any Licensed Patent(s);

(b) A warranty or representation that anything made, used, sold, or otherwise disposed of under any license granted in this Agreement is or will be free from infringement of patents, copyrights, and other rights of third parties;

(c) An obligation to bring or prosecute actions or suits against third parties for infringement, except to the extent and in the circumstances described in Article 12;

(d) Granting by implication, estoppel, or otherwise any licenses or rights under patents or other rights of STANFORD or other persons other than Licensed Patent(s); or

(e) An obligation to furnish any technology or technological information other than the Technology.

8.3 Except as expressly set forth in this Agreement, STANFORD MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR THAT THE USE OF THE LICENSED PRODUCT(S) WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK, OR OTHER RIGHTS OR ANY OTHER EXPRESS OR IMPLIED WARRANTIES.

8.4 LICENSEE agrees that nothing in this Agreement grants LICENSEE any express or implied license or right under or to U.S. Patent 4,656,134 `Amplification of Eucaryotic Genes' or any patent application corresponding thereto.

9. INDEMNITY

9.1 LICENSEE agrees to indemnify, hold harmless, and defend STANFORD, UCSF-Stanford Health Care and Stanford Health Services and their respective trustees, officers, employees, students, and agents against any and all claims for death, illness, personal injury, property damage, and improper business practices arising out of the manufacture, use, sale, or other disposition of Invention(s), Licensed Patent(s), Licensed Product(s), or Technology by LICENSEE or its Affiliate(s) or sublicensee(s), or their customers.

9.2 STANFORD shall not be liable for any indirect, special, consequential or other damages whatsoever, whether grounded in tort (including negligence), strict liability, contract or otherwise. STANFORD shall not have any responsibilities or liabilities whatsoever with respect to Licensed Product(s).

9.3 LICENSEE shall at all times comply, through insurance or self-insurance, with all statutory workers' compensation and employers' liability requirements covering any and all employees with respect to activities performed under this Agreement.

9.4 In addition to the foregoing, LICENSEE shall maintain, from the commencement of the first human clinical trial by LICENSEE and thereafter during the term of this Agreement, Comprehensive General Liability Insurance, including Products Liability Insurance, with reputable and financially secure insurance carrier(s) to cover the activities of LICENSEE and its Affiliate(s) and sublicensee(s). Such insurance shall provide minimum limits of liability of $5 Million and shall include STANFORD, UCSF-Stanford Health Care, Stanford Health Services, their trustees, directors, officers, employees, students, and agents as additional insureds. Such insurance shall be written to cover claims incurred, discovered, manifested, or made during the term of this Agreement and should be placed with carriers with ratings of at least A- as rated by A.M. Best. Prior to the commencement of any human clinical trial by LICENSEE, LICENSEE shall furnish a Certificate of Insurance evidencing primary coverage and additional insured requirements and requiring thirty (30) days prior written notice of cancellation or material change to STANFORD. LICENSEE shall advise STANFORD, in writing, that it maintains excess liability coverage (following form) over primary insurance for at least the minimum limits set forth above. All such insurance of LICENSEE shall be primary coverage; insurance of STANFORD, UCSF-Stanford Health Care, Stanford Health Services shall be excess and noncontributory.

10. MARKING

Prior to the issuance of patents on the Invention(s), LICENSEE agrees to mark Licensed Product(s) (or their containers or labels) made, sold, or otherwise disposed of by it under the license granted in this Agreement with the words "Patent Pending," and following the

issuance of one or more patents, with the numbers of the Licensed Patent(s), to the extent permitted by law or regulation in any country.

11. STANFORD NAMES AND MARKS

11.1 LICENSEE agrees not to identify STANFORD in any promotional advertising or other promotional materials to be disseminated to the public or any portion thereof or to use the name of any STANFORD faculty member, employee, or student or any trademark, service mark, trade name, or symbol of STANFORD, Stanford Health Services, or UCSF-Stanford Health Care, or that is associated with any of them, without STANFORD's prior written consent, which consent shall not be unreasonably withheld.

11.2 Notwithstanding Section 11.1, LICENSEE may issue press release(s) containing mention of STANFORD and any STANFORD faculty member or employee associated with the Invention(s), the Technology, or the Licensed Patent(s), subject to STANFORD's prior written consent, which consent shall not be unreasonably withheld. LICENSEE may subsequently issue press releases containing information previously approved for release by STANFORD.

11.3 STANFORD and LICENSEE agree that reports in scientific literature and presentations of research and development work at scientific conferences and investment conferences and any disclosures required by any law or regulation or the rules of any stock exchange are not promotional materials.

12. PATENT PROSECUTION AND INFRINGEMENT

12.1 After the Effective Date of this Agreement, LICENSEE shall have the primary responsibility for the filing, prosecution, and maintenance of all Licensed Patent(s), including the conduct of all interference, opposition, nullity, and revocation proceedings, using counsel of its choice reasonably acceptable to STANFORD; provided, however, that STANFORD shall have reasonable opportunity to advise and consult with LICENSEE on such matters and may instruct LICENSEE to take such action as STANFORD believes reasonably necessary to protect the Licensed Patent(s). Counsel shall provide both LICENSEE and STANFORD with copies of all material correspondence related to filing, prosecution, and maintenance of the Licensed Patent(s). Invoices for legal services shall be sent directly to LICENSEE with a copy directed to STANFORD. If LICENSEE decides to abandon any patent or patent application within the Licensed Patent(s), it shall give timely notice to STANFORD, which may continue prosecution or maintenance at its sole expense; and any such abandoned patent or patent application shall cease to be a Licensed Patent(s) as of the date of such notice.

12.2 Payment of all reasonable fees and costs relating to the filing, prosecution, and maintenance of the Licensed Patent(s) after the Effective Date of this Agreement shall be the responsibility of LICENSEE.

12.3 STANFORD shall promptly inform LICENSEE of any suspected infringement of any Licensed Patent(s) by a third party. LICENSEE shall have the right at its expense to initiate and control any proceeding relating to any infringement by a third party or any Licensed Patent(s), any declaratory action alleging invalidity or noninfringement of any Licensed Patent(s), or any interference, opposition, nullity or revocation proceeding relating to any Licensed Patent(s) ("Protective Action"). In pursuing such Protective Action, LICENSEE shall provide STANFORD with material information related to the Protective Action and shall have the right, but not the obligation, to join STANFORD as a party to the Protective Action at LICENSEE's expense. STANFORD shall have the right to participate in the Protective Action with its own counsel at its own expense. If LICENSEE brings a Protective Action, it may enter into a settlement, consent judgment, or other voluntary final disposition of such Protective Action at its sole option. Any damages recovered by a Protective Action shall be used first to reimburse LICENSEE for the costs (including attorneys' and expert fees) of such Protective Action actually paid by LICENSEE; and the remainder, if any shall be retained by LICENSEE, except that LICENSEE shall pay STANFORD **** of said remainder.

12.4 If LICENSEE decides not to bring a Protective Action after LICENSEE receives notice from STANFORD under Section 12.3, LICENSEE shall inform STANFORD and STANFORD may institute a Protective Action. In such event, STANFORD shall control such Protective Action, including any settlement, consent judgment or other voluntary final disposition thereof at its sole option, shall bear the entire cost of such Protective Action, and shall be entitled to retain the entire amount of any recovery or settlement. STANFORD may, at its expense, join LICENSEE as a party to such Protective Action.

12.5 Should either STANFORD or LICENSEE commence a Protective Action under this Article 12 and thereafter elect to abandon the same, it shall give timely notice to the other party who may, if it so desires, continue prosecution of such Protective Action, provided, however, that the sharing of past and future expenses and any recovery in such Protective Action shall be as agreed upon between STANFORD and LICENSEE.

12.6 In any Protective Action initiated by a party under this Article 12, the other party hereto shall, at the request and expense of the party initiating such Protective Action, cooperate in all respects and make available relevant records, papers, information, samples, and the like.

13. SUBLICENSE(S)

13.1 LICENSEE may grant sublicense(s) under the Invention(s), the Technology, and the Licensed Patent(s) to make, have made, use, sell, offer for sale, and import Licensed Product(s).

13.2 If LICENSEE is unable or unwilling to serve or develop a potential market or market territory, either by itself or through an Affiliate or a sublicensee of LICENSEE's choice, for which there is a willing sublicensee(s), LICENSEE will, at STANFORD's request, negotiate in good faith a sublicense(s) hereunder.

13.3 Any sublicense(s) granted by LICENSEE under this Agreement shall be subject and subordinate to terms and conditions of this Agreement, except:

(a) Sublicense terms and conditions shall reflect that any sublicensee(s) shall not further sublicense without the written consent of STANFORD, which consent shall not be unreasonably withheld;

(b) The earned royalty rate specified in the sublicense(s) may be at higher rates than the rates in this Agreement; and

(c) All reports required by sublicensee(s) shall be made to LICENSEE.

Any such sublicense(s) also shall expressly include the provisions of Articles 8 and 9 for the benefit of STANFORD and provide for the transfer of all obligations, including the payment of royalties specified in such sublicense(s), to STANFORD or its designee, in the event that this Agreement is terminated.

13.4 LICENSEE agrees to provide STANFORD a copy of that portion of any sublicense granted pursuant to this Article 13 that relates to royalty reporting and the warranty and indemnification provisions of Articles 8 and 9 of this Agreement.

13.5 LICENSEE may grant royalty-free sublicensees or cross-licenses provided LICENSEE pays all royalties due STANFORD from sublicensee's Net Sales as if such sales were made by LICENSEE or an Affiliate.

14. TERMINATION

14.1 LICENSEE may terminate this Agreement by giving STANFORD notice in writing at least thirty (30) days in advance of the effective date of termination selected by LICENSEE.

14.2 STANFORD may terminate this Agreement if LICENSEE:

(a) Is in default in payment of royalty or providing of reports;

(b) Is in material breach of any provision hereof; or

(c) Provides any materially incorrect report;

and LICENSEE fails to remedy any such default, material breach, or materially incorrect report within thirty (30) days after written notice thereof by STANFORD.

14.3 Surviving any termination or expiration are:

(a) LICENSEE's obligation to pay royalties accrued or accruable;

(b) Any cause of action or claim of LICENSEE or STANFORD, accrued because of any breach or default by the other party; and

(c) The provisions of Articles 7, 8, and 9 and any other provisions that by their nature are intended to survive.

15. ASSIGNMENT

LICENSEE may assign this Agreement to an Affiliate or to a successor in interest to all or substantially all the business of LICENSEE relating to Licensed Product(s) without STANFORD's consent provided that such Affiliate or successor in interest assumes all obligations under the License; and LICENSEE shall provide STANFORD notice of any such assignment. Except for the foregoing, neither party may assign this Agreement or any portion thereof without the express written consent of the other, which consent shall not be unreasonably withheld.

16. ARBITRATION

16.1 Any controversy arising under or related to this Agreement, and any disputed claim by either party against the other under this Agreement excluding any dispute relating to patent validity or infringement arising under this Agreement, shall be settled by arbitration in accordance with the Licensing Agreement Arbitration Rules of the American Arbitration Association.

16.2 Upon request by either party, arbitration will be by a third party arbitrator mutually agreed upon in writing by LICENSEE and STANFORD within thirty (30) days of such arbitration request. Judgment upon the award rendered by the arbitrator shall be final and nonappealable and may be entered in any court having jurisdiction thereof. The parties agree that, notwithstanding any provision of applicable law, they will not request and the arbitrator shall have no authority to award punitive or exemplary damages against any party. The costs of the arbitration shall be shared equally by the parties, and each party shall bear the costs of its own attorneys' fees and expert fees.

16.3 The parties shall be entitled to discovery in like manner as if the arbitration were a civil suit in the California Superior Court. The arbitrator may limit the scope, time and/or issues involved in discovery.

16.4 Any arbitration shall be held in Stanford, California, unless the parties hereto mutually agree in writing to another place.

17. NOTICES

All notices under this Agreement shall be deemed to have been fully given when done in writing and deposited in the United States mail, registered or certified, and addressed as follows:

To STANFORD:	Office of Technology Licensing Stanford University 900 Welch Road, Suite 350 Palo Alto, California 94304-1850 Attention: Director
To LICENSEE:	Corcept Therapeutics, Inc. 525 University Avenue, 11th Floor Palo Alto, California 94301-1908 Attention: Mr. David B. Singer

Either party may change its address upon written notice to the other party.

18. CONFIDENTIALITY

STANFORD shall maintain the reports and information provided by LICENSEE to STANFORD under Sections 5.2, 7.1, 7.2, and 13.4 in confidence, and not disclose such reports to any third party, except as required by STANFORD's normal reporting requirements, for the purposes of this Agreement, or as required by law or regulation. STANFORD's obligation of confidentiality hereunder shall be fulfilled by using at least the same degree of care with LICENSEE's reports and information as it uses to protect its own confidential information.

19. WAIVER

None of the terms of this Agreement can be waived except by the written consent of the party waiving compliance.

20. APPLICABLE LAW

This Agreement shall be governed by the law of the State of California applicable to agreements negotiated, executed and performed wholly within California.

21. SEVERABILITY

If any portion of this Agreement shall be held to be invalid or unenforceable under the law or regulation of any jurisdiction, such holding of invalidity or unenforceability shall not affect the remainder of the Agreement, which shall continue in full force and effect.

22. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between LICENSEE and STANFORD and supersedes all prior communications, understandings, and agreements with respect to the subject matter of this Agreement. This Agreement may not be amended except by a written agreement signed by both LICENSEE and STANFORD.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate originals by their duly authorized officers or representatives.

THE BOARD OF TRUSTEES OF THE LELAND
STANFORD JUNIOR UNIVERSITY

Signature: /s/ Katharine Ku

Name: Katharine Ku

Title: Director, Technology Licensing

Date: June 30, 1999

LICENSEE

Signature: /s/ Joseph K. Belanoff

Name: Joseph K. Belanoff

Title: Chief Executive Officer

Date: 6/15/99

*CERTAIN INFORMATION IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS

RESEARCH AGREEMENT/ cGMP MANUFACTURING

This agreement is entered into by and between **** hereinafter called "Research Organization", and Corcept Therapeutics Incorporated a corporation with its principal office and place of business at 275 Middlefield Road, Suite A, Menlo Park, CA 94025, hereinafter called "Sponsor".

WITNESSETH

WHEREAS, The research/development program contemplated by this Agreement is of mutual interest and benefit to the Research Organization and to the Sponsor,

WHEREAS, a Proposal entitled: COST ESTIMATE FOR DEVELOPMENT, MANUFACTURING AND TESTING OF C-1073 FILM COATED TABLETS (300 mg) FOR USE IN HUMANS attached hereto has been written which will guide the performance of this Agreement and the Research Organization agrees it is fully able to perform the research program in a professional, competent manner with strict adherence to its terms, and the Research Organization will utilize its best efforts to do so,

WHEREAS, The Sponsor wishes to develop a tablet suitable for commercial sale with Research Organization and Research Organization wishes to supply the tablets to Sponsor on commercially reasonable terms.

NOW THEREFORE, the parties hereto agree as follows:

1. **SCOPE OF WORK:** The Research Organization shall exercise its best efforts to carry out the research set forth in the attached Proposal ("Research") and Cost Estimate (and terms). Project Number: ***02011R dated February 11, 2002 and consisting of pages 5 to 8.
2. **TERM OF AGREEMENT:** This Agreement shall be effective for a period of 3 (three) years from the date of signing. The effective period may be extended by mutual written agreement. Research Organization undertakes to manufacture tablets for Sponsor on commercially reasonable terms upon the regulatory approval of tablets manufactured by Research Organization.
3. **REGULATORY COMPLIANCE:** The Research Organization will be responsible for the above entitled project to be developed, manufactured and tested in compliance with cGMP regulations, all applicable local, state, and federal laws and regulations and in accordance with applicable Research Organization policies. The Research Organization shall retain all records resulting from the Research for

the time required by applicable federal regulations (the Sponsor will notify the Research Organization of the FDA Application filing and approval status), and to allow for sponsor (or sponsor's representative) and FDA inspection of all such records.

4. RECORDKEEPING, REPORTING AND ACCESS:

4.1 The Sponsor's authorized representative(s), and regulatory authorities to the extent required by law, may, during regular business hours, arrange in advance with the Research Organization to:

(a) examine and inspect the Research Organization's facilities and operations required for performance of the Research; and

(b) inspect and copy all data and work products relating to the Research.

4.2 Research Organization shall cooperate with any regulatory authority and allow them access to applicable facilities, records and data.

4.3 The Research Organization shall perform the following record keeping and reporting obligations in a timely fashion:

(a) preparation and maintenance of complete, accurately written records, accounts, notes, reports and data of the Research; and

(b) reports will be delivered to Sponsor by Research Organization in a timely manner throughout the performance of the research/development; and

(c) a final written report ("Final Report") including a complete summary of research/development activity will be submitted to the Sponsor.

5. OWNERSHIP OF MATERIALS AND INFORMATION:

5.1 All data, information, reports, any and all related documentation, all inventions, discoveries, formulae, procedures, any other intellectual property, and any improvements thereto, whether patentable or not, which result or evolve as a result of the services performed hereunder by Research Organization for Sponsor ("Inventions") shall be and remain the sole and exclusive property of Sponsor if related to the materials provided to Research Organization by Sponsor.

5.2 Any Invention made, developed or discovered solely by Research Organization that constitutes an invention, improvement or other intellectual property relating to drug delivery technology, formulation, analysis or manufacturing process of pharmaceutical products shall be and remain the property of Research Organization, and

Research Organization hereby grants to Sponsor a royalty free, exclusive license to develop, use, manufacture and sell such invention in connection with the development, use manufacture and sale of the materials provided to Research Organization by Sponsor.

6. INDEMNIFICATION:

6.1 Sponsor shall defend, indemnify and hold harmless the Research Organization its stockholders, directors, officers, employees and agents from any and all liabilities, claims, actions or suits for (i) personal injury or death arising out of or in connection with the administration or use of the Research study drug(s) which are manufactured by Research Organization, (ii) negligence or willful misconduct in advertising, labeling, or improper handling and storage by any person other than Research Organization, (iii) any specifications provided by Sponsor that are incorrect or do not meet FDA approved specifications, or other instructions given by Sponsor in connection with any materials provided to Research Organization by Sponsor or Research Organization's services provided hereunder, (iv) any misrepresentation by Sponsor or breach by Sponsor of any covenant or agreement hereunder or (v) patent infringement relating to any materials provided to Research Organization by Sponsor or Research Organization's services provided hereunder to the extent that such infringement does not arise as a result of a breach of any representation or warranty of Research Organization hereunder, provided however:

(a) that such injuries or violations are not the result of Research Organization's negligence or willful misconduct in performing the services hereunder, the violation of any applicable government law, rule or regulation, or the breach of any covenant or agreement hereunder;

(b) that the Research Organization notifies the Sponsor immediately of the claim or lawsuit;

(c) that the Research Organization reasonably cooperates with the Sponsor in its investigation and defense thereof; and

(d) that the Research Organization not settle or otherwise compromise such claim or lawsuit without the Sponsor's prior written consent.

6.2 Deviations from the terms of the Proposal that may arise out of necessity will be considered compliance with the terms of the Proposal provided that Research Organization shall promptly notify Sponsor in writing of any such deviations, and shall remedy such deviations to assure that the objectives of the proposal are met.

6.3 Sponsor agrees that it will maintain an insurance policy at levels sufficient to support the indemnification obligations assumed herein. Upon request the Sponsor will

provide evidence of its insurance and will provide to the Research Organization, thirty (30) days prior, written notice of cancellation of its coverage.

6.4 Sponsor warrants that it maintains a policy of insurance for product and general liability. Upon request by Research Organization, Sponsor shall provide evidence of its insurance and will provide to Sponsor thirty days prior written notice of any cancellation of its coverage.

6.5 Research Organization shall defend, indemnify and hold harmless the Sponsor its stockholders, directors, officers, employees and agents from any and all liabilities, claims, actions or suits for (i) any negligence or willful misconduct of Research Organization in performing the services hereunder, (ii) any misrepresentation by Research Organization or breach by Research Organization of any covenant or agreement hereunder, or (iii) any claim asserted by a third party that Research Organization in performing the services hereunder has infringed or misappropriated any proprietary or confidential information or intellectual property rights of such third party, except as relate to any materials, specifications or instructions provided to Research Organization by Sponsor.

6.6 The indemnifying party shall provide a diligent defense against any settlement of any claims brought or actions filed with respect to the subject of the indemnity contained herein, whether such claims or actions are rightfully or wrongfully brought or filed. The indemnified party shall not settle any claims without the indemnifying party's prior written consent, which consent may not be unreasonably withheld.

6.7 In no event shall either party be liable to the other for consequential or indirect damages, including without limitation lost profits or revenues.

7. TERMINATION:

7.1 This Agreement may be terminated by either party, upon immediate notice, if any of the following conditions occur:

(a) if the authorization and approval to perform the Research in the United States is withdrawn by the U.S. Food and Drug Administration; or

(b) if either party fails to comply with any material term of the Agreement after receipt of written notice, with 30 day opportunity to cure, from the other party,

(c) the other party goes into bankruptcy or voluntary or involuntary dissolution, is declared insolvent, fails to pay its debts as they come due, makes an assignment for the benefit of creditors, becomes subject to proceedings under any bankruptcy, composition, insolvency or similar law,

suffers the appointment of a receiver or trustee over all or substantially all of its assets or properties, or otherwise ceases its business.

7.2 Upon the effective date of termination and unless terminated for cause by Sponsor, there shall be an accounting conducted by the Research Organization, subject to verification by the Sponsor. Within thirty (30) days after receipt of adequate documentation therefore, the Sponsor will make payment to the Research Organization for:

(a) all services properly rendered and moneys properly expended by the Research Organization until the date of termination not yet paid for; and

(b) reasonable non-cancelable obligations properly incurred for the Research by the Research Organization prior to the effective date of termination; unless the Sponsor objects to any charge, in which case, the parties shall use best efforts to expeditiously resolve any disagreement.

7.3 Upon the effective date of termination and unless terminated for cause by Research Organization, the Research Organization will credit or return to the Sponsor any funds not expended or obligated by the Research Organization in connection with the Research prior to the effective termination date of the notice of termination.

7.4 Immediately upon receipt of a notice of termination, the Research Organization shall cease conducting research procedures related to proposal.

7.5 Termination of this Agreement by either party shall not affect the rights and obligations of the parties accrued prior to the effective date of the termination.

8. **DELIVERY OF UNUSED MATERIAL:** Upon termination or completion of the Research, all unused compounds, drugs, equipment, whether or not completed, and other related materials that were furnished to the Research Organization by or on behalf of the Sponsor shall be returned to the Sponsor at the Sponsor's expense.

9. **ARBITRATION:** All disputes between Research Organization and Sponsor arising from their dealings under this Agreement (either during or after the term of this Agreement) shall be settled by binding Arbitration in the State of Delaware, under the rules of the American Arbitration Association.

10. **APPLICABLE LAW:** This Agreement shall be governed by the laws of the state of Delaware.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate by proper persons thereunto duly authorized.

RESEARCH ORGANIZATION
****

/s/ ****

****
President & CEO

02/11/02

SPONSOR
Corcept Therapeutics Incorporated
275 Middlefield Road, Suite A,
Menlo Park, CA 94025

/s/ Robert Roe

Robert Roe, M.D
President

12 February, 2002

EXHIBIT 10.8

MASTER

CLINICAL DEVELOPMENT AGREEMENT

between

CORCEPT THERAPEUTICS INC.
Menlo Park, CA 94304-1005

and

SCIREX CORPORATION
Horsham, PA 19044

MASTER CLINICAL DEVELOPMENT AGREEMENT

THIS AGREEMENT, made as of the date last signed below is by and between Corcept Therapeutics Inc., a company incorporated in the State of Delaware, having its principal place of business at 275 Middlefield Road, Menlo Park, CA ("Corcept), and Scirex Corporation ("Scirex) a corporation of the State of Delaware having its principal place of business at 755 Business Center Drive, Horsham, PA 19044.

WITNESSETH:

WHEREAS, Corcept is engaged in the development, manufacture, distribution and sale of pharmaceutical products and it currently wishes to evaluate Mifepristone; and

WHEREAS, Scirex is in the business of providing services for the development of new drugs and marketed drugs; and

WHEREAS, Corcept desires to contract with Scirex, and Scirex desires to be contracted by Corcept, for the purposes of providing such services to assist Corcept in the execution of clinical development projects and studies, as set forth in the attachments to this Agreement ("Exhibits").

NOW, THEREFORE, the parties hereby agree as follows:

1. DEFINITIONS

1.1 "Affiliates" means any corporation or other entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the designated Party but only for so long as such relationship exists. For the purposes of this definition, "control" means i) ownership of at least fifty percent (50%) of the shares of stock entitled to vote for directors in the case of a corporation, or of at least fifty percent (50%) of the interests in profits of a business entity other than a corporation; or ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an individual, corporation, or other legal entity, whether through the ownership of voting securities, by contract, or otherwise.

1.2 "Agreement" means this Master Clinical Development Agreement.

1.3 "Applicable Laws and Requirements" means all Federal, state and local laws, regulations, policies, and requirements that govern or apply to conduct of the Study and the Project and Services under this Agreement, including without limitation, the Food Drug and Cosmetic Act, [and such foreign governmental requirements as Corcept may inform Scirex are applicable],as they may be amended from time to time.

1.4 "Project" means the work to be performed under a given assignment, including the Study Protocol and various other attached materials, as they may be amended in writing from time to time. The first such Project is the Scirex Proposal entitled "A Proposal to Provide Clinical Research Services for A Phase III, Multi-Center, Double-Blind, Placebo-Controlled Study of Safety and Efficacy of Mifepristone in Patients with Major Depressive Disorder with Psychotic Features (SCIREX Project 2169); A Phase III, Multi-Center, Open-Label Study of the Safety and Efficacy of Misepristone in Patients with Major Depressive Disorder with Psychotic Features" and dated 26 February 2001, (sometimes referred to as the Proposal), as it may be amended in writing from time to time, along with the corresponding Study Protocols, attached as Exhibit A.

1.5 "Project Exhibit" means the Exhibit describing the Project and containing the Study Protocol(s) and the Proposal.

1.6 "Study" means a clinical trial of a Study Drug, as set forth in a Study Protocol.

1.7 "Study Drug" means the drug being studied in the Protocol and in the Clinical Trial, under the direction of Scirex.

1.8 "Study Protocol" means the documents describing the design and procedures for the Study, set forth as a part of the Project Exhibit, as may be amended in writing from time to time. The first such Study Protocols are entitled "A Phase III, Multi-Center, Double-Blind, Placebo-Controlled Study of the Safety and Efficacy of Mifepristone in Patients with Major Depressive Disorder with Psychotic Features", and "A Phase III, Multi-Center, Open-Label Study of the Safety and Efficacy of Mifepristone in Patients with Major Depressive Disorder with Psychotic Features," attached as a part of Exhibit A, as they may be amended in writing from time to time.

2. OBLIGATIONS OF SCIREX

2.1 Corcept may from time to time retain the services of Scirex to provide clinical research services in connection with certain clinical research programs Corcept is conducting (individually, a "Study") as set forth in this Agreement and as will be more fully delineated in various project-specific descriptions that will be attached hereto as Project Exhibits.

2.2 In the event that the parties reach agreement with respect to a particular Study, a Project Exhibit for that specific Study shall, together with this Agreement (but separate and apart from any other Project Exhibits), collectively constitute the Agreement for that specific Study. No Project Exhibit shall be made or incorporated as a part of this Agreement without first being executed by the authorized representatives of the parties hereto. To the extent any terms set forth in a Project Exhibit conflict with the terms set forth in this Agreement, the terms of this Agreement shall control unless otherwise expressly set forth by the parties in the Project Exhibit.

2.3 Scirex will perform all services for Corcept in accordance with the relevant Project Exhibit, including the Study Protocol, that will be provided by Corcept as a part of the Project Exhibit or will be prepared by Scirex under Corcept's direction and approved by Corcept. The Study Protocol will specify (without limitation) the research project, design, purpose, information desired, experimental and other procedures, estimated duration, budget, and other relevant matters, and will become a part of this Agreement upon its approval by the parties. If requested by Corcept, Scirex will assist in developing the Study Protocol such that it is consistent with current and reasonably anticipated Applicable Laws and Requirements. Scirex represents that it will provide all reasonable, professional, expert efforts to so assist Corcept.

2.4 Scirex hereby agrees to perform, with all due diligence, its obligations as described in this Agreement and each Project Exhibit (the "Services"). Such Services may include strategic planning, expert consultation, clinical trial services, statistical programming and analysis, data processing, data management, regulatory, clerical, project management and such other research and development services as Corcept may request and as may be set forth in the Agreement and the Project Exhibits. In providing the Services and implementing the Project Exhibits, Scirex shall fully comply with this Agreement; the Project Exhibits; the Study Protocols; the written instructions of Corcept; standard operating procedures approved in writing by Corcept; Good Clinical Practice; relevant professional standards; and all Applicable Laws and Requirements.

2.5 If Scirex is required to execute or obtain the execution of any agreements with a site to conduct a clinical trial or study ("Site Agreements"), such Site Agreements shall contain all provisions as specified by Corcept in the applicable Project Exhibit or as otherwise approved in advance by Corcept in writing, and shall include binding budgets approved in advance by Corcept.

3. TRANSFER OF RESPONSIBILITIES

3.1 In order to achieve compliance under regulations at 21 CFR 312.52, Corcept must identify all responsibilities that will be transferred to Scirex in each Project Exhibit. Each Exhibit will contain a detailed description of transferred obligations. Corcept agrees that the same description and extent of obligations transferred should be included in form FDA-1571, Section #13 relating to the specific Study Drug(s) under investigation. Scirex agrees to carry out diligently all transferred obligations.

4. CLINICAL SUPPLIES

4.1 Unless otherwise specified in a Project Exhibit to this Agreement, Corcept will supply the clinical investigators with Study Drugs and other clinical drug supplies as are agreed upon by Scirex and Corcept for the timely completion of the Projects, and will direct the shipment of any such supplies to the location indicated by Scirex, within a reasonable time after receipt of notification from Scirex of the need for any such clinical

supplies. If applicable pursuant to the Project Exhibit, Scirex shall maintain an accurate inventory of such Study Drugs and, at the end of the Study, or upon its earlier termination, shall promptly use its best efforts to cause the Clinical Investigators to return all unused Study Drugs and other drug supplies to Scirex, consistent with the inventory.

5. STATUS REPORTING

5.1 Scirex will provide status reports on the Projects as agreed to in each specific Project Exhibit. The status reports will include, but not be limited to: the number of patients entered, dropped, and completed in the Projects. Reports of monitoring visits will also be provided on a timely basis as specified in attached Project Exhibits.

6. PERSONNEL

6.1 The Services with respect to each Study shall be performed by Scirex under the direction of the person identified as the project manager in the applicable Project Exhibit or such other person identified by Scirex and acceptable to Corcept ("Project Manager"). The services of the Project Manager and any other Scirex personnel, as mutually agreed upon and named in a Project Exhibit, are considered essential to the performance of each Study ("Key Personnel"). No other person(s) may be substituted for any Key Personnel, Project Manager, or Principal Investigator, except with Corcept's prior written approval, which shall not be unreasonably withheld. In the event that any Key Personnel, Project Manager, or Principal Investigators are substituted without the prior written approval of Corcept, the Project or the Agreement may be terminated, in whole or in part, by Corcept.

6.2 Scirex shall at all times provide, and and use its best efforts to cause its subcontractors provide, a sufficient number of properly trained clinical research personnel on a given Study to meet the demands of that Study. Scirex represents that all persons assigned to a Project or otherwise performing work under this Agreement are qualified, trained, and experienced in the performance of their assigned tasks.

6.3 Scirex shall not subcontract or assign any Services involving administration of Study Drug, or central laboratory services under a Project Exhibit without the prior written consent of Corcept, which consent may be withheld with or without reason. Scirex shall utilize the precise wording and provisions required by Corcept for any such subcontract or assignment.

7. RECORDS

7.1 Scirex shall maintain all materials, information, source documents, correspondence, and data obtained or generated by Scirex or its employees, agents, consultants, or contractors, in the course of providing the Services hereunder, including all electronic media, computerized records and files, (collectively "Records") in accordance with this Agreement, the Project Exhibit, Good Clinical Practice, all

Applicable Laws and Requirements, and will use its best efforts to ensure that they are maintained in a safe and secure manner protected from fire, theft, disclosure, and destruction. Scirex shall cooperate with any internal review or audit by Corcept or Corcept's authorized representative and make any and all Records available for examination and duplication, during normal business hours and at mutually agreeable times. Scirex will cooperate with Corcept in accommodating any unannounced visits, investigations, or inspections by regulatory authorities, including without limitation FDA, and will provide documents, information, and access properly requested. Scirex will promptly notify Corcept of any regulatory inquiries, proposed regulatory actions, investigations, site visits (whether announced or unannounced), correspondence, or communications that relate to the Study, the Services, the Project Exhibit, or this Agreement.

7.2 At any time Corcept may request in writing that all Records be (i) delivered to Corcept to a location designated in Corcept's written request in such form as is then currently in the possession of Scirex; (ii) retained by Scirex for Corcept in a safe and secure manner as described in Paragraph 7.1 and for a period to be defined by Corcept's written request; or (iii) disposed of, at the direction and written request of Corcept, unless such materials are otherwise required to be stored or maintained by Scirex as a matter of law or regulation. In no event shall Scirex dispose of any Records without first giving Corcept sixty (60) days prior written notice of its intent to do so.

7.3 Scirex will permit Corcept representatives to examine or audit, with reasonable notice, the work performed under this Agreement, the facilities, systems, and equipment at or with which the Services are performed, and the personnel, procedures, programming, and records related to such Services.

7.4 Scirex represents and warrants that all computer systems and electronic records used by Scirex comply with all Applicable Laws and Requirements, and to its knowledge are free of any unintended programming problems, viruses, locks, or access controls that will impair Corcept's use of such records, recognizing that Corcept must have access from Scirex to use such records in accordance with the provisions of Paragraph 8.5.

7.5 Scirex shall make all reasonable efforts to assure cooperation and compliance with the requirements of Paragraphs 7.1 through 7.4 by its employees, agents, and subcontractors.

8. CONFIDENTIAL INFORMATION

8.1 All information received by Scirex from Corcept concerning the implementation of the Projects is considered to be confidential information to Corcept. This confidential information will be held in confidence by Scirex and not disclosed to third parties; provided however, that confidential information shall not include, and the obligations of confidentiality and non-disclosure shall not apply to, disclosed information that:

(a) is or becomes publicly available through no fault of Scirex;

(b) is disclosed to Scirex by a third party entitled to disclose it;

(c) is already known to Scirex as shown by its prior written records; or

(d) is required by law to be disclosed.

8.2 Scirex will only use the confidential information furnished by Corcept for the purpose of its obligations under this Agreement. Upon the completion or earlier termination of this Agreement, Scirex will promptly return to Corcept all written confidential information, as well as all written material that incorporates any confidential information, other than such information that it is required by government regulations to retain. Scirex shall have the right to retain one confidential copy of all documents relating to the Projects.

8.3 Scirex will not disclose, without the prior written consent of Corcept, any such confidential information to any third party other than employees ; hospital authorities, institutional review board members, clinical investigators, and others who must be involved in this Project program; provided that all such parties have a need to know the information in order for this Agreement to be performed. All confidential information will contain a statement from Corcept indicating that the information is confidential and should not be disclosed to unauthorized individuals.

8.4 Scirex will not use any such confidential information for its own benefit or for the benefit of any third party, and will not furnish to any third party any materials which incorporate any confidential information except as otherwise herein above provided. All obligations of confidentiality and non-disclosure set forth in this Agreement will survive, without limitation, the expiration or earlier termination, for any reason, of this Agreement.

8.5 During the term of this Agreement and thereafter (including following any termination), Corcept, for itself and it employees, agents and independent contractors, agrees to retain in confidence and not disclose to any third parties any Scirex Confidential Information without having first obtained Scirex' written consent to such disclosure. During the term of this Agreement, but not thereafter (including following any termination), Corcept may have access or use Scirex Confidential Information only in connection with the Projects; provided, however, that Corcept may not run or have or have access to Scirex computer programs or computer code without Scirex' permission, although Scirex will run its computer programs and provide printouts and raw data as part of the Services provided hereunder and as and when requested by Corcept during the term of this Agreement. Scirex will run computer programs and provide printouts and raw data to Corcept after the term of this Agreement expires or is terminated for any reason (i) if so requested by Corcept, and (ii) if Scirex and Corcept have mutually agreed

to terms for payment for such Services. If Scirex or a Scirex assignee or successor is not available to run computer programs developed for the Project due to bankruptcy or insolvency, then Scirex will make available such computer programs to Corcept under the conditions of a confidential restricted use license, the terms of which will be mutually agreed upon. If Scirex terminates this Agreement without cause, and following such termination fails to reach agreement with Corcept to either (i) run computer programs and provide printouts and raw data, or (ii) make those programs available to Corcept for its use, Corcept will not be required to pay Scirex for its Services to the extent such Services are directly related to the development of those computer programs. "Scirex Confidential Information" shall include but not be limited to confidential and proprietary know-how, statistical approaches, computer programs, operating procedures, formulations, methods, processes, specifications and all other intellectual property of Scirex, provided that Scirex Confidential Information shall be subject to exceptions based on public knowledge, prior or lawfully obtained Corcept knowledge, and requirements of law, corresponding to the exception set forth in Paragraph 8.1; and further provided that such information is identified in writing as confidential at the time it is disclosed.

8.6 Scirex shall require that its employees, agents, and shall use its best efforts to cause its subcontractors comply with the requirements of Paragraphs 8.1 through 8.4 and shall, in any subcontract or assignment, require protections regarding confidential information at least as rigorous as set forth in those paragraphs.

9. ACCEPTANCE OF WORK PRODUCT

9.1 Corcept agrees to review all work products submitted by Scirex and to advise Scirex promptly of any errors or omissions of which Corcept becomes aware in the course of its review or thereafter. Scirex shall promptly, at its expense, correct all errors or omissions that it discovers or which are brought to its attention by Corcept within ninety (90) days after submission of work product to Corcept, and will make corrections to all errors or omissions after ninety (90) days for additional compensation at cost. Cost shall be defined as Scirex' standard hourly rates reduced appropriately to eliminate Scirex' corporate SG&A and profit. Cost shall also include pass-through expenses.

10. COMPENSATION

10.1 A payment schedule for the performance of the Services ("Payment Schedule") and related expenses shall be included in each Project Exhibit attached to this Agreement. Scirex shall use its best efforts to complete its obligations under each Project Exhibit in the timeframe specified, recognizing that time is important in the performance of this Agreement. Except as otherwise expressly provided in the applicable Project Exhibit, Scirex shall submit to Corcept an invoice describing the Services performed and, where applicable, expenses incurred during a particular month on a monthly basis. Costs shall not exceed those set forth in the Project Exhibit, except as mutually agreed to as specified in Paragraph 11. Payment under this Agreement shall be made by Corcept within thirty

(30) days of receipt of an itemized invoice and appropriate documentation reasonably acceptable to Corcept and in accordance with this Agreement and the Project Exhibit. Payment may be withheld for only that portion of those invoice items that Corcept reasonably determines does not meet the requirements of this Paragraph. Corcept shall, within the thirty (30) day period, notify Scirex respecting any contested amounts or questions regarding an invoice or invoice item. Scirex agrees to respond to requests by Corcept to clarify questions on any invoice or invoice item, and Corcept agrees that it will use its best efforts to resolve contested invoice items in a timely and reasonable fashion. Scirex acknowledges and agrees that Corcept is not obligated to pay such contested amounts otherwise due and payable within the thirty (30) day period until such time as the contested issues are resolved to the satisfaction of Corcept, and that Corcept will not be subject to any penalty or finance charge for such withheld payments, provided that Corcept acts in good faith.

10.2 Payments will be made by check payable to the party designated and mutually agreed upon herein, and sent to the appropriate persons designated in Paragraph 25.1 of this Agreement. For any payments to be made by Scirex to third parties or subcontractors, as delineated in an appropriate Project Exhibit, Scirex shall have the responsibility and obligation to make such payments, including proper and timely disbursements of the funds received from Corcept for such purposes to the appropriate parties.

10.3 Reasonable travel, supplies, and other incidental related expenses that are required in support of the Study and that are consistent with the Project Exhibit and any applicable budgets, shall be reimbursed by Corcept provided as follows:

(a) All air travel shall be at coach fares; and

(b) Upon request by Corcept, Scirex shall promptly provide documentation and receipts regarding any such expenses.

10.4 Taxes (and any penalties and interest thereon) imposed on any payment made by Corcept to Scirex shall be the responsibility of Scirex.

10.5 Scirex shall maintain complete and accurate accounting records related to its participation in the Study in accordance with Generally Accepted Accounting Principles. These records shall be available for inspection, review and audit at reasonable times by Corcept, or its authorized representative, at Corcept's expense, for three (3) years following the end of the calendar year in which such costs are incurred.

11. CHANGE ORDERS

11.1 In the event of a change in the scope of the project that is outside the control of Scirex, the identifying party will promptly notify the other party of such change ("Change

Notice"). "Outside the control of Scirex" is defined for the purposes of this section 11 as situations limited to the following:

(a) an amendment to the Study Protocol is requested by Corcept;

(b) a deviation from the Protocol is required by generally accepted standards of clinical research and medical practice relating to the safety of Research Subjects;

(c) an unanticipated side effect of the Study Drug during the course of the Study significantly slows subsequent enrollment in the Study;

(d) the occurrence of a Force Majeure;

(e) a material failure on the part of Corcept to fulfill its responsibilities in a timely manner; or,

(f) a material additional service, requested by Corcept, and not identified in the Project Exhibit, which Scirex can establish was not contemplated by the parties, and does not arise from either (i) the requirement for Scirex to conduct the Study with due diligence and in compliance with All Applicable Requirements; or from (ii) a Scirex omission, oversight, mistake, or error in accurately predicting the services and costs necessary to conduct the Study in compliance with such requirements.

A change in one of the assumptions set forth in the Project Exhibits (including, without limitation, those set forth in bold type) does not itself justify a change order unless such change meets one of the above criteria. Within 20 working days of Scirex sending or receiving such Change Notice, Scirex shall provide Corcept with its proposal of a modification to the timeline and the costs arising from such change ("Change Order"), whether such change results in an increase or decrease to the timeline or costs. Corcept shall have 15 working days to review and respond to the Change Order. If the parties do not agree as to whether a change outside the control of Scirex has taken place, or if Corcept does not approve such Change Order and has not terminated the Project, both parties will use their best efforts to agree in writing and on time and cost estimates that are mutually acceptable.

11.2 Notwithstanding any other provision of this Agreement, Scirex shall not, without the prior written approval of Corcept (a) exceed or alter the budgets or cost estimates contained in the Project Exhibits (including, without limitation, the enrollment costs), or authorize or approve any amendment or increase in the budgets or cost estimates for the Site Agreements; (b) use any amounts designated in the budget as intended for Site Agreements for any other purpose; (c) exceed, in any Site Agreement, the maximum total per patient cost established in the Project Exhibit. Pass-through expenses (including

without limitation all Site Agreement costs and expenses) will be billed to Corcept with no markup. SCIREX will use every reasonable effort to minimize these pass-through expenses while meeting the Study requirements and the requirements of this Agreement.

11.3 During the period when a Change Order is being prepared and reviewed, Scirex shall continue to perform the Project and Study, if possible, but will not be obligated to perform those services that have resulted from changes outside of the control of Scirex until agreement has been reached on the Change Order; provided, however, that, under certain emergency circumstances, including situations involving patient safety or other time-sensitive matters, Scirex will initiate work on a Change Order prior to its execution if Corcept provides written authorization to perform such work.

12. EARLY TERMINATION

12.1 Study Drug administration and/or any patient participation in any Study or Project Exhibit may be terminated, in whole or in part, by Corcept immediately upon written notice to Scirex, if any of the following conditions occur:

(a) authorization and approval to perform the Study is withdrawn by the governing regulatory body;

(b) animal, human and/or toxicological test results, in the opinion of Corcept, support termination of the Study; or

(c) in consideration of patient safety and welfare.

12.2 This Agreement or any Project Exhibit or Study may be terminated by Corcept at any time, with or without cause, upon thirty (30) days written notice to Scirex. Scirex will make best reasonable efforts to mitigate and curtail expenditures during such notice period.

12.3 Upon the effective date of termination, Scirex shall provide an accounting of costs incurred and expenditures made by Scirex in relation to the Project Exhibit; such accounting shall be subject to verification by Corcept. Within thirty (30) days after receipt of adequate documentation and justification therefore, Corcept shall make a payment to Scirex (and/or Scirex may retain from monies previously paid by Corcept) for Services performed, including fees, institutional costs, and other out-of-pocket costs, to the reasonable satisfaction of Corcept as follows:

(a) actual reasonable, documented costs incurred by Scirex in performing Services and in terminating the Project Exhibit until the effective date of termination and for which Scirex has not yet been paid; and

(b) reasonable non-cancelable obligations properly incurred by Scirex prior to the effective date of termination that cannot be mitigated through the reasonable best efforts of Scirex.

Notwithstanding the preceding, Corcept may offset from such amounts any prior overpayments or amounts otherwise owed by Scirex to Corcept, and any funds held by Scirex which are unearned at the date of such termination shall be returned to Corcept within thirty (30) days of termination.

12.4 Any funds held by Scirex which are unearned at the date of completion or termination shall be returned to Corcept within thirty (30) days of completion or termination of the Project Exhibit or this Agreement.

12.5 In the event of any early termination hereunder:

(a) Scirex shall furnish Corcept any work product completed pursuant to the Project Exhibit. If Corcept plans to continue the Study, Scirex shall assist in smoothly transferring the conduct of the Study to Corcept or its designee.

(b) Corcept and Scirex shall cooperate in a manner which recognizes the interests and welfare of the patients and is designed to be safe for the patients enrolled in the Study in accordance with Good Clinical Practices and in compliance with all Applicable Laws, regulations and rules.

(c) In addition to the costs, expenses and fees specified in this Section 12, provided that (i) Corcept has not terminated the Project(s) because of SCIREX' breach of a material obligation under this Agreement, or (ii) the Project has not been terminated in accordance with Paragraph 12.1 herein, Corcept shall pay to SCIREX the funds required to cover expected labor costs for ninety (90) days following the termination. Should team members transition to other projects during this period, Corcept will not cover the costs of those team members past the transition date(s). SCIREX shall use its best efforts to transition team members to other projects as quickly as possible. Prior to transitioning to other projects, team members are fully available to Corcept to work on any Corcept project under Corcept direction at no additional cost, except for reimbursement of out-of-pocket expenses.

13. INDEMNITY AND INSURANCE

13.1 Corcept will agree to indemnify the investigators upon request, and through independent documentation, from and against any and all cost, loss, damage, claim, or

action (including reasonable attorney's fees) in accordance with its customary terms and conditions.

13.2 Scirex Indemnity. Scirex shall indemnify, defend, and hold harmless Corcept and its Affiliates and their successors and respective officers, directors, employees, and agents from any loss, damage, liability, cost or expense (including reasonable attorney's and expert's fees, costs, and disbursements) (together a "Loss") arising from or related to any claim, demand, assessment, action, suit, or proceeding ("Claim") arising, directly or indirectly from, or occurring during the conduct of the Projects, to the extent caused, in whole or part, by Scirex' non-performance of this Agreement, the Project Exhibit, and the Study Protocol, all written instructions delivered by Corcept concerning administration of the Study Protocol, and all Applicable Laws and Requirements, the negligence, gross negligence, recklessness, intentional misconduct or inaction of Scirex or its officers, directors, employees, or agents; provided:

(a) Scirex is notified within fifteen (15) working days of Corcept's knowledge of any Loss arising from any Claim for which indemnification and/or defense under this Agreement might be sought; and

(b) Corcept its directors, officers, employees, and agents fully cooperate with Scirex and its legal representative.

13.3 Corcept Indemnity. Corcept shall indemnify Scirex and its Affiliates and their successors and respective officers, directors, employees, and agents from any Loss arising from or related to a Claim (excepting those Losses or Claims for which Scirex indemnification is provided under Paragraph 13.2) to the extent that it arises from or relates to (i) personal injury to a participant in the Study or personal injury to any employee or agent of Scirex directly or indirectly caused by the Study Drug, or (ii) the Drug's harmful or otherwise unsafe effect, or (iii) the negligence, gross negligence, recklessness, intentional misconduct or inaction of Corcept in the performance of its obligations under this Agreement, or a Project Exhibit, or any Study Protocol, except for:

(a) Corcept is notified within fifteen (15) working days of Scirex' knowledge of any Loss arising from any Claim for which indemnification and/or defense under this Agreement might be sought; and

(b) Scirex its directors, officers, employees, and agents fully cooperate with Corcept and its legal representative. In addition, Scirex will use its best efforts to obtain the cooperation of the subcontractors.

13.4 Upon receipt of notice of any Claim that may give rise to a right of indemnity from the other party hereto, the party seeking indemnification (the "Indemnified Party") shall give prompt written notice thereof to the other party, (the "Indemnifying Party") of such a Claim for indemnity. Promptly after a Claim is made for which the Indemnified

Party seeks indemnity, the Indemnified Party shall permit the Indemnifying Party, at its own option and expense, to assume the complete defense of such Claim.

13.5 The Indemnifying Party shall keep the Indemnified Party informed as to the progress of its defense of any such Claim, and shall not compromise or otherwise settle any such claim or lawsuit without the Indemnified Party's prior written consent.

13.6 The obligations of the parties under this Section 13 shall survive the termination of the Projects and this Agreement.

13.7 Scirex agrees that it will maintain and shall, upon written request, provide evidence of same to Corcept, the following insurance or self-insurance necessary to meet its liability obligations under this Agreement and any Project Exhibit, and satisfactory to Corcept in amounts no less than that specified for each type:

(a) general liability insurance (naming Corcept as an additional insured) with combined limits of not less than $1,000,000 per occurrence and $2,000,000 aggregate for bodily injury including death and property damage; and

(b) professional liability coverage, including death and bodily injury (naming Corcept as an additional insured) for the Scirex employees, contractors and agents providing Services under this Agreement with limits not less than $2,000,000 per occurrence and $4,000,000 aggregate; and

(c) Workers' Compensation insurance in the amount required by the law of the state(s) in which Scirex's employees are located.

(d) automobile liability insurance in the amount of $1,000,000.

13.8 Corcept agrees that it will maintain and shall, upon written request, provide evidence of same to Scirex, the following insurance or self-insurance necessary to meet its liability obligations under this Agreement and any Project Exhibit, and satisfactory to Scirex in amounts no less than that specified for each type:

(a) product/completed operations coverage (including bodily injury and property damage arising out of clinical testing arising out of clinical testing of products manufactured or distributed by Corcept) (naming Scirex as an additional insured), with combined limits of not less than $5,000,000 per occurrence, and $5,000,000 aggregate; and

(b) Workers' Compensation insurance in the amount required by the law of the state(s) in which Corcept's employees are located.

13.9 Insurance required by Paragraph 13.7 and 13.8 shall be maintained during the performance of this Agreement and, if on a "claims made" basis, for five years thereafter. There shall be a thirty (30) day notice of cancellation with respect to the insurance coverage required hereunder, and the other party shall be promptly notified in the event of any cancellation, intention of insurer or the party not to renew, or any material change in the insurance contract or coverages afforded. Each party shall be solely responsible for the payment of any deductible or self-insured retention under each of their respective policies.

14. CONFLICTS AND FINANCIAL DISCLOSURES

14.1 Scirex represents and warrants that it is not a party to any agreement or obligations that would prevent it from fulfilling its obligations under this Agreement, or that might impair FDA's acceptance of the resulting data, or Corcept's proprietary rights or interests in the Confidential Information, and that no such obligations, impediments, or conflicts will be commenced, incurred, or permitted without the prior written approval of Corcept. Scirex further represents and warrants that all of its personnel performing work under this Agreement will have all training, information, licenses, approvals, and certifications necessary to safely, adequately, professionally, and lawfully perform this Agreement and the Projects.

14.2 For any Project Exhibit that in any way relates to a Study that may be submitted to FDA for review in a marketing application, and as applicable pursuant to a Project Exhibit, Scirex is responsible for requiring that all appropriate certifications and financial disclosure statements are completed by affected entities or institutions, as provided in 21 C.F.R. Part 54, and as described in this Paragraph 14.2. Scirex shall require, and use best efforts to ensure, that any Institution or Investigator or other subcontractor performing services under this Agreement each certify that they shall, in any form or manner reasonably requested by Corcept, disclose and certify, and cause any sub-Investigators for the Study to disclose and certify, all of the following that they and their spouses, domestic partners and dependent children own or possess directly, indirectly, or equitably (all collectively "Financial Interests"):

(a) All compensation, payments (including other research grants, consulting or director's fees, honoraria, speaking and meeting travel fees, and reimbursement), and items or services of value provided by or on behalf of Corcept (excluding compensation received under this Agreement);

(b) All licenses, assignments, or other conveyances of rights or interests in real, personal or intellectual property with Corcept or relating to the Study Drug.

(c) All forms of interest in the equity (including stock, options and warrants) or debt of Corcept or of other entities having a financial interest in the Study Drug; and

(d) All other financial interests, payments and other compensation described in 21 C.F.R. Section 54.2(a)-(f).

Scirex shall also ensure that (i) during the conduct of the Study and for one year after its completion, Institution and Investigator agree to execute and update such forms, disclosures and certifications now or subsequently required by Corcept or FDA related to the Financial Interests (ii) Institution warrants that it has implemented a conflicts of interests disclosure and management policy and program that complies with the requirements and regulations issued or administered by applicable regulatory agencies and (iii) Investigator warrants that he has and will continue to comply with such policies and programs.

In the event that any entity or individual declines to cooperate in providing the information, disclosures, and certifications set forth above, Scirex shall promptly notify Corcept.

15. NOTIFICATION OF DISCIPLINARY MEASURES

15.1 Scirex represents and warrants that it has not been, nor will it use in any capacity any corporation, partnership, association or other entity or individual, including an IRB and any contractors, to perform any manner of service related to the Study, that has been: (i) subject to or threatened with debarment, suspension, or disqualification under the provisions of the Federal Food, Drug & Cosmetic Act, 21 U.S.C. 335a; or (ii) subject to any other suits, complaints, restrictions, sanctions or other disciplinary measures by the FDA or any other governmental agency, judicial, institutional or professional body (including arbitrators and accreditation and licensing organizations) with respect to the performance of scientific or clinical investigations, conflicts of interest, or the provision of health care (including claims or suits regarding medical malpractice); or (iii) as of the date of this Agreement, subject to any pending or threatened claims, actions, complaints, disputes, suits, proceedings or investigations that might result in such restrictions, sanctions or other disciplinary measures. In the event that Scirex becomes aware of any allegations or investigations regarding actual or threatened claims of professional or research malpractice, misconduct, conflicts of interest, or violation of law of any individual, corporation, partnership, association, contractor, or other entity providing services that directly or indirectly relate to performance of Studies, Scirex shall immediately inform Corcept. Corcept shall have the right to terminate the Study or this Agreement immediately upon receipt of any such notice. Scirex shall use reasonable diligence to ascertain, on an ongoing basis, any of the foregoing disciplinary measures relevant to this Agreement.

16. LIMITATION ON LIABILITY

16.1 Exclusion of Damages. In no event shall either party be liable to the other party, or its employees, officers, directors, agents, successors and assigns for any special, exemplary, indirect, incidental, consequential or punitive damages of any kind or nature whatsoever (including, without limitation, lost revenues, profits, savings or business) or loss of records or data, whether in an action based on contract, warranty, strict liability, tort (including, without limitation, negligence) or otherwise, even if such party has been informed in advance of the possibility of such damages or such damages could have been reasonably foreseen by such party.

17. FORCE MAJEURE

17.1 No party shall be liable for a delay in performance or failure to perform this Agreement to the extent such failure to perform is caused by any reason beyond control, and by reason of any of the following: labor disturbances of any kind, accidents, failure of any governmental approval, acts of God, energy or conservation measures, failure of utilities, mechanical breakdown, material shortages, fire, explosion, war, invasion, government acts, weather or civic unrest, or disease; provided, however, that the party who is unable to perform resumes performance as soon as possible following the end of the occurrence causing delay or failure.

18. PROPERTY OWNERSHIP

18.1 All materials, documents, information and suggestions supplied to Scirex by Corcept or prepared or developed by Scirex exclusively for this Agreement (except for Scirex confidential and proprietary know-how, statistical approaches, computer programs, operating procedures, formulations, methods, processes, specifications and all other intellectual property as specified in Paragraph 8.5) shall be the sole and exclusive property of Corcept, and Corcept shall have the right to make whatever use it deems desirable of any such materials, documents and information. Unless otherwise required by law or by the terms of this Agreement, all such Corcept property which Scirex shall have in its possession shall be maintained by Scirex for a period of not less than three (3) years from the date or receipt thereof and shall be organized in such manner that it will be ready for immediate reference. After three (3) years, Scirex may dispose of such property in accordance with Corcept's instructions. If Corcept fails to give said instructions, Scirex shall so notify Corcept; and if said instructions are still not forthcoming within thirty (30) days of said notification, then Scirex may destroy such property as it determines. In all circumstances, Scirex may at its discretion, maintain a copy of such property for customary business purposes.

19. PUBLICATION

19.1 Scirex may not publish any articles or make any presentations relating to this Agreement, the Services, or a Study or referring to data, information or materials generated or developed as part of this Agreement, the Services, or a Study or results therefrom or analyses thereof, in whole or in part, without the prior written consent of Corcept.

20. USE OF NAME

20.1 The parties hereto shall not use or permit others to use the name of the other party nor of any employee of the other party or refer to their participation in any Study for any sales, publicity, promotional, press or media purposes without the prior written consent of the other party. Scirex agrees not to refer to its participation in the Studies for any sales, publicity, promotional, press or media purposes without the prior written consent of Corcept.

21. PATENT RIGHTS

21.1 Scirex will disclose promptly to Corcept or its nominee any and all inventions, discoveries, and improvements conceived, reduced to practice, or made by Scirex or its employees, or agents while providing services to Corcept pursuant to the Agreement and relating to such services, and agrees promptly to assign all its interest therein to Corcept or its nominee whenever requested to do so by Corcept. Scirex will execute any and all applications, assignments, or other instruments and give testimony which Corcept shall deem necessary to apply for and obtain Letters of Patent of the United States or of any foreign country or to otherwise protect Corcept's interests therein, and Corcept shall compensate Scirex for the time devoted to said activities and reimburse it for expenses incurred. These obligations shall continue beyond the termination of this Agreement with respect to inventions, discoveries and improvements conceived or made by Scirex while providing Services to Corcept pursuant to this Agreement, and shall be binding upon Scirex' assignees and other legal representatives.

22. MODIFICATIONS

22.1 No changes may be made in this Agreement except by written Agreement of both parties. It is anticipated that this Master Clinical Development Agreement will be modified from time-to-time by the mutually agreed to addition of Project Exhibits and associated Change Orders.

23. ENTIRETY

23.1 This Agreement, together with attached Project Exhibits and modifications that may be added to this Agreement from time to time, is the entire and complete understanding between the parties in regard to the covered subject matter.

24. INDEPENDENT CONTRACTOR

24.1 Scirex' relationship with Corcept under this Agreement shall be that of an independent contractor, and nothing in this Agreement or the arrangements for which it is made shall constitute Scirex, or anyone furnished or used by Scirex in the performance of the services contemplated by this Agreement, as an employee, joint venturer, partner, or servant of Corcept. All matters of compensation, benefits and other terms of employment for any employee, agent, subcontractor or other personnel used by Scirex shall be solely a matter between Scirex and such individuals or entity.

25. CONTACT PERSONS

25.1 All notices, correspondence, invoices and payments under this Agreement shall be sent as follows:

If to Scirex:	If to Corcept Therapeutics Inc.:
Scirex Corporation	Corcept Therapeutics Inc.
Attn: David Murcar	Joseph Belanoff, M.D.
Associate Director, Contracts and Proposals	Chief Executive Officer
755 Business Center Drive	275 Middlefield Road
Horsham, PA 19044	Menlo Park, CA 94025-3406
Phone: 215/907-0048, ext. 1055	Phone: (650) 327-3270
Fax: 215/907-0068	Fax: (650) 324-0638

26. NOTICES

26.1 Any notices which either party may be required or shall desire to give hereunder shall be deemed to be duly given when delivered personally or mailed by certified or registered mail, postage prepaid, to the party to whom notice is to be given at the address first given above or such other address or addresses of which such party shall have given written notice.

27. SEVERABILITY

27.1 If any provisions hereof shall be determined to be invalid or unenforceable, the validity and effect of the other provisions of this Agreement shall not be affected thereby.

28. GOVERNING LAW

28.1 This Agreement is a California contract. It shall be governed and construed and interpreted in accordance with the laws of California, without reference to principals of conflicts of law.

29. WAIVER

29.1 The waiver by either party or the failure by either party to claim a breach of any provision of this Agreement shall not be deemed to constitute a waiver or estoppel with respect to any subsequent breach or with respect to any other provision thereof.

30. CAPTIONS

30.1 Any caption used in this Agreement is inserted for convenience and reference only and is to be ignored in the construction and interpretation of the provisions hereof.

31. SURVIVAL

31.1 The following provisions of this Agreement (in addition to those that specifically so require) shall survive its term or earlier termination: 4.1, 7, 8, 12.3 - 12.5, 13, 14.2, 16.1, 19 - 21, and 28.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year written below.

Scirex Corporation	Corcept Therapeutics Inc.
By: /s/ Mark DiIanni	By: /s/ Joseph Belanoff
Title: Executive Vice President	Title: CEO
Date: 11 July 2001	Date: July 12, 2001

EXHIBIT 10.9

*CERTAIN INFORMATION IN THIS EXHIBIT HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS

Memorandum of Understanding
Supply and Services Agreement for ****1073

Summary

**** will provide API development and manufacturing functions for ****1073 API to Corcept. This will include Non-GMP, as well as CGMP products for pre-clinical, clinical and commercial requirements. ****1073 will be studied by Corcept for treating patients with psychiatric and cognitive disorders only. In addition, **** is willing to act as a consultant to introduce Corcept to reputable dosage form manufacturers in **** for formulation development and manufacturing.

Project Plan

1. **** and Corcept will jointly invest in the acquisition of starting materials, equipment and manpower to complete the technology transfer, process development and scale-up studies. The target date to deliver total of **** Non-GMP materials for the planned toxicology study will be August/September, 2000, with smaller quantities (****) possibly available in July/August.

2. Produce **** of CGMP material by year-end of 2000 for clinical studies.

3. Prepare and submit DMF including all processing and analytical information for product registration.

4. Introduce Corcept CMC representative(s) to **** dosage form manufacturers and assist in selecting and establishing a direct working relationship between Corcept and the selected manufacturer.

Development Out of Pocket Cost

Starting material/reagents etc.	****
Equipment & other supplies	****

**** Manpower ****	****	
Total	****	(1)

(1) At **** shared costs, Corcept will pay $150,000

Product Costs
- -------------

Non-GMP Materials	****	
GMP Materials	****	

**** Reduction to be negotiated.

Quantities
- ----------

1. Corcept will guarantee minimum purchase of 1 million dollars per year following product launch.

2. **** 1073 volume purchase in calendar year 2001 could be in the range of ****

3. **** 1073 purchase forecast, commencing calendar year 2003, will be between **** annual requirements.

****, Ltd.	Corcept Inc.
By /s/ ****	By Joseph Belanoff
Title President	Title CEO
Date June 1, 2000	Date June 8, 2000

****

By /s/ ****
Title President
Date June 12, 2000

EXHIBIT 10.10

CORCEPT THERAPEUTICS INCORPORATED

CONSULTING, CONFIDENTIAL INFORMATION AND
INVENTIONS AGREEMENT

In consideration and as a condition of his engagement as a consultant to Corcept Therapeutics Incorporated, a Delaware corporation (which together with any parent, subsidiary, affiliate, or successor is hereinafter referred to as the "Company"), and effective as of May 31, 1999 (the "Effective Date"), Alan Schatzberg, M.D. ("Consultant") hereby agrees as follows:

1. CONSULTING PERIOD

Consultant accepts engagement by the Company as a consultant beginning on the Effective Date and continuing until May , 2000, which one-year term will be automatically extended for additional one-year periods unless terminated by either party by delivery of written notice at least six months prior to the end of a term. During such time, Consultant agrees to provide to the Company those services set forth on Exhibit A and to perform such services at such time and place as may be reasonably designated by the Company; provided that services provided by Consultant will be consistent with Consultant's duties to Stanford University.

2. COMPENSATION

As full consideration for the consulting services and the other undertakings hereunder, Consultant agrees to accept the compensation provided for in Exhibit A. In addition to the compensation provided for in Exhibit A, the Company shall reimburse Consultant for all reasonable out-of-pocket travel and other expenses that have been incurred by Consultant at the request of the Company in the performance of the consulting services and which have been approved in advance in writing by the Company. The Company will reimburse such expenses within 30 days after Consultant has provided to the Company, in form and content reasonably satisfactory to the Company, appropriate documentation evidencing such expenses.

3. CONFIDENTIALITY OBLIGATION

Consultant will hold all Company Confidential Information in confidence and will not disclose, use, copy, publish, summarize, or remove from the Company's premises any Confidential Information, except (a) as necessary to carry out Consultant's specified services, and (b) after termination of the consulting period, as specifically authorized in writing by an officer of the Company. "Confidential Information" is all information related to any aspect of the Company's business which is either information not known by

actual or potential competitors of the Company or is proprietary information of the Company, whether of a technical nature or otherwise. Confidential Information includes but is not limited to products, inventions, ideas, discoveries, designs, methods, formulas, assays, cell lines, software, databases, algorithms, trade secrets, works of authorship, mask works, developmental or experimental work, processes, techniques, improvements, know-how, licenses, data, financial information and forecasts, product plans, marketing plans and strategies, and customer lists. Consultant's non-disclosure obligations set forth herein apply with respect to all third parties, including without limitation other persons or legal entities for whom Consultant currently performs or may perform in the future services. Consultant will not, either during or after the term of this Agreement, directly or indirectly submit for publication or publish any Confidential Information of the Company without the prior written consent of the Company. Upon expiration or termination of this Agreement for any reason, Consultant shall immediately deliver to the Company all documentation and information, in whatever form, including all copies, concerning Confidential Information of the Company, including without limitation any information generated by Consultant (alone or with others) as a result of his consulting services on behalf of the Company, or from access to the Company Confidential Information, and shall make no further use thereof.

4. INFORMATION OF OTHERS

Consultant will safeguard and keep confidential the proprietary information of customers, vendors, consultants, and other parties with which the Company does business to the same extent as if it were Company Confidential Information. Consultant will not, during his consulting period with the Company or otherwise, use or disclose to the Company any confidential, trade secret, or other proprietary information or material of any other person, and Consultant will not bring onto the Company's premises any unpublished document or any other property belonging to any other person without the written consent of that other person.

5. COMPANY PROPERTY

All papers, records, data, notes, drawings, files; documents, samples, devices, products, equipment, and other materials, including copies, relating to the Company's business that Consultant possesses or creates as a result of his consulting services with the Company, whether or not confidential, are the sole and exclusive property of the Company. In the event of the expiration or termination of the consulting period for any reason, Consultant will promptly deliver all such materials to the Company and will sign and deliver to the Company the "Termination Certificate" attached hereto as Exhibit B and made a part hereof.

6. OWNERSHIP OF INVENTIONS

All products, inventions, ideas, discoveries, designs, methods, formulas, assays, cell lines, software, databases, algorithms, trade secrets, works of authorship, mask works, developments, processes, techniques, improvements, and related know-how which result from the services Consultant provides, alone or with others, on behalf of the Company or from access to the Company Confidential Information or property, whether or not patentable, copyrightable, or qualified for mask work protection (collectively "Inventions") shall be the sole and exclusive property of the Company. Consultant hereby assigns and agrees to assign to the Company or its designee, without further consideration, its entire right, title, and interest in and to all Inventions, including all rights to obtain, register, perfect, and enforce patents, copyrights, mask work rights, and other intellectual property protection for Inventions. Consultant will disclose promptly and in writing to the individual designated by the Company all Inventions which Consultant made or reduced to practice. During the consulting period and for four years thereafter, Consultant will assist the Company (at its expense) to obtain and enforce patents, copyrights, mask work rights, and other forms of intellectual property protection on Inventions.

7. PRIOR CONTRACTS

Consultant represents and warrants that there are no other contracts to assign inventions that are now in existence between any other person or entity and Consultant with respect to the services to be provided by the Consultant. Consultant further represents and warrants that he has no other employment, consultancies, or undertakings which would restrict or impair his performance of this Agreement.

8. AGREEMENTS WITH THIRD PARTIES

Consultant acknowledges that the Company from time to time may have agreements with other persons or with the United States Government or agencies thereof which impose obligations or restrictions on the Company regarding Inventions made during the course of work under such agreements or regarding the confidential nature of such work. Consultant agrees to be bound by all such obligations or restrictions and to take all action necessary to discharge the obligations of the Company thereunder.

9. REPRESENTATIONS AND WARRANTIES OF CONSULTANT

Consultant represents and warrants that the results of his consulting services under this Agreement ("Work Product") will be the sole product of his own efforts; that Consultant shall be the sole and exclusive owner of all rights in such Work Product, and have the unrestricted right to assign Consultant's rights with respect to such Work Product in the Company in accordance with Section 6; and that the use and disclosure of

such Work Product by Consultant to the Company will not infringe upon or violate any patent, copyright, trade secret or other proprietary right of any third party.

10. INDEMNIFICATION

Consultant agrees to defend, indemnify and hold harmless the Company and its directors, officers, agents and employees from and against all claims, losses, liabilities, damages, expenses and costs (including reasonable attorney's fees and costs of litigation regardless of outcome) which result from a breach or alleged breach of any of the representations and warranties contained in Sections 7 or 9.

11. MISCELLANEOUS

11.1 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, excluding those laws that direct the application of the laws of another jurisdiction.

11.2 Severability. If any provision of this Agreement shall be determined to be invalid or unenforceable for any reason, that provision shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement, shall be deemed valid, and enforceable to the full extent possible.

11.3 Injunctive Relief Consent to Jurisdiction. Consultant acknowledges and agrees that damages will not be an adequate remedy in the event of a breach of any of his obligations under this Agreement. Consultant therefore agrees that the Company shall be entitled (without limitation of any other rights or remedies otherwise available to the Company) to obtain, without posting bond, specific performance and preliminary and permanent injunction from any court of competent jurisdiction prohibiting the continuance or recurrence of any breach of this Agreement. Consultant hereby submits to the jurisdiction and venue of the courts of the State of California for purposes of any such action. Consultant further agrees that service upon him in any such action or proceeding may be made by first class mail, certified or registered, to the address as last appearing on the records of the Company.

11.4 Binding Effect: Waiver. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties. The waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of the same or any other provision hereof.

11.5 Headings. The Section headings herein are intended for reference and shall not by themselves determine the construction or interpretation of this Agreement.

11.6 Entire Agreement: Modifications. This Consulting, Confidential Information and Inventions Agreement and the Exhibits attached hereto contain the entire agreement between the Company and the Consultant concerning the subject matter hereof and supersede any and all prior and contemporaneous negotiations, correspondence, understandings, and agreements, whether oral or written, respecting that subject matter. All modifications to this Agreement shall be in writing and signed by the party against whom enforcement of such modification is sought.

11.7 Assignment. Consultant may not assign or transfer this Agreement in whole or in part to any other party, nor does Consultant have the right to delegate or subcontract any of his duties, rights or obligations hereunder without the prior written consent of the Company, and any attempted assignment, transfer, delegation or subcontracting without the prior written consent of the Company shall be null and void.

11.8 Independent Contractor. Consultant understands and agrees that he shall operate as and have the status of an independent contractor, and shall not act as or be the agent or employee of the Company. Consultant shall maintain appropriate worker's compensation and liability insurance and shall provide Company evidence of such insurance upon request. Consultant shall be responsible for payment of all applicable taxes in respect to compensation paid hereunder and shall provide evidence of such payment upon request.

12. TERMINATION AND SURVIVAL.

The Company shall have the right to terminate this Agreement with or without cause at any time upon 30 days advance written notice to Consultant. Sections 3, 4, 5, 6, 7, 8, 9, 10, 11 and this Section 12 shall survive expiration or termination of this Agreement for any reason, and shall remain in full force and effect.

IN WITNESS WHEREOF, I have executed this Consulting, Confidential Information and Inventions Agreement as of the 31st day of May, 1999.

/s/ Alan Schatzberg, M.D.

Signature

Alan Schatzberg

Name of Consultant

RECEIPT ACKNOWLEDGED:

CORCEPT THERAPEUTICS INCORPORATED

By: /s/ David B. Singer

EXHIBIT A

Corcept Therapeutics Incorporated

DESCRIPTION OF SERVICES AND COMPENSATION

Consulting services as may be assigned by the Board of Directors from time to time.

Compensation: $40,000 per year

EXHIBIT B

Corcept Therapeutics Incorporated

TERMINATION CERTIFICATION

This is to certify that the undersigned does not have in his possession, nor has the undersigned failed to return, any papers records, data, notes, drawings, files, documents, samples, devices, products, equipment, and other materials, including reproductions of any of the aforementioned items, belonging to the Company, its subsidiaries, affiliates, successors, or assigns, (together, the "Company").

The undersigned further certifies that he has complied with all the terms of the Company's Confidential Information and Inventions Agreement signed by the undersigned, including the reporting of any inventions and original works of authorship (as defined therein) conceived or made by the undersigned (solely or jointly with others) covered by that agreement.

The undersigned further agrees that, in compliance with the Confidential Information and Inventions Agreement, he will hold in confidence and will not disclose, use, copy, publish, or summarize any Confidential Information (as defined in the Company's Confidential Information and Inventions Agreement) of the Company or of any of its customers, vendors, consultants, and other parties with which it does business.

Date:

Signature

Type/Print Name

Exhibit 23.1

Consent of Ernst & Young LLP, Independent Auditors

We consent to the reference to our firm under the caption “Experts” and to the use of our reports dated January 20,2004, in the Registration Statement (Form S-1) and related Prospectus of Corcept Therapeutics Incorporated for the registration of common stock to be filed on or about February 10, 2004.

/s/ Ernst & Young LLP

Palo Alto, California
February 9, 2004